

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

### Members Board – Terms of Reference

#### 1 **Constitution**

1.1 Pursuant to Article 108.1 of North’s Articles of Association, the Members of North resolved at a General Meeting held on 17 January 2013 to establish a Members Board (the “Board”). These Terms of Reference apply to the Members Board with effect from 15 November 2018.

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.

#### 2 **Functions of the Board**

2.1 The general functions of the Board shall be to receive reports from and consult with the Directors upon:

2.1.1 the Group’s strategic aims and the Directors proposals in relation to matters of strategic importance;

2.1.2 the management of North, its Group and of all its Classes by the Directors;

2.1.3 matters that are relevant to the business of North and its Group;

2.1.4 the appointment of Directors of North and North of England P&I DAC (“North (EU)”) and the election of any Directors to the positions of Chairman and Vice-Chairman of North and North (EU);

2.1.5 the findings of the annual review of the Directors performance;

2.1.6 the Group’s investment strategy;

2.1.7 the Group’s reinsurance arrangements;

2.1.8 the recommendations of the Directors to alter, add or repeal any Rules of a Class;

2.1.9 any proposals by the Directors to make alterations to North’s Articles of Association;

2.1.10 questions connected with the shipping industry, or any allied industry or insurance;

2.1.11 any proposals by the Directors to establish or promote, or join in the establishment or promotion of any other company which could reasonably be considered to have a material effect upon the Group’s business;

2.1.12 any proposals to sell or dispose of a substantial part of the undertaking, property and assets of the Group;

- 2.1.13 any proposals by the Directors to acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm or company which could reasonably be considered to have a material effect upon the Group's business;
  - 2.1.14 the Group's Risk Management process;
  - 2.1.15 the Group's financial position;
  - 2.1.16 North's annual accounts and Directors' Report;
  - 2.1.17 North (EU)'s annual accounts and directors' Report
  - 2.1.18 regulatory and compliance issues affecting the Group; and
  - 2.1.19 any reserved matters detailed in Paragraph 2.3.
- 2.2 As provided in Article 108.2 of North's Articles of Association, the functions of the Board shall also include the exercise of any power and/or discretion vested in the Board from time to time under North's Articles of Association, the Rules of any Class or these terms of reference, which at the date of adoption of these terms of reference include the following:
- 2.2.1 The power of the Board to call a general meeting pursuant to Article 28 of North's Articles of Association;
  - 2.2.2 The powers of the Board to appoint Directors pursuant to Articles 67.3 and 90 of North's Articles of Association;
  - 2.2.3 Certain powers and discretions of the Directors under the Rules of the Protecting & Indemnity, Freight Demurrage & Defence and War Risks Classes in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
  - 2.2.4 Certain powers and discretions given to the Members Board under the Rules of the Protecting & Indemnity, Freight Demurrage & Defence and War Risks Classes with effect from 20 February 2013 as approved by the Members pursuant to Article 10.3.1 of North's Articles of Association on 17 January 2013.
- 2.3 The Directors shall procure that neither North nor any other company in its Group shall do any of the following without prior consultation with the Members Board in accordance with paragraph 2.54:
- 2.3.1 enter into or agree to enter into any joint venture, partnership or strategic alliance with any third party which could reasonably be considered to have a material effect upon the Group's business; or

- 2.3.2 sell or otherwise dispose of the whole or a substantial part of its business to any third party or agree to do any of the foregoing; or
  - 2.3.3 purchase or otherwise acquire the whole or any part of the business of any third party or agree to do any of the foregoing; or
  - 2.3.4 acquire or become subject to the control (as determined pursuant to Section 181 of Financial Services and Markets Act 2000 and any equivalent local legislation applicable in Ireland or other Group jurisdictions) of any third party or agree to any of the foregoing;
- 2.4 Furthermore, the Directors shall also procure that no Group company shall do any of the following without prior consultation with the Members Board in accordance with paragraph 2.5:
- 2.4.1 cease to operate its business substantially on a mutual basis; or
  - 2.4.2 agree to certify liabilities under any legislation or convention in force from time to time; or
  - 2.4.3 agree to any material change to the Group company's reinsurance arrangements including, without limitation, any material change to the Group company's retention under the International Group Pooling Agreement; or
  - 2.4.4 agree the General Increase in respect of any policy year for any Class ; or
  - 2.4.5 levy an Additional Call upon the Members of any Class ; or
  - 2.4.6 make a decision regarding any matters referred for the consideration of Club boards by the International Group which could reasonably be considered to have a material effect upon the Group's business;

