

# RETROSCREEN VIROLOGY GROUP PLC

(the "Company")

## REMUNERATION COMMITTEE TERMS OF REFERENCE

### 1. OBJECTIVES

- 1.1 To ensure that the Company's directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance by determining their pay and other remuneration.
- 1.2 To demonstrate to all shareholders that the remuneration of the senior executive members of the Company is set by a committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

### 2. MEMBERSHIP

- 2.1 Subject to paragraph 2.4, the Remuneration Committee shall consist of at least two non-executive directors of the Company. The Chairman of the Remuneration Committee shall be an independent non-executive director appointed by the Board.
- 2.2 The quorum for any decisions shall be any two members.
- 2.3 The membership of this Committee is to be set out in the Board's remuneration report to shareholders in the Company's annual report and accounts.
- 2.4 In order to fulfil the Committee's overall objectives and to demonstrate that the remuneration of such directors is independently approved and monitored, the members of the Remuneration Committee shall:-
  - 2.4.1 have no personal financial interest, other than as shareholders, in the Remuneration Committee's decisions;
  - 2.4.2 have no "cross-directorships" with the executive directors which could be thought to offer scope for mutual agreements to bid up each other's remuneration;
  - 2.4.3 be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment; and
  - 2.4.4 have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the areas of Remuneration Committee business.

### 3. REMIT AND AUTHORITY

- 3.1 The Remuneration Committee is a sub-committee of the Board of Directors and as such exercises such powers of the Board as have been delegated to it, is answerable to the Board and will report to it on a regular basis.
- 3.2 In particular the Remuneration Committee has the authority to carry out the following duties:-
  - 3.2.1 to decide upon the remuneration of the Company's Chief Executive and the executive directors of the main Board and, to maintain and assure their independence, the Company Secretary;
  - 3.2.2 to decide upon the remuneration of senior executives of the Company and its subsidiaries whose remuneration may have implications for that of the executive directors;

- 3.2.3 to approve all service contracts between the Company and its executive directors or between the Company and any subsidiary and any such senior executive;
  - 3.2.4 subject to the UK Corporate Governance Code to consider what details of directors' remuneration should be reported in the Company's annual report and accounts and how these details should be presented including by way of a report to shareholders to form a separate section within, or annex to, the Company's annual report and accounts;
  - 3.2.5 to consider what compensation commitments (including pension contributions) the directors' contracts of service, if any, would entail in the event of early termination. In particular, the Remuneration Committee should consider the advantages of providing explicitly in the initial service contract for such compensation commitments except in the case of removal for misconduct, and should ensure that any payments made are fair to the individual and the Company; and
  - 3.2.6 to agree with the Board the policy for authorising claims for expenses for the Chief Executive and Chairman.
- 3.3 In deciding remuneration policy the Remuneration Committee should:-
- 3.3.1 consider whether it is appropriate to structure a proportion of executive directors' remuneration so as to link rewards to corporate and individual performance;
  - 3.3.2 judge where to position their company relative to other comparable companies (in terms of remuneration of directors);
  - 3.3.3 provide the packages to attract, retain and motivate executive directors of the quality required but should avoid paying more than is necessary for this purpose;
  - 3.3.4 be sensitive to the wider scene, including pay and employment conditions elsewhere in the group, especially when determining annual salary increases; and
  - 3.3.5 give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the Corporate Governance Guidelines for AIM Companies and the London Stock Exchange's rules for AIM Companies and associated guidance.
- 3.4 If the Remuneration Committee think it is appropriate to incorporate into executive directors' service contracts performance related remuneration then it should follow the provisions of Schedule A to the UK Corporate Governance Code.
- 3.5 The consideration of directors' and senior executives' remuneration shall extend to all elements of such remuneration including any performance related elements (including bonus schemes and profit share schemes), any share options, pension entitlements and any other benefits awarded to the directors and senior executives.
- 3.6 It is the responsibility of the Chairman of the Remuneration Committee to decide what data he considers necessary in order to fulfil the duties outlined above, and to ensure that this is circulated to all members of the Committee. The Board of Directors has agreed to provide the Remuneration Committee with full co-operation in the fulfilment of its duties.
- 3.7 The Remuneration Committee shall have access to professional advice inside and outside the Company at the cost of the Company, and be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any outside advisors who advise the Committee.
- 3.8 The Remuneration Committee shall report to the Board of Directors on remuneration policy and all matters listed as being within its remit as set out in Clause 3.2 above.

#### 4. **PROCEDURE**

- 4.1 Notwithstanding the quorum requirements, all members of the Remuneration Committee should endeavour to attend all meetings at which matters of general remuneration policy or the contents of the Remuneration Committee's annual report to shareholders are discussed.
- 4.2 Meetings of the Remuneration Committee shall be held as and when appropriate, normally immediately before or after regular meetings of the full Board, at least twice a year but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone.
- 4.3 At least twenty-one days' notice of any meeting of the Remuneration Committee shall be given although such notice period may be waived or shortened with the consent of all the members of the Remuneration Committee for the time being.
- 4.4 The minutes of the meetings of the Remuneration Committee shall be made available to all members of the Board.
- 4.5 The Remuneration Committee Chairman shall be available at the Annual General Meeting of the Company to answer questions arising from the Remuneration Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.
- 4.6 The Company's Chief Executive and/or Finance Director may be invited to attend relevant meetings (or part thereof) of the Remuneration Committee to discuss the performance of other executive directors and make proposals as necessary.
- 4.7 The Remuneration Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully.
- 4.8 The Remuneration Committee shall, 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 for approval.
- 4.9 All decisions of the Remuneration Committee in respect of the remuneration of the executive directors shall be referred to the Board of Directors and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Remuneration Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.

**Adopted by resolution of the Board on 26 April 2012**