

### 3. CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of OCIL (the “Company”) and most recently ratified in June, 2017, to assist the Board in the exercise of its responsibilities to the Company and all of its Shareholders. **These Guidelines are not intended to change or interpret any law or regulation applicable to the Company and are subject to the Company’s Bye-Laws. In the event of conflict between these Guidelines and the Bye-Laws, the latter control. All prior versions of these Guidelines are revoked.**

#### 3.1 The Board

##### 3.1.1 The Role of the Board of Directors

The primary responsibility of the Board is to oversee the affairs of the Company in the best interests of the Company; day-to-day operation of the Company is the responsibility of management. The Board is responsible for defining the strategies to be followed by the Company, for selecting the executive officers of the Company and for monitoring their performance. The Board is also responsible for reviewing the procedures established to assure that the Company’s management and employees operate in a legal and ethically responsible manner. The Board may utilize the General Counsel and any specialist resources deemed appropriate to support its procedures as it from time to time sees fit.

##### 3.1.2 Director Duties and Responsibilities

Each Director owes a fiduciary duty to act in good faith when dealing with or on behalf of the Company and to exercise the powers and fulfill the duties of the office honestly. Each Director is also expected, when acting in the Company’s interests, to exercise whatever skill he or she possesses with reasonable care and to diligently attend to the affairs of the Company. In discharging his or her duties, each Director is entitled to rely on the honesty and integrity of his or her fellow Directors as well as on the honesty and integrity and the advice, reports and opinions of the management of the Company and its outside advisors and auditors.

Directors are expected to attend the Company’s annual Shareholders’ meeting, all Board meetings and meetings of Committees on which they serve. A Director who is unable to attend a Board or Committee meeting should notify either the President or the Secretary with as much notice as possible so that related arrangements may be changed, if necessary. Each member of the Board must make the commitment to spend the time necessary to prepare for Board and Committee meetings, including thorough advance review of meeting materials, and to meet as frequently as required to properly discharge his or her responsibilities.

The Company distributes a Directors’ Handbook periodically to each Director that details the duties and responsibilities of Directors as they pertain to the Company, and also describes its business conduct and operating guidelines. The Director must sign an acknowledgement of his or her understanding and acceptance of the guidelines therein and return it to the Company for filing.

### 3.1.3 Chair of the Board and Chief Executive Officer Positions

The Chair is elected annually by the Board but in practice serves in that position for two years, although this may be extended at the request of the Board. A Deputy Chair is also elected annually from among the Directors.

The Chief Executive Officer is recruited and appointed by the Board to serve as President of the Company until retirement, resignation or replacement and also serves as a member of the Board.

### 3.1.4 Size and Composition of the Board

The Bye-Laws of the Company provide that the Board shall consist of not less than 8 and not more than 14 Directors and that a majority of the Directors then in office comprise a quorum. The Shareholders at their Annual General Meeting determine the size of the Board and elect the directors, who serve for a one-year term. OCIL's Board presently has 11 members. The Corporate Governance and Recruitment Committee, in accordance with its charter, periodically reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any adjustments deemed necessary.

### 3.1.5 Board Membership Criteria

To be eligible for nomination or re-election to the Board, a nominee or Director must be an officer or employee of a Shareholder or its subsidiaries. In the event that the Shareholder is a captive insurance company, the nominee or Director must be an officer or employee of the captive's parent company or a subsidiary of that parent company.

### 3.1.6 Directors Who Change Their Present Job Responsibilities

If one or more of the following events occurs during a Director's term, that Director shall promptly tender his or her resignation to the Chair:

- The Director's position or employment changes from that held when elected to the Board;
- The Director's employer, or the parent or subsidiary company of that employer, ceases to be a Shareholder of the Company.

The Executive Committee of the Board will then consider the circumstances, and recommend to the Board whether to accept or reject the resignation in light of what it considers to be in the best interests of the Company. Any Director allowed to remain on the Board for the balance of his or her term shall nevertheless be required to meet the eligibility requirements for Directors in order to be re-elected at the conclusion of his or her term.

The Chief Executive Officer on relinquishing his position for any reason shall tender his resignation from the Board.