provided always that, subject to any applicable legal or regulatory requirement, a failure by the Directors to comply with paragraphs 2.3 or 2.4 shall not invalidate any act, decision or agreement of North or any company in its Group nor shall paragraphs 2.3 or 2.4 invalidate any act, decision or agreement prior to the date of its adoption which would otherwise have been valid if paragraphs 2.3 or 2.4 had not been adopted and any breach by the Directors of paragraph 2.3 or 2.4 shall be a matter of internal discipline only.

- 2.5 For the purposes of compliance with paragraphs 2.3 or 2.4 it shall be sufficient for the relevant matter to be raised for discussion at a meeting of the Board and, subject to the provisions of Paragraph 4.11, the minutes of a meeting of the Board confirming that this has been done shall be evidence that the Directors have duly complied with the requirements of paragraphs 2.3 or 2.4 (as appropriate).

### 3 **Board Membership**

- 3.1 Unless otherwise determined by an Ordinary Resolution of the Members, the Board shall have not less than ten members and not more than fifty members who shall be comprised of such persons who are appointed as a Board member from time to time pursuant to the provisions of this paragraph 3.
- 3.2 No person shall be eligible for appointment as a member of the Board unless he is a Member of North or the authorised representative of a Member of North.
- 3.3 Every Member who wishes to become a member of the Board (either himself or through an appointed representative) shall apply for membership to the Chief Executive Officer of North in such form and providing such information as the Board may require.
- 3.4 The Chief Executive Officer shall refer all applications for membership of the Board to a committee consisting of such member or members of the Board as the Board thinks fit (the "Elections Committee") which shall consider and make recommendations to the Board in relation to such applications.
- 3.5 The Elections Committee shall meet prior to each meeting of the Board to consider any applications for Board membership received since the preceding Board meeting. Unless otherwise determined by the Board the quorum necessary for the transaction of business of the Elections Committee shall be two and the Elections Committee shall in the exercise of its functions conform to the applicable regulations set out in Appendix 2 of these terms of reference.
- 3.6 The meetings and proceedings of the Elections Committee shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by the applicable regulations set out in Appendix 2 of these terms of reference. The Chairman, Vice-Chairman and Chief Executive Officer shall be entitled to receive notice of and to attend and speak at Elections Committee meetings.
- 3.7 The first Members of the Board shall be appointed by a Special Resolution of the Members of North. Any subsequent application for membership of the Board shall be accepted by North upon the passing of a resolution to that effect by the Board in accordance with the provisions of Paragraph 4 of these terms of reference.
- 3.8 The Board shall have absolute discretion in determining whether to accept or reject any application for membership of the Board and shall not be bound to assign any reason for its decision.
- 3.9 Notwithstanding the provisions of Paragraph 3.8, the Board and the Elections Committee may have regard to the following matters when considering an application for membership of the Board:

- 3.9.1 the period of time that the applicant or (in the case of an appointed representative) his appointing Member has been a Member of North and/or the ships entered for insurance by that Member with North;
  - 3.9.2 the extent to which the overall composition of the Board's membership is representative of the overall composition of North's membership with regard to geographic area and/or shipping activity;
  - 3.9.3 North's succession planning requirements in respect of Member Directors.
- 3.10 The Directors shall lay before the Members at each annual general meeting held pursuant to Article 28 of North's Articles of Association details of the names of all Board members and the Members that they represent.
- 3.11 A Board member shall immediately cease to be a Board member upon ceasing (in the case of a Member of North) or his appointor ceasing (in the case of an authorised representative of a Member of North) to be a Member of North.
- 3.12 Any Board member or (in the case of a Board member who is the authorised representative of a Member) his appointing Member may terminate his membership of the Board at any time by giving written notice to North.
- 3.13 Subject to Paragraph 3.14, a Board member must retire from office at the first Board meeting following the third anniversary of the date of their appointment or reappointment (as the case may be) as a Board member. Any Board member so retiring may offer themselves for reappointment by the Members Board pursuant to Paragraph 3.7.
- 3.14 For the avoidance of doubt in the event that a Board member who is an appointed representative of a Member of North ceases to be eligible for reappointment pursuant to Paragraph 3.13, nothing in Paragraph 3.13 shall prevent the appointing Member from nominating a different person for appointment as a member of the Board at any time in the future.

