

# **INTEGRAL TECHNOLOGIES, INC.**

## **COMPENSATION COMMITTEE CHARTER**

### **Organization**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Integral Technologies, Inc. (the “Corporation”), appointed by and acting on behalf of the Board as more fully set forth in this Charter, shall be responsible for formulating, evaluating and approving compensation and benefits of the Corporation’s Board of Directors, executive officers and key employees, overseeing all compensation programs involving the use of the Corporation’s stock, and producing an annual report on executive compensation for inclusion in the Corporation’s proxy statement for its annual meeting of stockholders, in accordance with applicable rules and regulations.

The Committee shall be appointed annually by the Board and be comprised of two or more directors as determined by the Board, each of whom must be determined by the Board to be “independent” under the rules of the NASDAQ Stock Market and applicable law, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

Each member of the Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended.

The members of the Committee and the Committee Chair shall be appointed by the Board based on recommendations from the Nominating and Corporate Governance committee of the Board. The members of the Committee, including the Committee Chair, shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove the Committee Chair and/or any member from the Committee at any time with or without cause. Vacancies on the Committee shall be filled by a majority vote of the full Board.

### **Duties and Responsibilities**

The Committee shall have the following authority and responsibilities:

- To annually review and approve corporate and personal performance goals and objectives relevant to the compensation of the chief executive officer (“CEO”) (including but not limited to salary, bonus, incentive compensation, equity awards, benefits and perquisites and any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits), evaluate the CEO’s

performance in light of those goals and objectives, and determine and approve the overall compensation levels for the CEO based on this evaluation. In evaluating and determining the CEO's compensation, the Committee shall consider the Corporation's performance and relative stockholder return, the value of similar incentive awards to CEO's at comparable companies, and the awards given to the CEO in past years. In evaluating and determining the CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The Chief Executive Officer may not be present during voting or deliberations of his or her compensation;

- To annually review and approve corporate and personal performance goals and objectives relevant to the compensation of all other executive officers other than the CEO. To review and approve the compensation of all other executive officers. In evaluating and determining executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote;
- The Committee shall review and recommend to the Board for approval, incentive compensation plans and equity-based plans, which includes the ability to recommend adopting, amending and terminating such plans. In reviewing and making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote;
- The Committee shall review and discuss with management the Corporation's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information required to be included in the Corporation's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Corporation's proxy statement or annual report on Form 10-K;
- The Committee shall review and recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans;
- The Committee shall review and recommend to the Board for approval, all employee benefit plans for the Corporation, which includes the ability to recommend adopting, amending and terminating such plans;
- To review the Corporation's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk;

- The Committee shall review and recommend to the Board for approval the frequency with which the Corporation will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Corporation's proxy statement;
- The Committee shall review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board;
- To oversee engagement with stockholders and proxy advisory firms on executive compensation matters;
- The Committee shall monitor the Corporation's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans to directors and officers and with all other applicable laws affecting employee compensation and benefits; and
- The Committee shall fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board.

## **Outside Advisors**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside counsel and any other advisors.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation or director compensation shall not be retained by the Corporation for any compensation or other human resource matters.

## **Performance Evaluation**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

## **Meetings and Operations**

The Committee shall meet at least two times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may delegate matters within its responsibility to subcommittees composed of certain of its members. The Committee shall meet in executive session without the presence of any members of management as often as it deems appropriate.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the Chief Executive Officer and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.