



# Remuneration and Nomination Committee Charter

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## 1 INTRODUCTION

This is the Remuneration and Nomination Committee (**Committee**) charter for the Company. The charter governs the procedures of the Committee and outlines the procedures and guidelines in relation to the remuneration of directors and senior executives of the Company.

## 2 REMUNERATION AND NOMINATION COMMITTEE

### 2.1 Role of the Committee

The role of the Committee is to review and make recommendations to the Board in respect of:

#### Remuneration matters

- a) an executive remuneration and incentive policy;
- b) the remuneration of the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer;
- c) an executive incentive plan;
- d) an equity based incentive plan;
- e) the remuneration of non-executive directors;
- f) superannuation arrangements;
- g) recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer;
- h) the disclosure of remuneration in the Company's public materials including stock exchange filings and the annual information form.

#### Nomination matters

- i) considering nominees for independent directors of the Corporation;
- j) planning for the succession of directors and executive officers of the Corporation, including appointing, training and monitoring senior management to ensure that the Board and management have appropriate skill and experience,
- k) assessing the skills and competencies required on the Board;
- l) from time to time assessing the extent to which the required skills are represented on the Board;
- m) establishing processes for the review of the performance of individual directors and the Board as a whole;
- n) establishing processes for the identification of suitable candidates for appointment to the Board; and
- o) recommending the appointment and removal of directors.

### 2.2 Special Investigations and Access to Employees

Further, the Committee is entitled to direct any special investigation that the Committee considers appropriate and to consult any independent expert that the Committee considers appropriate to carry out its duties. The Company bears the costs of any such investigation or consultations.

The Committee is entitled to call on and use any employee of the Company to the extent that the Committee considers appropriate to carry out the Committee's role and responsibilities.

## **2.3 Composition**

The Committee will comprise at least three members consisting of a majority of independent non-executive directors. The Board will appoint one of these members as the Chairman of the Committee.

### **2.3.1 Removal or Resignation**

If a member of the committee retires, is removed or resigns from the Board, that member ceases to be a member of the committee. The Board will appoint the successor.

### **2.3.2 Committee May Invite**

The Committee may invite any executive management team member or any other individual to attend a meeting of the Committee, as they consider appropriate.

The chief executive officer will be the principal liaison between executive management and the Committee on remuneration matters and will be invited to attend meetings when the Committee considers appropriate.

### **2.3.3 Secretary**

The Company Secretary is the secretary of the Committee.

## **2.4 Meetings**

### **2.4.1 Frequency**

The Committee will meet as frequently as required but not less than two times a year. Any Committee member or the company secretary may call a Committee meeting.

### **2.4.2 Calling Meetings and Notice**

A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee (with a copy to all board members) five working days before the date of the meeting (unless all members agree to a shorter notice period). The notice for members will include relevant supporting papers for the agenda items to be discussed.

### **2.4.3 Advice**

The Committee may have access to professional advice from employees within the Company and from appropriate external advisers. The Committee may meet with these external advisers without management being present.

### **2.4.4 Report to Board**

The Committee chairman, or delegate, will report to the Board following each meeting. The Committee will report to the Board regularly on the matters set out in this document.

The Committee will prepare for approval by the Board any report on the matters set out in this document that may be:

- a) required by any listing rule, legislation, regulatory body or other regulatory requirement; or
- b) proposed for inclusion in the annual report.

### **2.4.5 Minutes**

Minutes of proceedings and resolutions of Committee meetings will be kept by the secretary. Minutes will be distributed to all Committee members and the chairman of the Board, after the Committee chairman has given the preliminary approval. Minutes, agenda and supporting papers will be made available to any director upon request to the secretary, providing no conflict of interest exists.

### **2.4.6 Quorum and Voting**

A quorum will comprise any two Committee members. In the absence of the Committee chairman or appointed delegate, the members will elect one of their number as chairman for that meeting.

Each member will have one vote and the chairman of the Committee will not have a second or casting vote.

