Remuneration Committee report

The Remuneration Committee is chaired by James Ede-Golightly. Michael Higgins is also a member. Both are non-executive directors. The Committee is responsible for determining the contract terms, remuneration and other benefits of the executive directors and of the Chairman, and for monitoring the remuneration of first-line executive management. The Committee may call on outside compensation experts as required.

Remuneration policy

It is Group policy to set directors' remuneration levels to attract, incentivise and retain the quality of individuals that the Group requires to succeed in its chosen objectives. It is also Group policy to ensure that there is a strong link between the level of executive directors' remuneration and the performance of the Group in achieving its goals.

Elements of remuneration – executive directors

Chief Executive Officer
The following comprised the principal elements of the Group's Chief Executive Officer's remuneration during 2014 and 2015:

- ➢ basic salary and benefits;
- ➢ annual bonus (performance-related and discretionary);
- ➢ long-term share-based incentives; and
- ➢ pension contributions.

Other executive directors
Remuneration for the Group's other executive directors during 2014 and 2015 was comprised of basic salary and benefits.

Basic salary and benefits
Salaries for the Chief Executive Officer and other executive directors are reviewed annually by the Committee. As the level of the Chief Executive Officer's remuneration can be significantly augmented through performance-related bonuses, only in exceptional circumstances will the Committee consider an increase in excess of the general rate of wage inflation for the United States. Where such an increase has been awarded, the Committee will publish the reasons behind its decision in the Remuneration Committee report.

In addition to basic salary, the Group's Chief Executive Officer was entitled to the following main benefits:

- ➢ three weeks of vacation per annum;
- ➢ coverage under the Company's health insurance plans; and
- ➢ coverage under the Company's long-term and short-term disability and group term life insurance plans.

Remuneration Committee report *continued*

Annual bonus

An annual bonus is payable to the Chief Executive Officer based on achievement of certain corporate and personal objectives. For 2015, the Group's Chief Executive Officer had a bonus potential of 100% of his basic salary and he was paid a bonus of $125,000, or 50% of his basic salary. For 2016, the potential remains 100%. This ensures that there is a significant element of "at risk" pay, which is only available when good results are achieved.

Long-term share-based incentives

Each of the executive directors was eligible to participate in the Company's share option schemes and long-term incentive stock award plans. The main features of these plans are:

(a) 2004 Unapproved share option scheme

In July 2004, the Board adopted the Plant Health Care plc Unapproved Share Option Scheme 2004. Under this scheme, the Board could grant options at an exercise price of not less than the market value of a share on the date of award. Options may normally be exercised between three and 10 years from grant. In most cases, vesting is also dependent upon the option holder remaining an eligible employee. In 2014, the scheme reached the tenth anniversary of its approval by shareholders; no further options may be granted. The Company was authorised to award options and shares under these plans up to the greater of 3% of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc. option plans from 1996 and 2001, amounts to no more than 10% of the issued share capital of the Company.

(b) Value creation plan

On 2 July 2013, the Company adopted the Plant Health Care plc 2013 Equity Incentive Plan, or the Value Creation Plan. Participants (which include the Executive Chairman, Chief Executive Officer and key members of the Group's senior management team) are entitled to receive a share of the Executive Total Incentive Pool established by the plan. The Executive Total Incentive Pool equals up to 10% of the Equity Value Created. Equity Value Created is defined as the value generated for shareholders in excess of the initial market value of the ordinary shares increased by an 8% annual hurdle, over a four-year Performance Period. The initial market value was 78p (corresponding to the price of the ordinary shares issued in the April 2013 private placement). The Performance Period extends from 16 April 2013 to the Measurement Date (the 20th market trading day after announcement of the Group's financial results for the year ending 31 December 2016 or such shorter period in the event of certain changes of control). The mechanics of the plan accommodate equity issuances, including option awards and ordinary shares issued in new placements or as consideration for acquisitions (by adjusting the Executive Total Incentive Pool by up to 10% of any value generated from additional fundraisings in excess of the issue price of those fundraisings increased by an annual hurdle of 8% (multiplied by the number of shares issued in the additional fundraising) from the date of the fundraising up to the Measurement Date) and the payment of dividends during the Performance Period. The vesting of awards under this plan is generally subject to exercise conditions. The Company may not award options that amount to more than 10% of the issued share capital of the Company.

