

Remuneration Committee Terms of Reference

Constitution

The Remuneration Committee (“the Committee”) is a committee of the Board of Erinaceous Group plc (“the Board”) and, as such, is appointed by and reports to the Board.

Membership

All members of the Committee shall be independent Non Executive Directors of the Company. Members should have no personal financial interest other than as shareholders in the matters to be decided, no potential conflicts of interest arising from cross directorships and no day to day involvement in running the business of the Company/Group. The Committee shall consist of not less than three members. A quorum shall be two members and meetings may be held in person or by telephone.

The Board shall appoint the Chairman of the Committee.

The members of the Committee should be listed each year in the Remuneration Report included in the annual report and accounts and when they stand for election or re-election, the proxy cards should indicate their membership of the Committee.

Secretary

The Secretary of the Committee shall be the Company Secretary or such person as the Chairman of the Committee shall decide.

Attendance at Meetings

All Non Executive Directors have a right to attend meetings of the Committee and shall be given notice of all meetings.

The Committee shall meet at the request of its Chairman.

In addition to the members of the Committee it will be normal for the following to attend meetings save that they shall not be present when their remuneration is under discussion:

- the Chairman
- the Chief Executive

The Chairman of the Committee may also invite others to attend.

Authority

Specific authority is delegated to the Committee to decide on all elements of remuneration for the Chairman and the Executive Directors.

Duties

The duties of the Committee shall be:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, the Chairman and such other members of the executive management as it is designated to consider. At a minimum, the Committee should have delegated responsibility for setting remuneration for all Executive Directors, the Chairman and, to maintain and assure their independence, the Company Secretary. The remuneration of Non Executive Directors shall be a matter for the Chairman and Executive Directors. No director or manager should be involved in any decisions as to their own remuneration;
- to determine targets for any performance related pay schemes operated by the Company;
- to determine the policy for and scope of pension arrangements for each Executive Director;
- to 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;
- to determine, within the terms of the agreed policy, the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments and share options or other share awards;
- to review the design of all share incentive plans for approval by the Board and shareholders and to authorise the grant of share options or other share awards to Executive Directors and other senior executives in accordance with the Rules of the plans and agreed guidelines;
- to regularly review the Company's remuneration policies and practices to facilitate the employment and motivation of personnel, with a view to providing the packages needed to attract, retain and motivate executives of the quality required but avoiding paying more than is necessary for this purpose;
- to be aware of and advise on any major changes in employee benefit structures throughout the Company; and
- to agree the policy for authorising claims for expenses from the Chief Executive and the Chairman.

In carrying out its duties the Committee should consult the Chairman and/or Chief Executive about their proposals and have access to professional advice inside and outside the Company. In respect of external advisers the Committee shall be exclusively responsible for establishing selection criteria, selecting and agreeing terms of reference.

The Committee should give full consideration to the best practice provisions regarding Directors' remuneration as annexed to the Listing Rules of the London Stock Exchange from time to time.

Reporting

The Chairman of the Committee shall report to the Board on the deliberations and activities of the Committee at each Board meeting following a Committee meeting.

The Chairman of the Committee should attend the Company's Annual General Meeting to answer shareholders' questions about Directors' remuneration and should ensure that the Company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters.

The Committee shall produce a report each year, for approval by shareholders at the Annual General Meeting in accordance with the Listing Rules of the London Stock Exchange and ensure that all provisions regarding disclosure of remuneration, as set out in the Director's Remuneration Report Regulations 2002 and the Combined Code are fulfilled.