

CORPORATE GOVERNANCE

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STRONG EXPERIENCED BOARD



DR CHRISTOPHER G J RICHARDS
(Executive Chairman and Interim Chief Executive Officer)

Length of Tenure
6 years

Dr. Christopher Richards joined the Company as Non-executive Chairman in August 2012. He became Executive Chairman in April 2015 to take on a more active role in investor relations and in developing strategy, particularly the focus on New Technology. Following the departure of Paul Schmidt in November 2016, Dr. Christopher Richards became the Interim Chief Executive Officer. Dr. Christopher Richards spent 20 years at Syngenta and its predecessor companies in various strategic management positions in South America, Europe and Asia. In November 2003, he was appointed COO of Arysta LifeScience, and he served as CEO from 2004 until 2010, leading Arysta LifeScience's transformation into a global agrochemical company with sales above \$1.6 billion. He also served as a Director of Arysta LifeScience from 2003 to 2015. He serves on the Board of Directors of Origin Enterprises plc, a service provider to farmers for food production solutions, and is Chairman of Nanoco Group plc, a nano-materials technology company carrying out research, development and commercialisation of products based on heavy-metal free quantum dots.



MICHAEL J HIGGINS
(Senior Independent Director)

Length of Tenure
5 years

Michael Higgins joined the Company in May 2013 as Senior Independent Director and Chair of the Audit Committee. He also serves as a member of the Remuneration Committee. He currently serves as a Non-Executive Director of Progility Limited, a project management services group and a non-executive director of Premier Technical Services Group plc, a niche specialist services provider. Michael is also non-executive Chairman of IPSX UK Ltd which has received regulatory approval to operate the first regulated securities exchange dedicated to the IPO and secondary trading in Exchange Traded Properties. He is also a Non-Executive Director of the Quoted Companies Alliance, a non-profit organisation that champions the interests of small to mid-sized publicly traded companies and is an alternate member of the Panel on Takeovers and Mergers on behalf of the Quoted Companies Alliance. Michael Higgins was a partner at KPMG for 10 years and subsequently served as a senior adviser. Prior to KPMG, Michael Higgins was a Director at Charterhouse Bank, worked at Saudi International Bank and qualified as an accountant with Price Waterhouse (now PricewaterhouseCoopers).



DR RICHARD H WEBB
(Non-Executive Director)

Length of Tenure
5 years

Richard Webb joined the Company in September 2013 as a Non-Executive Director. In January 2015, he was appointed an Executive Director, responsible for leading the New Technology strategy and licensing. In January 2019 he became a Non-Executive again. Early in his career he held various positions at Imperial Chemical Industries, including responsibilities for managing laboratory discovery and field development programmes for its public health pesticide business. Thereafter he worked as a consultant mostly with life sciences businesses. It was in this capacity that he was originally engaged by the Company between 2012 and 2014 to work on the development of its new business strategy. His doctorate, in pest biology, was from the London School of Hygiene & Tropical Medicine.



WILLIAM M LEWIS
(Non-Executive Director)

Length of Tenure
3 years

William Lewis joined the Company as a Non-Executive Director in April 2015. He also currently serves as Chairman of the Remuneration Committee and as a member of the Audit Committee. Since June 2014, William Lewis has served as President and CEO of Summit Agro USA, LLC, a joint venture agrochemicals business between Sumitomo Corporation and ISK Biosciences. He previously held senior roles within Arysta LifeScience, Syngenta Crop Protection and Zeneca/ICI. William Lewis has also been an owner/operator of two John Deere dealerships in GA where he improved the overall operations and value of the business, which led to the successful sale of the businesses.

CORPORATE GOVERNANCE REPORT

Introduction

Plant Health Care plc (the “Company”) is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that continual review of all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, and in compliance with the updated AIM Rules for Companies, the Company has chosen to formalise its governance policies by complying with the UK’s Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the “QCA Code”).

The Company has followed the QCA Code’s recommendations in terms of disclosures to be made on its website and in this Annual Report. Specifically, the QCA Code has 10 principles being:

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Disclosures recommended by the QCA Code to be included on the Company’s website, and not in its Annual Report, being principles 2, 3 and 9 may be found on the Company’s website. For more details regarding Corporate Governance, including the Company’s compliance with the ten principles of the QCA Code, please see the Company’s Corporate Governance Statement located at <https://www.planthealthcare.com/investors/corporate-governance>. Consideration of the remaining seven principles are described below.

