

ACCIDENT EXCHANGE GROUP PLC

("COMPANY")

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

Adopted on 26th October 2006

1. Definitions

In this schedule:

"CA" refers to the Companies Act 1985;

"CC" refers to the Combined Code on Corporate Governance, dated July 2003 and published by the Financial Reporting Council;

"LR" refers to the listing rules of the Financial Services Authority;

"PR" refers to the prospectus rules of the Financial Services Authority; and

references to "Audit", "Nomination" or "Remuneration" are to the relevant board committee which will consider the item and make recommendations to the board for its final decision.

2. Strategy and management

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| 2.1 | Responsibility for the overall management of the group. | CC A.1 |
| 2.2 | Approval of the group's long term objectives and commercial strategy. | CC A.1 |
| 2.3 | Approval of the annual operating and capital expenditure budgets of the group, and any material changes to them. | |
| 2.4 | Oversight of the group's operations ensuring:

2.4.1 competent and prudent management;

2.4.2 sound planning;

2.4.3 an adequate system of internal control;

2.4.4 adequate accounting and other records; and

2.4.5 compliance with legal and regulatory obligations. | |
| 2.5 | Review of performance in the light of the group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken. | CC A.1 |
| 2.6 | Extension of the group's activities into new business or geographic areas. | |

2.7 Any decision to cease to operate all or any material part of the group's business.

3. **Structure and capital**

3.1 Changes relating to the group's capital structure, including any reduction of capital, share issues (except under employees' share schemes) and purchases of own shares (including the use of treasury shares).

3.2 Major changes to the group's corporate structure.

3.3 Changes to the group's management and control structure.

3.4 Any changes to the Company's listing or its status as a public company.

4. **Financial reporting and controls**

4.1 *Approval of preliminary announcements of interim and final results. CC C.1
Audit

4.2 *Approval of the annual report and accounts, including the corporate governance statement and remuneration report. CA s233, s234C
CC C.1
Audit

4.3 *Approval of the dividend policy.

4.4 *Declaration of the interim dividend and recommendation of the final dividend.

4.5 *Approval of any significant changes in accounting policies or practices. Audit

4.6 Approval of treasury policies, including foreign currency and interest rate exposure, and the use of financial derivatives.

5. **Internal controls** CC C.2, C.2.1
Audit

Ensuring maintenance of a sound system of internal control and risk management including:

5.1 receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives;

5.2 undertaking an annual assessment of these processes; and

5.3 approving an appropriate statement for inclusion in the annual report.

6. **Contracts**

6.1 Major capital projects.

6.2 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example bank borrowings above £500,000 and acquisitions or disposals of fixed assets above £500,000.

6.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments above £500,000, foreign currency transactions above £250,000, and major acquisitions or disposals above £500,000.

6.4 Major investments including the acquisition or disposal of interests of more than five per cent in the voting shares of any company or the making of any takeover offer.

6.5 Contracts with directors or other related parties.

7. **Communication**

7.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting. LR 13.3.1R

7.2 *Approval of all circulars and prospectuses approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee. LR 13.3.1R, PR 5.5

7.3 *Approval of press releases concerning matters decided by the board.

8. **Board membership and other appointments**

8.1 *Changes to the structure, size and composition of the board, following recommendations from the nomination committee. Nomination

8.2 *Ensuring adequate succession planning for the board and executive management. CC A.4, A.7

8.3 *Appointments to the board, following recommendations by the nomination committee. CA s282
Nomination

8.4 *Selection of the chairman of the board and the chief executive. Nomination

8.5 *Appointment of the senior independent director. CC A.3.3
Nomination

8.6 *Membership and chairmanship of board committees. Nomination

8.7 *Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate. Nomination

8.8	*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 any relevant legal requirements and his/her service contract).	Nomination
8.9	*Appointment or removal of the Company secretary.	CA s283, s286 CC A.5.3
8.10	*Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.	CA s384 CC C.3.2 Audit
8.11	Appointments to boards of subsidiaries.	
9.	Remuneration	
9.1	*Determining the remuneration policy for the directors, Company secretary and other executive management.	Remuneration
9.2	Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval, as appropriate.	CC B.2.3
9.3	*The introduction of new employees' share schemes or other incentive plans, or major changes to existing schemes/plans, to be put to shareholders for approval.	Remuneration
10.	Delegation of authority	
10.1	*The division of responsibilities between the chairman of the board, and the chief executive and other executive directors, which should be in writing.	CC A.2.1
10.2	*Approval of terms of reference of board committees.	CC A.4.1, B.2.1, C.3.1
10.3	*Receiving reports from board committees on their activities.	
11.	Corporate governance matters	
11.1	*Undertaking a formal and rigorous review annually of the board's performance, that of its committees and individual directors.	CC A.6
11.2	*Determining the independence of directors.	CC A.3.1
11.3	*Considering the balance of interests between shareholders, employees, customers and the community.	
11.4	Review of the group's overall corporate governance arrangements.	
11.5	*Receiving reports on the views of the Company's shareholders.	CC D.1.1
12.	Policies	CC A.1

Approval of policies, including:

- 12.1 Code of Conduct;
- 12.2 Share dealing code;
- 12.3 Health and safety policy;
- 12.4 Environmental policy;
- 12.5 Communications policy, including procedures for the release of price-sensitive information;
- 12.6 Corporate social responsibility policy; and
- 12.7 Charitable donations/expenditure policy.

13. **Other**

- 13.1 Disclosure of directors' interests. CA s317
- 13.2 The making of political donations/incurred of political expenditure.
- 13.3 Approval of the appointment of the group's principal professional advisers.
- 13.4 Prosecution, defence or settlement of litigation involving an amount of more than £1 million, or otherwise being material to the interests of the group.
- 13.5 Approval of the overall levels of insurance for the group, including directors' and officers' liability insurance and indemnification of directors.
- 13.6 Major changes to the rules of the group's pension scheme, changes of trustees or, when subject to the approval of the Company, changes in the fund management arrangements.
- 13.7 This schedule of matters reserved for the board.

Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the group.

*Matters marked * are not in general considered suitable for delegation.*