

ARIX BIOSCIENCE PLC

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. CONSTITUTION

This committee of the board of directors (the "**Board**") known as the Remuneration Committee (the "**Committee**") is established by resolution of the Board and in accordance with the Articles of Association of the Company. In these terms of reference, the "**Group**" means the Company and its subsidiaries from time to time.

2. MEMBERSHIP

2.1 The Committee shall be appointed by the Board from amongst the independent non-executive directors of the Company and shall consist of not less than two members. The chairman of the Company may also serve on the committee as an additional member, if (unless otherwise agreed) he is considered independent on appointment as chairman. The current members of the Committee are Franz Humer and Professor Trevor Jones.

2.2 The chairman of the Committee shall be appointed by the Board which will also determine his or her period of office. The current chairman of the Committee is: Franz Humer. In the absence of the chairman of the Committee or any deputy appointed by the Board, the remaining members present at any meeting shall elect one of their members to chair the meeting. The chairman of the Board shall not be chairman of the committee.

2.3 If a regular member is unable to act due to absence, illness or any other cause, the chairman of the Committee may, if there are any other independent non-executive directors, appoint another independent non-executive director of the Company to serve as an alternate member.

2.4 If executive directors are involved in advising or supporting the Committee, that role should be clearly separated from their role within the business and care should be taken to recognise and avoid conflicts of interest.

3. SECRETARY

3.1 The secretary of the Committee shall be such person as the Committee shall from time to time decide.

4. QUORUM

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

5. ATTENDANCE AT MEETINGS

The Committee shall have the discretion to decide who, other than its members, shall attend its meetings. However, no person shall be involved in any decision or present at any

discussions of the Committee as to his own remuneration and no one other than the members (or alternate, as appropriate) of the Committee are entitled to vote at a meeting of the Committee.

6. FREQUENCY OF MEETINGS, PROCEEDINGS AND NOTICE

6.1 Meetings shall be held not less than twice a year and such other times as the Chairman of the Committee shall require.

6.2 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the provisions of the Company's Articles of Association regulating the meetings and proceedings of directors.

6.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date (together with an agenda of items to be discussed and supporting papers where necessary) shall be forwarded to each member of the Committee and any other person required to attend no fewer than 5 working days prior to the date of the meeting.

7. DUTIES

7.1 The Committee shall:

- (a) Determine and agree with the Board the remuneration policy for the remuneration of the executive directors, chairman and management (for the purpose of these terms of reference, "management" includes all personnel receiving an annual basic salary of £250,000 or more) and determine the relevant terms of employment of those persons;
- (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 UK Corporate Governance Code and the FCA's Remuneration Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to be rewarded for their individual contributions to the success of the Company 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 term strategic goals. A significant 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 Group;
- (c) when setting remuneration policy have regard to pay and employment conditions across the Group, especially when determining annual salary increases,
- (d) within the terms of the agreed policy and in consultation with the Company chairman and/or chief executive officer, as appropriate, determine the total individual remuneration package of each executive director, the Company chairman and other designated senior executives including bonuses, incentive payments, share options or other share awards and pension arrangements

- (e) 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 management in any discretionary employee share or other incentive schemes and bonus arrangements operated by the Company and performance targets to be used;
- (f) review and determine the design of, and targets for any performance-related payments for executive directors and management and individual incentives for executive directors and management including, without limitation:
 - (i) the setting and monitoring of any performance conditions subject to which any options may be granted under any executive share option schemes adopted by the Company;
 - (ii) the setting and monitoring of any bonus or other incentive scheme performance conditions; and
 - (iii) approving the total annual payments under these schemes,and the Committee will ask the Board to seek shareholder approval for any new long term incentive arrangements or significant changes to existing arrangements (save in circumstances permitted by the Listing Rules);
- (g) review the policy for and scope of any pension arrangements for executive directors and management;
- (h) review the policy for and scope of any termination payments and the severance terms for executive directors and management ensuring that contractual terms on termination, and including, without limitation, 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;
- (i) the provision of, or any major changes to, benefits under the terms of the service agreements otherwise of executive directors and management where these are stated as being at the discretion, or otherwise requiring determination, of the Board;
- (j) agree the policy for authorising claims for expenses for directors;
- (k) oversee any major changes in the policy or employee benefit structures throughout the Company;
- (l) review the ongoing appropriateness and relevance of the policy for the executive directors of the Company;
- (m) be exclusively responsible for establishing the selection criteria, selection, appointment and terms of reference for any remuneration consultants who advise the Committee; and

(n) consider any other matters relating to the above referred to the Committee by the Board.

7.2 The Committee shall 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.

7.3 The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board.

8. REPORTING TO SHAREHOLDERS

8.1 The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

8.3 The Committee shall ensure that provisions regarding disclosure of information, including in relation to pensions, as required by the Companies Act 2006 and the UK Corporate Governance Code are fulfilled and shall produce a report on the Company's remuneration policy and practices to be included in the Company's annual report.

8.4 Through the chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

8.5 The Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it.

9. MINUTES

9.1 The Secretary shall minute the proceedings and the resolutions of the Committee including the names of all those present and in attendance.

9.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interests and minute them accordingly. The secretary of the Committee shall circulate minutes of the Committee meetings to all members of the Committee and to all members of the Board unless, in the opinion of the chairman of the Committee, it would be inappropriate to do so.

10. OTHER MATTERS

10.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required and any information it requires from any employee of the Company in order to perform its duties as required

10.2 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 including but not limited to the provisions of the UK Corporate Governance Code (to the extent voluntarily applied by the Company), the requirements of the Listing Rules, as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, in each case as applicable to, or appropriate for, the Company.

- 10.3 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. AUTHORITY TO OBTAIN PROFESSIONAL ADVICE

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.