In assessing its compliance with the QCA Code, the Company’s Board of Directors (the “Board”) is mindful that in some areas it does not fully comply with the QCA Code. Such non-compliance, particularly with regard to the combined roles of Chairman and Interim CEO, reflects the size of the Group, its stage of development and the complex scientific/specialist nature of certain of its activities. The Board is alert to the potential risks this may create and has therefore provided the following background and explanation.

Prior to November 2016, the Board had a separate Chairman and CEO and therefore maintained a separation of duties and also half of the Board was independent. During 2015-2016, the Group materially increased its investment into its New Technology business. Dr Webb took on certain executive responsibilities to develop and lead the New Technology segment of the Group’s business and was no longer an independent director. Following the departure of the then CEO in November 2016, it was considered by the Board that the Chairman had the right balance of Board, executive leadership and industry experience to lead the Group through a critical transition phase of its development. This phase included the investment in the leading position in the development of the New Technology segment of the Group’s business whilst also aggressively seeking to develop the position of its proprietary Commercial products. These two areas require several leadership and operational capabilities as well as a detailed appreciation of the science and market potential for the Group’s New Technology. Utilising the skills of an existing Board member has been a pragmatic way of managing continuity during this period. This combined position continues today and is regularly reviewed by the Board. The Chairman taking on the additional responsibility of Interim CEO has also meant that the Board no longer had the ideal split of independent and non-independent directors although it has maintained at all times two independent non-executive directors.

Richard Webb, who was originally a non-executive stepped into a full time role to take the New Technology activities through a period of significant change, The refinement of our strategy in the last 12 months and the great progress that has been made coincided with Richard relocating from the US back to the UK at the end of 2018. Richard has therefore stepped back to being a non-executive. Given his recent executive responsibilities he is not considered independent. He remains available and is continuing to provide consultancy services on specific projects in addition to his non-executive responsibilities.

The two independent non-executives, William Lewis with extensive commercial experience in the industry and Michael Higgins the senior independent director who has extensive Board experience and a financial background, are content that this is an appropriate position for the Group currently. However, it is kept continuously under review and will change when appropriate for the Group

given its size and development. Mr Higgins has also stepped into the Chairman's role for purposes of corporate governance and takes the lead for the Group on all corporate governance matters.

William Lewis and Michael Higgins chair the Group's two key committees and also meet with the Chairman separately on a regular basis. Board meetings have appropriately robust agendas and are held face to face in the USA between 5 and 6 times a year over one and a half days each. The USA is the main centre of activity and management of the Group. Each Board meeting also includes involvement of the key executive leadership not on the Board. Messrs Lewis and Higgins are satisfied that the current Board has the right mix of skills that are relevant to the Group's current position and stage of development. They are also satisfied that they present effective challenges to the executive Directors and management team.

The Group has established specific committees and implemented certain policies and practices to ensure that:

- it is led by an effective board which is collectively responsible for the long-term success of the Company;
- the Board and the committees have the appropriate balance of skills, experience, independence, and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with the Group's auditors;
- there is a dialogue with shareholders based on the mutual understanding of objectives; and
- all aspects of the Group are run in a robust and responsible way.

The Company's overall strategic objective is to be a leading provider of proprietary biological products. The Company's strategy and business model and amendments thereto, are developed by the Interim CEO and his senior management team, and approved by the Board. The management team, led by the Interim CEO, is responsible for implementing the strategy and managing the business at an operational level. A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Company's results, compared with the budget, are reported to the Board on a bi-monthly basis. The full strategy and business operations of the Company are set out in the Strategic Report section of this Annual Report on pages 1 to 21.

The Company's business is subject to a number of potential risks and uncertainties. The occurrence of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and future prospects. The Company manages and mitigates these risks by executing its strategy and operational plans as described above.

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate

risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually. The Company maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on a periodic basis.

A summary of the principal risks and uncertainties facing the Company are set out on pages 18-19 of this Annual Report. The senior management team meets at least twice annually to review the Company's risk register, along with potential causes and impact, controls and actions to minimise the probability of those risks materialising, and consider new risks and opportunities presented to the Company, making recommendations to the Board as appropriate at least once annually.

Board of Directors

The Board of Directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets, and corporate actions. In order to achieve its objectives, the board adopts the ten principles of the QCA Code. Through successfully implementing these principles, the Company believes it is able to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the board is currently comprised of:

- Dr Christopher G J Richards, Executive Chairman and Interim CEO;
- Dr Richard Webb, Non-executive Director;
- Michael J Higgins, Senior Independent Director; and
- William M Lewis, an independent Non-executive Director.

