

LMS CAPITAL PLC

TERMS OF REFERENCE OF THE NOMINATION 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 nomination committee.

Membership and Secretary

2. **Composition** The nomination committee members shall be appointed by the board in consultation with the chairman of the nomination committee. The appointments shall be made in accordance with the Company's articles of association. The committee shall comprise a minimum of two directors. At least two members of the committee shall be independent non-executive directors. The first members of the nomination committee shall be Jonathan Agnew, Robert Rayne, John Barnsley, Richard Christou and Bernard Duroc-Danner.
3. **Committee refreshment** Each member shall hold office as a committee member for a period of up to three years, which may be extended by no more than two additional three-year periods, provided that not less than two members of the nomination committee remain independent.
4. **Chairman** The chairman of the nomination committee shall be either the chairman of the board or an independent non-executive director. However the chairman of the board should not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship. The chairman of the nomination committee shall be appointed by the board from among the members of the nomination committee and shall be Jonathan Agnew at the date of approval of these terms of reference. In the absence of the chairman of the nomination committee, the members present at any meeting of the committee shall elect one of their number to chair the meeting.

5. **Secretary** The company secretary or his or her nominee shall be the secretary of the nomination committee.
6. **Disclosure of interests** Each member of the nomination committee shall disclose to the nomination committee:
 - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the nomination committee; and
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the nomination 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 nomination committee.

Meetings

7. **Attendance** No one other than the nomination committee chairman and members of the nomination committee is entitled to be present at a meeting of the nomination committee. The nomination committee chairman and members shall, however, have the discretion to decide who else shall be invited to attend.
8. **Frequency** A meeting of the nomination committee may be called by any member of the nomination committee or by the secretary. Meetings shall be held as required with a minimum of one meeting per financial year of the Company and at such other times as the chairman of the committee shall require.
9. **Quorum** The quorum for meetings of the nomination committee shall be two members, two of whom should be independent non-executive directors, present throughout the meeting. A member may participate in a nomination committee meeting by telephone and be counted in the quorum.
10. **Notice** The secretary should ensure that notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed

and supporting papers where appropriate is forwarded to each member of the nomination 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.

11. **Duration** Sufficient time should be allowed to enable the nomination committee to undertake as full a discussion as may be required.
12. **Minutes** The secretary shall prepare minutes of any meeting of the nomination committee recording the proceedings, resolutions and the names of those present and in attendance. Minutes of committee meetings shall be circulated promptly to members and, after approval by the chairman of the nomination committee, to all other directors, unless a conflict of interest exists.

Authorities

13. **Resources** The nomination committee should be provided with sufficient resources to undertake its duties.
14. **Advice** The committee is authorised by the board to obtain internal or external legal or other professional advice, including employing search consultants, and to secure the attendance of such advisers at meetings, as it considers necessary, at the Company's expense.
15. **Support** The nomination committee shall have access to the services of the secretary on all nomination committee matters, including (but not limited to) assisting the chairman in planning the nomination 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.
16. **Information** The nomination committee is authorised to seek any information it requires from any employee of the group. All employees are directed to co-operate with any request made by the nomination committee.
17. **Reports** The nomination committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

18. **Delegation** Any one or more members of the committee may represent the committee in dealings with potential board candidates. The committee shall have no other authority to delegate its duties and responsibilities.

Duties and responsibilities

19. The nomination committee shall:
- (a) **Board candidates** be responsible for identifying and nominating candidates to fill board vacancies when they arise for the approval of the board. In identifying suitable candidates, the committee shall consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position; consider candidates from a wide range of backgrounds (looking beyond the "usual suspects"), and use open advertising and search consultants where necessary to identify candidates;
 - (b) **Job description** before appointment, evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
 - (c) **Time commitment** review annually the time required from non-executive directors; performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties, contributing effectively and demonstrating commitment to the role (including the commitment of time for board and committee meetings and other duties);
 - (d) **Structure, size and composition** regularly review the structure, size and composition of the board (including skills, knowledge and experience) and make recommendations to the board with regard to any changes;
 - (e) **Succession planning** give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the

Company, and what skills and expertise are therefore needed on the board in the future;

- (f) **Leadership** keep the leadership needs of the Company under review (both executive and non-executive) with a view to ensuring the continued ability of the Company to compete effectively in the market;
- (g) **Chairman** prepare a job specification for the appointment of a chairman, including an assessment of the time commitment expected, recognising the need for availability in the event of crises;
- (h) **Letter of appointment** arrange for non-executive directors to receive, on their appointment, a formal letter of appointment to the board setting out the expected time commitment, committee service expected of them and their involvement outside board meetings;
- (i) **Availability of terms of reference** make these terms of reference, explaining the role and the authority delegated to it by the board, available on request and place them on the Company's website.

Recommendations

- 20. The nomination committee shall make recommendations to the board with regard to:
 - (a) **Size, structure and composition** matters arising out of its review of the size, structure and composition of the board;
 - (b) **Succession plans** formulating plans for succession for executive and non-executive directors and in particular for the key roles of chairman and chief executive officer;
 - (c) **Re-appointment of NEDs** the re-appointment of any non-executive director at the conclusion of his term of office, having given due regard to his or her performance, commitment to the role and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;

- (d) **Secretary** the appointment or removal of the company secretary;
 - (e) **SID** suitable candidates for the role of senior independent non-executive director;
 - (f) **Other committees** membership of the audit, investment, nomination and remuneration committees;
 - (g) **Rotation** whether a director who is due to retire under the Company's articles of association should be put forward for re-election having due regard to his or her performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
 - (h) **Continuation in office** the continuation in office (or not) of any director at any time (including any director who has reached the age of 70);
 - (i) **Appointments** the appointment of any director to executive or other office (other than to the positions of chairman and chief executive, the recommendation for which would be considered at a meeting of the board); and
 - (j) **Executive directors** any matters relating to the 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 the provisions of the law and their service contract.
21. **General** The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
22. **Performance review** The committee shall, regularly, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

Reporting

23. **The Board** The chairman of the nomination committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
24. **Annual Report** The chairman and members shall be listed each year in the annual report. The committee shall also prepare a statement for inclusion in the annual report which complies with the requirements of the Combined Code or other code of best practice applicable to the Company.
25. **AGM** The chairman of the nomination committee shall be available to answer questions about the committee's activities at each annual general meeting of the Company.