

## ALLERGY THERAPEUTICS PLC

### TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Adopted by the Board on 27 June 2018

#### 1. Membership

- a. The Committee shall comprise at least two members, all of whom shall be independent non-executive directors.
- b. 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.
- c. 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 Remuneration Committee.
- d. Only members of the Committee have the right to attend Committee Meetings. However, other individuals such as the Chief Executive Officer, the Director of HR & Development and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- e. 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 who would qualify under these terms of reference to be appointed to that position by the Board.
- f. 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 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.

#### 3. Quorum

The quorum necessary for the transaction of business shall be two.

#### 4. Meetings

The Committee shall meet at least twice a year and otherwise as required.

#### 5. Notice of Meetings

- a. Meetings of the Committee shall be called by either the Committee Chairman or the Secretary of the Committee at the request of the Committee Chairman.
- b. 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, and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees, as appropriate.

## **6. Minutes of Meetings**

- a. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- b. 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 Chairman it would be inappropriate to do so.

## **7. Annual General Meeting**

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **8. Duties**

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

The Committee shall:

- a. Have responsibility for setting the remuneration policy for all Executive Directors and the Company's Chairman, including pension rights and any compensation payments.
- b. 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 Quoted Company Alliance Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company 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 the company and alignment to the company's long strategic term goals. A 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 the company.
- c. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- d. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 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 Officer, as appropriate, determine and approve the total individual remuneration package of each Executive Director, the Company Chairman including bonuses, incentive payments and share options or other share awards.

- g. Monitor review and approve the level and structure of the individual remuneration package for senior management, including any changes, being any employee or consultant whose gross salary is in excess of £150,000 per annum and/or the persons listed below:-
- i. The Business Development Director
  - ii. The Operations Director
  - iii. The Chief Scientific Officer
  - iv. The Commercial Director Southern Europe
  - v. The Commercial Director Central Europe
  - vi. The International Medical Director
  - vii. The Organisational Development & HR Director
  - viii. Any other employee or consultant the Committee considers it is in the interests of the Company to do so.
- h. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.
- i. To help it fulfill 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 the company but within any budgetary restraints imposed by the Board.
- j. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- k. 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.
- l. 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.
- m. Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- n. 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.
- o. Oversee any major changes in employee benefits structures throughout the company or group.
- p. Agree the policy for authorising claims for expenses from the directors.
- q. A Committee of the Board comprised of the Chairman of the Company and the Executive Directors shall set and determine the remuneration of the Non-Executive Directors.

- r. Work and liaise as necessary with all other Board committees.

**9. Reporting Responsibilities**

- a. The Committee Chairman shall report to the Board on its 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 the provisions regarding disclosure of information as set out the Quoted Company Alliance Remuneration Committee Guidance as fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report.
- d. Through the Chairman of the Board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

**10. Other Matters**

The Committee shall:

- a. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- b. Be provided with appropriate and timely training, both in the form of an induction programmer 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.
- d. Review its performance and terms of reference annually 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.