

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

BrainChip Holdings Ltd ("Company")

Original: 22 February 2023

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1. PURPOSE

- 1.1 The Company is committed to responsible and transparent processes for remunerating its people. This includes adopting effective remuneration governance framework(s) and developing remuneration policies and practices consistent with such framework(s).
- 1.2 The Remuneration and Nomination Committee (**Committee**) of the Board of Directors (**Board**) is responsible for annually reviewing the compensation of the Chairman of the Board and other non-executive directors (**NEDs**), in accordance with the Remuneration & Nomination Charter adopted by the Company.
- 1.3 This policy (**Policy**) seeks to document the Company's approach and guidelines to set the quantum and elements of remuneration for non-executive director (**NED**) roles.
- 1.4 The aim of this Policy is to enable the Company to attract, retain and motivate the high calibre of NEDs required to adhere to high levels of corporate governance and to align their interests with the creation of value for shareholders and the Company's purpose, values, strategic objectives and risk appetite.

2. OVERRIDING INTENT

- 2.1 The Company intends to observe:
 - 2.1.1 high ethical standards,
 - 2.1.2 the laws of the countries in which the NEDs reside, and

- 2.1.3 good corporate governance.
- 2.2 The views of stakeholders will also be considered in seeking to remunerate NEDs reasonably, including taking into account the perspectives of shareholders and the NEDs themselves.

3. SCOPE OF APPLICABILITY

- 3.1 This Policy is intended to guide the setting of remuneration for the following roles:
 - 3.1.1 Board Chair,
 - 3.1.2 Other NEDs,
 - 3.1.3 Committee Chairs, and
 - 3.1.4 Committee members.
- 3.2 It does not cover executive roles or other service providers to the Company.

4. REMUNERATION FOR NON-EXECUTIVE DIRECTORS

- 4.1 The maximum aggregate level of remuneration, inclusive of superannuation entitlements, of NEDs (**Cash Remuneration Pool**) is the subject of shareholder resolution in accordance with the Company's constitution, the ASX Listing Rules and the Corporations Act (as applicable).
- 4.2 The total amount of remuneration payable to NEDs in any financial year shall not exceed the Cash Remuneration Pool approved by shareholders for such purposes.
- 4.3 The Board will apportion NED remuneration within that Cash Remuneration Pool, considering the Committee's recommendations, industry benchmarking, professional advice (as appropriate), market norms and the inputs and value to the Company of each NED's respective contributions.
- 4.4 The availability of the Cash Remuneration Pool does not imply that the Cash Remuneration Pool needs to be exhausted when setting remuneration for NEDs.
- 4.5 In considering NED remuneration, the Committee and the Board need to ensure that

incentives for NEDs do not conflict with their obligations to bring independent and objective judgement to matters before the Board

5. ELEMENTS OF REMUNERATION

- 5.1 NED remuneration may be composed of the following elements:
 - 5.1.1 Board fees,
 - 5.1.2 Committee fees,
 - 5.1.3 Superannuation contributions,
 - 5.1.4 Other benefits (if applicable), and
 - 5.1.5 Grants of Company equity in accordance with the BrainChip Equity Plan Rules.
- 5.2 Facilities such as directors' insurance, expense reimbursements and parking provided to NEDs will not be counted as part of remuneration.
- 5.3 On the recommendation of the Committee, the Board may award additional remuneration to NEDs called upon to perform extra services or make special exertions on behalf of the Company.

6. SUPERANNUATION INCLUSIVE REMUNERATION

Board and Committee fees shall be expressed as inclusive of any Company superannuation contributions. This ensures that the remuneration levels received by different NEDs are not affected by the extent, if any, to which the Company is obliged to make superannuation contributions for the NED.

7. TERMINATION BENEFITS

Termination benefits other than those accrued through superannuation contributions will not be provided to NEDs. This Policy recognises the guidelines contained in Principle 8 of the ASX Corporate Governance Council's publication *Corporate Governance Principles and Recommendations*.

