

PENDRAGON PLC
Nomination Committee Terms of Reference

1. Composition and Quorum

The Committee is a committee of the Board of Directors of Pendragon PLC appointed by the Board and shall consist of not fewer than four members, each of whom shall be a non-executive director except in the case of appointments other than the Chief Executive, when it shall comprise no fewer than five members, of whom four shall be non-executives and the fifth the Chief Executive. When considering the appointment of the Chief Executive, the Committee shall be made up of four non-executive directors. Any three members of the Committee shall form a quorum. At all times a majority of the Committee shall be independent non-executive directors.

The Company Secretary also acts as secretary to the Committee.

2. Chairman

The Chairman of the Committee is the non-executive director who is the Chairman for the time being of the company, save in the case of the appointment of a replacement for the Chairman of the Company, when the senior independent non-executive director shall chair the Committee. If the senior independent non-executive director is a candidate for the post of Chairman, another independent non-executive director shall chair the Committee.

3. Participation exclusion

The Chief Executive shall not participate in any meetings or decisions relating to the appointment to the post of Chief Executive. The Chairman shall not participate in any meetings or decisions relating to the appointment to the office of Chairman of the company. If the senior independent non-executive director is a candidate for the position of Chairman of the Company, he shall not participate in any meeting or decision relating to the appointment to the office of Chairman of the Company.

4. Meetings

The Committee will meet at least once in every year and at such other times as the Chairman of the Committee shall require.

5. Responsibilities

5.1 The responsibilities of the Committee are: -

- (i) regularly to review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed appropriate;
- (ii) to prepare a description of the role and capabilities required for a particular Board appointment;
- (iii) to identify, and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;

- (iv) to satisfy itself, with regard to succession planning, that processes and plans are in place with regard to both Board and senior appointments;
- (v) to undertake an annual performance evaluation to ensure that all members of the Board have devoted sufficient time to their duties;
- (vi) to ensure that a candidate, on appointment and thereafter, has sufficient time to undertake the role and periodically to review his commitments;
- (vii) to ensure that the Secretary on behalf of the Board has formally written to any appointee, detailing their role and time commitments and proposing an induction plan, produced in conjunction with the Chairman or, as the case may be, the senior independent non-executive director.

5.2 The Committee shall also make recommendations to the Board: -

- (i) as regards the re-appointment of any non-executive director at the conclusion of his specified term of office;
- (ii) concerning the re-election by shareholders of any director under the 'retirement by rotation' provisions in the company's articles of association;
- (iii) concerning any matters relating to the continuation in office as a director of any director at any time;
- (iv) concerning the appointment of any director to executive office other than to the positions of (a) the Chairman and (b) the Chief Executive, the recommendations for which would be considered at a meeting of :
 - (a) all the directors regarding the position of Chairman;
 - (b) all the non-executive directors regarding the position of Chief Executive;
- (v) detailing items that should be published in the company's Annual Report relating to the activities of the Committee; and
- (vi) with regard to the membership and chairmanship of the Audit Committee.

6. Authority

- 6.1 The Committee is authorised to seek any information it requires from any employees of the company in order to perform its duties.
- 6.2 The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.