
**LANCASHIRE HOLDINGS LIMITED
SCHEDULE OF RESERVED MATTERS
AMENDED WITH EFFECT FROM 27 JULY 2021**

Schedule of Matters Reserved for Decision by the Board of Directors of Lancashire Holdings Limited (the "Company")

An effective Board controls the business but delegates day to day responsibility to the executive management. That said, there are a number of matters which are required to be, or in the interests of the Company should only be, decided by the Board of Directors as a whole. It is incumbent upon the Board to make it clear what these **Matters Reserved for Decision by the Board** are.

Delegation

Certain of the matters may be delegated to or be the subject of recommendation from the:

1. Audit Committee;
2. Remuneration Committee; or
3. Nomination, Corporate Governance and Sustainability Committee; or
4. Underwriting and Underwriting Risk Committee; or
5. Investment Committee.

Items marked * are not considered suitable for delegation to a committee of the Board because of company law requirements or because under the recommendations of the UK Corporate Governance Code, (the "Code"), they are the responsibility of an audit, nomination or remuneration committee, with the final decision required to be taken by the Board as a whole.

Alternate Committee Members

Directors who are members of Board committees may, if agreed by the Chairman and the chairman of the relevant committee, appoint a director as his or her alternate in exceptional circumstances when the committee member is unable to attend a meeting.

Urgent matters (to be read as being subject to the Company's Bye-laws)

The Board has established a Special Purposes Committee for dealing with matters which have to be dealt with urgently, often between regular Board meetings. A telephone or video conference meeting should be held for such urgent matters, in which as many directors as possible participate. This allows directors the opportunity to discuss the matter and ask questions. Any director who cannot attend will still be sent the relevant papers and have the opportunity to give their views to the Chairman, Senior Independent Director and another director or the company secretary before the meeting. If the matter is routine and discussion is not necessary, the approval of all the directors may be obtained by means of a written resolution. In all cases however the process - whether written resolution, Special Purposes Committee or Board meeting - should balance the need for urgency with the overriding principle that each director should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the commitment of the Company. **In all cases, the procedures recommended above shall be subject to the provisions of the Company's Bye-laws.**

Note: the Terms of Reference for the Special Purposes Committee were approved by resolution of the Board on 30 April 2008.

1. Strategy and Management

- 1.1 Responsibility for the overall leadership of the Group (but not day to day management) and establishing the Group's purpose, values and strategy and satisfying itself that these and the Group's culture are aligned.
- 1.2 Approval of the Group's strategic aims and objectives.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Approval of the Group's investment strategy.
- 1.5 Approval of the Group's underwriting strategy
- 1.6 Oversight of the Group's operations ensuring:
 - competent and prudent management;
 - sound planning;
 - maintenance of sound operational and risk management and internal control systems;
 - adequate accounting and other records;
 - compliance with statutory and regulatory obligations; and
 - a purposeful, sustainable and accountable business.
- 1.7 Review of performance in the light of the Group's purpose, strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.8 Any change in the Company's registered office, domicile or tax status.
- 1.9 Extension of the Group's activities into new business or geographic areas for consideration, or commitments or other value exceeding US\$10 million.
- 1.10 Any decision to cease to operate all or any material part of the Group's business.

2. Structure and capital

- 2.1 Changes relating to the Group's capital structure including raising new capital, reduction of capital, share issues (except under employee share plans), share buy-backs including the use (if any) of treasury shares and allotments, calls or forfeitures of shares, the issuance of debt or other financial instruments which form a material part of the Group's capital structure.
- 2.2 Major changes to the Group's corporate structure including, but not limited to, acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration).
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any material change to the listing of the Company's shares on the Main Market of the London Stock Exchange including establishing an additional listing of the Company's shares, debt or other financial instruments on any stock exchange or any de-listing of the Company's shares from any stock exchange listing or its status as a listed company.

3. Financial reporting and controls

- 3.1 * Approval of the half-yearly report, interim management statements and any preliminary announcement of final results.

- 3.2 * Approval of the annual report and accounts, including the corporate governance report and directors' remuneration report¹.
- 3.3 * Approval of the dividend policy.
- 3.4 * Declaration of all interim and/or special dividends and recommendation of the final dividend.
- 3.5 * Approval of any significant changes in accounting policies or practices.
- 3.6 Approval of material unbudgeted capital or operating expenditures.

4. **Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - approving the Company/Group's risk appetite statements;
 - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives with a particular focus on the identification of key risks to the Group and the maintenance of corresponding controls;
 - approving procedures for the detection of fraud and the prevention of bribery;
 - undertaking an annual assessment of these processes;
 - approving an appropriate statement for inclusion in the annual report; and
 - approving the Group's Own Risk Solvency Assessment (ORSA) process and reports; and
 - approving those risk reports and returns requiring Board approval pursuant to law and/or regulation.

5. **Contracts & Transactions**

- 5.1 Approval of substantial transactions in accordance with Listing Rule 10 of the Listing Rules published by the Financial Conduct Authority ("Listing Rules").
- 5.2 Approval of transactions with directors or other related parties in accordance with Listing Rule 11.
- 5.3 Approval of capital projects not explicitly approved within the Group Annual Budget which (taken together with any associated cost or prospective cost) involve expenditure exceeding US\$10 million.
- 5.4 Contracts (other than insurance and reinsurance contracts entered into in the ordinary course of the Group's insurance and reinsurance business) which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) above US\$10 million.
- 5.5 Contracts of the Company or any subsidiary not in the ordinary course of the Group's insurance and reinsurance business, for example loans and repayments above US\$10 million; foreign currency transactions above US\$10 million (excluding foreign currency hedging undertaken in the ordinary course of the Group's insurance and reinsurance business); major acquisitions or disposals where the capital value is above

¹ These items are often considered by the whole Board but with the formal decision being delegated to a committee (set up solely for that purpose). This allows time for any changes requested at the Board meeting to be incorporated into the final document before publication.

