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**TERMS OF REFERENCE OF THE  
NOMINATION COMMITTEE  
OF  
PHOENIX GROUP HOLDINGS**

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Adopted by the Board on 10 December 2010  
and amended on 7 November 2011

## **PHOENIX GROUP HOLDINGS**

**(the "Company")**

### **TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS**

**(the "Committee")**

#### **1. CONSTITUTION**

The Committee has been established by resolution of the board of directors of the Company (the "**Board**") and is to be known as the Nomination Committee. Its terms of reference replace the terms of reference of any pre-existing nomination committee.

#### **2. ROLE**

The role of the Committee is to lead the process for Board appointments and to keep under review the balance of skills, knowledge and experience on the Board to ensure the orderly evolution of the membership of the Board. The duties of the Committee are more fully detailed in paragraph 9.

#### **3. MEMBERSHIP**

3.1 The Committee shall comprise not less than three members appointed by the Board, the majority of whom shall be independent non-executive directors of the Company. The Board will determine each member's independence based on whether a member is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the member's judgement. The Committee Chairman shall be appointed by the Board and shall be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the appointment of a successor to the chairmanship; instead, the senior independent director should chair the Committee on such occasions. The quorum for meetings of the Committee shall be two, both of whom must be independent non-executive directors.

3.2 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 majority of the Committee members remain independent.

3.3 No person shall be permitted to attend Committee meetings unless he or she is:

- (a) a member or secretary of the Committee;
- (b) the Group Company Secretary; or
- (c) invited by the Committee Chairman to attend the meeting in question (including but not limited to other individuals such as the Chief Executive Officer, the head of human resources and other external advisers).

3.4 Appointments to the Committee shall be made by the Board.

3.5 Members of the Committee shall be named in the annual report and accounts of the Company.

#### **4. SECRETARY**

The Company Secretary or his or her nominees shall act as the secretary of the Committee.

#### **5. MEETINGS**

5.1 The Committee shall meet at least twice a year and at such other times as the Committee Chairman shall require.

5.2 Meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association (the "**Articles**") governing the proceedings of directors.

5.3 In accordance with the Articles, a majority of members attending each meeting, of which one shall be the Committee Chairman, must be physically situated outside the UK for the duration of the meeting.

#### **6. NOTICE OF MEETINGS**

6.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of the 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, no later than two working days before the date of the meeting.

6.3 Subject to the terms of the relationship agreement dated 27 June 2009 between the Company and the Lenders (as defined therein), no person other than permitted attendees and members of the Company Secretariat shall be entitled to receive any papers relating to the Committee unless expressly authorised [in writing] by the Committee Chairman.

6.4 Notwithstanding paragraph 6.3 above, the Board may request copies of the minutes of any meeting of this Committee (provided that no conflict of interest with the business of the meeting exists).

#### **7. REPORTING RESPONSIBILITIES**

7.1 The secretary shall minute the proceedings and the resolutions of all Committee meetings, including the names of those present and in attendance. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflict of interest and minute it accordingly. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

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

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

7.3 The Committee shall bring to the attention of the Board and/or make appropriate recommendations to the Board concerning those matters that have been considered or reviewed by it at the meeting of the Board next following a meeting of the Committee.

7.4 The Committee Chairman shall attend the annual general meeting of the Company and shall be prepared to respond to any shareholder questions on the Committee's activities raised at that meeting.

## **8. AUTHORITY**

8.1 The Committee is authorised by the Board to:

- (a) investigate and undertake any activity within its terms of reference;
- (b) seek any information it properly requires from any employee of the Company or of any subsidiary company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee; and
- (c) call any employee to be questioned at a meeting of the Committee as and when required.

8.2 If the Committee considers it necessary so to do, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend meetings of the Committee. The cost of obtaining any advice or services shall be paid by the Company within the limits authorised by the Board.

## **9. DUTIES**

9.1 The duties of the Committee shall be to:

- (a) be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise, as well as putting in place plans for succession, in particular with respect to the Chairman of the Board (ensuring that the appointment of the Chairman is reviewed by all directors of the Company) and the Chief Executive Officer (ensuring that the appointment of the Chief Executive Officer is reviewed by all non-executive directors);
- (b) review regularly the Board structure, size, composition and make recommendations to the Board of any adjustments that are deemed necessary;
- (c) consider succession planning for directors and other senior executives (in consultation with the Board's audit committee in respect of the Group Finance Director), taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed on the Board, reporting to the Board regularly;

- (d) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place;
- (e) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (f) recommend to the Board the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to his or her performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (g) 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;
- (h) recommend to the Board suitable candidates for the role of senior independent director;
- (i) recommend to the Board membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
- (j) recommend to the Board whether to re-appoint a director at the end of his or her term of office;
- (k) make recommendations to the Board concerning 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 law and the provisions of his or her service contract;
- (l) identify and recommend directors who are to be put forward for retirement by rotation in accordance with the Articles and 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;
- (m) before appointment is made by the Board, evaluate the balance of skills, knowledge 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:
  - (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (n) recommend to the Board the induction process for directors joining the Board developed in conjunction with the Chairman;

- (o) delegate any of its powers to one or more of its members or the secretary of the Committee;
- (p) make a statement in the annual report about its activities, the process used to make appointments, if external advertising or advice has not been used in the appointment of the Chairman or a non-executive director, give reasons as to why not, the membership of the Committee and the number of Committee meetings and attendance over the course of the year;
- (q) consider any other matters as may be requested by the Board;
- (r) make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board; and
- (s) recommend to the Board changes to the composition of the Board of Phoenix Life Holdings Limited.

## **10. PROCEDURES**

In order for the Committee to be able to perform its role, it will have the following procedures:

### ***Non-executive directors***

- (a) when it is decided that a new appointment is to be made, a short-list will be circulated to members of the Committee and the Group Chief Executive Officer (the “**CEO**”) (and other directors, if felt appropriate) for comment and the addition of any further potential non-executive directors. The Committee may also engage a reputable firm of search consultants to recommend candidates. These consultants would normally also be engaged to assist in filling a specific vacancy;
- (b) a revised shortlist will then be considered by the Committee;
- (c) shortlisted candidates selected by the Committee will be seen in the first instance by the Chairman of the Board and the CEO (and other directors, if felt appropriate). If the Chairman of the Board wishes to take the selection process further, the potential candidate(s) will be invited to meet the Committee;
- (d) the Committee will decide whether to recommend to the Board an appointment; and
- (e) the Board will decide whether to make the appointment;

### ***Executive directors***

- (a) the Chairman of the Board and the CEO will submit to the Committee a short-list of one or more candidates;
- (b) some or all of the Committee's members will meet the candidate(s) selected for interview;

- (c) the Committee's assessments will be reviewed with the Chairman of the Board and the CEO following which a candidate will be submitted to the Board for appointment; and
- (d) the Chairman of the Board and the CEO and/or the Committee may engage a search consultant to assist in the selection of external candidates for a specific appointment.

## **11. OTHER MATTERS**

### **11.1 The Committee shall:**

- (a) have access to the services of the Company Secretariat function on all Committee matters, including assisting the Committee Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support;
- (b) give due consideration to laws and regulations, the provisions of the Combined Code and the rules and regulations of any market on which the Company's securities are listed from time to time;
- (c) oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- (d) at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.