Remuneration Committee report *continued*

(c) 2015 Employee share option plan

On 16 June 2015, the Board adopted the Plant Health Care plc 2015 Employee Share Option Plan, or the EMI Plan, which provides for the grant of options to acquire the Company's ordinary shares. Under the EMI Plan, the Company may grant enterprise management incentive options, known as EMI options, to eligible *bona fide* employees who qualify under applicable United Kingdom tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to the performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. The Board has the discretion and authority to set and measure the satisfaction of the performance conditions, which under the EMI Plan must be linked to the achievement of challenging financial performance over a period of at least three years, but no more than 10 years, from the date of grant and the enhancement of shareholder value. Performance conditions may be amended, relaxed or waived by the Board provided that any varied performance conditions would be a fairer measure of performance than the original performance conditions and are no more or no less difficult to satisfy than prior to the amendment. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the EMI Plan may not exceed £3 million.

As part of the EMI Plan, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-Plan to the EMI Plan. The US Sub-Plan to the EMI Plan provides for grants of both incentive stock options qualifying under section 422 of the Internal Revenue Code of 1986, as amended, and non-statutory stock options. The term of an incentive stock option may not exceed 10 years (subject to certain limitations with respect to any employee who owns more than 10% of the voting power of all classes of the Company's outstanding ordinary shares). In the event the option holder ceases to be an employee before he or she exercises the vested portion of the option for any reason other than death, disability or by the employer for cause, the option shall expire three months after the date on which the option holder ceases to be an employee. In the event the option holder ceases to be an employee because of death or disability, the option holder, or his or her personal representative in the event of death, may exercise the vested portion of the option during the 12-month period following the date the option holder ceases to be an employee. In the event that the option holder's employment is terminated for cause by the employer, the option will expire immediately upon the date employment is terminated.

On 16 June 2015, the Board also adopted the Plant Health Care plc 2015 Non-Employee Share Option Plan, or the Non-Employee Option Plan, that provides for the grant of options to acquire ordinary shares to eligible option holders who are not employees. As part of the Non-Employee Option Plan, the Board has adopted rules governing options awarded to individuals who are not employees, or the US Sub-Plan to the Non-Employee Option Plan. This sub-plan provides for grants of non-statutory stock options. As of 31 December 2015, no awards were outstanding under the Non-Employee Option Plan or the US Sub-Plan to the Non-Employee Option Plan.

(d) Options granted outside option schemes

The Company has granted options to acquire shares pursuant to separate unapproved option agreements to Messrs. Schmidt, Higgins and Lewis and to Dr. Webb. Generally, the options may only be exercised while the option holder is a service provider to the Company. In the event that the option holder ceases to be a service provider as a result of injury, ill health or disability, upon the company for which the option holder works ceasing to be a member of the Group, or the transfer of the business that employs the option holder to a

Remuneration Committee report *continued*

person that is not in the Group, the option may be exercised during the six-month period beginning on the date upon which the option holder is no longer a service provider to the Company. Shares allotted under these options rank equally with all other shares in the same class in issue at the date of allotment. If and for so long as the allotted shares are listed or traded on any stock exchange, the Company shall apply for the shares allotted under these options to be admitted to the relevant exchange. In the event of any capitalisation issue, rights issue, consolidation, sub-division, reduction or other variation of the Company's share capital, the number and description of the shares subject to each option or the exercise price of each option shall be varied as the Board determines, provided that it considers such adjustment to be fair and appropriate. Limitations apply to the extent to which any such adjustment may reduce the price at which shares may be purchased pursuant to the exercise of an option and the exercise price for a share to be newly issued on the exercise of an option shall not be reduced below its nominal value.

Pension benefit

The Chief Executive Officer is entitled to participate in the Plant Health Care, Inc. 401(k) Plan. This is a defined contribution plan approved by the US Internal Revenue Service. The main features of the plan are:

- participation is open to all US-based employees who have completed a probationary period after initial employment;
- employees may contribute a percentage of salary to the plan through a payroll withholding scheme;
- In 2015, the Group made matching contributions of up to 2% of compensation to participating employees. In 2016, the Group will continue to match contributions up to 2% of compensation to participating employees;
- Beginning in 2014, Group contributions vest immediately; and
- the plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly-compensated employees.

Elements of remuneration – non-executive directors

During 2014 and 2015, the remuneration for non-executive directors consisted solely of fees for their services in connection with the Board and Board committees. The non-executive directors receive their fees wholly in cash. In addition, certain of the non-executive directors provide consultancy services to the Group.

