

# REDX PHARMA Plc

## Remuneration Committee - terms of reference

### Introduction

1. The Remuneration Committee has been established in accordance with Redx Pharma Plc's articles of association (the "Articles of Association") by a resolution of the board passed on 7<sup>th</sup> February 2018 (the "Committee"). This document contains the Committee's terms of reference and was approved by the board on the same date.
2. References in this document to:
  - (a) "RPPlc" are references to Redx Pharma Plc and also apply, where appropriate, to the group of undertakings of which RPPlc is the parent; and
  - (b) "members" are to the Committee's members; and
  - (c) "meetings" and the "chairman" are to the Committee's meetings and chairman, except where the context requires otherwise; and
  - (d) "board" are to the board of RPPlc.

### Membership

3. The Committee shall have at least two members. All of them shall be non-executive directors. The board's chairman may also serve on the Committee as an additional member if they were considered independent on appointment as chairman.
4. The Committee's members shall be appointed by the board in consultation with the Committee's chairman.
5. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

### Chairman

6. The board shall appoint a Committee member who is "independent" for the same purposes to be its chairman. The chairman shall chair each meeting. In the chairman's absence, those members present at a meeting shall elect one of themselves to chair that meeting from those who would qualify under these terms of reference to be appointed by the board.
7. The chairman's responsibilities include:
  - (a) preparing the agenda for each meeting; and
  - (b) ensuring the timely distribution of the agenda and any supporting papers for each meeting; and

- (c) reporting to the board on the Committee's activities, decisions and recommendations and on any unresolved matters considered by the Committee.

### **Secretary**

- 8. The company secretary of RPPIC shall act as the Committee's secretary. The secretary shall ensure that all members receive information and papers prepared for each meeting well in advance, so far as it is practical to do so, and otherwise in a timely manner to enable full and proper consideration to be given to the issues.

### **Authority**

- 9. The Committee is authorised:
  - (a) to seek any information it requires from any RPPIC director and/or employee in order to perform the tasks delegated to it under these terms of reference;
  - (b) to obtain, at RPPIC's expense, outside legal, accounting or other professional advice on any matter within these terms of reference
  - (c) to call any RPPIC director and/or employee to be questioned at any meeting; and
  - (d) to include in the annual report details of any unresolved issues between it and the board.

### **Resources, training and self-assessment**

- 10. The Committee shall:
  - (a) be provided with sufficient resources in order to carry out the tasks delegated to it under these terms of reference, including sufficient access to the company secretary for assistance as required;
  - (b) 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; and
  - (c) review its performance, its membership and these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes to its membership or these terms that it considers necessary or appropriate to the board.

### **Annual general meeting**

- 11. All Committee members, as with all other directors, are expected to attend RPPIC's annual general meeting and any other general meeting of RPPIC shareholders. The chairman of the Committee shall attend RPPIC's annual general meeting and any other general meeting of RPPIC shareholders, and should be prepared to answer any shareholder questions on the Committee's activities that are asked at that meeting.

### **Meetings**

- 12. The provisions of RPPIC's articles of association relating to board meetings apply also to Committee meetings, except to the extent that other provisions relating to them are included in this document.

13. The number of members required to be present at a meeting of the Committee in order for it to be quorate for the transaction of business is two. Directors and other individuals who are not members may attend all or part of any meeting if invited to do so by the Committee or its chairman.
14. The Committee shall meet at least twice a year at appropriate intervals in the budgeting and financial reporting cycles and otherwise as required. Its chairman, in consultation with the company secretary, shall decide the frequency and timing of its meetings. A sufficient interval should follow after a meeting before the next board meeting so as to allow any work arising from the meeting to be carried out and reported on at the next board meeting.
15. A meeting shall be called by the secretary at the chairman's request or at the request of any other member. Notice of each meeting confirming the venue, time and date and with the agenda and supporting papers shall be provided to each member, and any other person required to attend the meeting as appropriate, normally at least five working days before the meeting.
16. The secretary shall minute the proceedings of all meetings and the decisions taken at them. Draft minutes of meetings shall be circulated to members within a week following a meeting. Once approved, minutes should be circulated to all directors other than where in the chairman's view there is a conflict of interest or it would be inappropriate to do so.
17. Outside of the formal meeting programme, the chairman, and to a lesser extent the other members, will maintain a dialogue with key individuals involved in the governance and management of RPPIC, including the board chairman, the CEO and the CFO. The Committee's chairman shall report on a meeting to the board at the next following board meeting or, if he is not present at that board meeting, another member shall do so.

#### **Delegated tasks**

18. The Committee should have oversight of the RPPIC's group as a whole and, unless required by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole. The specific tasks which the board has delegated to the Committee are set out below.

#### **Duties**

19. The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.
20. The Committee shall:
  - (a) have responsibility for setting the remuneration policy for all executive directors and RPPIC's chairman, including pension rights and any compensation payments or benefits such as share options, share schemes or any other benefit. The board itself or, where required by the articles of association, the shareholders should determine the remuneration of the non-executive directors within the limits set out in the articles of association. No director or senior manager shall be involved in any decisions as to their own remuneration;
  - (b) recommend and monitor the level and structure of remuneration for senior management;

- (c) in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the "Code") and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run RPPIC successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of RPPIC and alignment to RPPIC's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of RPPIC;
- (d) when setting remuneration policy for directors, review and have regard to pay and employment conditions across RPPIC, especially when determining annual salary increases;
- (e) review the on-going appropriateness and relevance of the remuneration policy;
- (f) 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, RPPIC's chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- (g) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of RPPIC but within any budgetary restraints imposed by the board;
- (h) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (i) approve the design of, and determine targets for, any performance-related pay schemes operated by RPPIC and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code);
- (j) 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 designated senior executives and the performance targets to be used to determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (k) ensure that contractual terms on termination, and any payments made, are fair to the individual, and RPPIC, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- (l) oversee any major changes in employee benefits structures throughout RPPIC;
- (m) agree the policy for authorising claims for expenses from the directors;
- (n) work and liaise as necessary with all other board committees; and
- (o) ensure that notice or contract periods are set at one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods should reduce to one year or less after any initial period.

### **Reporting to the board**

35. The Committee shall ensure that:

- (a) the Committee chairman reports to the board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities;
- (b) the Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- (c) the Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code, are fulfilled and produce a report of RPPIC's remuneration policy and practices to be included in the annual report and accounts and ensure each year that it is put to shareholders for approval at RPPIC's annual general meeting. If the Committee has appointed remuneration consultants, the annual report of the remuneration policy should identify such consultants and state whether they have any other connection with RPPIC; and
- (d) through the chairman of the board, ensure that RPPIC maintains contact as required with its principal shareholders about remuneration.

### **Other Matters**

36. The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary of RPPIC for assistance as required;
- (b) 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;
- (c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate; and

- (d) 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.