



**REMUNERATION COMMITTEE TERMS OF REFERENCE FOR
HAYDALE GRAPHENE INDUSTRIES PLC
(THE "COMPANY")**

The following terms of reference were approved and adopted by Company's board in April 2014 known as the Remuneration Committee (Committee)

1. Constitution

The committee has been established by resolution of the board of directors of the Company (the "**Board**") and is to be known as the Remuneration Committee (the "**Committee**").

2. Membership

2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members. Where possible a majority of the members of the Committee shall be independent non-executive directors of the Company. A quorum shall be two members.

2.2 The chairman of the Committee shall be a non-executive director who shall be appointed by the Board.

3. Attendance at Meetings

The Committee may at each meeting appoint one of their number to be the secretary of the Committee.

4. Frequency of meetings

4.1 Meetings shall be held at least twice a year. The Chairman of the Company may request a meeting if he/she reasonably considers that one is necessary.

4.2 Any member of the Committee or a member of the Board may call meeting of the Committee by giving no fewer than 14 days' notice of the meeting to the members of the Committee.

4.3 Notice of any meeting of the Committee must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that members of the Committee participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

4.4 Notice of a meeting of the Committee must be given to each Committee member, but need not be in writing.

5. Authority

5.1 The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

5.2 The Committee is authorised by the Board to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is



envisaged that in obtaining outside advice the Committee will act in conjunction with the chairman of the Board.

6. Purpose

The purpose of the Committee is to make recommendations to the Board to:

- (a) ensure that the executive directors and other key employees of the Company (together, "**Executives**") are fairly rewarded for their individual contribution to the overall performance of the Company; and
- (b) demonstrate to the shareholders of the Company that the remuneration of the Executives are set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of shareholders of the Company.

7. Duties

The duties of the Committee are:

- (a) to make recommendations to the Board on the Company's framework of executive remuneration and its cost;
- (b) to determine on behalf of the Board specific remuneration packages for each of the Executives, including, where appropriate, pension rights incentive payments, share options and compensation payments;
- (c) to consult the chairman of the Board about its proposals relating to the remuneration of Executives;
- (d) to ensure that performance-related elements of remuneration should form a significant proportion of the total remuneration package of Executives and should be designed to align their interests with those of shareholders and to give such Executives incentives to perform at the highest levels;
- (e) to consider whether the Executives should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- (f) to consider whether the Executives should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive schemes;
- (g) to approve any amendments to be made to the rules of the share options schemes of the Company or its subsidiaries (together, the "**Group**") (except where such amendments require shareholder approval);
- (h) to consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for Executives close to retirement;
- (i) to provide the packages needed to attract, retain and motivate Executives of the quality required (but avoid paying more than is necessary for this purpose) and to co-ordinate closely with the Company's Nomination Committee (if any) in relation to the remuneration to be offered to any new Executive;



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- (j) to consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;
 - (k) to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Group, especially when determining annual salary increases;
 - (l) to approve the terms of any service agreement to be entered into with any Executive, bearing in mind that an objective should be to set notice or contract periods at one year or less and that the performance-related elements of remuneration should form a significant proportion of the total remuneration package of Executives and should be designed to align their interests with those of the shareholders of the Company;
 - (m) to consider what compensation commitments (including pension contributions) the Executives' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;
 - (n) in early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The aim should be to avoid rewarding poor performance, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing Executives' obligations to mitigate loss;
 - (o) agree the policy for authorising claims for expenses from the chief executive of the Company and the Chairman of the Board;
 - (p) ensure that legal and regulatory provisions regarding disclosure of remuneration, including pensions, are fulfilled,
 - (q) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
 - (r) make available the Committee's terms of reference which should set out the Committee's delegated responsibilities and be reviewed and, where necessary, updated annually; and
 - (s) to consider other matters as referred to the Committee by the Board.

8. Exclusions

- 8.1 The terms of reference of the Committee do not encompass decisions to employ or dismiss Executives. The Committee does not have responsibilities for nominations to the Board.
- 8.2 The remuneration of the Company's non-executive directors (including the chairman of the Board if a non-executive) shall be a matter for the chairman of the Board (if executive) and the Company's executive directors. Further, no director or manager of the Company shall be involved in any decisions as to their own remuneration.

9. Reporting Procedures

The secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board.