### 3.1.7 Removal of a Director

The Shareholders at a general meeting may remove a Director for any reason, as may the Board upon the affirmative vote of all but two of the Directors present at a meeting at which such a proposal is made; providing that in each instance due notice of the meeting and such a proposal has been given.

### 3.1.8 Term Limits

The Board does not believe that it should establish limits on the number of terms a Director may serve on the Board. While term limits might help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of curtailing the contribution of Directors who over time have developed increasing insight into the Company and its operations. Due to natural turnover, term limits may jeopardize the overall continuity of the Board.

### 3.1.9 Conflicts of Interest (see also Bye Law #9)

#### 3.1.9.1 Unique considerations for OCIL Directors

The Directors of the Company are often also employees and Shareholder Representatives of the owners. Because of the dual roles as Director and as Shareholder Representative, the Director may face a potential conflict of interest in circumstances where the interest of the OCIL Shareholder differs from that of the Company. When acting as a Director, the Director's responsibility is clear: the Director must act in the best interest of the Company. This means that the Director should exercise his or her best judgment in the interests of the Company. Absent unusual circumstances the Director should not abstain from participating in deliberations or voting based solely upon this dual role.

#### 3.1.9.2 Conflict of Interest Policy

Directors have a fiduciary duty to the Company and must conduct themselves in order to avoid conflicts of interests with the Company. In their capacity as Directors, the Directors must subordinate all other interests including personal interests, business interests, including that of their employer, and all other third-party interests, to the best interest of the Company. This policy applies to both Board functions as well as Committees of the Board.

#### 3.1.9.3 Steps to Take If a Potential Conflict of Interest is Believed to Exist

If a Director believes that a potential conflict of interest exists, the following steps should be taken:

(a) If time permits, the issue should be disclosed (in advance of any Board or Committee meeting) in a timely manner to the Ethics Officer of the Company or the Chair or Deputy Chair of the Board or Committee, as applicable;

(b) If the conflict becomes apparent during the course of Company business, in particular a Board or Committee meeting, the Director should immediately disclose the potential conflict and remove himself or herself from all deliberations and voting. He or she should be guided by the advice and ruling of the Chair of the meeting. Bye Law 9 may prohibit the Director from voting or being counted towards a quorum in respect of any contract or arrangement in which he or she has a financial interest.

(c) If a potential conflict is presented, the Chair of the meeting may determine either that: no conflict exists; the conflict is waived and the Director may proceed as if no conflict is present; the Director in question may not participate in Company deliberations or voting or both; or other remedies as the circumstances warrant.

#### 3.1.10 Director Orientation/Continuing Education

New Directors are expected to participate in an orientation process that typically includes (a) reviewing materials regarding the Company's business, compliance programs and code of conduct, and attesting to their understanding and acceptance of such, (b) reviewing these Guidelines and other policies and procedures developed by the Board, including the charter of any Committee on which such new Director is to serve, and (c) visiting the Company's offices and meeting with key personnel to discuss the Company's business and operations, strategic plans, the environment in which the Company operates and its significant financial, accounting and risk management issues. The orientation process should be complete within four months of the time the new Director joins the Board. Individual training and education requests by Directors will be approved on an ad-hoc basis by the Chief Executive Officer, who will seek the advice of the Chair of the Governance Committee or the Chair of the Board as appropriate.

#### 3.1.11 Authorities of the Shareholders

Certain decisions are reserved for affirmative vote of 75% of the Shareholders voting (but no less than 65% of the votes eligible to be cast). These include:

- (a) dissolution or sale of substantially all of the Company's assets;
- (b) any change in the nature of the business to be conducted by the Company;
- (c) any change in the Memorandum of Association or Bye-Laws or amendments thereof; or
- (d) the power to remove a Director.

#### 3.1.12 Authorities delegated to the Board of Directors

Business decisions are generally delegated to the Directors. The authorities of, and procedures applicable to, the Directors are set forth in Bye-Laws 4 through 14. The authority of the Directors is, however, at all times subject to the provisions of the Bye-Laws and appropriate law.

