

LMS CAPITAL PLC
TERMS OF REFERENCE FOR THE
INVESTMENT COMMITTEE

(Approved at a meeting of the board of directors held on 11 April 2006)

Constitution

1. It is resolved that a committee of the board be established, to be known as the investment committee.

Membership and Secretary

2. **Composition** The investment committee members shall be appointed by the board on the recommendation of the nomination committee in consultation with the chairman of the investment committee. The appointments shall be made in accordance with the Company's articles of association. The committee shall comprise a minimum of two members. The first members of the investment committee shall be Robert Rayne, Tony Sweet and Martin Pexton.
3. **Chairman** The chairman of the investment committee shall be appointed by the board on the recommendation of the nomination committee and shall be Robert Rayne at the date of approval of these terms of reference. In the absence of the chairman of the investment committee, the members present at any meeting of the committee should elect one of their number to chair the meeting.
4. **Secretary** The company secretary or his or her nominee shall be the secretary of the investment committee.
5. **Disclosure of interests** Each member of the investment committee shall disclose to the investment committee:
 - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the investment committee;and

(b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the investment committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the investment committee.

Meetings

6. **Attendance** No one other than the investment committee chairman and members of the investment committee is entitled to be present at a meeting of the investment committee. The investment committee chairman and members of the committee shall, however, have the discretion to decide who else shall be invited to attend.
7. **Frequency** A meeting of the investment committee may be called by any member of the investment committee or by the secretary, but in any event a meeting shall be held at least four times a year.
8. **Quorum** The quorum for meetings of the investment committee shall be two members present throughout the meeting. A member may participate in an investment committee meeting by telephone and be counted in the quorum.
9. **Notice** Notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, where appropriate, shall be forwarded to each member of the investment committee and to each other person invited to attend (if appropriate) in a timely manner to enable full and proper consideration to be given to the issues.
10. **Duration** Sufficient time should be allowed to enable the investment committee to undertake as full a discussion as may be required.
11. **Minutes** The secretary shall prepare minutes of any meeting of the investment committee and shall promptly circulate them to all members of the committee and any invited attendees, if appropriate. After approval and signature by the chairman of the investment committee, the secretary shall make them available to all other members of the board, unless a conflict of interest exists.

Authorities

12. **Resources** The investment committee should be provided with sufficient resources to undertake its duties.
13. **Advice** The investment committee is authorised by the board to obtain internal and external legal or other professional advice and to secure the attendance at meetings of outsiders with relevant experience and expertise, if it reasonably considers this necessary, at the Company's expense.
14. **Support** The investment committee shall have access to the services of the secretary on all investment committee matters, including (but not limited to) assisting the chairman in planning the investment committee's work, drawing up meeting agendas, preparation and 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.
15. **Investigation** The investment committee is authorised to investigate any activity within its terms of reference.
16. **Information** The investment committee is authorised to seek any information it requires from any employee of the group in order to perform its duties. All employees are directed to co-operate with any request made by the investment committee.
17. **Reports** The investment committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

Duties and responsibilities

18. The investment committee shall, in relation to:
 - (a) **Investment policy**, determine and agree with the board the Company's framework or broad policy for investment; and shall monitor the implementation of the Company's investment policy and investment procedures.

- (b) **Management reports**, receive investment reports from management in a form approved by the committee.
- (c) **Compliance**, monitor compliance with legislation, rules and regulations affecting the Company's investment activities.
- (d) **Advisers and managers**, consider candidates for appointment as external investment advisers, managers of the Company's investments and/or custodians, and to approve any such appointments, including agreeing remuneration, approving engagement terms; and monitor the performance of such persons.
- (e) **Investment proposals**, consider all investment and divestment proposals (whether or not board approval is also required under the Company's formal schedule of matters reserved to the board). Where board approval is so required, the committee will make recommendations to the board in relation to each such proposal. In the case of all other proposals, the committee is authorised to approve or reject the same without reference to the board.

(Note: At the time of approval of these terms of reference, proposals for investments with a value of £10 million or more and divestments with a value of £25 million or more must be approved by the board).

- (f) **Internal processes**, approve internal processes relating to investment transactions, including the documentation required to be completed and records to be maintained.
- (g) **Committee review**, at least once a year, review its own performance, composition and terms of reference to ensure that it is operating effectively and recommend any changes that it considers necessary to the board for approval.
- (h) **Other matters**, investigate any matter or take any other action required by the board.

Reporting

19. **The Board** The chairman of the investment committee shall report formally to the board after each committee meeting on:
 - (a) its proceedings;
 - (b) the performance of the Company's investments; and
 - (c) other matters within the duties and responsibilities of the committee.

20. **Recommendations** The investment committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.