

**ACCIDENT EXCHANGE GROUP PLC**  
**STATEMENT OF DIVISION OF RESPONSIBILITIES**  
**BETWEEN CHAIRMAN AND CHIEF EXECUTIVE**

*(Adopted by the Board on 26 October 2006)*

**Chairman**

The Chairman is pivotal in creating the conditions for overall board and individual director effectiveness, both inside and outside the boardroom. Specifically, it is the responsibility of the Chairman to:

- ∞ run the board and set its agenda. The agenda should take full account of the issues and concerns of all board members. Agendas should be forward looking and concentrate on strategic matters rather than formulaic approvals of proposals which can be the subject of appropriate delegated powers to management;
- ∞ ensure that the members of the board receive accurate, timely and clear information, in particular about the company's performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the company;
- ∞ ensure effective communication with shareholders and ensure that the members of the board develop an understanding of the views of the major investors;
- ∞ manage the board to ensure that sufficient time is allowed for discussion of complex or continuous issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the board discussion. It is particularly important that non-executive directors have sufficient time to consider critical issues and are not faced with unrealistic deadlines for decision-making;
- ∞ take the lead in providing a properly constructed induction programme for new directors that is comprehensive, formal and tailored, facilitated by the company secretary;
- ∞ take the lead in identifying and meeting the development needs of individual directors, with the company secretary having a key role in facilitating provision. It is the responsibility of the Chairman to address the development needs of the board as a whole with a view to enhancing its overall effectiveness as a team;
- ∞ ensure that the performance of individuals and of the board as a whole and its committees is evaluated at least once a year; and
- ∞ encourage active engagement by all the members of the board.

**The effective Chairman:**

- ∞ upholds the highest standards of integrity and probity;
- ∞ sets the agenda, style and tone of board discussions to promote effective decision-making and constructive debate;

- ∞ promotes effective relationships and open communication, both inside and outside the boardroom, between non-executive directors and executive team;
- ∞ builds and effective and complementary board, initiating change and planning succession in board appointments, subject to board and shareholders' approval;
- ∞ promotes the highest standards of corporate governance and seeks compliance with the provisions of the Code wherever possible;
- ∞ ensures effective implementation of board decisions;
- ∞ establishes a close relationship of trust with the chief executive, providing support and advice while respecting executive responsibility; and
- ∞ provides coherent leadership of the company, including representing the company and understanding the views of shareholders.

### **Chief Executive**

The role of the chief executive is to lead the executive team in developing and implementing the strategy agreed by the board as a whole. Specifically it is the responsibility of the Chief Executive to:

- ∞ lead the development, in conjunction with the executive team generally, of the Group's strategy;
- ∞ following agreement as to overall strategy by the board, identify and plan the steps required to implement such strategy and be responsible for their implementation;
- ∞ take primary responsibility for setting financial goals, for agreement and approval by the board, and subsequently to have primary responsibility for their delivery;
- ∞ provide effective leadership of the executive team as a whole;
- ∞ develop and maintain relationships at appropriate senior levels with key customers and suppliers;
- ∞ be responsible for promoting, and ensure compliance with, the key corporate values agreed by the board;
- ∞ take primary responsibility for and manage the Company's relationships with key shareholders and analysts whilst seeking to broaden the Company's shareholder base, with assistance from the chairman, as the external "face" of the Company;
- ∞ develop and, where appropriate seek to add to, the skills of the core executive team in line with the Group's overall objectives and business plans; and
- ∞ identify and bring to the attention of the board, promising members of management within the business for promotion/further development.