

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

FIRST GRAPHENE LIMITED (the “Company”)

CONSTITUTION

- 1 The board of the Company (the “**Board**”) hereby resolves to establish a committee of the Board to be known as the remuneration committee (the “**Remuneration Committee**”) to determine and agree with the Board the framework or broad policy for the fair remuneration of the chief executive, the chairman of the Company (where executive) and such other members of the executive management as it is designated to consider, including pension rights and compensation payments.

MEMBERSHIP

- 2 The Remuneration Committee shall be appointed by the Board on recommendation of the nomination committee and shall comprise at least two non-executive directors of the Company (two of which should be independent non-executive directors). The Board shall appoint the Committee Chairman who shall be an independent non-executive director from amongst the Remuneration Committee members.
- 3 Members of the Remuneration Committee must make any personal, financial or other interests known to the Remuneration Committee as soon as any such interest arises.
- 4 The membership of the Remuneration Committee shall be set out in the annual report of the Company.
- 5 A quorum for a meeting shall consist of two members.

ATTENDANCE AT MEETINGS

- 6 The chairman of the Company and/or the chief executive may be invited to attend meetings. Other non-executive directors may attend. The company secretary shall be the secretary of the Remuneration Committee or the secretary shall be any other such person as the Remuneration Committee may appoint.
- 7 Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. Other individuals may be invited to attend all or part of any meeting as and when appropriate, but such persons have no right of attendance.

MINUTES OF MEETINGS

- 8 Minutes of each meeting of the Remuneration Committee shall be produced. The Remuneration Committee may, in addition, at any time request a full meeting of the Board at which its conclusions shall be reported.

- 9 Finalised minutes of the meetings of the Remuneration Committee will be circulated to the members of the Board as part of the Board papers for each full meeting of the Board, unless a conflict of interest exists.

FREQUENCY

- 10 Meetings of the Remuneration Committee shall be held not less than once a year and whenever the Remuneration Committee or the chairman of the Remuneration Committee sees fit. Any member of the Remuneration Committee may at any time convene a meeting of the Remuneration Committee by notice in writing to the secretary of the Remuneration Committee who will then notify the other members of the Remuneration Committee. The external auditors may request a meeting if they consider that one is necessary.

NOTICE OF MEETINGS

- 11 Meetings of the Remuneration Committee shall be summoned by the secretary of the Remuneration Committee at the request of any of its members.
- 12 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of matters to be discussed shall be forwarded by the secretary of the Remuneration Committee to each member of the Remuneration Committee and other person required to attend and all other non-executive directors, no later than 2 working days before the date of the meeting. Any supporting papers should be sent to each member of the Remuneration Committee and to other attendees (as appropriate) at the same time.

AUTHORITY

- 13 The Remuneration Committee is authorised by the Board to investigate and undertake any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director or professional adviser of the Company or any subsidiary of the Company (the "**Group**") and any employee or director is directed to co-operate with any request made by the Remuneration Committee (including to attend meetings of the Remuneration Committee if required).
- 14 The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice on any matters within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.
- 15 As a sub-committee of the Board, the Remuneration Committee is answerable to the Board and shall report to it on a regular basis.

VOTING ARRANGEMENTS

- 16 Each member of the Remuneration Committee shall have one vote which may be cast on matters considered at the meeting. Votes may only be cast by members attending the meeting.
- 17 If a matter considered by the Remuneration Committee is one in which a member has a personal, financial or other interest or potential conflict of interest (either directly or indirectly), that member shall not be permitted to vote at the meeting.
- 18 Save where he has a personal interest, the chairman of the Remuneration Committee will have the casting vote. In the absence of a chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

DUTIES AND TERMS OF REFERENCE

- 19 The Remuneration Committee shall:
 - (a) determine and agree with the Board the framework or broad policy for the remuneration of the Company's chief executive, chairman, the executive directors, the company secretary and such other members of the executive management of the Group as it is designated to consider. No director, manager or member of the Remuneration Committee shall be involved in any decisions or recommendations (including options and/or restricted shares) as to their own remuneration or participate in any meeting or discussion at which any part of his/her remuneration (including his/her options and/or restricted shares) is being discussed. Within the terms of the agreed policy and in consultation with the chairman and/or chief executive as appropriate, the Remuneration Committee shall determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments, share options, restricted shares and other share awards. The remuneration of the non-executive directors shall be a matter for the Board, excluding the non-executive directors;
 - (b) review the ongoing appropriateness and relevance of the remuneration policy;
 - (c) consider, determine and approve all service contracts between the Company and its directors or between the Company and any subsidiary and any such senior executive;
 - (d) review the Company's arrangements for its employees to raise concerns about possible wrongdoing in financial reporting or other matters. The Remuneration Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
 - (e) determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;

- (f) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee and to obtain reliable, up-to-date information about remuneration in other companies;
- (g) 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;