The backgrounds and relevant experience of these directors is set out on the website. Richard Webb, who was previously Executive Director for New Technology, reverted to a Non-Executive role with effect from January, 2019.

Additionally, the Company has appointed a professional Company Secretary who is also our General Counsel who assists the Chairman and Committee Chairmen in preparing for and running effective Board meetings and Committee meetings, including the timely dissemination of appropriate information prior to meetings and minutes following the meetings.

The Company Secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment.

Each Director serves on the board from appointment until the next annual general meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association which is no less than once every three years.

Committees

In compliance with UK best practice, the board has established the following committees.

Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Group and Company.

Some of the Audit Committee's duties include:

- reviewing the Group's accounting policies and reports produced by internal and external audit functions;
- considering whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and internal control;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has two members, each of whom is an independent, non-executive director and at least one member who has recent and relevant financial experience. The current members of the committee are Michael Higgins as the Chairman and William Lewis. The Audit Committee report is set out below.

Remuneration Committee

The purpose of the Remuneration Committee is to determine and agree with the Board regarding the framework or broad policy for the remuneration of the Company's chairman and the executive directors as well as the composition of the board itself.

Some of the Remuneration Committee's duties include:

- reviewing the pay and employment conditions across the Company, including the Executives on the Board;
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;
- regularly reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the board with regard to any changes, succession planning and vacancies; and
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the board.

The Remuneration Committee has two members, each of whom is an independent, non-executive director. The current members of the committee are William Lewis as the Chairman and Michael Higgins. The Remuneration Committee report is set out below.

In light of the current composition of the executive leadership and the Board, the Board as a whole has retained overall responsibility for the review of the overall risk management processes and principles. The Board as a whole constitutes the Nomination Committee and will appoint a sub-committee if considered appropriate; the Board also determines remuneration for the Non-Executive Directors.

Executive Committee

The Company formed an Executive Committee in October 2018 to be the main decision-making body of the Company to ensure that key decisions are made in a timely manner with the best information available. The Executive Committee meets on a monthly basis and has six members: Christopher Richards chairs the Executive Committee and is joined by Zhongmin Wei (Chief Science Officer), Jeffrey Tweedy (Chief Operating Officer), Jeffrey Hovey (Chief Financial Officer), Christine Mazzone (General Counsel and Company Secretary) and Mark Turner (Director, Technology Licensing).

Board composition

The Company's Board is currently comprised of 3 Non-executive Directors and 1 Executive Directors. The Chairman is non-independent.

Each Director serves on the Board from appointment until the next Annual General Meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association which is no less than once every three years.

Directors' biographies are set out on page 23. The Board is responsible to its shareholders for the proper management of the Company and meets at least six times a year to set the overall direction and strategy of the Company, to review scientific, commercial, operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval. A summary of Board and Committee meetings held in the year ended 31 December 2018, and Directors' attendance records, is set out on page 33.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-executive Directors. Two of the Non-executive Directors who currently sit on the Board of the Company are regarded as independent under the QCA Code's guidance for determining such independence. Non-executive Directors receive their fees in the form of a basic cash fee.

Concerns relating to the executive management of the Group or the performance of the Directors can be raised in confidence by contacting the Senior Independent Director, Michael Higgins, through the Company Secretary.

Board Experience

The Board considers that all of the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in scientific, commercial, operational and financial development of products and companies.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company.

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters. Furthermore the key commercial executives and the New Technology team regularly present at Board meetings and attend dinners with Board members. Also once a year the Board visits the Research and Development centre in Seattle and are briefed by the team.

The Board seeks advice from its external advisers as needed in the ordinary course of business and for exceptional circumstances, including its Nominated Adviser and outside counsel in the UK and USA as well as globally. There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every Director has to the Company Secretary, who is charged by the Board with ensuring that Board procedures are followed. Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

Performance of the Board

The Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. This process is conducted on a regular basis and last took place in October 2017, with no substantive issues arising. Evaluation criteria include Board Composition, Strategy, Board Meetings, Training and Development, Governance, Risk, Company Secretary and Leadership. The Board may utilise the results of the evaluation

process when considering the adequacy of the composition of the Board and for succession planning. A new review is currently in process and will be concluded by the end of the second quarter.

