

## RED 5 LIMITED

### REMUNERATION AND NOMINATION COMMITTEE CHARTER

#### **PURPOSE**

The Remuneration and Nomination Committee (R&N Committee) is appointed by the Board Directors of Red 5 Limited (Company) to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to:

- remuneration and human resource policies and practices;
- remuneration of the Board, the Chief Executive Officer (CEO)/Managing Director and senior executives; and
- the composition of the Board.

#### **AUTHORITY**

The Board authorises the R&N Committee, within the scope of its responsibilities, to perform the activities identified within this Charter.

In performing its functions, the Committee:

- has unrestricted access to the external auditors, senior management and employees of the Company;
- has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee subject to informing the Board Chair prior to engagement of external advice; and
- shall have the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities or when requested by the Board.

#### **COMMITTEE RESPONSIBILITIES**

The R&N Committee will carry out the following responsibilities:

##### ***Remuneration***

- review overall remuneration strategies in relation to executive remuneration having regard to market conditions, economic factors, industry trends, remuneration statistics and trends, and peer remuneration practices;
- review compensation arrangements for the Managing Director and non-executive directors;
- review contractual arrangements for senior executive appointments;
- review equity based remuneration plans;
- review whether there is any gender or other inappropriate bias in remuneration or human resource practices;
- recommend to the Board appropriate diversity targets and monitor performance in achieving these targets;
- review reporting in relation to breaches of code of conduct/values;
- review employee turnover data and exit interview data for cultural indicators;
- review and recommend for Board approval the annual remuneration report;
- consider feedback from proxy advisers and voting at general meetings of members;

- approve the appointment of remuneration consultants and review any reports from them;
- review succession planning for senior executives;
- provide input to the performance review for the CEO/Managing Director; and
- ensure that performance assessments for other senior executives have been carried out.

### **Nomination**

- consider the skills and experience required to constitute an effective Board and document by way of a Board Skills Matrix which identifies the collective skills that the Board should possess;
- assist the Board in the selection and appointment of directors;
- review director terms of appointment and succession plans;
- review and recommend the approach to be taken for the regular board performance assessment process;
- follow up on recommendations arising out of board performance reviews;
- consider the need for director education sessions or training;

### **MEMBERSHIP**

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:

- at least three members;
- only non-executive directors of the Board, a majority of whom are independent;
- an independent chair appointed by the Board and who is not the Chair of the Board; and
- members with sufficient skills and experience relevant to the Committee's functions.

If the Company is included in the S&P/ASX 300 Index at the beginning of any financial year the Committee will be comprised solely of non-executive directors for the duration of that financial year.

### **MEETINGS**

The Committee shall meet approximately three times per year, or more frequently as necessary. The quorum for a Committee meeting is two members. The secretary of the Committee is the Company Secretary.

An agenda and meeting papers will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meeting will be prepared and circulated to Committee members and all Board members.

All directors may attend meetings of the Committee, subject to exclusion as deemed appropriate by the Committee chair from time to time. The CEO/Managing Director and the General Manager People will normally be invited to attend meetings of the Committee.

### **REPORTING**

The Committee will report regularly to the Board about Committee activities and make appropriate recommendations.

### **REMUNERATION POLICIES**

The Company's remuneration policies are designed to align executive remuneration with shareholders' interests and with the Company's values and risk appetite and to retain appropriately qualified executive talent for the benefit of the Company.

### **Executive remuneration**

The Company's remuneration policy for the Managing Director and senior management is designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations. The Managing Director and senior management receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

### **Non-executive directors remuneration**

The structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration payable to non-executive directors. The directors shall set individual Board fees within the limit approved by shareholders.

Additional fees are payable to a director for the chairing of committees of the Board. Non-executive directors are entitled to statutory superannuation benefits. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

All directors are entitled to have their indemnity insurance paid by the Company.

### **Securities issued under equity-based remuneration scheme**

Shareholders must approve the framework for any equity based remuneration schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by shareholders.

Directors, officers and employees are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the Company's employee equity scheme.

Where a director or senior executive enters into arrangements for the hedging of vested options granted under the Company's employee equity scheme, details of the hedging arrangements must be immediately notified to the Chair or Company Secretary.

## **BOARD COMPOSITION AND NOMINATION PROCEDURES**

The Committee is responsible for regularly reviewing the composition and membership of the Board, based on a preferred mix of skills, knowledge, experience and capabilities which will enable the Board to meet both the current and future requirements of the Company. When a Board vacancy exists, the Committee is also responsible for initiating the selection process for potential directors. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance.

When a Board vacancy occurs, whether due to retirement of a director or growth or complexity of the Company, the Committee will identify the particular skills, experience and expertise that will best complement Board effectiveness and then undertake a formal process to identify candidates who can meet those criteria. Transparent procedures will be followed, whereby the Committee must:

- determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board;
- agree to the process and timetable for identifying such a person, which may involve an external recruitment firm;
- compile a short list of candidates to be prepared after assessing the candidates on the following bases:
  - competencies and qualifications;
  - character and experience;
  - independence;
  - other directorships;

- time availability;
- contribution to the overall balance of the composition of the Board; and
- depth of understanding of the role of and legal obligations of a director.

A background check (including checks as to the person's character, experience, education, criminal record and bankruptcy history), will be undertaken on any proposed director and senior executives prior to any invitation being made for appointment as a director of the Company.

If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders will be provided with relevant information on any directors standing for election or re-election at a general meeting of the Company, including relevant qualifications and experience.

Written agreements are entered into with each director and senior executive which sets out their terms of appointment.

When appointed to the Board, all new directors will receive an induction programme appropriate to their experience to familiarise them with matters relating to the Company's operations, strategy and current issues. The Committee will periodically review the need for directors to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

Non-executive directors must inform the Chair of the Board and the Chair of the Remuneration Committee before accepting any new appointment as a director of another listed entity, any other material directorship, or any other position which requires significant time commitment.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three years.

## **PERFORMANCE EVALUATION PRACTICES**

### ***General***

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to (and retirement from) the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies, external professional advice (if considered necessary) and the aggregate amount of fees approved by shareholders.

Formal processes have been established to review the Board's performance and the performance of individual directors (including the Managing Director), committees of the Board and senior executives, at least annually. The Board will disclose for each annual reporting period whether a performance evaluation has been undertaken in accordance with the processes set out below and the results of those evaluations.

### ***Managing Director***

The Board annually reviews the performance of the Managing Director. At the commencement of each financial year, the Board and the Managing Director agree a set of Company specific performance measures to be used in the review for the forthcoming year.

These include:

- the extent to which key operational goals and strategic objectives are achieved;
- development of management and staff;
- compliance with legal and Company policy requirements; and
- achievement of key performance indicators which may include a combination of agreed milestones and relative peer group share price performance.

### ***Senior executives***

The Managing Director is responsible for assessing the performance of the key executives within the Company at least once every reporting period. This is carried out through a formal process involving a formal meeting with each senior executive. The senior executives will be evaluated based on agreed performance measures.

### ***Board***

The process for reviewing and evaluating the performance of the Board requires the Board to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months, including comparison with others and examining ways of assisting the Board in performing its duties more effectively.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation is set by the Board and includes a Board self-assessment checklist to be completed by each director. The Board may also use an independent adviser to assist in the review.

### ***Committees***

Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board committees.

An assessment is made of the performance of each committee against each charter and areas identified where improvements can be made.

### ***Non-executive directors***

The Chair has primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

### **REVIEW**

The Committee will conduct an annual review of its performance and effectiveness. This review process will include a review of the terms of this charter.

Approved by the Board: April 2023