#### **4 Board Meetings**

- 4.1 Meetings of the Board shall be held each year in accordance with the timetable and standing agenda as set by the Chairman and at such other times as the Chairman may consider necessary from time to time to enable the Board to discharge its functions effectively.
- 4.2 The Chairman shall convene a meeting of the Board on the requisition in writing of not less than 25% in number of the Board members. Any such request must state the general nature of any matter to be considered.
- 4.3 At least fourteen clear days notice of every Board meeting shall be given by the Company Secretary or the Chief Executive Officer to all Board members and Directors. The notice shall

specify the time and place of the meeting and the general nature of any matter to be considered.

- 4.4 Notwithstanding the provisions of Paragraph 4.3, a Board meeting may be called by shorter notice if it is agreed by a simple majority in number of the Board members.
- 4.5 The Chairman shall determine the time and place of any Board meetings and in doing so shall take reasonable steps to consult with the Chief Executive Officer to ensure that Board meetings are held, wherever practicable, at a time and place that is most convenient having regard to any scheduled Directors meetings or Members meetings.
- 4.6 No business shall be transacted at any Board meeting unless a quorum is present. Unless determined otherwise by an Ordinary Resolution of the Members, seven Board members shall be a quorum.
- 4.7 The Chairman, or in his absence any one Vice Chairman, shall chair all Board meetings, but if at any Board meeting neither the Chairman or any Vice Chairman are present at the time appointed for holding the same, the Board members present shall choose one of their number to chair such meeting and the Board member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor any Vice Chairman shall be present.
- 4.8 Questions arising at any Board meeting shall be decided upon a show of hands by a majority of votes. Every Board member present in person at a Board meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 4.9 The Directors shall be entitled to receive notice of and to attend and speak at Board meetings.
- 4.10 If within half an hour from the time appointed for a meeting of the Board a quorum is not present, the meeting shall be dissolved.
- 4.11 The Board shall cause minutes to be made of all proceedings of the Board and any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.
- 4.12 The Company Secretary shall circulate minutes of Board meetings to all Board members and Directors and shall endeavour to do so no later than 30 days from the date of the relevant meeting.

## **5 Effect of Board proceedings**

- 5.1 Any exercise by the Board pursuant to Paragraph 2.2 of a power or discretion vested in the Board shall, subject to the terms upon which such power or discretion has been vested in the Board, be binding upon North in accordance with Article 108.2 of North's Articles of Association.

5.2 Save as is expressly provided in Paragraph 5.1, the Directors shall have regard to any decisions made by the Board and any opinions expressed by Board members in relation to any matters at Board meetings provided always that such decisions and opinions shall not be binding upon the Directors or North.

5.3 Save as is expressly provided in Paragraph 5.1, nothing in these terms of reference shall constitute a delegation of any of the powers or duties of the Directors or the Members to the Board or the Board members and shall not have the effect of fettering the discretion of the Directors or the Members in the exercise of such duties or powers.

## **6 Powers & Discretions**

6.1 When exercising any power or discretion vested in the Board, the Board shall:

6.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and

6.1.2 act in accordance with the Rules of the relevant Class, and the Articles of Association; and

6.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and

6.1.5 exercise independent judgement; and

6.1.6 exercise reasonable care, skill and diligence.

6.2 A Board member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Board member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Board member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Board member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.

6.3 The Board shall have reasonable access to independent professional advice at North's or North EU's expense ,as the case may be, where it judges it necessary to discharge its responsibilities under this Paragraph 6. The scope and costs of such advice shall be subject to the prior approval of the Chairman.

## **7 Confidentiality**

7.1 Board members may have access to and be trusted with information concerning North's, the Group's and Members' affairs which is confidential. Board members shall not during their tenure as a Board member or at any time after its termination use for their own or another's advantage or disclose to any person, firm or company any of the trade secrets, business

methods or information regarding the business or affairs of North, North's Group and/or Members insofar as they have come to their knowledge as a result of their activities as a Board member. The restriction in this paragraph 7.1 shall not apply:-

- 7.1.1 to any disclosure or use authorised by North in writing or required by law to be made;
- 7.1.2 if the information has come into the public domain other than through the unauthorised disclosure by a Board member or any other person; or
- 7.1.3 any "qualifying disclosure" within the meaning of the Public Interest Disclosure Act 1998.

