

# ADMIRAL GROUP PLC

(the “Company”)

## TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

**Approved: [15/12/10]**

In these Terms of Reference the following terms shall have the following meanings:

the “**Board**” means the board of directors of the Company

the “**Committee**” means the Nomination Committee

the “**Group**” means the Company and its subsidiaries

### **1 Membership**

- 1.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members, the majority of whom shall be independent, non-executive directors. In determining whether members are independent in character and judgment, the Board should consider all relevant factors referred to in provision B.1.1 of the UK Corporate Governance Code.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the director still meets the criteria for membership of the Committee.

### **2 Quorum**

- 2.1 The quorum necessary for the transaction of business shall be two, both of whom must be independent, non-executive directors.
- 2.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Chairman of the Committee does not have a casting vote.

### **3 Frequency of meetings**

- 3.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee may require.
- 3.2 The Chairman of the Committee may convene meetings of the Committee at any time to consider the nomination of new directors or any other matters falling within these terms of reference.

### **4 Chairman**

The Board shall appoint the Committee Chairman who should either be the Chairman of the Board or an independent non-executive director. In the absence of the Committee Chairman

and/or appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

## **5 Secretary**

- 5.1 The Secretary of the Company, or their nominee shall act as the Secretary of the Committee and shall attend meetings of the Committee.
- 5.2 The Committee will be supported by the Secretary of the Company, who shall have independent access to the Chairman of the Committee.

## **6 Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
- 6.2 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, in sufficient time. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **7 Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.

## **8 Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **9 Duties**

- 9.1 The Committee shall:
  - 9.1.1 regularly review the structure, balance, size, composition, working arrangements and capability (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
  - 9.1.2 give full consideration to succession planning for directors and other senior executives in the course of its work and as part of the process of ensuring progressive refreshing of the Board, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;
  - 9.1.3 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;

- 9.1.4 be responsible for identifying, reviewing and nominating for the approval of the Board candidates to fill board vacancies as and when they arise;
- 9.1.5 before an appointment is made by the Board, evaluate the balance of skills, knowledge, diversity and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
- (a) use open advertising or the services of external advisors to facilitate the search;
  - (b) consider candidates from a wide range of backgrounds; and
  - (c) consider candidates on merit and against objective criteria, with due regard for the benefits of diversity on the Board, including gender and taking care that appointees are able to allocate sufficient time to the position to discharge their responsibilities effectively.
- 9.1.6 for the appointment of the Chairman of the Board, the Committee should prepare a job specification that includes an assessment of the time commitment expected of the role, recognising the need for availability in the event of crises. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- 9.1.7 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- 9.1.8 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 9.1.9 review the results of the Board performance evaluation process that relates to the composition of the Board;
- 9.1.10 review annually the time required from non-executive directors; and
- 9.1.11 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.
- 9.2 The Committee shall also make recommendations to the Board with respect to:
- 9.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
  - 9.2.2 suitable candidates for the role of senior independent director;
  - 9.2.3 membership of the audit and remuneration committees, and any other board committee as appropriate, in consultation with the Chairmen of those Committees.
  - 9.2.4 the re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the company's articles of association, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive

refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years).

9.2.5 any matters relating to the 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 provisions of the law and their service contract; ; and

9.2.6 the appointment of any director to executive or other office.

## **10 Reporting Responsibilities**

10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **11 Other Matters**

11.1 The committee shall:

11.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

11.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

11.1.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;

11.1.4 , at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **12 Authority**

12.1 The Committee is authorised by the Board to obtain at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.