
DIACEUTICS PLC

TERMS OF REFERENCE
FOR THE REMUNERATION COMMITTEE

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1. Constitution

The remuneration committee ("**Committee**") of Diaceutics PLC was constituted at a full meeting of the board of directors held on 14 March 2019 in accordance with the articles of association of the company.

2. Duties and terms of reference

- 2.1. The Committee shall determine and agree with the board of directors the framework or broad policy for the remuneration of the company's chairman and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the board of directors or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.
- 2.2. In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the company without paying more than necessary. The remuneration policy bear in mind the company's appetite for risk and be aligned to the company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the company.
- 2.3. When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the company or group, especially when determining salary increases.
- 2.4. The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.
- 2.5. The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.
- 2.6. The Committee shall review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 2.7. The Committee shall review the design of all share incentive plans for approval by the board of directors 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, the company secretary and other senior executives and the performance targets to be used.
- 2.8. The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives (if such arrangements are introduced).

- 2.9. The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 2.10. Within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, the Committee shall determine the total individual remuneration package of the chairman, each executive director, the company secretary and other senior executives including any bonuses, incentive payments and share options or other share awards.
- 2.11. In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions and recommendations in the QCA Corporate Governance Code, QCA's Remuneration Guide for Smaller Quoted Companies and the London Stock Exchange's AIM Rules for Companies and associated guidance (as appropriate).
- 2.12. The Committee shall:
 - 2.12.1. oversee any major changes in employee benefits structures throughout the company or group;
 - 2.12.2. agree the policy for authorising claims for expenses from the directors;
 - 2.12.3. ensure that all provisions regarding disclosure of remuneration including pensions (if applicable) are fulfilled;
 - 2.12.4. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - 2.12.5. obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board of directors;
 - 2.12.6. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board of directors for approval; and
 - 2.12.7. consider such other matters as may be requested by the board of directors.

3. Membership

- 3.1. The board of directors shall 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 who would qualify under these terms of reference to be appointed to that position by the board of directors. The chairman of the board of directors shall not be chairman of the Committee.

- 3.2. The members of the Committee shall be appointed by the board of directors. All of the members of the Committee should be independent non-executive directors.
- 3.3. The Committee shall have at least two members. The chairman of the board of directors may also serve on the Committee as an additional member, but not the chair of the Committee, if he or she was considered independent on appointment as chairman.
- 3.4. Appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional three-year periods provided the director still meets the criteria for membership of the Committee.
- 3.5. At the date of formation of the Committee, it has been agreed that the members of the Committee will be Charles Hindson, Mike Wort and Julie Goonewardene and the Committee shall be chaired by Charles Hindson. A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee save that any additional appointment must still be an independent non-executive director.

4. Voting arrangements

- 4.1. Each member of the 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 Committee.
- 4.2. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.3. Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose.
- 4.4. Save where he has a personal interest, the chairman of the Committee will have a casting vote.

5. Attendance at meetings

- 5.1. The Committee will meet at least twice a year. The Committee may meet at other times during the year as required.
- 5.2. Only members of the Committee have the right to attend Committee meetings but the secretary of the Committee, other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate.
- 5.3. The company secretary or his or her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.4. Each member of the Committee shall disclose to the Committee:
 - 5.4.1. any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or

- 5.4.2. any potential conflict of interest arising from a cross-directorship or otherwise; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself from all or part of the meeting of the Committee in question.

- 5.5. The company secretary shall duly minute the existence of any interest disclosed under paragraph 5.4 above.

6. Notice of meetings

- 6.1. Meetings of the Committee may be called by the secretary of the Committee at the request of any of its members.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and any other attendees (as appropriate) at the same time.

7. Authority

- 7.1. 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.
- 7.2. The Committee is authorised by the board of directors to examine any activity within its terms of reference and is authorised to obtain, at the company's expense, legal or professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

8. Reporting

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated to all members of the Committee. On finalisation and signature by the chairman, the minutes of each meeting will be submitted to the board of directors as part of the board papers for each full meeting of the board of directors as a formal record of the decisions of the Committee on behalf of the board of directors, unless a conflict of interest exists or it is otherwise inappropriate to do so.

9. General matters

- 9.1. The chairman of the Committee should make himself available at each Annual General Meeting of the company to answer questions concerning the Committee's work during the preceding year.
- 9.2. The recommendations of the Committee minutes must be approved by the board of directors before they can be implemented.
- 9.3. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as

required and 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.

- 9.4. The Committee shall 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 as appropriate.
- 9.5. The Committee shall make whatever recommendations to the board of directors it deems appropriate on any area within its remit where action or improvement is needed.
- 9.6. The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.7. Through the chairman of the board of directors, ensure that the Company maintains contact as required with its principal shareholders about remuneration.