Corporate Culture

The Board seeks to maintain the highest standards of integrity and ethics in the conduct of the Group's operations. These values are exhibited in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. Employees are expected to behave and to execute the Company's strategy and objectives in an ethical, compliant manner as well as to ask questions and raise concerns openly. The Interim CEO and senior management team monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

Michael J Higgins

Senior Independent Director

9 April 2019

AUDIT COMMITTEE REPORT

The audit committee is a formally constituted sub-committee of the Board. The responsibilities of the committee include:

- Reviewing the half yearly and full year accounts and results announcements and also any other formal announcements or statements issued with regard to the Group's financial performance;
- Reviewing the Group's systems for internal financial control and risk management;
- Monitoring and reviewing the effectiveness of the Group's accounting function;
- Considering the appointment of the external auditors overseeing the process for their selection and where appropriate making recommendations to the Board in relation to their appointment to be put, as required, to shareholders for approval at a general meeting;
- Monitoring and reviewing the independence and effectiveness of the external auditors, agreeing the nature and scope of their audit, agreeing their remuneration, and considering their reports on the Group's accounts, reports to shareholders and their assessment and evaluation of the systems of internal financial control and risk management.

Composition of the audit committee

The audit committee comprises Michael Higgins as chairman and William Lewis. The Committee meets separately with the external auditors without management present. The Secretary to the Committee is the Company Secretary.

Main activities of the audit committee

The audit committee meets formally three times a year: in September, to review and consider the half year results announcement; in December, together with the external auditors, it considers and approves the nature and scope of the annual audit; and then in late March or April it will receive reports from the external auditors on the conduct of their audit, and their review of the accounts, including accounting policies and areas of judgement, and their comments on risk management and control matters. The external auditors also present their fee proposals for the forthcoming annual audit at the December meeting.

Independence of external auditors

Both the Board and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The policy in respect of services provided by external auditors is as follows:

- Audit related services – the external auditors are invited to provide services which, in their position as auditors they must or are best placed to undertake. This includes formalities relating to shareholders and other circulars or any other regulatory reports or work in respect of acquisitions or disposals.
- Tax consulting – in cases where they are best suited, we will use the external tax advisers.
- General consulting – recognising the public concern over the issue of auditors' independence, our policy is that the external auditors would not be used for general consulting work.

Internal management accounting

The audit committee considered the performance of the internal accounting function and the resource requirements available taking into account the size and complexity of the Group's activities. Given the small size of the Board, the Board as a whole reviews the internal budgets and they are formally approved by the Board. The Board has concluded as a whole that these budgets are both properly prepared and based upon realistic assessments of the market opportunities in the context of the Group's ambitions.

This report was approved by the Audit Committee and presented on its behalf by:

Michael J Higgins

Chairman of Audit Committee

9 April 2019

REMUNERATION COMMITTEE REPORT

The Remuneration Committee has two members, each of whom is an independent, non-executive director. The current members of the committee are William Lewis as the Chairman and Michael Higgins. The Committee is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors including the Executive 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 Executive Chairman and Interim Chief Executive Officer

The following comprised the principal elements of the Group's Executive Directors remuneration during 2018:

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

In lieu of additional salary for his role as Interim Chief Executive Officer, Christopher Richards was granted share options in 2018 which were tied to certain performance conditions.

(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 10th 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) 2015 Employee Share Option Plan

On 16 June 2015, the Company 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 ("UK") 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 Company 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 2018, no awards were outstanding under the Non-Employee Option Plan or the US Sub-plan to the Non-Employee Option Plan.

Elements of remuneration – Executive Directors continued
(c) 2017 Employee Share Option Plan

On 19 May 2017, the Company adopted the Plant Health Care plc 2017 Employee Share Option Plan, or the 2017 ESOP, which provides for the grant of options to acquire the Company's ordinary shares. Under the 2017 ESOP, the Company may grant enterprise management incentive options, known as EMI options, to eligible bona fide employees who qualify under applicable United Kingdom ("UK") tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to any performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the 2017 ESOP may not exceed £3 million.

As part of the 2017 ESOP, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-plan to the 2017 ESOP. The US Sub-plan to the 2017 ESOP 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).

(d) Options granted outside option schemes

The Company has granted options to acquire shares pursuant to separate unapproved option agreements to Michael Higgins, William Lewis and Dr. Richard 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 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

United States employees were 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 2018, the Group continued to match contributions up to 3%. In 2017, the Group made matching contributions of up to 2% through September of 2017 and 3% thereafter 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 2017 and 2018, the remuneration for non-executive Directors consisted of stock options and fees for their services in connection with the Board and Board committees. The Non-executive Directors receive their fees wholly in cash.

