

E-THERAPEUTICS PLC

REMUNERATION COMMITTEE

Terms of Reference

27 March 2015

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1. Membership

- 1.1 Members of the committee shall be appointed by the board. The committee shall comprise at least two members all of whom shall be independent non-executive directors.
- 1.2 The chairman of the board may also serve on the committee as an additional member provided he or she is not an executive director and also that he or she was considered independent on appointment as chairman.
- 1.3 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 any part of the meeting as and when appropriate.
- 1.4 Appointments to the committee shall be for a period of up to three years which may be extended for further three-year periods, provided the director still meets the criteria for membership of the committee.
- 1.5 The board should appoint the committee chairman who shall be 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 themselves to chair the meeting. The chairman of the board shall not be chairman of the committee.

2. Secretary

The company secretary or his or her nominee shall act as the secretary of the committee.

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.

4. Meetings

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

5. Notice of Meetings

- 5.1 Meetings of the committee shall be convened by the secretary of the committee at the request of any member of the committee.
- 5.2 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 fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate at the same time.

6. **Minutes of Meetings**

- 6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee and, once approved, to all members of the board unless it would be inappropriate to do so.

7. **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.

8. **Duties**

The committee should carry out the duties below for the group as appropriate. The committee shall:

- 8.1 determine and agree with the board the framework or broad policy for the remuneration of the Chief Executive, the Chairman of the Company, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the executive members of the board. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 8.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions of any corporate governance code adopted by the board and any associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the group;
- 8.3 when setting remuneration on policy for directors, review and have regard to the remuneration trends across the group;
- 8.4 review the on-going appropriateness and relevance of the remuneration policy;
- 8.5 approve the design of, and determine the targets for, any performance related pay schemes operated by the group and approve the total annual payments made under such schemes;
- 8.6 review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other senior executives designated by the board and the performance targets to be used;
- 8.7 determine the policy for and scope of pension arrangements for each executive director and other senior executives designated by the board;
- 8.8 ensure that contractual terms on termination, and any payments made, are fair to the individual and to the group, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.9 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director, company secretary and other senior executives designated by the board including bonuses, incentive payments and share options and other share awards;
- 8.10 review and note annually the remuneration trends across the group;
- 8.11 oversee any major changes in employee benefit structures throughout the group;
- 8.12 agree the policy for authorising claims for expenses from the directors;

- 8.13 ensure that provisions regarding disclosure of remuneration including pensions are fulfilled; and
- 8.14 obtain reliable, up to date information about remuneration in other companies. The committee shall have full authority to appoint remuneration consultants and to commission any reports or surveys which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board; and
- 8.15 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.

9. **Reporting Responsibilities**

- 9.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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 an annual report of the company's remuneration policy and practices which will form part of the company's annual report.

10. **Other matters**

The committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties including access to the company secretary for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 10.3 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. **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.

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