## **3 DUTIES AND RESPONSIBILITIES – REMUNERATION MATTERS**

### **3.1 Executive Remuneration Policy**

In order to fulfil its responsibilities to the Board the Committee will:

- a) consider the Company's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison;
- b) compare the nature and amount of the Company's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Corporation,
- c) make recommendations to the Board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members;
- d) review and make recommendations to the Board regarding the Company's policy for determining executive remuneration including, but not limited to, pension rights and compensation payments, and any amendments to that policy proposed from time to time by management;
- e) review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
- f) consider whether to seek shareholder approval of the executive remuneration policy; and
- g) oversee the implementation of the remuneration policy within the Company.

### **3.2 Executive Directors and Senior Management**

In order to fulfil its responsibilities to the Board the Committee will:

- a) consider and make recommendations to the Board on the entire specific remuneration for the chief executive officer and any other executive directors, (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy, and determine whether any shareholder approvals are required and that any equity-based executive remuneration is made in accordance with shareholder approvals;
- b) review the remuneration of executive directors and senior management on an annual basis; and

- c) review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for the company secretary and all senior executives reporting directly to the chief executive officer.

### **3.3 Executive Incentive Plans**

In order to fulfil its responsibilities to the Board the Committee will:

- a) review and make recommendations to the Board regarding the design of all executive incentive plans; and
- b) review and make recommendations to the Board regarding the total proposed payments from each executive incentive plan.

### **3.4 Equity Based Plans**

In order to fulfil its responsibilities to the Board the Committee will:

- a) review and make recommendations to the Board regarding the design of all equity based plans;
- b) keep all plans under review in the light of legislative, regulatory and market developments;
- c) for each equity based plan, determine each year whether awards will be made under that plan;
- d) review and make recommendations to the Board regarding total proposed awards under each plan;
- e) in addition to considering awards to the company secretary or any senior executives reporting directly to the chief executive officer, review and make recommendations to the Board regarding proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- f) review, make recommendations to the Board and keep under review performance hurdles for each equity based plan.

### **3.5 Non-Executive Director Remuneration**

In order to fulfil its responsibilities to the Board the Committee will:

- a) review and establish the level of remuneration for non-executive directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type. Remuneration for non-executive directors may include any of the following provided that any such compensation arrangements comply with all applicable laws and stock exchange rules:
  - i) shares, options or any other equity-based component; or
  - ii) any bonus or performance-related payments; or
  - iii) any retirement benefits other than statutory superannuation;
- b) where necessary recommend that the Board seek an increase in the amount of remuneration for non-executive directors approved by shareholders;
- c) review the remuneration of non-executive directors on an annual basis; and
- d) the Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

### **3.6 Disclosure**

In order to maintain remuneration transparency, both the levels and process of setting the remuneration for directors, the chief executive officer, chief financial officer and chief operating officer are to be fully and fairly reported to the extent considered desirable by the Board and consistently with any mandatory regulatory requirements.

### **3.7 Approvals**

Before implementing any of the following proposals the Board will ask the Committee to review the proposal and make a recommendation to the Board in relation to:

- a) any change to the remuneration or contract terms of the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer;
- b) the design of any new equity plan or executive cash-based incentive plan, or the amendment of any existing equity plan or executive cash-based incentive plan;
- c) the total level of award proposed from equity plans or executive cash-base incentive plans; and
- d) any termination payment to the chief executive officer, any other executive director, the company secretary or any senior executive reporting directly to the chief executive officer. A termination payment to any other departing executive must be reported to the Committee at its next meeting.

## **4 DUTIES AND RESPONSIBILITIES – NOMINATION MATTERS**

### **4.1 Current Board**

#### **4.1.1 Skill Requirements**

The Committee will periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the skills represented on the Board by the non-executive directors and determine whether those skills meet the required skills as identified.

#### **4.1.2 Skill Enhancement**

The Committee will make recommendations to the chairman of the Board on means by which skill levels of existing non-executive directors can be enhanced.

### **4.2 New Candidates**

#### **4.2.1 Candidate Identification**

Having regard to the skills required and the skills represented, the Committee will implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.