## **8 Delegation of Powers & Functions to Committees**

- 8.1 Subject to Article 108.3 of North's Articles of Association, the Board may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of their body as they think fit or to the Managers.
- 8.2 The Managers and any committee formed pursuant to Paragraph 8.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Members Board being not inconsistent with any regulations of North's Articles of Association, these terms of reference and the provisions of the Statutes.
- 8.3 The meetings and proceedings of any committee formed pursuant to Paragraph 8.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by any regulations made by the Board under Paragraph 8.2.

## **9 Class Committees**

- 9.1 Pursuant to Article 108.1 of North's Articles of Association, certain powers and functions of the Members Board shall be and are hereby delegated to the following committees, subject to and in accordance with the applicable regulations set out in Appendix 1 of these Terms of Reference:

- 9.1.1 Protecting & Indemnity Class Committee;
- 9.1.2 Freight Demurrage & Defence Class Committee;

the meetings and proceedings of these committees shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Members Board, so far as the same are applicable and are not superseded by the applicable regulations set out in Appendix 1.



## 10 **Alternate Board Members**

- 10.1 Any Board member (the "Appointor") may apply to the Board for permission to appoint another person to attend Board meetings as an alternate in his absence.
- 10.2 An application for permission to appoint an alternate shall be submitted in writing to the Chief Executive Officer in such form as may be prescribed from time to time by the Members Board.
- 10.3 The Chief Executive Officer shall refer all applications for permission to appoint an alternate to the Elections Committee, which shall consider and make recommendations to the Board in relation to such applications.
- 10.4 An application for permission to appoint an alternate shall be granted upon the passing of a resolution to that effect by the Board in accordance with the provisions of Paragraph 4 of these terms of reference.
- 10.5 If, at any time following the granting of permission to appoint an alternate, an Appointor intends to appoint his chosen alternate to attend a Board meeting in his absence he must notify the Chief Executive Officer, of his intention to do so no later than two working days (being a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London) prior to the date of the relevant meeting.
- 10.6 Subject to the Appointor complying with the notice requirements of Paragraph 10.5, an alternate attending a Board meeting in the absence of his/her Appointor shall:
  - 10.6.1 have the same rights in relation to that Board meeting as the alternate's Appointor;
  - 10.6.2 be deemed for all purposes of the meeting to be a Board member;
  - 10.6.3 be liable for their own acts and omissions;
  - 10.6.4 be subject to the same restrictions as their Appointor;
  - 10.6.5 not be deemed to be agent of or for their Appointor; and
  - 10.6.6 be counted as participating for the purposes of determining whether a quorum is participating.
- 10.7 An alternate's appointment shall terminate:
  - 10.7.1 when the alternate's Appointor revokes the appointment by notice to the Chief Executive Officer, in writing;
  - 10.7.2 upon cessation of the Appointor's membership of the Board.

## 11 Notices

11.1 A notice, document or communication required under these Terms of Reference to be served on a Board member may be served by:

11.1.1 serving it personally; or

11.1.2 sending it through first class post; or

11.1.3 giving it in electronic form to an electronic address for the time being notified to North by the Board member; or

11.1.4 by facsimile.

11.2 Notice, documents and communications shall be deemed to have been sent:

11.2.1 If served personally, on service;

11.2.2 If sent by post, on the expiration of 24 hours after the envelope containing the same is posted;

11.2.3 If sent in electronic form to an address notified from time to time by the member to North, at the time the notice, document or communication is sent;

11.2.4 If sent by facsimile, on the day of dispatch.

## **Appendix 1**

### **Members Board Committees Terms of Reference**

## **Appendix 1 - Part 1**

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

#### **Protecting & Indemnity Committee (the “Committee”) - Terms of Reference**

##### **1. Constitution**

- 1.1. The Committee was established pursuant to Article 108.1 of North’s Articles of Association as a Committee of the Members Board (the “Board”) upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.
- 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.