REMUNERATION POLICY

- 20** In fulfilling its duties, the Remuneration Committee shall take account of the following:
- (a) the Remuneration Committee must provide the packages needed to attract, retain and motivate directors of the quality required but should avoid paying more than is necessary for this purpose, with no rewards for failure and contracts should not permit excessive payoffs;
 - (b) the Remuneration Committee should judge where to position the Company relative to other companies. It should be aware what other comparable companies are paying and should take account of relative performance;
 - (c) the Remuneration Committee should be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company, especially when determining annual salary increases;
 - (d) the Remuneration Committee should oversee any major changes in employee benefits structures throughout the Company;
 - (e) the Remuneration Committee should vet, authorise and agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
 - (f) the performance-related elements of remuneration should be designed to align the interests of directors and shareholders and to give directors keen incentives to perform at the highest levels and where any risk is created by the remuneration structure such risk is acceptable to the Remuneration Committee and is within the Board's risk appetite;
 - (g) the Remuneration Committee should administer all aspects, approve the design of, and determine targets for, any performance related pay schemes (including share incentive plans) and approve the total annual payments made under such schemes. In particular:
 - (i) the Remuneration Committee should consider whether the directors and employees should be eligible for annual bonuses. If so, performance conditions should be relevant, stretching and designed to enhance the business. Upper limits should always

- be considered. There may be a case for part-payment in shares to be held for a significant period;
- (ii) the Remuneration Committee should consider whether the directors should be eligible for benefits under long-term incentive schemes. Traditional share option/restricted share schemes should be weighed against other kinds of long-term incentive scheme. Directors should be encouraged to hold their shares for a further period after vesting or exercise subject to the need to finance any costs of acquisition and associated tax liability;
 - (iii) the Remuneration Committee should propose new long-term incentive schemes (including share option/restricted share schemes), whether payable in cash or shares in which directors or senior executives will participate which potentially commit shareholders' funds over more than one year or dilute the equity only on the basis that shareholders will approve the schemes prior to their adoption;
 - (iv) any new long-term incentive schemes which are proposed should preferably replace existing schemes or at least form part of a well-considered overall plan, incorporating existing schemes, which should be approved as a whole by shareholders. The total rewards potentially available should not be excessive; and
 - (v) to the extent that directors or senior executives do participate in equity-based remuneration schemes, the participants are prohibited from entering into transactions or arrangements (whether through the use of derivatives or otherwise) which limit the economic risk of participating in unvested entitlements.
- (h) executive share options/restricted shares should never be issued at a discount;
 - (i) the Remuneration Committee should consider the pension consequences and associated costs to the Company of basic salary increases, especially for directors close to retirement;
 - (j) in general, neither annual bonuses nor benefits in kind should be pensionable;
 - (k) the Remuneration Committee should give due consideration to all applicable laws and negotiations and the applicable provisions of the ASX Corporate Governance Principles and Recommendations, UK Corporate Governance Code (so far as it is practicable, having regard to the size and current stage of development of the Company), the QCA Corporate Governance Guidelines for smaller quoted companies and the requirements of the ASX Listing Rules and AIM Rules as appropriate; and
 - (l) consider such other matters as may be requested by the Board.

SERVICE CONTRACTS AND COMPENSATION

- 21** The Remuneration Committee should consider what compensation commitments the directors' contracts of service, if any, would entail in the event of early termination, particularly for unsatisfactory performance, taking into account the following:
- (a) there is a strong case for setting notice or contract periods at, or reducing them to, one year or less. The Remuneration Committee should, however, be sensitive and flexible, especially over timing. In some cases, notice or contract periods of up to two years may be acceptable. Longer periods should be avoided wherever possible;
 - (b) if it is necessary to offer longer notice or contract periods, such as three years, to new directors recruited from outside, such periods should reduce after the initial period;
 - (c) within the legal constraints, the Remuneration Committee should tailor their approach in individual early termination cases to the wide variety of circumstances. The broad aim should be to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance;
 - (d) the Remuneration Committee should take a robust line on payment of compensation where performance has been unsatisfactory and on reducing compensation to reflect departing directors' obligations to mitigate damages by earning money elsewhere; and
 - (e) were appropriate, and in particular where notice or contract periods exceed one year, consideration should be given to paying all or part of compensation in instalments rather than one lump sum and reducing or stopping payment when the former director takes on new employment.

GENERAL MATTERS

- 22** The chairman of the Remuneration Committee and the Company should make himself available at each Annual General Meeting of the Company to answer shareholder questions concerning the Remuneration Committee's work during the preceding year.
- 23** Recommendations of the Remuneration Committee minutes must be approved by the Board before they can be implemented.
- 24** The Remuneration Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 25** The Remuneration Committee shall make its terms of reference available for inspection at the registered office of the Company.
- 26** Any of the terms set out in this document may be varied by a majority resolution of the Remuneration Committee.