

## TERMS OF REFERENCE OF THE NOMINATIONS COMMITTEE

ADOPTED BY RESOLUTION OF THE BOARD ON 3 SEPTEMBER 2018

### 1. DEFINITIONS

In this document:-

- (a) reference to the "**Board**" shall mean the Board of Directors of the Company;
- (b) reference to the "**Chairman**" shall mean the chairman of the Board;
- (c) reference to the "**Committee**" shall mean the Nominations Committee of the Board;
- (d) reference to the "**Committee Chairman**" shall mean the member appointed as the chairman of the Committee; and
- (e) reference to the "**Company**" shall mean CEPS plc.

### 2. MEMBERS

The members of the Committee for the time being shall be:

- David Johnson (Committee Chairman); and
- David Horner

### 3. PURPOSE

- 3.1 The Committee is appointed by the Board to assist the Company and the Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "Applicable Laws"), to promote a culture of integrity throughout the Company and to assist the Company in identifying and recommending new nominees for election to the Board.

### 4. MEMBERSHIP

- 4.1 The Committee shall comprise of at least two directors, one of which must be an independent non-executive director.
- 4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, the Finance Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 4.3 The Committee shall meet all Applicable Laws, including those relating to independence within the meaning of Applicable Laws. Accordingly, each member shall be independent within the meaning of Applicable Laws.
- 4.4 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years provided that the director still meets



the criteria for membership of the Committee. The Board may fill vacancies in the Committee by appointments from among the Board.

- 4.5 The Board shall appoint the Committee Chairman who should be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves 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 Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Board.

## **5. SECRETARY**

- 5.1 The Company Secretary or their nominee shall act as the secretary of the Committee.

## **6. QUORUM**

- 6.1 The quorum necessary for the transaction of business shall be any two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **7. MEETINGS**

- 7.1 The Committee shall meet at least once a year and otherwise as required at the discretion of the Chairman or a majority of the members or as may be required by Applicable Laws.
- 7.2 The Committee should hold an in camera session without any senior officers present at the meeting.
- 7.3 The Committee shall report its determinations and recommendations to the Board.

## **8. NOTICE OF MEETINGS**

- 8.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairman. Otherwise the time and place for meetings may be set by resolution of the members of the Committee.
- 8.2 Unless otherwise agreed by consent of all members in writing, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **9. MINUTES OF MEETINGS**

- 9.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 9.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.



## 10. ANNUAL GENERAL MEETING

- 10.1 The Committee Chairman shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

## 11. RESOURCES AND AUTHORITY

- 11.1 The Committee has the authority to:-

- 11.1.1 engage, at the expense of the Company, independent counsel and other experts or advisors as considered advisable;
- 11.1.2 determine and pay the compensation for any independent counsel and other experts or advisors retained by the Committee;
- 11.1.3 conduct any appropriate investigation; and
- 11.1.4 request any senior officer, or outside counsel for the Company, to attend any meeting of the Committee or to meet with any members of, or independent counsel or other experts or advisors to, the Committee.

## 12. DUTIES

- 12.1 The Committee should carry out the duties below for the Company, the parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

- 12.2 The Committee shall:-

- 12.2.1 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;
- 12.2.2 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;
- 12.2.3 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;
- 12.2.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 12.2.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 12.2.6 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:-
  - 12.2.6.1 use open advertising or the services of external advisers to facilitate the search;



- 12.2.6.2 consider candidates from a wide range of backgrounds;
  - 12.2.6.3 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;
  - 12.2.6.4 consider the competencies and skills necessary for the Board as a whole to possess;
  - 12.2.6.5 consider the competencies and skills necessary for each individual director to possess;
  - 12.2.6.6 consider the competencies and skills which each new nominee to the Board is expected to bring; and
  - 12.2.6.7 whether each proposed nominee to the Board will be able to devote sufficient time and resources to the Company.
- 12.2.7 for the appointment of a Chairman, the Committee should 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;
- 12.2.8 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;
- 12.2.9 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;
- 12.2.10 review the results of the Board performance evaluation process that relate to the composition of the Board; and
- 12.2.11 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.
- 12.3 The Committee shall also make recommendations to the Board concerning:-
- 12.3.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Finance Director;
  - 12.3.2 suitable candidates for the role of senior independent director;
  - 12.3.3 membership of the Audit, AIM Compliance and Remuneration Committees, and any other Board committee as appropriate, in consultation with the chairmen of those committees;
  - 12.3.4 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;



- 12.3.5 the re-election by shareholders of any director 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 nine years);
- 12.3.6 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
- 12.3.7 the appointment of any director to executive or other office.

### **13. REPORTING RESPONSIBILITIES**

- 13.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 13.3 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.

### **14. OTHER**

The Committee shall:-

- 14.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- 14.2 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;
- 14.3 at all times give due consideration to the provisions and recommendations in the Quoted Companies Alliance (QCA) Corporate Governance Code and the requirements of the AIM Rules for Companies, the UK Listing Authority's Disclosure Guidance and Transparency Rules and any other Applicable Laws, as appropriate; and
- 14.4 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.

### **15. CHAIRMAN**

The Committee Chairman should:-

- 15.1 provide leadership to the Committee and oversee the functioning of the Committee;
- 15.2 chair meetings of the Committee, unless not present, including in camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee and otherwise at such times and in such manner as the Committee Chairman considers advisable;



- 15.3 ensure that the Committee meets at least twice in each year and otherwise as is considered advisable;
- 15.4 in consultation with the Chairman and the members, establish dates for holding meetings of the Committee;
- 15.5 set the agenda for each meeting of the Committee with input from other members, the Chairman and any other appropriate individuals;
- 15.6 ensure that Committee materials are available to any director upon request;
- 15.7 act as liaison and maintain communication with the Chairman and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;
- 15.8 report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
- 15.9 assist the members of the Committee to understand and comply with the responsibilities contained in these terms of reference;
- 15.10 foster ethical and responsible decision making by the Committee;
- 15.11 oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- 15.12 ensure appropriate information is provided to the Committee by the senior officers to enable the Committee to function effectively and comply with these terms of reference;
- 15.13 ensure that appropriate resources and expertise are available to the Committee;
- 15.14 ensure that the Committee considers whether any independent counsel or other experts or outside advisors retained by the Committee are appropriately qualified and independent in accordance with Applicable Laws;
- 15.15 facilitate effective communication between the members of the Committee and the senior officers;
- 15.16 attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Company to respond to any questions from shareholders that may be asked of the Committee; and
- 15.17 perform such other duties as may be delegated to the Committee Chairman by the Committee or the Board from time to time.

## **16. AUTHORITY**

- 16.1 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.