



QUICKSTEP HOLDINGS LIMITED

POLICY AND PROCEDURE FOR SELECTION AND APPOINTMENT OF DIRECTORS

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1.0 INTRODUCTION AND PURPOSE

This document outlines the policy and procedure Quickstep Holdings Limited (“**Quickstep**”, “**the Company**”) will follow in appointing a new director.

The Board should have sufficient Directors to discharge its obligations but no more than nine (9). The majority of the Board should be independent.

2.0 POLICY

To ensure the Board of Quickstep consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of Quickstep and its subsidiaries (“**the Group**”) in a way that ensures the interests of shareholders and stakeholders are promoted and protected.

Retiring directors are not automatically re-appointed. Directors are appointed for a period of no more than three years and are subject to the selection and appointment procedures outlined below.

Board renewal is promoted through a policy of regular Board skills matrix review (3.1.1. and 4.0) and a requirement for the Board to unanimously approve the nomination of a director after the director has served 6 years and/or three terms of office.

The Remuneration, Nomination and Diversity Committee (“**RND Committee**”) is responsible for recommending to the Board the appointment or re-appointment of all directors.

3.0 PROCEDURE

Directors should ensure the Company is properly managed to protect and enhance shareholder value, to meet the Company’s obligations to all stakeholders including shareholders, and to comply with all the Company’s legal obligations including compliance with the Corporations Act and ASX Listing Rules. 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 Group. The following procedure is to be followed in selecting and appointing a new director to the Board of Quickstep:

3.1 Regular review of Board composition

The RND 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 compared to the desired skills matrix outlined in Section 4; and

- 3.1.2 The needs of the Company for the current business structure as well as considering the future; and
- 3.1.3 The balance of independence.

3.2 Requirements of potential directors

- 3.2.1 When determining the requirements of a new director appointment, the RND Committee should clearly identify 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.
- 3.2.2 Potential Board candidates should:
- Complement the current board composition – i.e. is there an appropriate mix of directors with financial expertise and relevant industry experience?
 - Have the required skills, knowledge and expertise to add value to the Board.
 - Provide the Board with further competencies and be able to provide independent and objective advice.
 - Have no material conflicts of interest with the Company.
 - Have a reputable standing in the business community.
 - 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 RND Committee will generate a list of potential candidates. This list can be developed using the RND Committee members' networks and/or by using the services of an independent executive search firm.
- 3.3.2 The RND Committee will review the list of candidates to ensure they meet the requirements of the selection criteria and reflect the Board policy with respect to diversity. If no clear candidate stands out then a short list will be prepared and RND Committee members will interview each short-listed candidate.

The RND Committee will then recommend to the Board the preferred candidate to be appointed 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 any candidate/s it considers will best fit the current identified needs of the Board. If there are "open" proxy votes, the chair of the meeting will exercise those votes in favour of the Board's recommended candidate/s.
- 3.3.4 Once the Board has endorsed the preferred candidate to become a director, that person should be approached by the Chair of the Company and/or the Chair of the RND Committee, as most appropriate in the particular circumstance, to progress their appointment.

3.4 Appointment of director

- 3.4.1 Upon a candidate/s accepting nomination or appointment, the RND Committee is responsible for ensuring that all nomination and appointment procedures comply with the Company's constitution and the Corporations Act.
- 3.4.2 The RND Committee is to forward any recommendation for appointment or removal of a director, including unsolicited recommendations received from shareholders, to the Board for consideration and further action.
- 3.4.3 Non-executive directors should be appointed subject to the Company's constitution, ASX Listing Rules and Corporations Act provisions.
- 3.4.4 Candidates' qualifications, professional experience and assertions will be verified prior to appointment, including but not limited to:
- Tertiary /educational qualifications directly with the issuing institutions
 - Professional qualifications directly with the issuing institutions
 - All board, executive and other relevant positions and assertions directly with the chair and/or most senior manager as appropriate

- 3.4.5 The candidate will be issued with a draft Consent to Act as Director and a Letter of Invitation explaining the requirements of the appointment (refer following paragraph) to that candidate.
- 3.4.6 Once reference checks and security clearance have been satisfactorily obtained, and the Company has received a signed Consent to Act as Director from the candidate, the Board must formally resolve to appoint the candidate as a director of the Company.

3.5 Letter of Invitation

- 3.5.1 Once a candidate has verbally consented to becoming a director and has been endorsed by the Board as the preferred candidate, the Company will issue a Letter of Invitation to that candidate.
- 3.5.2 The Letter of Invitation is to be signed by the Company Chair, or the Chair of the RND Committee if deemed more appropriate, and 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

3.6 Requirements after director is appointed

- 3.6.1 The CEO is responsible for ensuring that the new director 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 in Board deliberations. The Chair is responsible for the induction of a new CEO/Managing Director. This process is to be monitored by the RND Committee.
- 3.6.2 The Chair of the RND 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.

- 3.6.3 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 Quickstep, the director then holds office until the next annual general meeting and is eligible for election at that meeting.
- 3.6.4 ASIC must be notified within 28 days of the appointment of a director to the Board.
- 3.6.5 Under Listing Rule 3.16.1, the ASX must be notified immediately when there has been a change of Chair or appointment/resignation of a Director.

3.7 Election by shareholders

- 3.7.1 Any director who has been appointed by the Board to fill a casual vacancy must stand for election as a Director by shareholders at the next Annual General Meeting of the Company.
- 3.7.2 The RND Committee must provide shareholders with all material information in the Company's possession relevant to a decision whether to elect or not to elect a director.

4.0 BOARD SKILLS MATRIX

The Board is committed to ensure that it has a diversity of views and experiences, including gender diversity, and has determined that the following specific skills are required for an effective Board. At the time this policy was approved, the Board as a group possessed all skills included in the matrix. Maintaining this skills matrix, which will be reviewed from time to time by RND, is considered desirable in the selection of Non- Executive Directors:

- Experience in chairing boards, must be independent
- Accounting experience, must be independent and able to act as chair of the audit committee
- Experience in determining remuneration, must be independent and able to act as chair of the remuneration committee
- Knowledge of managing research and development in a high technology environment
- Experience in commercialising technology
- Knowledge of composite manufacturing and supply chains

- Knowledge of the commercial and defence aerospace industry, including manufacturing and business development
- Knowledge of the advanced manufacturing, including manufacturing and business development
- Knowledge of doing business (defence or defence related) with the Australian Governments both Federal and State
- Experience in capital markets, institutional funding and investor relations
- Experience in establishing and operating overseas business units
- Significant high-level experience of North American Aerospace and/or Defense business

<p>Sponsor: Bruce Griffiths</p>	<p>Title: Chair – Remuneration Nomination & Diversity Committee</p>	<p>Review Date: September 2019</p>
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