

TEKMAR GROUP PLC NOMINATION COMMITTEE

1. TERMS OF REFERENCE

The nomination committee (the "**Nomination Committee**" **Committee**) has been established as a board committee by the resolution of the board of directors of the Company (the "**Board**") passed on 14 June 2018 to lead the process for Board appointments and make recommendations to the Board.

1.1 Membership

- 1.1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least two directors, the majority of whom should be independent non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.
- 1.1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate
- 1.1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further three-year periods provided that the majority of the Committee members remain independent and continue to meet the criteria for membership of the Nomination Committee.
- 1.1.4 The Board shall appoint the Committee chairman who should either be the chairman of the Board or an independent non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

1.2 Secretary

- 1.2.1 The Company secretary or their nominee shall act as the secretary of the Committee or such other person as the Nomination Committee may appoint and will ensure the Nomination Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 1.2.2 The Secretary will also act as a co-ordinating intermediary between the Board and the Nomination Committee.

1.3 Quorum

The quorum necessary for the transaction of business shall be two. 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.

1.4 Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as the chairman of the Committee shall require.

1.5 Notice of Meetings

- 1.5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the chairman of the Committee.

- 1.5.2 At least 21 days' notice of any meeting of the Nomination Committee shall be given, although such notice period may be waived or shortened with the written consent of all of the members of the Nomination Committee for the time being. 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. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 1.5.3 Any member may validly participate in a meeting of the Nomination Committee through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A member so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. All business transacted in such manner by the Nomination Committee shall for the purposes of these terms of reference be deemed to be validly and effectively transacted at a meeting of the Nomination Committee notwithstanding that a quorum of members is not physically present in the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting is.

1.6 Minutes of Meetings

- 1.6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 1.6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all other members of the Board, unless it would be inappropriate to do so.
- 1.6.3 If any member of the Nomination Committee has or could have a direct or indirect personal interest in any matter to be considered by the Nomination Committee, the member concerned shall declare that interest to the meeting at the outset of the meeting and such interest shall be recorded in the minutes of the meeting.

1.7 Voting arrangements

- 1.7.1 Each member of the Nomination Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Nomination Committee.
- 1.7.2 If a matter that is considered by the Nomination Committee is one where a member of the Nomination Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.
- 1.7.3 Save where, because of a personal interest he is not permitted to vote on any matter under consideration, in the case of an equality of votes for and against any matter being considered by the Nomination Committee the Chairman will have a casting vote.
- 1.7.4 All decisions of the Nomination Committee shall be formally reported to the Board by the Chairman. The Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.
- 1.7.5 The recommendations of the Nomination Committee must be approved by the Board before they can be implemented.

1.9 Annual General Meeting

The chairman of the Committee shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

1.10 Duties

1.10.1 The Committee shall in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Committee must have regard (among other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the members of the Company.

1.10.2 The duties of the Nomination Committee shall be:

- (a) regularly review the structure, size and composition (including the skills, knowledge and experience required) of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- (b) 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;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (d) have due regard to the benefits of diversity, including gender, when considering appointments to the Board;
- (e) before appointment is made by the Board, 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. In identifying suitable candidates the Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) 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;
- (f) 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;

- (g) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (h) 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;
- (i) 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;
- U) to have due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies, the Pensions and Lifetime Savings Association Corporate Governance Policy and Voting Guidelines and the AIM Rules for Companies and associated guidance;
- (k) 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; to consider such other topics, as may be requested by the Board;
- (l) to make available its terms of reference explaining clearly its role and the authority delegated to it by the Board;
- (m) review the results of the board performance evaluation process that relate to the composition of the Board; and
- (n) 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.

1.10.3 It shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the audit and remuneration committees and any other Board committees as appropriate, in consultation with the chairmen of those committees;
- {d} 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 their knowledge, skills and experience required;
- (e) the re-election by shareholders of any director under the annual re-election provisions of the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 published by the Quoted Companies Alliance, 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;

- (f) 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
- (g) the appointment of any director to executive or other office.

1.11 Reporting Responsibilities

- 1.11.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 1.11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 1.11.3 The Committee make a statement in the Company's annual report about the activities of the Nomination Committee, the process used to make appointments, including external advice taken or open advertising used and, where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether such agency has any connection with the Company. The report should include a statement of the Board's policy on diversity including gender, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

1.12 Other matters

The Committee shall:

- 1.12.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 1.12.2 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;
- 1.12.3 work and liaise as necessary with other Board committees; give due consideration to laws and regulations, the provisions of the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 published by the Quoted Companies Alliance, and the requirements of the AIM Rules for Companies published by London Stock Exchange PLC from time to time, Prospectus and Disclosure and Transparency Rules, the EU Market Abuse Regulation (Regulation 596/2014) and any other applicable Rules, as appropriate; and
- 1.12.4 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.

1.13 Authority

- 1.13.1 The Nomination Committee is authorised by the Board to:
 - (a) investigate any activity within its terms of reference;
 - (b) obtain any information it requires from any employee of the Company, in order to perform its duties; and
 - (c) obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference.

A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any authorities, powers and discretions vested in or exercisable by the Nomination Committee.

Procedure

Subject to the constitutional documents of the Company and these terms of reference, the Committee shall determine its own procedures.