



**MASTER DRILLING**

**Master Drilling Group Limited**

# **Remuneration Committee Charter 2019**

## REMUNERATION COMMITTEE CHARTER

### MASTER DRILLING GROUP LIMITED

Reviewed March 2019

The role of the Remuneration committee ("Committee") will be to work on behalf of the Board of Directors ("the Board") and be responsible for its recommendations within these terms of reference.

The Board of directors of Master Drilling Group Limited ("Master Drilling" or the "Company") has delegated the following responsibilities to the Committee:

#### **1. REMUNERATION**

- 1.1 The Committee shall assist the Board with ensuring that Master Drilling and its subsidiaries ("the Group") remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long- term.
- 1.2 The Committee shall assist the board with formulating a remuneration policy that in accordance with the King IV Report on Corporate Governance for South Africa 2016 ("King IV"):
  - 1.2.1 Articulates and gives effect to the board's direction on fair, responsible and transparent remuneration;
  - 1.2.2 Is designed to:
    - 1.2.2.1 Attract, motivate, reward and retain human capital;
    - 1.2.2.2 Promote the achievement of strategic objectives within the organization's risk appetite;
    - 1.2.2.3 Promote positive outcomes; and
    - 1.2.2.4 To promote an ethical culture and responsible corporate citizenship.
- 1.3 Addresses organizational-wide remuneration and includes provision for the following specifically:
  - 1.3.1 Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organization;
  - 1.3.2 The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organization operates; and/or all the resources that the organization uses or affects;
  - 1.3.3 The voting by shareholders on the remuneration policy, implementation report, and the measures to be taken should either the policy, the report or both be voted against by 25% or more of the votes exercised;
  - 1.3.4 All elements of remuneration that are offered in the organization and the mix of these should be set out in the remuneration policy.
- 1.4 The Committee will co-ordinate its activities with the chairperson of the Board and the chief executive of the Company as well as consult with them in formulating the remuneration policy and when determining specific remuneration packages.
- 1.5 The Committee shall oversee that the implementation and execution of the remuneration policy achieves the objectives of the remuneration policy.

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- 1.6 The Committee shall determine specific remuneration packages for executive directors of the Company including but not limited to basic salary, benefits in kind, any annual bonuses, performance base incentives, share incentives, pension and other benefits.
- 1.7 The Committee will aim to position senior executive pay levels relative to local and international industry benchmarks such that they are sufficient to attract, retain and motivate executives of the quality required by the Board. In determining the specific remuneration packages for executive directors and senior managers, the Committee will have due regard to the remuneration policy and local and international industry benchmarks.
- 1.8 The Committee shall determine any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities.
- 1.9 The Committee will aim to provide the executive directors and senior management every encouragement to enhance the Company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.
- 1.10 The Committee will review (at least annually) the terms and conditions of remuneration packages for executive directors and senior management.
- 1.11 The Committee will determine any grants to executive directors and other senior employees made pursuant to any share incentive scheme adopted by the Company.
- 1.12 The Chief Executive Officer will keep the Committee informed of relevant information in respect of other group executives and senior managers whose remuneration packages are not determined by the Committee.
- 1.13 The Company secretary will keep the Committee informed of all share transactions and shareholdings of all directors of the Company.
- 1.14 The Committee will be responsible for making recommendations to the Board on the fee structure and all fees payable by the Company to non-executive directors for membership of both the Board and any board committee as well as fees to the chairperson of the Board and chairperson of the board committees including fees for additional extraordinary work performed. No member of the Committee shall participate in the decision making of the Board in respect of his/her own remuneration.
- 1.15 In order to achieve and maintain fair, responsible and acceptable levels of remuneration, the Committee should, inter alia, give consideration to the following:
  - 1.15.1 the fees payable to non-executive directors of comparable listed companies, established, if considered necessary by the Committee, by reference to independent surveys and consultants;
  - 1.15.2 the general level of hourly/daily rates of fees earned by directors in their professional capacities;
  - 1.15.3 the hours spent in travel and preparation for meetings, as well as actual attendances; and

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- 1.15.4 a fair and reasonable allowance for indirect costs pertinent to the role of directors.
- 1.16 To the extent required by the Company's Memorandum of Incorporation and any relevant legislation and/or regulations, the Board shall be responsible for making recommendations on such fees to the members of the Company in annual general meeting.
- 1.17 The Committee shall review the fees payable to non-executive directors on a regular basis and at least annually.
- 1.18 The Committee shall determine the frequency of payment of the fees.
- 1.19 The Committee shall develop performance criteria for non-executive directors and board committees.
- 1.20 The Committee shall review and recommend to the Board for approval the Company secretary remuneration.
- 1.21 The Committee shall consider the results of the evaluation of the CEO and other executives in determining remuneration and confirming there is alignment between individual performances and rewards.

## 2. REPORTING

- 2.1 The chairperson of the Committee shall report to the Board on a regular basis on matters dealt with by the Committee.
- 2.2 The Committee shall ensure that its annual report and the annual remuneration report substantially comply with the recommended practices set out in Principle 14 of King IV which includes:
  - 2.2.1 A background statement, which should briefly provide context for remuneration considerations and decisions, with reference to:
    - 2.2.1.1 Internal and external factors that influenced remuneration;
    - 2.2.1.2 The most recent results of voting on the remuneration policy and the implementation report measures taken in response thereto;
    - 2.2.1.3 Key areas of focus and key decisions taken by the remuneration committee during the reporting period, including any substantial changes to the remuneration policy;
    - 2.2.1.4 Whether remuneration consultants have been used, and whether the committee is satisfied that they were independent and objective;
    - 2.2.1.5 The views of the committee on whether the remuneration policy achieved its stated objectives; and
    - 2.2.1.6 Future areas of focus.
  - 2.2.2 An overview of the main provisions of the remuneration policy (refer to point 1.3);
  - 2.2.3 An implementation report which contains details of all remuneration awarded to individual members of the governing body and executive management during the reporting period.

