

Board Membership Profiles & Fees

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Introduction

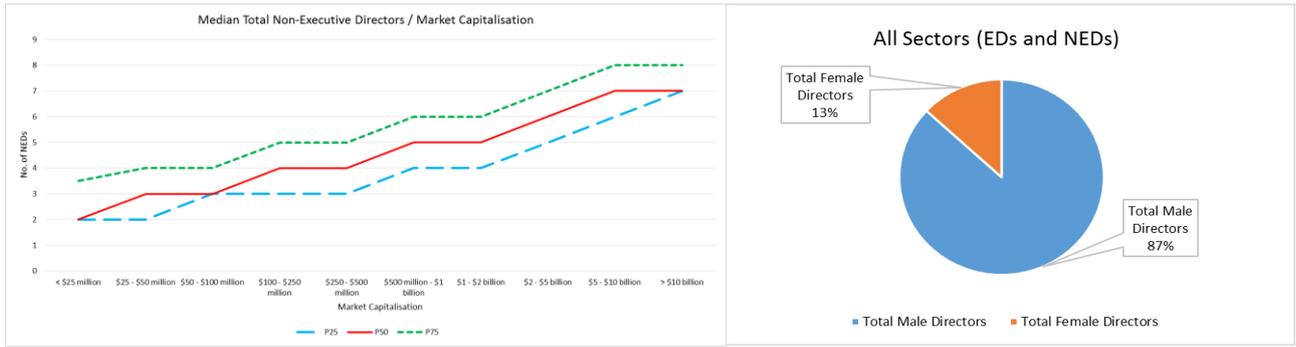
This GRG Remuneration Insight presents information on market practice in relation to the composition of boards between executive directors (EDs) and non-executive directors (NEDs), as well as the mix of male and female directors. It also discusses NED fee levels and aggregate fees limits (fee caps) and their relationship to the number of NEDs on boards.

Number of NEDs

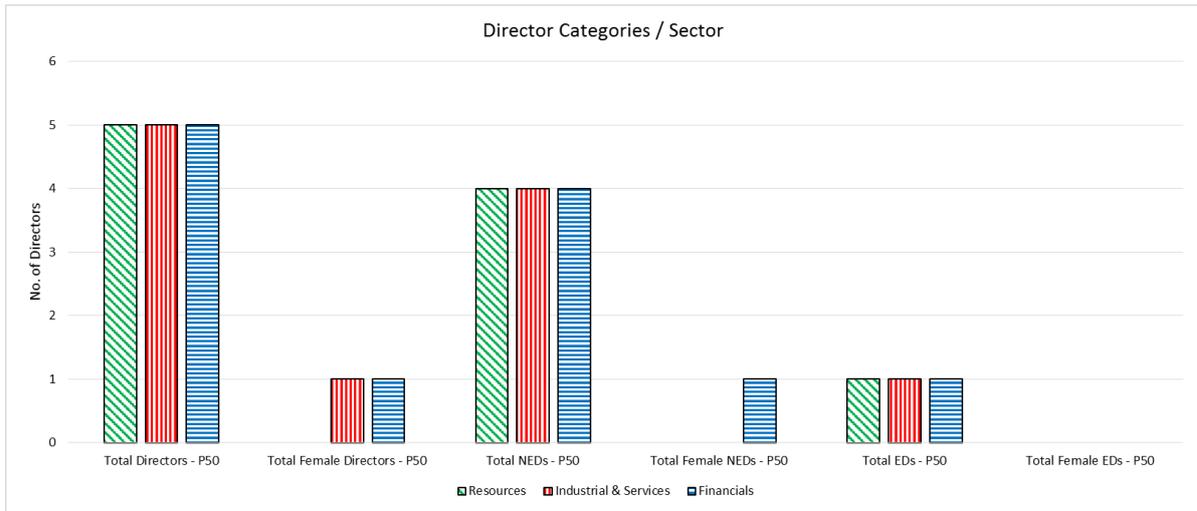
The chart in the Appendix to this GRG Remuneration Insight shows the P50 (50th percentile) number of directors for companies categorised by size in terms of market capitalisation.

The following may be observed from the chart:

1. The total number of directors tends to increase from a P50 of 4 at market capitalisation of less than \$25 million to a P50 of 9 for companies with market capitalisations of more than \$10 billion, including EDs and NEDs.
2. The range in the number of directors is narrow with the P25 typically being one less than the P50 and the P75 being one more than the P50. Also see the following line chart.
3. Boards are dominated by NEDs with one ED (the Managing Director) being the most common practice but two EDs occurring in a minority of cases. This dominance of NEDs is seen as good corporate governance provided that they are mainly independent NEDs. In this regard it should also be noted that the executive roles filled by EDs other than the Managing Director, varies considerably depending upon the nature of the company's business. Examples include: Medical Director, Exploration Director, Operations Director and Finance Director.
4. Females rarely fill ED roles as indicated by the P25, P50 and P75 of the number of EDs that are female by market capitalisation, being nil at all market capitalisation ranges. Also see pie chart below.
5. Females are starting to show reasonable representation among NED roles, although they remain a minority category. GRG's experience indicates that boards are taking a pro-active approach to improving female representation by giving preference to suitably qualified female candidates.

