



REMUNERATION COMMITTEE

Terms of Reference

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1. Definitions

- 1.1 Reference to the "Committee" shall mean the Remuneration Committee.
- 1.2 Reference to the "Board" shall mean the Board of Directors of Port Erin Biopharma Investments Limited.
- 1.3 Reference to the "Company" shall mean Port Erin Biopharma Investments Limited.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall be made up of at least 2 members.
- 2.2 All members of the Committee shall be non-executive directors. The Chairman of the Board shall not be a member of the Committee.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chairman of the Committee to attend all or part of any meeting as and when appropriate.
- 2.4 Appointments to the Committee shall be for a period of up to 3 years, which may be extended by the Board for a further 3-year period (or, in exceptional circumstances, two further 3-year periods). The Board may approve annual extensions to any director who has served 3 consecutive terms.
- 2.5 The Board shall appoint the Chairman of the Committee who shall be a non-executive director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1 The Finance Director of the Company or his or her nominee shall act as the Secretary to 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 issues.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be 2 members. 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. Committee members may attend by telephone.

5. Frequency of Meetings

- 5.1 The Committee shall meet at least once 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 called by the Chairman of the Committee.
- 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 and any other person required to attend no later than 5 working days before the date of the meeting.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall record any conflicts of interest divulged at the meeting.
- 7.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes will be circulated to all other members of the Board unless in the opinion of the Chairman of the Committee it would be inappropriate to do so.

8. Annual General Meeting

- 8.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. Duties

9.1 The Committee shall:

- i. Have responsibility for setting the remuneration policy for all non-executive directors and the Company's Chairman, including pension rights and any compensation payments.
- ii. Recommend and monitor the level and structure of remuneration for non-executive directors. 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 Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies and associated guidance. The objective of such policy shall be to attract, retain and motivate non-executive directors of the quality required to run the Company successfully without paying more than is necessary, having regard to the 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 term strategic goals. Incentive related payments and other non-salaried benefits should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- iii. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company, especially when determining annual fee increases.
- iv. Review the on-going appropriateness and relevance of the remuneration policy.
- v. Within the terms of the agreed policy and in consultation with the Company Chairman and or Finance Director, as appropriate determine the total individual remuneration package of each non-executive director, the Chairman of the Company and any other senior executives including bonuses, incentive payments and share options or other share awards.
- vi. 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 the Company but within any budgetary restraints imposed by the Board.
- vii. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

- viii. Approve the design of, and agree targets for, any performance-related incentive schemes operated by the Company and approve the total annual payments made under such schemes.
- ix. Review and design 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 non-executive directors, the Finance Director and any other senior executives and the performance targets to be used.
- x. Determine the policy for, and scope of, pension arrangements for each non-executive director and any other designated senior executives.
- xi. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, and that failure is not rewarded and that the duty to mitigate costs is fully recognised.
- xii. Agree a policy for authorising claims for expenses from the directors.
- xiii. Work and liaise as necessary with other Board committees.

10. Reporting Responsibilities

10.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2 The Committee shall:

- i. Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- ii. Ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts & Reports) Regulations 2008, and the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies are fulfilled.
- iii. 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.
- iv. Make these Terms of Reference available to shareholders by placing them on the Company's website.

11. Other

11.1 The Committee shall:

- i. Have access to sufficient resources in order to carry out its duties, including access to the Finance Director for assistance as required.
- ii. 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.
- iii. Give due consideration to laws and regulations and the provisions of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies and the requirements of the UK Listing Authority's Listing Rules, as appropriate.
- iv. 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.

12. Authority

12.1 The Committee is authorised to:

- i. Seek any information it requires from any officer of the Company in order to perform its duties.
- ii. Obtain, at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference.
- iii. Subject to the constitutional documents of the Company to determine its own procedures. The frequency and timing of meetings will differ according to the needs of the Company.