

## **Terms of Reference of the Board of UKC**

---

### **THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION LIMITED (“UKC”)**

#### **THE BOARD OF UKC**

These Terms of Reference of the Board of The United Kingdom Mutual Steam Ship Assurance Association Limited (UKC) are authorised by the Board of Directors and are subject to amendment by that Board. References to the UKB Board in this document are references to the Boards of UK (Bermuda) (UKC and UKB collectively being referred to as “the Club”).

#### **1. Purpose**

1.1 To set out the specific responsibilities of the Board of Directors. Under the Articles of Association of UKC and in their capacity as Directors, the Directors are to manage the business of the Club and to exercise a general supervision over its affairs.

#### **2. The Club’s division of responsibilities**

2.1 The Club’s division of responsibilities is as set out in the Club Supervision and Control Document as approved from time to time by the Boards of the Club and the Managers.

#### **3. Composition**

3.1 The Board is composed of at least 8 but not more than 16 Directors.

3.2 Directors shall be subject to the provisions of Articles 37A-D of the Articles of Association in respect of eligibility, election, tenure and re-election.

#### **4. Chairman and Deputy Chairmen**

4.1 The Chairman and Deputy Chairmen of UKC are appointed by the Members’ Committee. If there is no Members’ Committee, the Board of UKC will elect the Chairman and Deputy Chairmen.

#### **5. Committees**

5.1 Certain functions of the Directors shall be delegated to the following Committees, which shall operate subject to and in accordance with separate terms of reference:

- a. Members’ Committee (“MEMCO”)
- b. Nominations Committee (“NOMCO”)
- c. Strategy Committee (“STRATCO”)
- d. Group Audit & Risk Committee (“GARCO”)
- e. Investment Committee (“IVCO”)
- f. Ship & Membership Quality Committee (“QUALCO”)

## **6. Meetings**

- 6.1 The Directors shall ensure that Board meetings are held at least 4 times a year and shall hold such further meetings as may be required from time to time to discharge their duties effectively.
- 6.2 The Board will receive reports from the Chairman and Deputy Chairmen, the Committees of the Club, the Board of UKB, the management Board of UK P&I Club N.V., as well as the Managers in accordance with the reporting cycle in the Club Supervision and Control Document.

## **7. General duties of the Board**

- 7.1 Under the Articles of Association of UKC, the business of UKC is to be managed by the Directors.
- 7.2 Specific areas of management which have been delegated to the Managers are set out in the Management Agreements.
- 7.3 In addition to their powers and authorities conferred by the Articles of Association of UKC and the Rules of UKC, the Directors may exercise all such powers and do all such acts and things as may be exercised or done by UKC and as are not to be exercised or done by UKC in a general meeting.

## **8. Specific duties of the Board**

The Board shall:

- 8.1 Establish, implement and maintain effective cooperation, internal reporting and communication of information at all relevant levels of UKC.
- 8.2 Establish, implement and maintain effective decision making procedures and an organisational structure which clearly specifies reporting lines, allocates functions and responsibilities, and takes into account the nature, scale and complexity of the risks inherent in UKC's business.
- 8.3 Ensure that the Board Members collectively possess the necessary qualifications, competency, skills and professional experience in the relevant areas of the business in order to effectively manage and oversee UKC in a professional manner.
- 8.4 Ensure that each individual Board Member has the necessary qualifications, competency, skills and professional experience to perform the tasks assigned.
- 8.5 Employ personnel with the skills, knowledge and expertise necessary to discharge the responsibilities allocated to them properly.
- 8.6 Ensure that all personnel are aware of the procedures for the proper discharge of their responsibilities.

- 8.7 Ensure that the performance of multiple tasks by individuals and organisational units does not or is not likely to prevent the persons concerned from discharging any particular function in a sound, honest and objective manner.
- 8.8 Establish information systems which produce complete, reliable, clear, consistent, timely and relevant information concerning the business activities, the commitments assumed and the risks to which UKC is exposed.
- 8.9 Maintain adequate and orderly records of UKC's business and internal organisation.
- 8.10 Safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.
- 8.11 Introduce clear reporting lines that ensure the prompt transfer of information to all persons who need it in a way that enables them to recognise its importance.
- 8.12 Adopt a written remuneration policy.
- 8.13 Monitor capital requirements for the Club and ensure the maintenance of minimum regulatory capital at all times.
- 8.14 Set the tone and influence the culture of risk management and governance within the Club.
- 8.15 Ensure that there is an effective risk management system in place with clear expectations for risk management and clear definition of accountability for the management of key business risks.
- 8.16 Ensure that policies on risk management, internal control, internal audit and outsourcing shall clearly set out the relevant responsibilities, objectives, processes and reporting procedures to be applied, all of which shall be consistent with UKC's overall business strategy.
- 8.17 Establish, implement and maintain a business continuity policy aimed at ensuring, in the case of an interruption to UKC's systems and procedures, the preservation of essential data and functions and the maintenance of insurance and reinsurance activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of UKC's insurance or reinsurance activities.
- 8.18 Ensure that at least two persons effectively run UKC.
- 8.19 Ensure that effective systems are in place to prevent conflicts of interest and that potential sources of conflicts of interest are identified and procedures are established in order to ensure that those involved with the implementation of UKC's strategies and policies understand where conflicts of interest could arise and how such conflicts are to be addressed.

- 8.20 Monitor, and on a regular basis evaluate, the adequacy and effectiveness of UKC's system of governance and take appropriate measures to address any deficiencies.
- 8.21 Monitor and supervise the outsourcing of the Club's business to Thomas Miller, including approval of further outsourcing of material business activities and review of the outsourcing policy.
- 8.22 Undertake all the duties of the Board as set out in the Club's Solvency 2 Framework documents and policies.