Service contracts

During 2014 and 2015, the Company had service contracts with all executive and non-executive directors. Provisions in the service contracts included:

For the Group's Chief Executive Officer:

- employment continues through 2 April 2016 and is automatically extended at that time (and on each 2 April thereafter) for successive one-year periods unless either party provides 60 days' prior written notice;

Remuneration Committee report *continued*

- the employment agreement can be terminated by either party without cause, provided that Mr. Schmidt is required to provide six months' prior written notice;
- the Company may also terminate Mr. Schmidt's employment with immediate effect for cause on the part of Mr. Schmidt;
- Mr. Schmidt may terminate his employment for good reason; however, he must provide 20 days' prior written notice and the opportunity to correct the event giving rise to such termination;
- if Mr. Schmidt's employment is terminated by the Company for any reason other than for cause or by Mr. Schmidt for good reason, Mr. Schmidt is eligible to receive an amount equal to 12 months of his base pay plus a bonus; and
- In the event of a sale of all of the Company's assets and/or equity, Mr. Schmidt is entitled to be paid (in a lump sum within 60 days of the effective date of such sale) an amount equal to (i) 0.33% of the net proceeds (up to £1,000,000), if such sale generates at least £150,000,000 in net proceeds or (ii) an amount equal to $1,500,000 if the effective date of such sale occurs prior to 2 April 2016 and the sale generates less than £150,000,000 in gross proceeds.

For other executive directors (including the Executive Chairman):

- termination may be initiated by the Company or the director at any time with three months' written notice;
- the Company may also terminate the agreement with immediate effect by paying a sum in lieu of notice equal to the basic fixed salary the director would have been entitled to receive during the notice period; and
- the Company may also terminate the agreement with immediate effect at any time without notice or payment in lieu of notice for certain circumstances including gross misconduct affecting the business.

For non-executive directors:

- each director's appointment may be terminated with no less than three months' prior written notice; and
- each director's appointment may also be terminated with immediate effect for certain circumstances including serious breach or repeated breach of any obligations to the Company; any act of fraud or dishonesty; or a declaration of bankruptcy.

In addition to the above, the Company's articles of association require that at least one-third of the directors retire by rotation at each annual general meeting. Such retiring directors are eligible for re-election.

Remuneration Committee report *continued*

Directors' remuneration

For the year ended 31 December 2015, the table below sets forth the compensation paid to the directors and, in the case of Mr. Schmidt, reflects the compensation paid for his services as Chief Executive Officer. Mr. Schmidt did not receive any compensation other than in his capacity as an executive.

	Base salary, and fees $'000	*Performance-related bonus $'000*	*Other benefits $'000*	*Share option benefit $'000*	*Total 2015 $'000*	*Total 2014 $'000*
Executive:						
P. Schmidt	250	125	27	—	402	479
C. Richards *	137	—	—	341	478	87
R. Webb**	122	—	—	512	634	91
Non-executive:						
M. Higgins	68	—	—	—	68	74
J. Ede-Golightly	38	—	—	—	38	41
W. Lewis (*Appointed 1 April 2015*)	29	—	—	49	78	—
	644	125	27	902	1,698	772

* The 2015 amount included in the table for Chris Richards represents fees for services provided as a non-executive and executive director in the amount of $22,074 and $115,361, respectively.

** The 2015 amount included in the table for Richard Webb represents fees for services provided as a non-executive and executive director in the amount of $23,737 and $98,191, respectively.

The 2014 amount included in the table for Richard Webb represents fees for services provided as a non-executive director in the amount of $41,000, as well as remuneration for consultancy services in the amount of $50,000.

Executive salaries

At 31 December 2015, Paul Schmidt had a base salary of $250,000 (2014: $250,000) and bonus potential of 100%.

Other benefits

In 2015, the Company contributed to the 401(k) Plan 2% (2014: 2%) of eligible compensation. In 2015, pension expense for the executive directors was $5,850 (2014: $5,350).

In 2015, the Company incurred nil (2014: $17,550) of other payroll expense.

In 2015, the Company incurred $21,157 (2014: $18,666) of medical, dental and life insurance expense.

The share option benefit includes the amounts for the value of options and other equity awards granted to the Company's directors during 2015.

Remuneration Committee report *continued*

Directors' share-based incentives

Movements in 2015

During 2015, the following share option awards were made to directors:

Director	*Plan*	*Date of award*	*Number of options*	*Exercise price £*	*Expiry date*
C. Richards	2015 Employee share option plan	16 June 2015	233,644 EMI Options 481,356 NQOs	1.07	16 June 2019
R. Webb	2015 Employee share option plan	16 June 2015	233,644 EMI options 841,356 NQOs	1.07	16 June 2019
W. Lewis	Stand-alone agreement	16 April 2015	89,686	1.12	16 April 2019

Other information

During the year, the Company's share price on AIM ranged between 72.0p and 127.5p. At 31 December 2015, the share price was 83.5p. At 7 April 2016, the last working day prior to the approval of this annual report, the share price was 52.5p.