The Committee will make recommendations to the Board on candidates it considers appropriate for appointment.

The Board will, taking into consideration the Committee's recommendations, make the final determination on the criteria to be adopted for selection of candidates, and on whether it will support the appointment of such candidates to the Board.

#### **4.2.2 Re-Nomination of Retiring Non-Executive Directors**

The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and may make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

In order to make these recommendations; the Committee will review the retiring non-executive director's performance during the period in which the non-executive director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

A member of the Committee will not participate in the review of his or her own performance.

#### **4.3 Appointment of Directors**

Once the Board, after reviewing the recommendations provided by the Committee, has decided to appoint a new candidate to non-executive director, the Company will provide the letter of appointment and relevant documents to the new non-executive director.

#### **4.4 Induction Procedure**

There are many issues, procedures and policies that a new non-executive director of the Company will need to be aware of and understand. Therefore, it is important for the Company to have an induction procedure. To assist a new non-executive director in his or her induction, the Company will follow the "New directors and executives - induction procedure" set out in **Annexure 2**.

#### **4.5 Disclosure**

In order to maintain transparency the role of the Committee is to be fully and fairly reported. Consistent with the disclosure policy the Committee will ensure that any notice of meeting containing a resolution for the election of a director is appropriately framed and includes information that investors might reasonably need in order to make an informed decision about the relevant candidates.

### **5 EVALUATION PROCESS**

A performance evaluation process applies to:

- a) the Board;
- b) board committees; and
- c) individual directors

The objective of this process is to add value to the contribution made by each director and the Board, rather than to merely implement a checklist approach.

### **6 REVIEW**

The chairman of the Board will, in consultation with the Committee, conduct an annual review of the Charter to ensure that the Charter continues to reflect the current processes and guidance utilised when assessing the appropriate remuneration/nominations of the directors and the senior executives. The Board will need to approve any amendments to the Charter that stem from the review.

## ANNEXURE 1

### The Remuneration and Nomination Committee –

#### Description of Evaluation Process

#### 1. Key elements

The key elements of a performance evaluation process are:

- a) assessment must be independent of management – the process needs to be objective and appear to be objective;
- b) the process must be designed to encourage open and constructive discussion in relation to performance;
- c) the Committee should establish clear process goals and ensure that all directors have had input into what these goals should be;
- d) confidentiality of each individual performance assessment should be maintained;
- e) full disclosure of the assessment process and overall performance results is essential to achieve both board credibility and shareholders' understanding;
- f) issues which have been identified during the performance evaluations should be discussed in the appropriate forum and followed up regularly between reviews; and
- g) in order to assess the true performance of the Corporation, the performance of each individual director, as well as how the Board and its committees operate as a group, need to be evaluated.

#### 2. Establishing the evaluation process

##### 2.1 Selecting method of performance evaluation

The Nomination and Remuneration Committee should recommend the appropriate method of performance evaluation for executives (in conjunction with Human Resources), individual directors, board committees and the Board as a whole. It is up to the Board to decide if it accepts the recommendation or if it requires the method to be changed.

The Board will then either conduct the evaluation process or delegate this task to the Remuneration and Nomination Committee. In any event, the results of the evaluations should be processed by an independent expert or the Nomination and Remuneration Committee and communicated to the Board.

The performance of the chief executive officer, chief financial officer and chief operating officer will be reviewed annually by the chairman of the Board. The chairman should consult with the Remuneration and Nomination Committee regarding appropriate processes and evaluation criteria for such review.

##### 2.2 Establishing evaluation criteria

The Remuneration and Nomination Committee should also recommend the criteria to be used in conducting the assessments. These criteria will be different for directors, committees and the Board. The Board can choose to accept the criteria recommended or adopt other criteria. The suggested review process and criteria for each type of review is provided in the sections below.

