



## POLICY AND PROCEDURE FOR SELECTION AND (RE)APPOINTMENT OF DIRECTORS

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**Chairman** Bernard R. Pryor **Chief Executive Officer** David H. Brown **Chief Financial Officer** Brenda Berlin

**Non-executive directors** Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Shangren Ding, An Chee Sin, Brian He Zhen

## **MC MINING LIMITED ("COMPANY")**

### **New Directors**

It is the Policy of the Board that in determining candidates for the Board, the following process shall occur.

1. The Nomination Committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.
2. A potential candidate is considered with reference to their skills and expertise in relation to other Board members.
3. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

### **Board Renewal**

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Re-appointment of directors is not automatic.

### **Size and Composition of the Board**

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company.

Reference is made to the Company's size and operations as they evolve from time to time.

### **Commitment to the Board**

Non-executive Directors shall provide to the Nomination Committee (or equivalent), prior to their appointment or re-election, details of other commitments and an indication of the time involved in carrying out those other commitments.

All directors should consider the number and nature of their directorships and calls on their time from other commitments.

## **Informing Shareholders**

Shareholders shall be informed of the names of candidates submitted for election as directors. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

1. biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
2. details of relationships between the candidate and the Company; and the candidate and directors of the Company;
3. directorships held;
4. particulars of other positions which involve significant time commitments;
5. the term of office currently served by any directors subject to re-election; and
6. any other particulars required by law.

### **1. Composition**

The Nomination and Remuneration Committee shall comprise a minimum of three members, the majority of which are independent. The Committee shall be chaired by an independent director.

From time to time, non-Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

### **2. Role**

The Nomination function of the Committee is to effectively examine the Director selection and appointment practices of the Company, although the Board retains ultimate responsibility for these practices.

The Remuneration function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- (a) remuneration packages of executive directors, non-executive directors and senior executives; and
- (b) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### **3. Operations**

The Committee shall meet at least once a year and otherwise as required. Minutes of all meetings of the Committee are to be kept and a report of actions taken to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

#### 4. Responsibilities

The Committee's Nomination Responsibilities are:

##### (a) Size and Composition of the Board

To ensure that the Board has the appropriate blend of directors with the necessary expertise and relevant industry experience, the Committee shall:

- (i) regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate changes;
- (ii) identify and assess necessary and desirable director competences and provide advice on the competency levels of directors with a view to enhancing the Board;
- (iii) make recommendations on the appointment and removal of directors;
- (iv) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election;
- (v) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement.

##### (b) Selection Process of new Directors

The Committee shall review the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors*. Such procedure should be transparent to promote investor understanding and confidence in the process.

The Committee is empowered to engage external consultants in its search for a new director.

The initial appointment of a new Director is made by the Board. The new Director will be required to stand for election at the Company's next general meeting.

##### (c) Performance Appraisal Competency

The Committee shall:

- (i) develop a process for evaluation of the performance of the Board, Board committees (if any); and when deemed appropriate by the

Chair, individual Board members in accordance with the Company's Process for Performance Evaluation;

- (ii) implement ways of enhancing the competency levels of directors;
  - (iii) consider and articulate the time required by Board members in discharging their duties efficiently;
  - (iv) undertake continual assessment of directors as to whether they have devoted sufficient time in fulfilling their duties as directors;
  - (v) develop a process for and carry out an evaluation of the performance of the Chief Executive Officer in accordance with the Company's Process for Performance Evaluation;
  - (vi) review and implement the Company's *Induction Program*;
  - (vii) ensure new directors participate in the *Induction Program*; and
  - (viii) provide all directors with access to ongoing education relevant to their position in the Company.
- (d) Succession Plans

The Committee shall review the Board's succession plans. Succession plans are to assist in maintaining the appropriate balance of skills, experience and expertise on the Board.

The Committee's Remuneration responsibilities include a review of and recommendation to the Board on:

- (a) the Company's *Remuneration Policy* and framework;
- (b) senior executives' (being EXCO) remuneration and incentives; and
- (c) superannuation arrangements.

### **Executive Remuneration**

In considering the Company's *Remuneration Policy* and levels of remuneration for executives, the Committee makes recommendations which:

- (a) motivates executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- (b) demonstrates a clear correlation between senior executives' performance and remuneration;
- (c) aligns the interests of key leadership with the long-term interests of the Company's shareholder; and

- (d) prohibits executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

To the extent that the Company adopts a different remuneration structure for its executive directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

### **Non-Executive Remuneration**

In considering the Company's *Remuneration Policy* and levels of remuneration for non-executive directors, the Committee is to ensure that:

- (e) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- (f) non-executive directors are remunerated by way of fees (in the form of cash and superannuation benefits);
- (g) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- (h) non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

To the extent that the Company adopts a different remuneration structure for its non-executive directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

### **Incentive Plans and Benefits Programs**

The Committee is to:

- (i) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;
- (j) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and

- (k) continually review and if necessary improve any existing benefit programs established for employees.

## **5. Authority and Resources**

The Company is to provide the Committee with sufficient resources to undertake its duties

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

The Committee has the authority, as it deems necessary or appropriate, to access advice from external consultants or specialists.