

EDEN RESEARCH PLC

REMUNERATION COMMITTEE TERMS OF REFERENCE

ADOPTED BY THE BOARD

**NB: These Terms of Reference are adopted by the Board, where applicable.**

**1 Definitions**

1.1 Reference to the Committee shall mean the Company's Remuneration Committee.

1.2 Reference to the Board shall mean the Company's Board of Directors.

**2 Membership**

2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the Committee. The Committee shall be made up of at least two members, all of whom shall be independent non-executive directors. The chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman.

2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.

2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director still meets the criteria, for membership of the Committee.

2.4 The Board 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. The chairman of the Board shall not be chairman of the Committee.

**3 Secretary**

3.1 The secretary of the Company, if appropriate, or their nominee shall act as the secretary of the Committee.

**4 Quorum**

4.1 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.

**5 Meetings**

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

## **6 Notice of meetings**

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

6.2 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.

## **7 Voting at meetings**

7.1 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.

7.2 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.

7.3 Save where he has a personal interest, the chairman of the Committee will have a casting vote.

## **8 Minutes of meetings**

8.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

8.2 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.

## **9 Annual general meeting**

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

## **10 Duties**

10.1 The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

10.1.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer, chairman, 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 chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration.

10.1.2 in determining such policy, take into account all factors which it deems necessary. 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 Company.

- 10.1.3 When setting remuneration policy for directors, review and have regard to the remuneration trends across the company or group.
- 10.1.4 review the ongoing appropriateness and relevance of the remuneration policy.
- 10.1.5 within the terms of the agreed policy and in consultation with the chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of the Chairman of the Board and each executive director and other senior executives including bonuses, incentive payments and share options or other share awards.
- 10.1.6 obtain reliable, up-to-date information about remuneration in other companies. To help fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information it deems necessary, within any budgetary restraints imposed by the Board.
- 10.1.7 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 10.1.8 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.
- 10.1.9 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 and other senior executives and the performance targets to be used.
- 10.1.10 determine the policy for, and scope of, any pension arrangements for each executive director and other senior executives.
- 10.1.11 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.
- 10.1.12 oversee any major changes in employee benefits structures throughout the Company or the Company's group.
- 10.1.13 agree the policy for authorising claims for expenses from the Chief Executive Officer, chairman of the Board, other executive directors and other senior executives.

## **11 Reporting responsibilities**

- 11.1 The Committee's chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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.
- 11.3 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 and ensure each year that it is put to shareholders for approval at the AGM.

## **12 Other matters**

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 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;
- 12.3 give due consideration to laws and regulations, the provisions of the Combined Code on corporate governance issued by the Financial Reporting Council (“Combined Code”) in June 2010, as modified by the recommendations of the Quoted Companies Alliance the requirements of the AIM Rules for Companies and any other applicable Rules, as appropriate;
- 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; and
- 12.5 oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of last resort.

### **13 Authority**

The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.