Subject to these limitations, certain responsibilities are delegated to the Board. These include, among others:

- (a) general supervision over the affairs of the Company;
- (b) authority to remove a Director and fill the vacancy on the Board so created;
- (c) appointment or removal of officers and delegation of powers to the officers;

- (d) creation of and delegation of powers to Committees of the Board;
- (e) convening Special General Meetings of the Shareholders;
- (f) declaration and payment of dividends subject to applicable requirements of Bermuda law;
- (g) the establishment of additional conditions for membership in OCIL by new applicants, as well as exercise of such authority as is expressly conferred on the Board with respect to eligibility for membership under the Eligibility Requirements;
- (h) cancellation of policies and membership in the event of failure to pay premiums when due or maintain financial responsibility to the Company or in the event of failure to meet eligibility requirements, as specified in Bye-Laws 47 and 48 respectively;
- (i) authority, subject to an affirmative vote of 75% of all the Directors to make changes, alterations and modifications to policies and lines of business to be written; and
- (j) exercise of powers to discontinue the Company to a named country or jurisdiction outside Bermuda pursuant to Bermuda law.

### 3.1.13 Delegations of powers and responsibilities from the Board to:

#### (a) **Committees**

There are four standing committees of the Board elected each year, each governed by its own charter. The charters are reviewed annually by the members of the standing committees and at least every other year by the Governance & Recruitment Committee, and amended if thought necessary, and ratified by the Board. The Board may also, in its discretion, appoint ad-hoc committees to address and advise upon certain issues that may from time to time arise. Each ad-hoc committee shall have its own charter agreed upon by the Board and the members of the committee as part of its formation process. Bye-Law 11 provides that any committee shall conform to such directions as the Board shall impose on it.

The four standing committees are:

**Executive Committee:** The Directors have delegated to the Executive Committee of the Board (consisting of three or more Directors elected annually by the Directors), during intervals between Board meetings, the authority to exercise the powers of the Board. Excepted are powers reserved exclusively to the Directors by law, any powers to elect officers and Directors, any powers relating to amendment to the Bye-Laws and any powers requiring action by more than a majority of the Directors. The Chair of the Committee reports regularly to the Board and annually to the Shareholders on the proceedings of the Committee.

**Governance and Recruitment Committee:** The Governance and Recruitment Committee has been delegated the responsibility by the Directors of developing and

recommending to the Board a set of corporate governance guidelines and of providing oversight of all the corporate governance affairs of the Company. The Chair of the Committee reports regularly to the Board and annually to the Shareholders on the proceedings of the Committee.

Joint Audit Committee (OIL and OCIL ): The Audit Committee is a committee of the Boards of OCIL and OIL, consisting of non-management Directors. The purpose of the Audit Committee is to assist the Boards to discharge their duty with regard to the financial records, controls and financial statements of the Companies. It focuses on the adequacy of systems of financial control and provides a forum for discussion with the external auditors. The Chair of the Committee reports regularly to the Boards and annually to the Shareholders on the proceedings of the Committee.

Joint Compensation Committee (OIL and OCIL): The Chair and Deputy Chair of the Boards of OIL and OCIL, along with two others elected by the OIL Board and one other elected by the Board of OCIL, serve on this Committee. Its mandate is to fulfill the responsibilities of the Boards relating to the Companies' executives and staff. The guiding principle of the Committee is to provide a compensation program that enables the Company to attract, retain and motivate a team of highly qualified employees, who will create long-term Shareholder value. The Chair of the Committee reports regularly to the Boards on the proceedings of the Committee.

**(b) Officers:**

The officers of the Company are elected annually by the Board and have such powers and perform such duties in the management, business and affairs of the Company as are delegated to them by the Directors. Customarily, and as a matter of practice, the President and Chief Executive Officer of the Company, who is both a Director and a member of the Executive Committee and reports to the Board and the Executive Committee, is in charge of the day-to-day operations of the Company; the other officers of the Company report to him.

The Directors may, to the full extent permitted by Bermuda law, delegate to the President of the Company any such powers of the Directors as the Directors may in their discretion determine, provided, however, that the Directors may not delegate their powers as to any action which under the Bye-Laws of the Company and the Exhibits thereto require more than a majority of Directors' votes.

