

E-THERAPEUTICS PLC

MATTERS RESERVED TO THE BOARD

27 March 2015

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1. Strategy and Management

- 1.1 Responsibility for the overall leadership of the company and setting the company's values and standards.
- 1.2 Approval of the group's strategic aims and objectives.
- 1.3 Approvals of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the group's operations ensuring:
 - 1.4.1 competent and prudent management;
 - 1.4.2 sound planning;
 - 1.4.3 maintenance of sound management and internal control systems;
 - 1.4.4 adequate accounting and other records; and
 - 1.4.5 compliance with statutory and regulatory obligations.
- 1.5 Review of performance in the light of the group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the group's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the group's business.

2. Structure and Capital

- 2.1 Changes relating to the company's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares).
- 2.2 Major changes to the group's corporate structure including acquisitions and disposals of shares which are material relative to the size of the group in question (taking into account initial and deferred consideration).
- 2.3 Any changes to the company's listing or its status as a public company.

3. Financial Reporting and Controls

- 3.1 Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and accounts.
- 3.3 Approval of any dividend policy.
- 3.4 Declaration of any interim dividend and recommendation of any final dividend.
- 3.5 Approval of any significant changes in accounting policies or practices.

- 3.6 Approval of treasury policies (including foreign currency exposure).
- 3.7 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).

4. **Internal Controls**

Ensuring the maintenance of a sound system of internal control and risk management including:

- 4.1 receiving reports on and reviewing the effectiveness of the group's risk and control processes to support its strategy and objectives;
- 4.2 approving procedures for the detection of fraud and the prevention of bribery.

5. **Contracts**

- 5.1 Contracts which are material strategically or by reason of size to be entered into by the company or subsidiary.
- 5.2 Acquisitions or disposals of intellectual property and other intangible assets.
- 5.3 Contracts of the company or any subsidiary not in the ordinary course of business.
- 5.4 Major investments (including the acquisition or disposal of interests of more than 5% of the voting shares of any company or the making of any takeover offer).

6. **Communication**

- 6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- 6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of all circulars, prospectuses and listing particulars.

7. **Board Membership and Other Appointments**

- 7.1 Changes to the structure, size and composition of the board.
- 7.2 Appointments to the board.
- 7.3 Selection of the chairman of the board and the chief executive.
- 7.4 Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary.
- 7.5 Membership and chairmanship of board committees.
- 7.6 Appointment, reappointment or removal of the external auditor following the recommendation of the audit committee.
- 7.7 Appointments to the boards of subsidiaries.

8. **Share Schemes**

The introduction of new share incentive plans or major changes to existing plans (subject to any necessary shareholder approval).

9. **Delegation of Authority**

9.1 Establishing board committees and approving their terms of reference.

9.2 Receiving reports from board committees on their activities.

10. **Corporate Governance Matters**

10.1 Setting and reviewing corporate governance policy.

10.2 Reviews of the performance of the board and its committees and individual directors and the division of responsibilities.

10.3 Determining the independence of non-executive directors in light of their character, judgment and relationships.

10.4 Receiving reports on the views of the company's shareholders to ensure that they are communicated to the board as a whole.

10.5 Authorising conflicts of interest where permitted by the company's articles of association.

11. **Policies**

Approval of policies including:

11.1 share dealing code;

11.2 bribery prevention policy;

11.3 whistleblowing policy; and

11.4 charitable donations policy.

12. **Other**

12.1 The making of political donations.

12.2 Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism, in each case, outside the ordinary course of business.

12.3 Indemnification of directors.

12.4 Any decision likely to have a material impact on the company or group from any perspective, including financial, operational, strategic or reputational.

12.5 This schedule of matters reserved to the board.

Matters which the board considers suitable for delegation to committees are contained in the terms of reference of its committees.

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