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## **REMUNERATION POLICY**

### **Executives and Non-Executive Directors**

**Recce Limited**  
ACN 124 849 065

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## 1.0 Overview

This document sets out Recce's policy in respect to remuneration paid to its key Executives and Non-Executive Directors.

The objectives of this policy have been divided into 3 distinct categories. The first being a general category, which applies to both the Executives and the Non-Executive Directors whilst the second and third categories relate specifically to the Executives and the Non-Executive Directors.

## 2.0 Objectives

### 2.1 Objectives – General

The objective of the remuneration policy is twofold:

- a) to create a remuneration structure that will allow Recce to attract, reward and retain qualified Executives and Non-Executive Directors who will lead Recce in achieving its strategic objectives.
- b) to provide and motivate the Executives and Non-Executive Directors with a balanced and competitive remuneration.

### 2.2 Objectives – Executives

The specific objectives of the Executive Remuneration Policy are as follows:

- To motivate executive management to manage and lead the business successfully and to drive strong long-term organisational growth in line with the Company's strategy and business objectives.
- To drive successful organisational performance by incorporating an annual performance incentive and establish longer-term performance objectives.
- To further drive longer-term organisational performance through an equity-based reward structure.
- To make sure that there is transparency and fairness in executive remuneration policy and practices.
- To deliver a balanced solution addressing all elements of total pay [base-pay, incentive pay (cash and shares) and benefits].
- To make sure appropriate superannuation arrangements are in place for executives.
- To contribute to appropriate attraction and retention strategies for executives.

### 2.3 Objectives – Non-Executive Directors

The specific objectives of the Non-Executive Director remuneration policy are as follows:

- To attract and retain appropriately qualified and experienced directors.
- To remunerate directors fairly having regard to their responsibilities, including providing leadership and guidance to management.
- To build sustainable shareholder value by encouraging a longer-term strategic perspective, by not linking fees to the results of Recce Limited.

### 3.0 Remuneration Structure

#### 3.1 Executives

The remuneration structure should consist of four elements:

- base salary (fixed remuneration)
- annual incentive (performance based remuneration)
- long term incentive (equity-based remuneration)
- superannuation

##### 3.1.1 Base Salary (Fixed remuneration)

It is intended that base salaries take into account market relativities, having regard to the need for Recce to attract, motivate and retain executives.

The Executive Chairman decides the remuneration of the key executives based on their direct accountability and responsibility for the operational management, strategic direction and decision – making for Recce and demonstrated leadership.

The Nomination and Remuneration Committee decides the remuneration of the Executive Chairman, and considers whether any increase should be made for the base salary on an annual basis.

##### 3.1.2 Annual Incentive (Performance Based Remuneration)

Executive remuneration packages include an “at-risk” component.

Payment of any part of the “at-risk” component is at the discretion of the Executive Chairman for executives (and at the discretion of the Nomination and Remuneration Committee for the Executive Chairman).

Payment is contingent upon the achievement of agreed performance standards of financial benchmarks which are set at the start of each financial year.

The annual incentive varies between 0% and a maximum of 50% of the base salary.

##### 3.1.3 Long Term Incentive (Equity-based Remuneration)

Should Recce adopt this form of incentive?

The Executive Chairman recommends aggregate allocations for approval by the Board. The individual allocations are then worked out by the Executive Chairman based on remuneration packages on a pro-rata basis. Executives receive additional allocations having regard to their responsibilities and time with the organisation. The Board recommends any participation by the Executive Chairman for approval by shareholders.

The intended outcome is to align the interest of staff, including executives, with shareholders through providing direct participation in the benefits of future company performance.

### 3.1.4 Superannuation

The superannuation guarantee charge contribution (currently 9.5%) is made for all employees, including executives. Employees may also salary sacrifice additional amounts into superannuation.

### 3.2 Non-Executive Directors

The Nomination and Remuneration Committee makes recommendations to the Board in relation to the remuneration framework for Non-Executive Directors.

Non-Executive Directors' fees are reviewed annually by the Board, having regard to recommendations from the Nomination and Remuneration Committee. The Committee surveys comparable remuneration levels in the external market and makes sure that fees and payments paid reflect the demands that are made and the responsibilities of directors.

Non-Executive Director remuneration comprises the following:

- Base fees. No additional fee is payable by Recce for membership of or chairing a Board Committee.
- Superannuation guarantee charge payments (currently 9.5%) where applicable.

The Chairman (where applicable) receives twice the base fees paid to a Non-Executive Director, the additional amount being an allowance for the additional time commitment for the Chairman.

The Deputy-Chairman receives one and a half the base fees paid to a Non-Executive Director.

Non-Executive Directors do not receive bonuses or incentive payments or participate in any Employee Option Plans. There is no direct link between non-executive director remuneration and the short-term results of the Recce Group.

#### Retirement Benefits

No retirement benefits (other than SGC where applicable) accrue to Non-Executive Directors.