US\$10 million; joint ventures involving assets of more than US\$10 million or gross revenue per annum of more than US\$10 million.

- 5.6 Major investments including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any takeover offer or the making of any takeover offer for capacity exceeding US\$10 million.
- 5.7 Consideration of any transaction, proposal or investment which is specifically referred to the Board by a director.

6. Borrowings

- 6.1 Confirmation of major financing facilities, approval of any credit arrangements or similar financial facilities to be entered into by the Company or its subsidiary undertakings and giving of security over significant group assets (including mortgages and charges over the group's property).

7. Communication

- 7.1 Ensuring a satisfactory dialogue with shareholders, debtholders and other key stakeholders based on the mutual understanding of objectives.
- 7.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.3 * Approval of all circulars, prospectuses and listing particulars.
- 7.4 * Approval of announcements concerning matters decided by the Board or required to be released under the Market Abuse Regulation, the Listing Rules or the Disclosure Guidance and Transparency Rules ("DTR") published by the Financial Conduct Authority, specifically Listing Rule 10 (Significant transactions) and Listing Rule 11 (Related party transactions). However, approval of announcements required under the Market Abuse Regulation, as supplemented by the guidance in the DTRs, concerning the disclosure and control of inside information by issuers or of any transactions by persons discharging managerial responsibilities and their connected persons, or pursuant to DTR 5 concerning a change in significant shareholdings (when a shareholder's voting rights reach, exceed or fall below thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%) could be delegated to a committee for administrative convenience.

8. Board membership and other appointments

- 8.1 * Changes to the structure, size and composition of the Board, following recommendations from the Nomination, Corporate Governance and Sustainability Committee.
- 8.2 * Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
- 8.3 * Appointments to the Board, following recommendations by the Nomination, Corporate Governance and Sustainability Committee.
- 8.4 * Selection of the Chairman of the Board and the Chief Executive Officer.
- 8.5 * Appointment of the Senior Independent Director to provide a sounding board for the Chairman and to serve as intermediary for the other directors, or shareholders, when necessary.
- 8.6 * Membership and chairmanship of Board committees following recommendations from the Nomination, Corporate Governance and Sustainability Committee.

- 8.7** * Continuation in office of directors at the end of any term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 8.8** * Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
- 8.9** * Appointment or removal of the company secretary.
- 8.10** * Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the audit committee.
- 8.11** Appointment or removal of the Group head of internal audit.
- 8.12** Appointment or removal of the Group chief risk officer.
- 8.13** Appointments to and removals from boards of subsidiaries and senior management appointments and removals that require public disclosure.
- 9. Remuneration**
- 9.1** * Determining the remuneration policy for the directors, company secretary and other senior management.
- 9.2** Determining the remuneration of the non-executive directors, subject to the Company's Bye-laws and shareholder approval as appropriate.
- 9.3** * The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.
- 10. Delegation of Authority**
- 10.1** * The division of responsibilities between the Chairman, the Chief Executive Officer and other executive directors, which should be clearly established, set out in writing and agreed by the Board.
- 10.2** * Establishing Board committees and approving their terms of reference, and approving material changes thereto.
- 10.3** * Receiving reports from Board committees on their activities.
- 11. Corporate governance matters**
- 11.1** * Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 11.2** * Determining the independence of non-executive directors in light of their character, judgement and relationships.
- 11.3** * Considering the balance of interests between shareholders, employees, customers, other stakeholders and the community.
- 11.4** Implementing measures for engagement between the Board and the workforce to ensure that the workforce views and interests are appropriately considered in Board discussions and decision making.
- 11.5** Review of the Group's overall corporate governance arrangements.
- 11.6** * Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
- 11.7** Authorising conflicts of interest where permitted by the Company's Bye-laws.
- 11.8** Oversee the identification of the Company's environmental, climate change and societal responsibilities and the articulation and operation of appropriate policies and controls and other material developments relevant to the sustainability of the

Company and its operations, including related risks and opportunities, and the appropriate monitoring of the Company's performance and reporting in these areas.

12. Policies

12.1 Approval of policies, including:

- Share dealing code;
- Anti-Money Laundering, Bribery and Financial Crime policy;
- Whistleblowing policy;
- Conflicts of interest;
- Fit and proper requirements for officers and senior employees;
- Communications policy including procedures for the release of price-sensitive information; and
- Charitable donations policy
- Anti-slavery and human trafficking;
- Boardroom and wider diversity;
- Sanctions;
- Tax and operating guidelines.

13. Other

13.1 Approval of the appointment of the Group's principal professional advisers.

13.2 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism (involving above US\$10 million or being otherwise material to the interests of the Group), other than litigation such as occurs in the normal course of the Group's insurance and reinsurance business.

13.3 Approval of any executive Director's employment contract.

13.4 Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.

13.5 Approval of the Company's charitable and political donations.

13.6 Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

13.7 * This schedule of matters reserved for Board decisions.

14. Matters to be reported to the Board. Certain matters, as follows, should be reported to the Board at the next Board meeting or immediately if the Chairman considers it appropriate.

14.1 Any actual or likely litigation where the exposure of the Company or any subsidiary could exceed US\$100 million.

14.2 Any material fine, prosecution, disciplinary action or censure proposed to be taken or imposed against the Company or any subsidiary by any government or regulatory body, or any material regulatory breaches.

14.3 Any matter of significance which is likely to receive extensive publicity or which, due to its unusual nature, is one which in the opinion of any director, the Board should be made aware of.