



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

1. The following terms of reference for the Audit Committee (the 'Committee') were approved and adopted by the Company's board in April 2014 and amended and adopted by the board on 28 September 2021.

2. Membership

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, all of whom shall be independent non-executive directors of the Company. A quorum shall be two members.

3. Attendance at meetings

3.1 Only members of the Committee have the right to attend committee meetings. However, other individuals such as the financial director and the external auditors shall be invited to attend meetings on a regular basis. Other individuals may be invited to attend all or part of any meeting as and when appropriate.

Secretary

3.2 The Company Secretary, or their nominee, may act as the secretary of the Committee. Alternatively, 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 external auditors may request a meeting if they consider that one is necessary.

Notice of meetings

4.2 Any member of the Committee or the external audit lead partner or a member of the Board may call a meeting of the Committee by giving no fewer than 5 days' notice of the meeting to the members of the Committee and any other person required to attend, or fewer if all members agree.

4.3 Notice of any meeting of the Committee must be given to each member (and other attendees as appropriate) confirming:

(a) its date and time;



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- (b) where it is to take place; 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; and
 - (c) an agenda of items to be discussed;

Any supporting papers shall be sent to committee members and any other attendees, as appropriate, at the same time, unless otherwise agreed.

5. Authority

- 5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have unrestricted access to the auditors, is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain, at the Company's expense, legal, accounting, or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. Duties

The duties of the Committee in respect of the Company and the group as whole are to carry out the duties below:

- (a) consider the appointment, re-appointment and removal of the external auditor, the terms of engagement of the external auditor, and the auditor's remuneration, and to make recommendations to the Board on the same;
- (b) discuss with the auditors before the audit starts the nature and scope of the audit and ensure co-ordination where more than one firm of auditors is involved;
- (c) keep under review the scope and results of the audit and its cost effectiveness;
- (d) keep under review the independence and objectivity of the auditors and the effectiveness of the audit process, taking into consideration relevant United Kingdom professional and regulatory requirements;
- (e) keep under review the nature and extent of non-audit services supplied by the auditors;



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- (f) develop and recommend to the board the Company's policy on the provision by the external auditors of non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors;
 - (g) monitor the integrity of the financial statements of the Company, including the half-year financial statements and annual accounts and reports to shareholders, preliminary announcements and any other public announcement concerning the Company's financial performance, having regard to matters and views communicated to it by the auditor, focusing particularly on:
 - (i) the application of, and any changes in significant accounting policies and practices;
 - (ii) key judgments and estimates that have been made;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards; and
 - (vi) compliance with stock exchange and legal requirements;
 - (h) discuss problems and reservations arising from audits and any matters the auditors may wish to discuss (in the absence of executive directors, where necessary);
 - (i) in relation to the documents referred to in paragraph 6(g), to determine what information should be brought to the Board's attention; where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board;
 - (j) to review the external auditors' management letter and management's response to the auditor's findings and recommendations;
 - (k) to review any representation letter requested by the external auditor before it is signed by management;
 - (l) to review the effectiveness of the Company's internal controls and risk management systems; and review and approve statements to be included in the annual report concerning internal control and risk management, including the assessment of principal risks, before submission to the Board for its approval;
 - (m) to consider annually whether there is a need for an internal audit function and make recommendations to the Board;



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- (n) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible wrongdoing in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action;
 - (o) to consider the major findings of internal investigations and management's response;
 - (p) to review regularly the Company's risk register;
 - (q) to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
 - (r) at least once a year to meet with the external auditor without management being present.

7. Reporting procedures

Once approved by members of the Committee, the minutes shall be circulated to all members of the Board.