

TERMS OF REFERENCE OF THE AIM COMPLIANCE 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;
- (e) reference to the "**Company**" shall mean CEPS plc; and
- (f) reference to the "**Nomad**" shall mean the nominated advisor at that time.

2. MEMBERS

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

- Vivien Langford (Committee Chairman); and
- Geoff Martin

3. PURPOSE

The purpose of the Committee is to monitor and report on compliance with the AIM Rules for Companies ("AIM Rules") from time to time.

4. MEMBERSHIP

- 4.1 The Committee shall comprise of at least two directors, one of which must be an independent non-executive director. At least one member should have recent and relevant AIM experience.
- 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 Ensure that procedures, resources and controls are in place to ensure AIM Rule compliance within the Company are operating effectively from time to time.
- 12.2 Ensure that each meeting of the full Board includes a discussion of AIM matters, in particular a briefing of the Committee by the executive directors as to issues raised with the Nomad and advice given. These discussions should be minuted and made available to the Nomad on reasonable request.
- 12.3 Ensure that the executive directors are communicating as necessary with the Company's Nomad regarding ongoing compliance with the AIM Rules and in relation to proposed or potential transactions.
- 12.4 Ensure that advice received from the Nomad is recorded and taken into account.
- 12.5 Ensure that all announcements made have been verified and approved by the Nomad whose name must be on all material announcements to RNS.
- 12.6 Monitor press coverage to ensure that the executive directors are not including price sensitive information in any press briefings.
- 12.7 Question the executive directors to ascertain the reasons for any unusual, substantial movement in the Company's share price.
- 12.8 Ensure that the Nomad is supplied with information on the Company's financial condition on a regular and timely basis and of any other key developments in the Company from time to time.
- 12.9 Assess (with the assistance of the Nomad and the Company's other advisers) whether the executive directors are aware of their AIM responsibilities from time to time and, where any deficiencies are noted, arranging for the Nomad to brief the director(s) concerned (provided that this shall not imply



that the members of the Committee have professional expertise in the interpretation and application of the AIM Rules).

- 12.10 Ensure that the Nomad is maintaining contact with the Company on a regular basis. Where this is not the case, the Committee should contact the Nomad and remind them of their responsibilities under the AIM Rules for Nomads to the Company.
- 12.11 Circulate to the other members of the Board details of any rule changes which are notified to the Chairman of the Committee by the Nomad and provided that the Nomad notifies any such changes to the Chairman of the Committee it will be his responsibility to circulate these changes to the rest of the Board.
- 12.12 Meet with the executive directors at least every 6 months to discuss and confirm that the AIM Rules have been complied with in the period. Keep minutes of these meetings and sending a copy of these minutes to the Nomad.
- 12.13 In the event that the meeting with the executive directors has identified any actual or possible non-compliance issues, these should be discussed immediately with the Nomad to determine the course of action to be taken.
- 12.14 Ensure that the executive directors take into account advice given by the Nomad from time to time.
- 12.15 Be responsible for the Company's responses to any investigation launched by the AIM Team into the Company's affairs.
- 12.16 Approve a statement on AIM Rule compliance for inclusion in the Company's interim statement and annual accounts in the attached form.

AIM Rule Compliance Report

(for inclusion in each AIM company's annual report and accounts and interim statement)

CEPS plc is quoted on AIM and, as such under AIM Rule 31 the Company is required to:

- (1) have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;*
- (2) seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;*
- (3) provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers;*
- (4) ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and*
- (5) ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.*



In order to ensure that these obligations are being discharged the Board has established a committee of the board (the "AIM Compliance Committee"), chaired by Vivien Langford.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the period under review.

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.