



**PICO HOLDINGS, INC.**

**CHARTER OF THE  
CORPORATE GOVERNANCE AND NOMINATING COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. STATEMENT OF POLICY**

The Corporate Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of PICO Holdings, Inc. (the “Company”) has the responsibility and authority to (i) identify, review and evaluate individuals qualified to become Board members; (ii) select, or recommend to the Board, director nominees for each election of directors; (iii) develop and recommend to the Board criteria for selecting qualified director candidates; (iv) consider and recommend to the Board committee member qualifications, appointment and removal; (v) recommend corporate governance principles and a code of conduct applicable to the Company; (vi) oversee corporate governance practices of the Company; and (vii) provide oversight in the evaluation of the Board and each committee.

**II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS**

The Committee shall be appointed annually by the Board and shall be comprised of at least three directors, each of whom must be determined by the Board to be “independent” under the rules of The Nasdaq Stock Market (“Nasdaq”).

Each member of the Committee shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation, removal or death. Any member of the Committee may be removed or replaced by the Board. The Board may appoint one member of the Committee as Chair. If a Chair is not elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Chair shall preside at all regular meetings of the Committee and set the agenda for each Committee meeting.

In fulfilling its responsibilities, the Committee shall, to the extent permitted by law, be entitled to delegate any or all of its responsibilities to one or more subcommittees of the Committee comprised of one or more members of the Committee.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.

### **III. MEETINGS**

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder and may meet with management or individual directors at such time as it deems appropriate to discuss any matters before the Committee. The Committee may request that any employee of the Company attend any of its meetings or meet with any Committee member or consultant. The Committee shall meet periodically in executive session without the presence of management.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of at least a majority of the members present (in person or by telephone conference call) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITY**

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

#### *A. Nominating Functions*

1. Evaluate and select nominees for each election of directors, except that if the Company is at any time legally required by contract or otherwise to provide any third party with the ability to nominate a director, the Committee need not evaluate or propose such nomination, unless required by contract or requested by the Board.

2. Determine criteria for selecting new directors, including desired board skills, experience and attributes, and identify individuals qualified to become directors, as needed.

3. Consider any nominations of director candidates validly made by the Company's shareholders.

4. Review and make recommendations to the Board concerning qualifications, appointment and removal of committee members and their respective Chairs.

#### *B. Corporate Governance and Risk Management Functions*

1. Develop, recommend for Board approval, and review on an ongoing basis the adequacy of, the Company's Corporate Governance Guidelines.

2. As requested, assist the Audit Committee in reviewing the Company's Code of Business Conduct and Ethics and the procedures for monitoring and enforcing compliance with such Code of Business Conduct and Ethics.

3. Review, at least annually, the Company's compliance with the Nasdaq corporate governance listing requirements, and report to the Board regarding the same.

4. Assist the Board in developing criteria for the evaluation of Board and committee performance.

5. If requested by the Board, assist the Board in its evaluation of the performance of the Board and each committee of the Board.

6. Review and recommend to the Board changes to the Company's bylaws as needed.

7. Review and maintain an orientation program for new directors and corporate governance-related continuing education for all Board members.

8. Work together with the Compensation Committee to conduct an annual review of the Company's succession planning for executive officers, including policies and principles for officer selection and succession in the event of an emergency or retirement.

9. Make reports to the Board regarding the foregoing as appropriate.

10. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

### C. *Annual Review*

The Committee shall review on at least an annual basis the scope of responsibilities of the Committee, including the adequacy of this Charter, and the Committee's performance of its duties. Any proposed changes to this Charter or the scope of responsibilities of the Committee, where indicated, shall be referred to the Board of appropriate action.