Service contracts

During 2017 and 2018, the Company had service contracts with all Executive and Non-executive Directors.

Provisions in the service contracts of other Executive Directors (including the Executive Chairman/Interim Chief Executive Officer) include:

- 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.

Provisions in the service contracts of Non-executive Directors include:

- 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.

Directors' remuneration

For the years ended 31 December 2017 and 31 December 2018, the table below sets forth the compensation paid to the Directors.

	Base salary and fees \$'000	Performance- related bonus \$'000	Other benefits \$'000	Share option benefit \$'000	Total 2018 \$'000	Total 2017 \$'000
Executive:						
Dr C Richards	133	—	—	273	406	285
Dr R Webb*	216	—	19	116	351	367
Non-executive:						
M Higgins	60	—	—	—	60	58
W Lewis	33	—	—	—	33	49
	442	—	19	389	850	759

* Dr Webb, who was previously Executive Director for New Technology, reverted to a Non-Executive role with effect from 1st January, 2019.

Other benefits

In 2018, the Group incurred \$19,000 (2017: nil) of medical, dental and life insurance expense on behalf of one Director.

Other information

During the year, the Company's share price on AIM ranged between 6.5 and 27.0p. At 31 December 2018, the share price was 7.92p. At 9 April 2019, the last working day prior to the approval of this annual report, the share price was 6.4p.

This report was approved by the Remuneration Committee and presented on its behalf by:

William M. Lewis

Chairman of Remuneration Committee

9 April 2019

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2018. See Note 19 for discussion of financial risk management objectives and policies, exposure to price, credit, liquidity and cash flow risk.

Results and dividends

The results of the Group for the year are set out on page 41 and show a loss for the year of \$7,692,000 (2017: loss of \$5,454,000).

The Directors recommend that no dividend be paid at this time (2017: nil).

Directors

The beneficial interests of the Directors in the ordinary share capital of the Company and options to purchase ordinary shares of the Company as of 31 December 2018 were as follows:

	At 31 December 2018	
	Shares	Options
Dr C Richards	1,638,253*	3,363,777
Dr R Webb	1,015,264	2,073,727
M Higgins	70,147	117,647
W Lewis	436,620	89,686

* Includes a beneficial interest of William Richards, a minor child of Dr. Christopher Richards, of 34,578 ordinary shares.

None of the Directors have any holding in any subsidiary company, nor any material interest in the transactions of the Group.

Substantial shareholders

On 9 April 2019, the Directors are aware of the following persons who, directly or indirectly, are interested in 3% or more of the Company's existing ordinary share capital:

Name	Shares held	Percent of issued share capital*
Richard Griffiths	63,447,432	36.71
1798 Volantis	28,841,678	16.69
Boulder River Capital Corporation and its affiliates	12,651,444	7.32
Polar Capital Partners	12,044,098	6.97
Garraway Capital Management LLP	10,529,245	6.09
Universities Superannuation Scheme (USS)	5,531,558	3.20

* The percentages shown are based on the most recent share register analysis or notification.

Research and development

The Group continues to invest in R&D activities with an emphasis on the improvement of existing technologies, the formulation of products to meet specific customer needs and the development of proprietary Group's biostimulants based on the Company's Harpin platform technology. For further details of the Group's R&D activities, see the Chairman's letter and Strategic report on pages 8 to 21.

Business review

For a discussion of the Group's 2018 performance and future developments, see the Chairman's letter and Strategic report on pages 8 to 21.

Board meetings and attendance

The following table shows the attendance of Directors at meetings of the Board, Audit Committee and Remuneration Committee held during the 2018 financial year:

	Board	Audit Committee	Remuneration Committee
Number of meetings held	6	3	3
Dr C Richards	6	—	3
Dr R Webb	6	—	—
M Higgins	6	3	3
W Lewis	6	3	3

Auditor

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of its audit and to ensure that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Going concern

In consideration of the Group's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the Annual Report. Various sensitivity analyses have been performed to reflect possible downside scenarios (for further details see page 21 of the Strategic Report). Even in the worst case scenario whereby the Group achieves reduced revenues for the twelve months following the date of this Annual Report, the Group has sufficient resources to continue in operational existence at least 12 months from approval of the annual report. No material uncertainties that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Annual general meeting

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Michael Higgins and Richard Webb as Directors and to re-appoint BDO LLP as the auditor of the Company.

By order of the Board

Christine Mazzone

Company secretary

9 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs, as adopted by the European Union and the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.