

## RED 5 LIMITED

### BOARD CHARTER

#### BOARD OF DIRECTORS

The Board of Directors of Red 5 Limited (Company) is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The overriding distinction between the role of the Board and the interaction with management is seen as “management formulates, the Board ratifies; management implements, the Board monitors”.

The Board has the following overall responsibilities:

- establishing the direction and strategies for the Company and monitoring the implementation of those strategies; and
- monitoring compliance with regulatory requirements and setting the tone for ethical behaviour and standards.

The ultimate control and monitoring of the business of the Company is vested in the Board. The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director and senior management. The Board’s primary responsibility is to oversee the Company’s business activities and management for the benefit of shareholders. The specific responsibilities of the Board include:

- appointment, evaluation, rewarding and if necessary the removal of the Managing Director;
- establishing appropriate levels of delegation to the Managing Director to allow him or her to manage the Company’s operations effectively;
- appointment, evaluation, rewarding and if necessary the removal of the Chair of the board;
- appointment and review of directors;
- determine whether the composition, remuneration and conditions of service for senior executives are appropriate;
- appointment and removal of the Company Secretary;
- establish and monitor succession planning;
- development of corporate objectives and strategy and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- overseeing management in its implementation of the Company’s strategic objectives, advancement of the Company’s values and actual performance against planned performance expectations;
- review of areas of significant business risk and ensuring arrangements are in place to adequately manage those risks;
- overseeing the management of safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the relevant period;

- satisfying itself that there are appropriate reporting systems and controls in place to enable management to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- to ensure that appropriate external audit arrangements are in place and operating effectively;
- reviewing and monitoring the effectiveness of the Company's compliance with its corporate policies and protocols consistent with the ASX Corporate Governance Council best practice corporate governance principles;
- having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- statutory reporting to shareholders.

## **BOARD COMMITTEES**

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. To this end the Board has established the following committees:

- Audit Committee
- Remuneration and Nomination Committee
- Risk and Environment Committee
- Health, Safety and Community Committee

The charter of each Board committee setting out the matters detailing its composition and responsibilities are separate documents which are approved by the Board.

The Risk and Environment Committee is responsible for the oversight of the Company's risk management and control framework on behalf of the Board. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

## **CONFLICTS OF INTEREST**

As a general principle, each director must bring an enquiring, open and independent mind to Board meetings free of any actual or possible conflict of interest.

If a director believes that they may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chairman, or if the director is the Chairman, with another non-executive director.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter and must abstain from on the motion relating to the matter.

## **BOARD COMPOSITION**

In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The Board does not specify a maximum term for which a director may hold office.

### **Board composition and independence**

The Board will comprise a majority of independent non-executive directors. The Board assesses the independence of each director in light of interests disclosed by them and the relationships which may affect independent status. An independent director is a non-executive director (i.e. is not a member of management) and who:

- is not a substantial shareholder of the Company;
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years has not been a material professional adviser or consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a director of the Company;
- is not, does not represent and within the last 3 years has not been an officer or employee of, or professional adviser to, a substantial holder; or
- has close personal ties with any person who falls within any of the categories described above.

In each case, the materiality of the interest, position or relationship will be assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.

Consideration is given to the length of service of a director although an extended tenure by itself is not considered to compromise a director's independence.

Financial materiality thresholds used in the assessment of independence (both from the perspective of the Company and the director) are as follows:

- payments made by the Company to the director or any of his associated entities for the provision of goods and/or services does not exceed 5% of the annual gross revenue of the Company; or
- payments received by the director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the director or his associated entities.

### **Appointment, review and removal of directors**

The role of the Board on matters relating to the appointment of directors includes:

- identifying and nominating candidates for directorship;
- establishing criteria for Board membership, including desired qualifications, skills, experience and competencies;
- reviewing current and anticipated Board membership requirements, including:
  - establishing and overseeing processes for the review of the performance of individual directors and the Board as a whole;
  - assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members; and
  - assessing the time commitments of non-executive directors and whether candidates (having regard to other commitments) can meet these commitments, and
- consideration of the results of the performance assessment of individual directors and determining its endorsement of the directors to stand for re-election at the next annual general meeting.
- providing to shareholders all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, including:
  - biographical details, including their relevant qualifications and experience and the skills they bring to the board;
  - in the case of a candidate standing for re-election, the term of office currently served, if the candidate is an independent director a statement to that effect and a statement by the Board as to whether it supports the election or re-election and a summary of the reasons why.

The Managing Director is accountable to the Board for all authority delegated to the position.

### **Independent advice**

Each director has the right to seek independent professional advice on matters relating to their position as a director of the Company (including but not limited to legal, accounting and financial advice) at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

### **Foreign directors**

In the event that a director does not speak the language in which key corporate documents are written or Board or shareholder meetings are held, the Company will ensure that:

- such documents are translated into the director's native language; and
- a translator is present at all relevant Board and shareholder meetings.

Key corporate documents include the Company's constitution, prospectuses, product disclosure statements, corporate reports and continuous disclosure announcements.

### **COMPANY SECRETARY**

The Board is responsible for the appointment and removal of the Company Secretary. The Company Secretary is responsible to the Board, through the Chairman, on matters relating to the proper functioning of the Board. The Company Secretary also has a direct reporting line to the Managing Director on executive management matters.

### **DIVISION OF AUTHORITY – CHAIRMAN AND MANAGING DIRECTOR**

The Company recognises that it is important that the Chairman and the Managing Director have distinct defined roles with clear functional lines. The Chairman will, where possible, be an independent director and will not be the same person as the Managing Director of the Company. Where the Chairman is not an independent director, the Board will consider the appointment of an independent director as the Deputy Chair to fulfil the role of Chairman where the Chairman is conflicted.

The division of responsibilities between the Chairman and the Managing Director is determined by the Board from time to time.

### **Functions delegated to Chairman**

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairman's responsibilities include to:

- chair Board meetings;
- establish the agenda for Board meetings, in consultation with the Managing Director and Company Secretary;
- chair meetings of shareholders, including the annual general meeting of the Company;
- be the primary spokesperson for the Company at the annual general meeting;
- be the primary channel of communication and point of contact between the Board and the Managing Director;
- ensure the annual process of Board evaluation is conducted.

### **Functions delegated to Managing Director**

The following functions have been delegated by the Board to the Managing Director and senior executives:

- formulating and reviewing, with the Board, the strategy for the Company and developing actions and plans to implement the strategy. Reporting to the Board on progress against those plans.
- appointing a management team and negotiating terms and conditions of employment and where appropriate, obtaining approval from the Remuneration Committee. Considering succession, providing strong leadership to the management team, ensuring employees are properly instructed to

achieve a safe workplace and ensuring compliance with laws and Company policies and that a high level of ethical behaviour is expected.

- reporting to the Board on various matters, including all matters requiring review or approval, significant changes to the risk profile, certification (with the Chief Financial Officer) to the Board on the fairness of the financial statements and that the certification is founded on a sound system of risk management and internal control, reporting on the performance of the Company's activities and briefing of directors on the Company and its business environment.
- acting within delegated authority levels for capital expenditure, sale of assets, appointment and termination of executives.
- all other matters necessary for the day-to-day management of the Company and not reserved for the Board.