

**Remuneration Committee – Terms of Reference
for Applied Graphene Materials plc (the “Company”)**

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least 2 members, the majority of whom are independent non-executive directors.
- 1.2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 1.3. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Quorum

- 2.1. The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3. Meetings

- 3.1. The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
- 3.2. Only members of the Committee have the right to attend Committee meetings but other directors and external advisers may be invited to attend all or part of any meeting as and when appropriate.
- 3.3. The company secretary or his or her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Voting arrangements

- 4.1. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 4.2. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.3. Save where he has a personal interest, the Chairman will have a casting vote.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. **Minutes of Meetings**

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7. **Annual General Meeting**

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions of the Committee's activities.

8. **Duties and terms of reference**

- 8.1. The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the company's Chairman and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the Board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.
- 8.2. In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the company without paying more than necessary. The remuneration policy should bear in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company.
- 8.3. When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the company or group, especially when determining salary increases.
- 8.4. The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.

- 8.5. The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.
- 8.6. The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other senior executives and the performance targets to be used.
- 8.7. The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- 8.8. The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised, whilst dealing fairly with cases where departure is not due to poor performance.
- 8.9. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the Committee shall determine the total individual remuneration package of the chairman, each executive director, the company secretary and other senior executives including bonuses, incentive payments and share options or other share awards.
- 8.10. The Committee shall:
 - 8.10.1. ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;
 - 8.10.2. oversee any major changes in employee benefits structures throughout the group; and
 - 8.10.3. agree the policy for authorising claims for expenses from the directors.
- 8.11. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 8.12. The Committee shall, where considered appropriate, obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the Board; and
- 8.13. The Committee shall consider such other matters as may be requested by the Board of directors.

9. **Reporting Responsibilities**

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. To the extent appropriate the Committee shall produce an annual report of the company's remuneration policy and practices which will form part of the company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

10. **Other**

10.1. The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of directors for approval.

10.2. The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.

11. **Authority**

11.1. The Committee is authorised by the Board of directors to examine any activity within its terms of reference and is authorised to obtain, at the company's expense, legal or professional advice on any matter within its terms of reference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.