



NOMINATION COMMITTEE TERMS OF REFERENCE

Nomination Committee – Terms of Reference

INTRODUCTION

This document details the terms of reference for the Nomination Committee (the “**Committee**”) of Smart Metering Systems PLC (the “**Company**”), in accordance with the requirements of the UK Corporate Governance Code (the “**Code**”).

1. The UK Corporate Governance Code

- 1.1 The Company is led by a Board of Directors (the “**Board**”) which is responsible for the long-term success of the Company. Both the Board and its associated committees must be comprised of individuals who possess the requisite skills, experience, independence and knowledge to enable them to successfully discharge their respective duties and responsibilities to the Company and its shareholders.
- 1.2 Section B.2 of the Code states that the Board must ensure that “there should be a formal, rigorous and transparent procedure for the appointment of new directors to the board” and that “there should be a nomination committee which should lead the process for board appointments and make recommendations to the board”.

2 Membership of the Committee

- 2.1 The Committee is comprised of:-
 - 2.1.1 Miriam Greenwood (Chair);
 - 2.1.2 Jamie Richards (Non-Executive Director);
 - 2.1.3 Graeme Bissett (Non-Executive Director)
 - 2.1.4 Ruth Leak (Non-Executive Director); and
- 2.2 The size of the Committee is considered to be sufficient in comparison to the size of the Company.
- 2.3 In accordance with section B.2.1 of the Code, the majority of the members of the Committee are independent.
- 2.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the head of human resources and external advisers may be invited by the Chair to attend for all or part of any meeting of the Committee, as and when appropriate and necessary.
- 2.5 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 the Director still meets the criteria for membership of the Committee.

3 The Chair

- 3.1 The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members 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.

3.2 The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

3.3 The Chair shall attend the annual general meeting to answer any shareholder questions on the Committee's activities.

4 The Secretary

4.1 Whilst it is not a provision of the Code, it is good practice for the Company Secretary to act as Secretary of the Committee and this practice has been implemented by the Company.

4.2 The Committee has access to the services of the Secretary on all Committee matters, including:-

4.2.1 assisting the Chair in planning the Committee's work;

4.2.2 drawing up meeting agendas;

4.2.3 maintenance of minutes;

4.2.4 drafting of material about its activities for the annual report;

4.2.5 collection and distribution of information;

4.2.6 provision of any necessary practical support; and

4.2.7 ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4.3 The Secretary, or a nominee of the Secretary (with the approval of the Committee), shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

4.4 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 in the opinion of the Committee Chair it would be inappropriate to do so.

5 Quorum

The quorum necessary for the transaction of business shall be two both of whom must be independent Non-Executive Directors and must include the Chair.

6 Frequency of Meetings

Whilst the frequency with which the Committee needs to meet varies from time to time, at least two meetings are convened per year to review those items that form part of the regular cycle, such as directors subject to re-election or retiring by rotation, senior management succession and a review of the statement of the Committees activities in the annual report. In addition, there will be ad hoc meetings for the Committee to consider new appointments.

7 Notice of Meetings

7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.

7.2 Unless otherwise agreed, 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.

8 The Role of the Committee

8.1 The Committee should carry out the duties below for the Company and all of its subsidiaries.

8.2 The Committee shall:-

- 8.2.1 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 proposed changes;
- 8.2.2 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;
- 8.2.3 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;
- 8.2.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.2.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.2.6 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:-
 - (a) use open advertising or the services of external advisers to facilitate the search;
 - (b) consider candidates from a wide range of backgrounds; and
 - (c) 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;
- 8.2.7 for the appointment of a Chair, prepare a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- 8.2.8 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;
- 8.2.9 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;
- 8.2.10 review the results of the Board performance evaluation process that relate to the composition of the Board;

- 8.2.11 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; and
- 8.2.12 work and liaise as necessary with all other Board committees and make recommendations to the Board concerning membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairman of those Committees.

9 Reporting Responsibilities

- 9.1 The Chair of the Committee has overall responsibility to report to the Board on the Committee's proceedings after each meeting.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 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. 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. This 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.

10 Other Matters

- 10.1 The Committee shall:-
 - 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
 - 10.1.2 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;
 - 10.1.3 give due consideration to laws and regulations, the provisions of the 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
 - 10.1.4 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.

11 Authorisation

- 11.1 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.