The Directors have delegated to the President and Chief Executive Officer (with authority to re-delegate to any other officer or officers), authority to settle claims, with the understanding that significant or extraordinary claims will be discussed with the Board and that semi-annually management will advise the Board of all the claims that have been paid, or significant reserve movements on open claims, during the reporting period.

The Directors have also approved the delegation of authority to the President and Chief Executive Officer broad powers in the administration of the policies, retaining to themselves only the authority to change maximum and minimum limits on coverage, and minimum deductibles.

### 3.1.14 Assessing the OCIL Board's Performance

The Governance and Recruitment Committee oversees biennial self-evaluations of the Board's performance, and that of its Committees.

### 3.1.15 Subsidiaries

#### Oil Casualty Investment Corporation Ltd. (OCICL)

The Board of OCIL has deemed it to be in the best interests of the Shareholders that the management of the financial assets of the Company be performed by a subsidiary whose Board comprises individuals with specific expertise and experience in that field. The Directors of OCICL are charged with the responsibility of providing strategic oversight, policy guidance and performance evaluation for the investment management programs of the Company. Their key objective is preservation of capital. The CFO of OCIL serves on the Board of OCICL. The CFO of OCIL also serves as the CEO of OCICL.

The Board of OCICL is elected each year at its Annual General Meeting by the sole Shareholder (OCIL), represented by OCIL's CEO. Extensive relevant experience in financial and investment management is a pre-requisite for service on the investment company Board, but of equal importance is the candidates' willingness to devote the time to OCICL's affairs necessary to make meaningful contributions to the Board's deliberations.

#### OCIL Limited

OCIL Limited was incorporated in 2016 in England and Wales to facilitate participation in the Lloyd's market. It is a Limited Liability Vehicle. It is wholly owned by OCIL and its Directors are the CEO and COO of OCIL. Its underwriting participation at Lloyd's is conducted by a Members' Agent, to whom OCIL Limited has delegated certain management authority.

#### Oil Management Services Ltd. (OMSL)

OMSL was incorporated in 1986, as a subsidiary of OIL. It is not a subsidiary of OCIL. However, in recognition of the fact that the OIL Group of Companies is most efficiently managed when the human and physical resources of the group are shared, OMSL performs the day-to-day administrative functions for OCIL pursuant to Support Services Agreement. OMSL's expenses are redistributed back to the companies of the group by allocation on a resources-used basis. OMSL is a non-profit company. Its directors are the Chair and Vice-Chair of OIL and OCIL, the President and Chief Executive Officer, General Counsel and Chief Financial Officer who are elected at each Annual General Meeting of OMSL. Pursuant to the Support Services Agreement, the Directors of OCIL have delegated to OMSL responsibility for and day to day oversight of staffing, cash management, premises management and the general administration of the Company.

### 3.1.16 Independent Advisors

The Board (and each Committee) has the power to hire, at the expense of the Company, independent legal, financial or other advisors as they may deem necessary, without consulting with or obtaining the approval of any officer of the Company in advance.

## 3.2 Board Meetings

### 3.2.1 Scheduling and Agendas for Board Meetings

The Board usually meets four times per year in regularly scheduled meetings although it may meet more often if required. Typically, the majority of the meetings are held in Bermuda.

Directors are expected to attend meetings of the Board and the Committees on which they serve and to review, prior to each meeting, the materials distributed for such meeting. A Director who is unable to attend a meeting is expected to notify the Chair of the Board and the Chair of any Committee on which he or she serves in advance of such meeting.

A substantial portion of at least one Board meeting each year, normally in July, will be devoted to a review of the Company's strategic plans. One Board meeting will be held prior to and in conjunction with the annual Shareholders' meeting, and another, comprising the newly-elected Board, immediately following the annual Shareholders' meeting. The fourth Board meeting typically occurs in December.

The Chair of the Board and executive management of the Company will develop the agenda for each Board meeting and distribute it sufficiently in advance of the meeting for full consideration by the Directors. Directors may suggest additional agenda items, and may raise topics not on the agenda at the meeting, but substantive issues will normally be decided after full distribution of pertinent documentation prior to the meeting.

