

North of England Protecting & Indemnity Association Limited (“North”)

Group Nominations Committee (the “Committee”) – Terms of Reference

1. Constitution

- 1.1. The Committee was established by the North Directors upon and subject to these terms of reference.
- 1.2. Unless the context otherwise requires, words or expressions contained in these Terms of Reference shall bear the same meaning as in North’s Articles of Association, as amended from time to time.
- 1.3. The Committee shall give effect to any changes required to be made to its constitution and/or terms of reference as and when directed by the North Directors.

2. Membership & Chairman

- 2.1. The Committee shall consist of a minimum of three North Directors. The majority of Committee members shall be non-executive directors.
- 2.2. Committee members shall be appointed by the North Directors from amongst candidates recommended by the Committee.
- 2.3. Removal of Committee members, including the chairman of the Committee, shall (in circumstances other than those set out in paragraphs 2.4 and 2.5 below) be effected by resolution of the North Directors.
- 2.4. A Committee member may terminate their membership of the Committee at any time by giving written notice to the chairman of the Committee.
- 2.5. The appointment of a Committee member shall immediately terminate upon that Committee member ceasing to be a North Director.
- 2.6. The chairman of the Committee shall be a non-executive director and shall be appointed by the North Directors, subject to regulatory approval, from amongst the Committee Members.
- 2.7. The Company Secretary of North shall be the secretary of the Committee.

3. Committee Meetings

- 3.1. The quorum necessary for the transaction of business at a Committee meeting shall be two Committee members.
- 3.2. The Executive Directors of North shall normally attend Committee meetings but other Group employees and external advisors may be invited to attend all or part of any meetings as and when appropriate.

- 3.3. The Committee shall ensure that regular Committee meetings are held each year in accordance with the timetable and standing agenda requirements set out in the Appendix to these Terms of Reference and shall hold such further meetings as may be required from time to time to discharge its duties effectively.
- 3.4. Meetings of the Committee shall be called by the Secretary at the request of any of its members on not less than 10 working days notice provided always that the Committee may, by unanimous agreement, meet upon shorter notice.
- 3.5. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 3.6. If a matter to be considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 3.7. Except on any matter on which he has a personal interest, in the event of an equality of votes on a matter, the chairman of the Committee will have a second or casting vote.

4. Authority

- 4.1. The Committee is concerned with the business of the entire Group and its authority extends to all companies in the Group. It is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Group and all Group employees are directed to co-operate with any request made by the Committee.
- 4.2. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of non-Committee members with relevant experience and expertise if it considers this necessary. The costs incurred (which shall be reasonable) shall be notified to the Chairman of North.
- 4.3. The Chairman of the Committee is authorised to set the Committee's Timetable and Standing Agenda.

5. Duties

- 5.1. The duties of the Committee shall be to:
 - 5.1.1. consider, keep under review and make recommendations to the North Board in relation to a formal, rigorous and transparent procedure for appointments to the board of directors and the directors' committees of both North and Sunderland Marine Insurance Company Limited ("Sunderland Marine") with a view to ensuring all appointments are made on merit, against objective criteria and with due regard for the benefits of diversity;
 - 5.1.2. consider and regularly review the structure, size and composition (including the skills, knowledge and experience) required of the board of directors of both North and Sunderland Marine compared to their current position and make

recommendations, as appropriate, to the directors of North and/or Sunderland Marine with regard to any changes which may be required to ensure the respective boards of directors of North and Sunderland Marine have the appropriate balance of skills and experience to promote the success of each company in the long term;

- 5.1.3. give full consideration to and make recommendations to the North Board on succession planning for directors of both North and Sunderland Marine, taking into account the challenges and opportunities facing North, Sunderland Marine and the Group and the skills and expertise required;
- 5.1.4. identify and recommend suitable candidates for approval for potential appointment as directors of North and/or Sunderland Marine in order to fill any vacancies on such relevant board or committee and, in particular, identify and recommend suitable candidates for potential appointment to the following positions:
 - 5.1.4.1. the Chairmen and the Vice-Chairmen of North and Sunderland Marine;
 - 5.1.4.2. the directors of North and Sunderland Marine;
 - 5.1.4.3. the chairmen and members of the Group Audit, Risk, Nominations, Investment and Remuneration committees;
- 5.1.5. establish and maintain the following in respect of each director of North and Sunderland Marine:
 - 5.1.5.1. a skills and experience matrix;
 - 5.1.5.2. a training and development plan; and
 - 5.1.5.3. a succession plan;
- 5.1.6. keep under review the leadership needs of North, Sunderland Marine and the Group, both executive and non-executive, with a view to ensuring their continued ability to compete effectively in the market place;
- 5.1.7. consider and if appropriate agree recommendations from North's Executive Director(s) with regard to senior management appointments within North and Sunderland Marine;
- 5.1.8. undertake annually a formal and rigorous evaluation of the collective and individual performance of the directors of North and Sunderland Marine (including attendance at meetings) against objective criteria and report to the North Directors upon its findings;
- 5.1.9. consult with the Sunderland Marine Policyholders' Committee and have regard to its views when identifying and recommending a suitable candidate to fill a vacancy arising upon any Sunderland Marine Director ceasing to be a director of North

and/or Sunderland Marine and/or upon the resignation or retirement of the Sunderland Marine Chief Executive Officer;

- 5.1.10. determine and agree a policy and procedures for assessing the fitness and propriety of Group employees, directors, officers, senior insurance management function holders and key function holders (and holders of equivalent regulated roles and functions in overseas jurisdictions) which comply with and give effect to all applicable laws and regulations;
 - 5.1.11. review and (where appropriate) update the Group Fit and Proper Policy and Procedures on an annual basis and also upon the occurrence of any events specified in the policy as giving rise to a review of its terms; and
 - 5.1.12. within the terms of the Group Fit and Proper Policy and Procedures, assess both prior to appointment and on an ongoing basis the fitness and propriety of all North and Sunderland Marine directors, senior insurance management function holders and key function holders in accordance with all applicable legal and regulatory requirements in force from time to time and ensure that all necessary and appropriate actions are taken in respect of any matters or circumstances that bring in to question the fitness and propriety of those persons (including, without limitation, reporting the same to any regulatory authorities).
- 5.2. At the request of the Chairman of the North Board, the Committee shall carry out all or any of the duties referred to in paragraph 5.1 in relation to any Group company.
 - 5.3. In carrying out its duties, the Committee shall give due consideration to all applicable laws and regulations.

6. Reporting Procedures

- 6.1 The chairman of the Committee shall report to the Directors upon the activities of the Committee at each Directors Meeting.
- 6.2 The Chairman of the Committee (or his nominee) shall report to the Sunderland Marine Directors on the activities of the Committee as and to the extent reasonably requested by the Sunderland Marine Directors.
- 6.3 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to other North and Sunderland Marine Directors on request, unless a conflict of interest exists in which case the conflicted Director shall not be provided with the minutes of any decision to which the conflict relates.