##### **2. Membership**

- 2.1. The membership of the Committee shall consist from time to time of those Board members who have or who’s appointing Members have at the relevant time one or more Ships entered for insurance in North’s or North of England P&I DAC (“North (EU)”)’s Protecting & Indemnity Class (together the “P&I Class”) for the current Policy Year.
- 2.2. The Company Secretary 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 seven Committee members.
- 3.2. The Chairman, or in his absence any Vice Chairman, shall chair all Committee meetings, but if at any Committee meeting neither the Chairman nor any Vice Chairman are present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor any Vice Chairman shall be present.
- 3.3. Questions arising at any Committee meeting shall be decided upon a show of hands by a majority of votes. Every Committee member present in person at a Committee meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 3.4. The Directors are entitled to attend and speak at Committee meetings.
- 3.5. The Committee shall hold regular meetings each year in accordance with the timetable and standing agenda as set by the Chairman and shall hold such further meetings as may be required from time to time to discharge its functions effectively.

#### **4. Functions & Powers**

- 4.1. The functions and powers of the Committee shall be to:
  - 4.1.1. consult with and receive reports from the Directors upon matters concerning the P&I Class;
  - 4.1.2. exercise the powers and discretions of the Directors under the Rules of the P&I Class in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
  - 4.1.3. exercise the powers and discretions given to the Members Board under the Rules of the P&I Class.

#### **5. Powers & Discretions**

- 5.1. When exercising any power or discretion vested in the Committee, the Committee shall:
  - 5.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and
  - 5.1.2 act in accordance with the Rules of the P&I Class, and the Articles of Association; and
  - 5.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and
  - 5.1.5 exercise independent judgement; and
  - 5.1.6 exercise reasonable care, skill and diligence.
- 5.2 A Committee member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Committee member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Committee member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Committee member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.
- 5.3 The Committee shall have reasonable access to independent professional advice at North's or North (EU)'s expense, as the case may be, where it judges it necessary to discharge its responsibilities under this Paragraph 5. The scope and costs of such advice shall be subject to the prior approval of the Chairman.

## **6. Delegation**

- 6.1. The Committee may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of its body as it thinks fit or to the Managers.
- 6.2. The Managers and any committee formed pursuant to Paragraph 6.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Committee being not inconsistent with any regulations of North's Articles of Association, these terms of reference and the provisions of the Statutes.
- 6.3. The meetings and proceedings of any committee formed pursuant to Paragraph 6.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Committee, so far as the same are applicable and are not superseded by any regulations made by the Committee under Paragraph 6.2.

## **7. Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to all Directors, unless a conflict of interest exists in which case the conflicted Committee member or Director shall not be provided with the minutes of any decision to which the conflict relates.

## Appendix 1- Part 2

### North of England Protecting and Indemnity Association Limited (“North”)

#### Freight, Demurrage & Defence Committee (the “Committee”) - Terms of Reference

##### 1. Constitution

- 1.1. The Committee was established pursuant to Article 108.1 of North’s Articles of Association as a Committee of the Members Board (the “Board”) upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.
- 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.

##### 2. Membership

- 2.1. The membership of the Committee shall consist from time to time of those Board members who have or who’s appointing Members have at the relevant time one or more Ships entered for insurance in North’s or North of England P&I DAC (“North (EU)”)’s Freight Demurrage and Defence Class (together the “FD&D” Class) for North’s or North (EU)’s current Policy Year.
- 2.2. The Company Secretary 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 seven Committee members.
- 3.2. The Chairman, or in his absence any Vice Chairman, shall chair all Committee meetings, but if at any Committee meeting neither the Chairman nor any Vice Chairman are present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as neither the Chairman nor any Vice Chairman shall be present.
- 3.3. Questions arising at any Committee meeting shall be decided upon a show of hands by a majority of votes. Every Committee member present in person at a Committee meeting shall have one vote. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 3.4. The Directors are entitled to attend and speak at Committee meetings.
- 3.5. The Committee shall hold regular meetings each year in accordance with the timetable and standing agenda as set by the Chairman and shall hold such further meetings as may be required from time to time to discharge its functions effectively.

##### 4. Functions & Powers

- 4.1. The functions and powers of the Committee shall be to:

- 4.1.1. consult with and receive reports from the Directors upon matters concerning the FD&D Class;
- 4.1.2. exercise the powers and discretions of the Directors under the Rules of the FD&D Class in relation to all policy years prior to 20 February 2013 which were delegated by the Directors to the Members Board pursuant to Article 85 of North's Articles of Association with effect from 20 February 2013;
- 4.1.3. exercise the powers and discretions given to the Members Board under the Rules of the FD&D Class.