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- 2.3 The Committee will liaise with the Board in relation to the preparation of the annual remuneration report to stakeholders as required and will ensure that the remuneration policy and implementation report is put to a non-binding advisory vote at annual general meetings of shareholders.
- 2.4 The chairperson of the Committee or a member shall attend the annual general meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors.
- 2.5 The following should be disclosed in relation to each committee of the governing body:
- 2.5.1 Its overall role and associated responsibilities and functions;
  - 2.5.2 Its composition, including each member's qualifications and experience;
  - 2.5.3 Any external advisors or invitees who regularly attend committee meetings;
  - 2.5.4 Key areas of focus during the reporting period;
  - 2.5.5 The number of meetings held during the reporting period and attendance at those meetings;
  - 2.5.6 Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference during the reporting period.

### 3. VOTING ON REMUNERATION

- 3.1 In terms of the Companies Act, fees for non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payments.
- 3.2 The remuneration policy and implementation report should be tabled every year for separate non-binding advisory votes by shareholders at the Annual General Meeting.

### 4. MEMBERSHIP

- 4.1 The Committee shall consist of not less than three directors appointed by the Board, all of whom shall be non-executive directors, with the majority being independent non-executive directors.
- 4.2 In appointing the members of the Committee, the Board will nominate the chairperson of the Committee, who must be an independent non-executive, and determine the period for which he/she shall hold office.
- 4.3 The chairperson of the Board may be a member of the Committee but shall not be eligible to be appointed as chairperson of the Committee.
- 4.4 The chairperson of the Committee will be responsible for the convening of the Committee and the transmission of recommendations to the Board.
- 4.5 The Group company secretary will be responsible for record keeping.
- 4.6 The CEO should not be a member of the Committee.

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### 5. MEETINGS

- 5.1 Meetings of the Committee should be held as the Committee deems to be appropriate but will take place at a minimum quarterly per financial year. Meetings may be called by the chairperson of the Committee or any member of the Committee.
- 5.2 The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed must other than under exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.
- 5.3 A quorum for decisions of the Committee shall be a simple majority of the Committee members present, (one of whom must be independent) who shall vote on any matter for decision.
- 5.4 The Company shall normally invite the chairperson of the Board (if not a member of the Committee) and the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and senior management and make proposals as necessary.
- 5.5 Minutes of meetings shall be taken by the Group Company Secretary.
- 5.6 The Company Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflict of interest exists, the director subject to the conflict shall not participate or vote on the issue giving rise to the conflict.
- 5.7 Save as required by the consideration of fees payable to non-executive directors, no Committee attendee shall participate in any discussion or decision on their own remuneration.
- 5.8 Minutes of meetings shall be taken by the Group Company Secretary. Information and minutes of any previous meetings of the Committee must be distributed to Committee members within a reasonable time prior to the next meeting of the Committee.
- 5.9 All minutes of meetings of the Committee must be reviewed by the Committee chairman prior to their distribution to the Committee members for review and approval.
- 5.10 Any director may, provided that there is no conflict of interest and with the consent of the chairperson of the Committee, obtain copies of the Committee's minutes.
- 5.11 Every member of the Board is entitled to attend any Committee meeting as an observer. However, unless that Board member is also a member of the Committee, the Board member is not entitled to participate without the consent of the Committee chairman; does not have a vote; and is not entitled to fees for such attendance, unless the shareholders of the Company have approved such fees.

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- 5.12 The members of the committee and invitees, if any, may participate in any meeting of the committee through the use of a conference telephone, video conference or other communication equipment by means of which all person participating in the meeting can hear each other at approximately the same time, provided that only members of the Committee shall be entitled to vote at such meetings. Such participation by members constitutes attendance and presence in person at the meeting and a member who so participates will form part of the quorum necessary for the transaction of the business meeting.

### **6. REIMBURSEMENT OF EXPENSES**

- 6.1 Directors should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred in performance of their obligation as a director e.g. accommodation and travelling expenses.

### **7. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

- 7.1 The Committee should satisfy itself that subject to the reasonable costs thereof, the Company has arranged for directors' and officers' liability insurance to be taken out and paid by the Company.

### **8. GENERAL**

- 8.1 The Committee, in carrying out its tasks under these terms of reference, may:
- 8.1.1 Investigate any activities within its terms of reference;
  - 8.1.2 Seek outside legal or other independent professional advice at the cost of the company subject to the prior approval of the Chairman of the Board;
  - 8.1.3 Secure the input of outsiders with the relevant experience and expertise where necessary at Master Drilling's expense;
  - 8.1.4 Seek any information it requires from any employee, and all employees are directed to co-operate with any requests made by the Committee.
- 8.2 These terms of reference shall be reviewed annually and may be amended from time to time as required subject to the approval of the Board.
- 8.3 The Committee performs a self-evaluation of its effectiveness each alternate year and reports the results thereof to the Board.

### **9. REVIEW AND AMENDMENT**

- 9.1 This Charter shall be reviewed annually and may be amended from time to time as required, subject to the approval of the Board.

**This Charter was reviewed and approved by the Board of Directors in March 2019.**