### 3.2.2 Board Materials Review and Distribution

Information that is important to the Board's or a Committee's understanding of the business to be conducted will be distributed to the members sufficiently in advance of each meeting (normally two weeks) for full consideration of the Directors. Such information will be presented in a concise manner, while still providing the necessary information, so that more meeting time may be spent in discussion. If the subject is too sensitive to be distributed in writing, the presentation will be made at the meeting. Directors shall preserve the confidentiality of confidential material given or presented to the Board. Directors are expected to prepare for meetings by reviewing the materials in advance and contacting senior management, if appropriate, with requests for additional information needed.

### 3.2.3 Board Access to Senior Management

Board members may initiate contact with the Company's management at any time.

The Chief Executive Officer will invite key members of management to regularly attend Board meetings so that they may provide additional insight into the items being discussed. The Board expects that management will use this process to give exposure to managers with senior management potential.

### **3.3 Board Committees**

#### **3.3.1 Committees of the Board**

These are detailed in section 5.1.13 (a), but the Board may at any time form new committees or disband an existing one. Each Committee is expected to perform biennial performance self-evaluation and to review the results of such evaluation with the Board. Each Committee Chair provides a periodic report of his or her Committee's activities to the Board. Each Committee has a staff member appointed to act as Secretary of the Committee to provide logistical and other organizational support.

#### **3.3.2 Assignment of Committee Members**

The Chair of the Board invites suitably qualified persons (usually but not always Directors) to serve on the Committees taking into account the preferences and experience of the individual. These appointments are ratified by the Board.

Committee members, including the Chairs, serve for a term of one year and are eligible for re-appointment.

#### **3.3.3 Committee Meetings**

Committee meetings are generally scheduled to optimize the efficiency of their interaction with regular Board meetings. The Chair of any Committee may call additional meetings as needed.

#### **3.3.4 Committee Agendas**

The Chair and the Secretary of each Committee develop the agenda for meetings of the Committee. Committee members may suggest additional agenda items and may, at any meeting, raise subjects that are not on the agenda. All Directors, whether members of a Committee or not, are invited to make suggestions to a Committee Chair for additions to the agenda of his or her Committee or to request that an item from a Committee agenda be considered by the Board.

### **3.4 Management Review and Responsibility**

#### **3.4.1 Formal Evaluation of the Chief Executive Officer**

The Compensation Committee evaluates the performance of the Chief Executive Officer at least once a year in the light of the corporate goals, objectives and incentive criteria that have been approved by the Compensation Committee as relevant to the Chief Executive Officer's performance and compensation. These goals are generally strategic in nature and may be long-term or short-term. The results of this evaluation are then communicated to the Chief Executive Officer by the Chair of the Compensation Committee. The Compensation Committee has the authority to

approve and set the compensation of the Chief Executive Officer based on this annual evaluation.

#### 3.4.2 Formal Evaluation of Executive Officers

The Compensation Committee also reviews the Chief Executive Officer's annual performance evaluations of senior management of the Company and determines the compensation plan of such officers, including any bonuses and incentive compensation plans.

#### 3.4.3 Succession Planning

The Board has delegated oversight of succession planning to the Joint Compensation Committee. To assist the Committee in this process, the Chief Executive Officer annually provides an assessment of the members of the Company's senior management team and their potential to succeed to the position of Chief Executive Officer and an assessment of those other individuals considered potential successors to other senior management positions.

#### 3.4.4 Board Interaction with Shareholders, Investors, the Press, etc.

The Board believes that management speaks for the Company. Management appoints persons to interact with institutional investors, the press and members of the public. Individual Directors ordinarily do not communicate directly with these interests about Company matters, unless requested to do so by the Board or management. This policy does not preclude Directors from meeting with shareholders, but it is suggested that any such meetings be held with management present unless otherwise approved by the Board.

#### 3.4.5 Place of Business

The Company's sole place of business is Bermuda, where the mind and management of the Company resides, and all documentation associated with shareholding or policy matters is executed in Bermuda.

### 3.5 **Antitrust and Anti-Competition Laws**

It is the policy of OCIL to comply with all anti-trust and anti-competition laws in jurisdictions in which it does business.