



Lakehouse

LAKEHOUSE PLC

NOMINATION COMMITTEE

TERMS OF REFERENCE

(Approved by the Board on 17 March 2015)



1. PURPOSE

- 1.1 The purpose of the Committee is to establish a formal, rigorous and transparent procedure for the appointment of new directors to the Board, as required by section B.2 of the UK Corporate Governance Code.

2. CONSTITUTION AND MEMBERSHIP

- 2.1 The Nomination Committee has been established as a committee of the Board by resolution of the Board.
- 2.2 The members of the Committee shall be appointed by the Board. The Committee shall comprise at least three members, the majority of whom shall be independent non-executive directors.
- 2.3 The chairman of the Committee shall be appointed by the Board and should either be the Chairman of the Company or an independent non-executive director. In the absence of the chairman of the Committee, the members present shall elect one of their number present to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Company should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.
- 2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.5 The Company Secretary shall act as the secretary of the Committee. Where the Company Secretary is also an executive director, the Committee may nominate one of its members to act as secretary for any meeting which the Committee wishes to hold without executive directors being present.

3. MEETINGS

- 3.1 The Committee will meet at least twice each year, normally in September and November, and at such other times as the chairman of the Committee shall think fit.
- 3.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chairman of the Committee.
- 3.3 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers, should normally be circulated to each member of the Committee, to any other person required to attend, and (unless it would be inappropriate to do so) to all other directors, at least five working days prior to the date of the meeting.
- 3.4 The quorum for meetings of the Committee shall be two members, both of whom must be independent non-executive directors.
- 3.5 Decisions of the Committee will be made by majority vote. In the event of an equality of votes the chairman of the Committee will have a second or casting vote.



4. REPORTING

- 4.1 Sufficient time should be allowed after committee meetings for the committee to report to the board on the nature and content of discussion, on recommendations, and on actions to be taken. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board and to the Company Secretary unless it would be inappropriate to do so.
- 4.2 The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.3 The Committee shall make whatever recommendations to the Board that it deems appropriate on an area within its remit where action or improvement is needed.
- 4.4 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 4.5 The report referred to in paragraph 4.4 should include a statement of the board's policy on diversity, including gender, any measurable objectives that it has for implementing the policy and progress on achieving the objectives.
- 4.6 The chairman of the Committee should be present at the Company's annual general meeting to respond to questions on matters within the responsibility of the Committee.

5. DUTIES OF THE COMMITTEE

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

The Committee shall:

- 5.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- 5.2 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 the skills and expertise needed on the Board in the future, in particular they should be mindful of the FRC's Guidance on Board Effectiveness, Section 4 Board Composition and Succession Planning;
- 5.3 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to



- compete effectively in the marketplace;
- 5.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
 - 5.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
 - 5.6 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 5.6.1 use open advertising or the services of external advisers to facilitate the search;
 - 5.6.2 consider candidates from a wide range of backgrounds; and
 - 5.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;
 - 5.7 for the appointment of a chairman, prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
 - 5.8 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
 - 5.9 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings;
 - 5.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
 - 5.11 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 fulfil their duties; and
 - 5.12 work and liaise as necessary with all other board committees.

The Committee shall also make recommendations to the Board concerning:

- 5.13 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of the chairman and chief executive;
- 5.14 suitable candidates for the role of senior independent director;
- 5.15 membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees;
- 5.16 the re-appointment of any non-executive director at the conclusion of their



specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;

- 5.17 the re-election by shareholders of directors at each annual general meeting under the annual re-election provisions of the UK Corporate Governance Code, or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- 5.18 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; and
- 5.19 the appointment of any director to executive or other office.

6. OTHER MATTERS

The Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 6.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 6.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 6.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

7. AUTHORITY

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

These terms of reference were adopted by resolution of the Board passed on 17/03/2015.