8. NED STOCK OWNERSHIP GUIDELINE

The Company's NED stock ownership guidelines are designed to further align the long-term interests of the Non-Executive Directors (NEDs) with those of its shareholders. NEDs are required to maintain the following beneficial ownership of shares in the Company:

- 8.1 A NED shall establish and hold a minimum shareholding based on five (5) years of the NED's annual base cash remuneration (including superannuation if applicable but excluding any compensation received for work undertaken on any committee or as Chair of the Board) (**Minimum Shareholding Requirement**) (**NED Stock Ownership Guideline**).
- 8.2 For the purposes of determining NED ownership levels:
 - 8.2.1 shares of common stock owned outright, unvested shares of restricted stock and restricted stock units, and shares underlying vested and certain unvested, in-the-money options to purchase common stock are included; and
 - 8.2.2 shares of common stock underlying an award subject to performance-vesting for which the performance criteria have not been satisfied are not included.
- 8.3 It is expected that each NED is required to meet their specified stock ownership threshold within a four (4) year period from the date this NED Stock Ownership Guideline is approved by the Board or, for those NEDs appointed after this date, within five (5) years from the commencement of their appointment as a NED to the Company.
- 8.4 NEDs stock ownership shall be assessed annually at the end of each calendar year.

- 8.5 The pricing formula for calculating whether the NED Minimum Shareholding Requirement has been met is the 60-day volume-weighted average price of the Company's shares calculated at the end of each calendar year (November and December).
- 8.6 Once achieved, the minimum stock ownership level should be maintained for as long as the individual NED is subject to this NED Stock Ownership Guideline.
- 8.7 The Committee is responsible for overseeing compliance with the NED Stock Ownership Guideline, including determining any actions required to support alignment with the threshold (such as recommending additional share acquisitions, where appropriate).
- 8.8 In instances where an NED is unable to satisfy the NED Minimum Shareholding Requirement due to factors beyond their control, such as the non-approval of annual equity grants by shareholders, the Committee has the discretion to:
 - 8.8.1 extend the timeframe for achieving the Minimum Shareholding Requirement;
 - 8.8.2 revise the method by which compliance with the requirement is assessed; and/or
 - 8.8.3 implement alternative measures to support the NED in meeting the intent of the NED Stock Ownership Guideline.
- 8.9 Any such determinations or adjustments will be made having regard to the prevailing circumstances and with due consideration to the Company's overarching commitment to sound corporate governance and alignment with shareholder interests.
- 8.10 Notwithstanding the NED Minimum Shareholding Requirement, a NED may dispose of the minimum number of shares necessary to satisfy taxation liabilities arising from the vesting or exercise of Company equity awards. Such disposals are encouraged to occur as close as practicable to the end of the relevant deferred taxing point. All transactions must comply with the Company's Securities Trading Policy and be reported to the Committee during the annual assessment of ownership levels.

9. RECOGNITION OF WORK VARIANCES

- 9.1 It is recognised that the Board Chair and members of Committees undertake additional Board work to that undertaken by NEDs who are not members of Committees. Accordingly, the Board Chair, Committee Chairs and Committee members may be paid additional remuneration (relative to other NEDs who do not fulfil these functions).
- 9.2 The additional remuneration will take account of the additional work typically required of the role and comparable market remuneration practices.

10. NED EVALUATION CRITERIA

NEDs are held accountable against evaluation criteria which include:

- 10.1 demonstrating a clear understanding of their fiduciary duties to the Company and its shareholders;
- 10.2 effectively overseeing the financial performance of the Company;
- 10.3 providing independent oversight, free of any undue influence;
- 10.4 remaining well-informed about the Company's risk profile and the steps being taken to mitigate risks;
- 10.5 demonstrating commitment and engagement in Board activities;
- 10.6 actively participating in the development and review of the Company's strategic plans;
- 10.7 actively contributing to Board discussions and debates, and fostering a culture of open and constructive dialogue; and
- 10.8 remaining vigilant about compliance with laws, regulations and ethical standards.

Each year, NEDs undertake a comprehensive evaluation process that includes feedback from both their peers and their self-assessments. This evaluation coincides with a review of the Board's composition and practices, and of the overall knowledge of its members.

11. ANNUAL REVIEW AND REPORTING

- 11.1 The Committee will review annually the compensation of the Chairman of the Board and other NEDs to determine whether:
 - 11.1.1 an increase in fees should be considered; and/or
 - 11.1.2 a market benchmarking review should be undertaken.
- 11.2 The Company will transparently report on its remuneration policy and approach in respect of all NEDs in the remuneration report issued as part of the Company's Annual Report in compliance with the Corporations Act and the ASX Listing Rules.