



Policy and Procedure for Selection and Appointment of Directors

Recce Limited

ACN 124 849 065

Sponsor:	Dongke Zhang	Approved:	5/8/2015
Title:	Chairman - Nomination and Remuneration Committee	Amended:	23/8/2016
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1.0 Introduction and Purpose

This document outlines the policy and procedure Recce Limited (“Recce”) will follow in appointing a new director.

Currently the Recce board has 5 directors who are:

Dr Graham Melrose	(Chairman, Executive)
Dr Dominic Barnes	(Non-executive and Independent)
Bernadette Murdoch	(Non-executive and Independent)
Michele Dilizia	(Executive)
James Graham	(Executive)

2.0 Policy

To ensure the Board of Recce consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of Recce in a way, which ensures that, the interests of shareholders and stakeholders are promoted and protected.

Retiring directors are not automatically re-appointed. Directors are generally appointed for a period of three years and are subject to the selection and appointment procedures outlined below.

The Nomination and Remuneration Committee is responsible for recommending to the Board any appointment or re-appointment of all directors.

3.0 Procedure

Directors should ensure the company is properly managed to protect and enhance shareholder value and to meet the company’s obligations to shareholders, to the industry and to the law. In carrying out this duty, the board should always be mindful of the need for establishing a board that enhances the efficient and effective running of the company. The following procedure is to be followed in selecting and appointing a new director to the board of Recce:

3.1 Regular Review of Board Composition

The Nomination and Remuneration Committee will regularly (at least annually) review the size and composition of the Board. This review should consider:

- 3.1.1 The Board’s current skills and qualities; and
- 3.1.2 The needs of the Company for the current business structure as well as considering the future.

3.2 Requirements of Potential Directors

Potential Board candidates should:

- 3.2.1 Complement the current board composition – i.e. is there an appropriate mix of directors with financial expertise and relevant industry experience?
- 3.2.2 Have the required skills, knowledge and expertise to add value to the Board.

- 3.2.3 Provide the board with further competencies and be able to provide independent and objective advice.
- 3.2.4 Have no material conflicts of interest with the company.
- 3.2.5 Have a reputable standing in the industry.
- 3.2.6 Be able to commit the necessary time to their position - in general, the maximum number of directorships or equivalent positions for an individual should not exceed five, unless the director can clearly demonstrate that they have the time to commit to additional appointments. Each non-executive director should specifically acknowledge to the company prior to appointment or being submitted for election that they will have sufficient time to meet what is expected of them.

3.3 Selecting a Candidate

- 3.3.1 The Nomination and Remuneration Committee will generate a list of potential candidates. This list can be developed using the Committee members network or by using the services of an independent executive search firm.
- 3.3.2 The Nomination and Remuneration Committee will review the list of candidates to ensure they meet the requirements of the selection criteria. If no clear candidate stands out then a short list will be prepared and the committee will interview each short listed candidate. The committee will then recommend to the Board the preferred candidate to become a director of the Company.
- 3.3.3 Where there is a choice to be made between candidates, the Board has a responsibility to shareholders to enable a fair and professional comparative assessment of the candidates' skills and experience in light of identified board needs and to advise shareholders about the outcome of that assessment, with the objective that the election will result in the Board having the best mix of available skills to deal with the circumstances facing the company. As such, the Board will in a notice of meeting recommend to shareholders eligible to vote, which candidate/s it considers will best fit the current identified needs of the Board. If there are "open" proxy votes, the chairperson of the meeting will exercise those votes in favour of the board's recommended candidate/s.
- 3.3.4 Once the Board has agreed on who the preferred candidate is to become a director that person should be approached by the Chairman of the Company to provide a signed consent to act as a director of the Company.

3.4 Appointment of Director

- 3.4.1 The appointment of directors is to include the determination of the terms, conditions, responsibilities and expectations of the position such that any potential candidate can fit the criteria which satisfy the objective of the appointment.
- 3.4.2 Non-executive directors should be appointed subject to the Company's constitution, ASX Listing Rules and Corporations Act provisions.
- 3.4.3 The ultimate decision about who is elected to the board is to be made by the shareholders.

3.5 Requirements after Director is Appointed

- 3.5.1 Upon a candidate/s accepting nomination or appointment, the Nomination and Remuneration Committee is responsible for ensuring that all proposed candidate/s nomination and appointment procedures comply with the corporate constitution and the Corporations Act. The Nomination and Remuneration Committee is to forward any recommendation for appointment or removal of a director to the board for consideration and further action.
- 3.5.2 The Executive Chairman is responsible for ensuring that the new board member is inducted and that they have every opportunity to increase their knowledge about the company to ensure that they can participate in an effective manner to the board deliberations. This process is monitored by the Nomination and Remuneration Committee.
- 3.5.3 The chairperson of the Nomination and Remuneration Committee is responsible for ensuring that all appropriate documentation in relation to the appointment is finalised. This includes such items as minutes, voting and contract documentation.
- 3.5.4 If the appointment is made between general meetings, the agreed candidate is to be appointed to fill a casual vacancy or as an addition to the Board. In accordance with the constitution of Recce, the director then holds office until the next annual general meeting and is eligible for election at that meeting.
- 3.5.5 ASIC must be notified within 28 days of the appointment of a director to the Board.

3.6 Letter of Appointment

Once a director has given their formal consent the Company will send out a letter of appointment. This appointment letter should include the following:

- The term of the appointment, including period, commencement date, the need to retire at the next annual general meeting (if applicable) and then by rotation, at least every three years.
- Board's expectations of the Director.
- Expected time commitment.
- Special duties relating to the Director's special knowledge and experience.
- Induction process
- Procedure regarding conflict of interest
- Remuneration
- Superannuation arrangements
- Insurance arrangements