Performance criteria chosen by the Committee should have the following characteristics:

- a) they should allow comparison with industry peers where appropriate;

- b) they should be approved by the Board;
- c) performance criteria should not be changed from year to year unless circumstances require and, if they do, board approval must be given to any such changes;
- d) performance evaluation should consider the Corporation's share price performance over a set period (a suggested period is five years) compared to the benchmark index of its industry peers; and
- e) where appropriate, other performance criteria that may be used include return on assets, return on equity, return on investment, economic value added and profitability on capital employed.

### 3. Review of Remuneration and Nomination Committee

#### 3.1 Steps in review process

An annual review of the committee should be conducted by the Board within 10 months after the end of each financial year.

#### 3.2 Suggested evaluation criteria for committees

Some possible evaluation criteria which may be adopted are:

- a) **Committee role:** appropriateness of balance and mix of skills, size of committee, contribution of individual committee members, adequacy on performance feedback to committee members, adequacy of procedures dealing with inadequate performance by committee member.
- b) **Committee membership:** the balance and mix of skills and member contribution.
- c) **Procedure and practice:** use of committee time, adequacy of committee papers and frequency of meetings, ability to access resources, ability to keep informed in relevant area, provision for continued development.
- d) **Committee structure:** sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.
- e) **Collaboration and style:** working relationship between chairman and chief executive officer, segregation of duties between committee and management, ability of directors to express views on each other and to management in constructive manner, adequacy of committee discussions.
- f) **Personal:** individual members of the Committee have an opportunity to comment on their feelings about their own contribution to the Committee, any concerns they may have about the Committee including the member's ability to canvass issues with the Committee.

A variation of the above should be developed for the review of the Nomination and Remuneration Committee's performance.

## ANNEXURE 2

### New Directors and Executives – Induction Procedure

This document sets out a procedure which can be used for the induction of new non-executive directors of the Corporation.

**Step 1: Assessment**

Assessment of skill and expertise of new director or executive.

Assess the current level of knowledge and experience of the new director. This may involve a short questionnaire about previous experience and understanding of relevant issues, such as financial concepts and directors' duties (see performance evaluation process documents).

**Step 2: Induction pack**

Provide the director with an induction pack. The induction pack will include the following:

*Corporation*

- the Corporation's articles; and
- the Corporation's organisational structure diagram.

*The Board*

- Board procedures;
- copies of Board and committee charters, including the Securities Trading Policy and Continuous Disclosure Policy;
- annual financial reports for the last two years (if available);
- recent management accounts and management reports;
- the operating plan for the current year including the budget and strategic plan for the next three to five years;
- copies of Board minutes and minutes of any committees in which the director will participate;
- a copy of the last Board meeting package;
- copies of internal audit reports and the last two auditors' management letters;
- the Corporation's Prospectus dated 25 June 2007;
- the details of Corporation's major risks and risk management strategy; and
- a brief description of each of the Board members and senior executives.

*The Business*

- information about the gold industry;
- details about the Corporation's main suppliers;
- details about the Corporation's major shareholders and the investor relations policy;
- details about the regulatory regime in which the Corporation operates (for example, key aspects of the regulatory requirements applying to the resources industry); and
- details about the Corporation's main assets and significant contracts.

Some of the information above could either be provided later or a list of the material can be provided to the director allowing the director to call upon the information when required. Much of the above material can also be covered in the management presentations. Some of the material ought to be returned when no longer needed, such as past minutes.

**Step 3: Management presentations**

Senior management will give presentations to the director and include opportunities for questions to be asked. They will include at least the following:

- Chief Executive Officer;
- Chief Financial Officer;
- Chief Operating Officer; and
- Company Secretary.

**Step 4: Site visits**

Give the director a tour of the main operating sites of the Corporation.

**Step 5: Ongoing access to information**

Ensure that the new director or executive is made aware of who he or she can contact for further information and what information is available. Such further information may include:

- media reports about the Corporation;
- details of the Corporation's advisers;
- details of the Corporation's main insurance policies;
- a (brief) history of the Corporation; and
- notices of general meetings for the last three years and accompanying documents.

**Step 6: Further training**

Identify need for and arrange any specific further training which may be required.