## **5. Powers & Discretions**

- 5.1. When exercising any power or discretion vested in the Committee, the Committee shall:
  - 5.1.1 act in the way it considers, in good faith, to be in the best interests of the Members as a whole; and
  - 5.1.2 act in accordance with the Rules of the FD&D Class, and the Articles of Association; and
  - 5.1.3 only exercise the power or discretion for the purposes for which it has been conferred; and
  - 5.1.5 exercise independent judgement; and
  - 5.1.6 exercise reasonable care, skill and diligence.
- 5.2 A Committee member shall not be entitled to vote on any matter relating to a case or claim involving a Ship in which he is in any way interested ("Ship Claim"), nor shall a Committee member be entitled to vote on any matter relating to a contract or arrangement in which he is in any way interested ("Interested Contract"). For the avoidance of doubt a Committee member shall be permitted to attend any meeting at which a Ship Claim or an Interested Contract is due to be discussed or considered but must absent himself from such meeting whilst a Ship Claim or an Interested Contract is being discussed or considered. If a Committee member should vote on such matters his vote shall not be counted and he shall not be counted in the quorum present at the meeting for the purposes of the relevant decision.
- 5.3 The Committee shall have reasonable access to independent professional advice at North's or North (EU)'s expense, as the case may be, where it judges it necessary to discharge its responsibilities under this Paragraph 5. The scope and costs of such advice shall be subject to the prior approval of the Chairman.



## **6. Delegation**

- 6.1. The Committee may delegate any of its functions or powers to committees (including standing committees and local committees) consisting of such member or members of its body as it thinks fit or to the Managers.
- 6.2. The Managers and any committee formed pursuant to Paragraph 6.1 (as the case may be) shall in the exercise of any function or power delegated to it conform to any regulations that may from time to time be imposed upon it by the Committee being not inconsistent with any regulations of North's Articles of Association, these terms of reference and the provisions of the Statutes.
- 6.3. The meetings and proceedings of any committee formed pursuant to Paragraph 6.1 shall be governed by the provisions of these Terms of Reference regulating the meetings and proceedings of the Committee, so far as the same are applicable and are not superseded by any regulations made by the Committee under Paragraph 6.2.

## **7. Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to all Directors, unless a conflict of interest exists in which case the conflicted Committee member or Director shall not be provided with the minutes of any decision to which the conflict relates.

## **Appendix 1 – Part 3**

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

#### **Elections Committee (the “Committee”) - Terms of Reference**

##### **1. Constitution**

The Committee was established pursuant to Article 108.1 of North’s Articles of Association as a Committee of the Members Board (the “Board”) upon and subject to these terms of reference with effect from noon GMT on 20 February 2013.

##### **2. Membership & Chairman**

- 2.1. The Committee shall consist of a minimum of three Board members.
- 2.2. The chairman of the Committee shall be appointed by the Committee members from amongst their number.
- 2.3. The chairman of the Committee shall chair all Committee meetings, but if at any Committee meeting the chairman is not present at the time appointed for holding the same, the Committee members present shall choose one of their number to chair such meeting and the Committee member so chosen shall preside at such meeting accordingly so long as the chairman are is not present.

##### **3. Committee Meetings**

- 3.1. The Committee shall meet prior to each meeting of the Board in May and November.
- 3.2. The quorum necessary for the transaction of business of the Elections Committee shall be two Committee members.
- 3.3. The Chairman, Vice-Chairman and Chief Executive Officer shall be entitled to receive notice of and to attend and speak at Committee meetings.

##### **4. Duties**

- 4.1. The duties of the Committee shall be to:
  - 4.1.1. consider and make recommendations to the Board in respect of applications for Board membership;
  - 4.1.2. make recommendations to the Board in respect of the form of applications for Board membership;
  - 4.1.3. consider and make recommendations to the Board in respect of applications by Board members to appoint an alternate.

##### **5. Reporting Procedures**

- 5.1. The Committee shall cause minutes to be made of all proceedings of the Committee.
- 5.2. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and to the Chairman, Vice-Chairman and the Chief Executive Officer