



## COMPENSATION COMMITTEE CHARTER

### I. Overview.

- A. This document shall be the formal written Charter (the “Charter”) of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Flamel Technologies S.A., a *société anonyme* organized pursuant to the laws of the Republic of France (“Flamel”), adopted by the Committee and the Board as of March 2, 2016 and adopted by the Board of Avadel Pharmaceuticals plc, a public limited company organized pursuant to the laws of the Republic of Ireland (the “Company”), pursuant to the effectiveness of that certain Common Draft Terms Merger Agreement on December 31, 2016 between Flamel and the Company. This Charter hereby replaces and supersedes all former charters of the Committee.
- B. The responsibilities granted or delegated to the Committee in this Charter are in each case subject always to the powers reserved by French law to the Company’s Chief Executive Officer (*Directeur General*) (“CEO”), the Chairman of the Board (*Président du Conseil d'Administration*), the Board and the shareholders' meetings, and the Committee is authorized to seek any clarifications or waivers from applicable U.S. securities laws and regulations and The Nasdaq Stock Market (“Nasdaq”) rules, as it deems appropriate with respect to the foregoing. To the extent required under applicable U.S. securities laws and regulations and Nasdaq rules, any such waivers or non-compliance shall be disclosed annually in the Company's annual report on Form 10-K or such other Form as may be applicable.
- C. The Committee is appointed by the Board to consider, recommend and oversee the Company's incentive-compensation plans and equity-based plans decided by the Board and to assist the Board in the discharge of the Board's responsibilities relating to compensation of (i) the Company's CEO, (ii) the Delegated Managing Directors (*Directeurs Généraux Délégués*), if any, and (iii) other executive officers.

### II. Committee Membership.

- A. The Committee shall consist of no fewer than three members of the Board, appointed for a 1-year term. The members of the Committee shall meet the independence requirements of the Nasdaq's listing standards and any other legal requirements relevant to the proper administration of the Company's executive compensation program.
- B. At least two members of the Committee also shall qualify as “outside directors” within the meaning of Internal Revenue Code Section 162(m) and as “non-employee” directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.
- C. The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance and Nominating Committee. The members of the Committee may be removed and replaced by the Board, but all replacements shall be made on the recommendation of a majority of the Nominating and Corporate Governance Committee.



- D. The Committee shall elect its Chairman, who shall represent it, as the case may be, vis-à-vis the Board of Directors and third parties together with one or more other members of the Committee, or any other person, whom the Committee may from time to time designate, for such purpose. The Chairman of the Committee shall be elected for a term of 1 year and shall preside at each meeting. In the event the Chairman of the Committee is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

### **III. Committee Powers, Authority, Duties and Responsibilities.**

- A. The Committee shall consider, recommend and oversee the Company's incentive compensation plans and equity-based plans in which the CEO, the Delegated Managing Directors, if any, and other executive officers and other employees of the Company may be the beneficiaries, including, but not limited to, (a) approving option grants and restricted stock or other awards to be proposed to the Board for adoption, (b) interpreting the plans, (c) recommending rules and regulations relating to the plans, (d) recommending modifications to or canceling of existing grants or awards and (e) recommending imposing limitations, restrictions and conditions upon any grant or award as the Committee deems necessary or advisable.
- B. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser (“Advisor”) to assist in the evaluation of CEO or other executive officer compensation. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Advisor retained by the Committee, including the sole authority to approve the Advisor’s fees and other retention terms.
- C. The Committee may select, or receive advice from, an Advisor, other than in-house legal counsel, only after taking into consideration the following factors specified in Nasdaq Listing Rule 5605(d)(3):
- the provision of other services to the Company by the person that employs the Advisor;
  - the amount of fees received from the Company by the person that employs the Advisor, as a percentage of the total revenue of the person that employs the Advisor.
  - the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest;
  - any business or personal relationship of the Advisor with a member of the Committee;
  - any stock of the Company owned by the Advisor; and
  - any business or personal relationship of the Advisor or the person employing the Advisor with an executive officer of the Company

Nothing in the above shall be construed: (i) to require the Committee to implement or act consistently with the advice or recommendations of the Advisor; or (ii) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of the duties of the Committee.

- D. The Committee shall also have authority to obtain advice and assistance from internal legal counsel or other advisors.



- E. The Committee shall annually, and at the time of any new hire, review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and based on this evaluation recommend to the Board, for the CEO, (a) the annual base compensation or salary amount, (b) annual bonus arrangements, if any, (c) any long-term incentive compensation, (d) any employment agreements, severance arrangements, and change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, in each case as, when and if deemed necessary or advisable and (e) any perquisites, special or supplemental benefits. In determining the above, the Committee shall consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years, and may consider such other factors as it deems necessary or advisable. The CEO may not be present during the voting for or deliberations about the CEO's compensation or bonus arrangement.
- F. The Committee shall annually, and at the time of any new hire, review and recommend to the Board, for the executive officers of the Company other than the CEO, (a) the annual base compensation or salary amount, (b) annual bonus arrangements, if any, (c) any long-term incentive compensation, (d) any employment agreements, severance arrangements, and change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, in each case as, when and if deemed necessary or advisable and (e) any perquisites, special or supplemental benefits.
- G. The Committee shall annually assess the desirability of proposing and make recommendations to the Board with respect to any new incentive-compensation plans and equity-based plans and any increase in shares reserved for issuance under existing equity plans.
- H. The Committee shall prepare (or cause to be prepared), review and discuss with management the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC"), and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
- I. The Committee may form and delegate authority to subcommittees if determined to be necessary or advisable.
- J. The Committee shall make a report to the Board at the next regularly scheduled Board meeting following a meeting of the Committee accompanied by any recommendation to the Board.
- K. The Committee shall produce the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulations promulgated by the SEC.
- L. The Committee shall monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.



- M. The Committee shall oversee the Company's Compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation and the frequency of such votes, and the requirement under the Nasdaq rules that, with limited exceptions, shareholders approve equity compensation plans.
- N. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- O. The Committee shall annually review its own performance, including its compliance with this Charter, and provide the Board with a summary of its review and recommendations.
- P. The Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board.

**IV. Funding.**

- A. Pursuant to Nasdaq Listing Rule 5605(d)(3), the Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Advisor retained by the Committee.
- B. The Company shall provide for appropriate funding, as proposed by the Committee, for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carry out its duties.