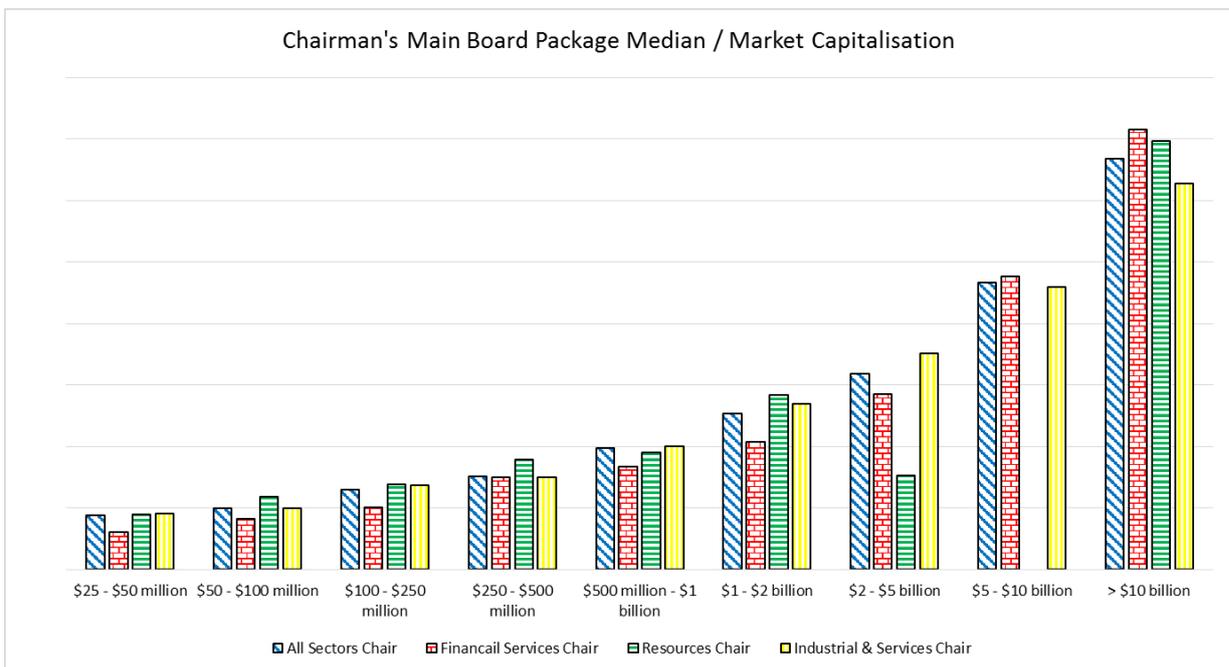


The following bar graph shows that industry sector has little, if any, effect on the number of directors.



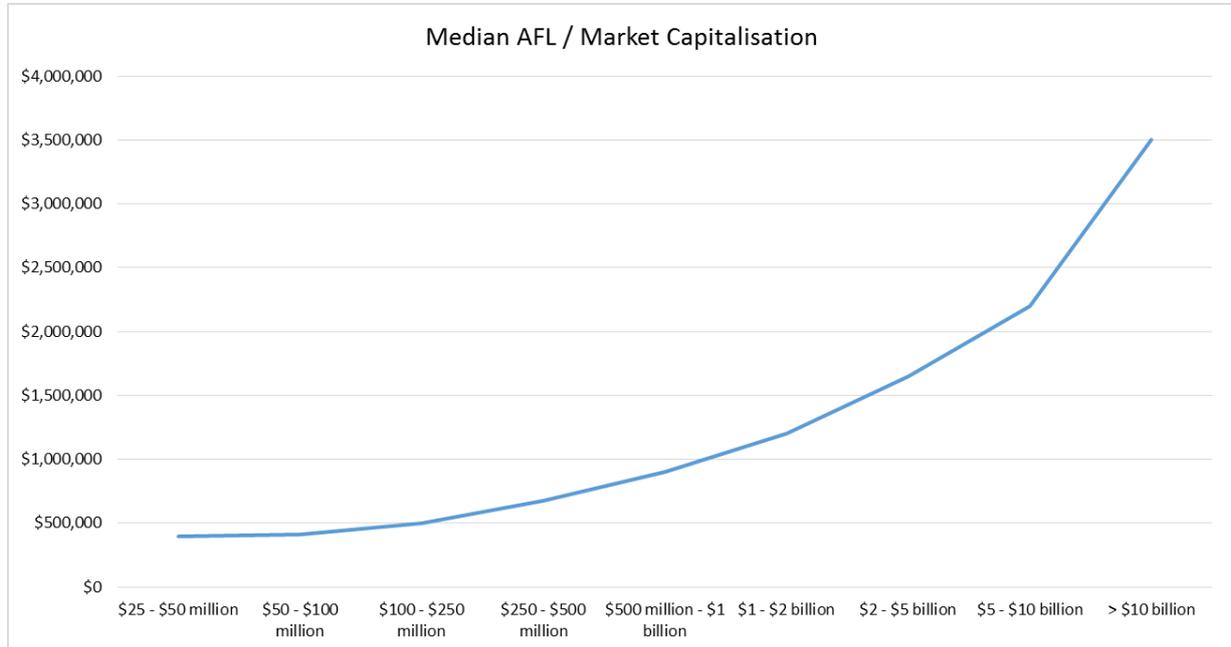
Board Fees

The following charts show the P50 levels of Main Board Packages (MBPs) which are the totals of board and committee fees, superannuation contributions, equity grants and other benefits, if any. These charts clearly show that the amount of fees payable to Board Chairs and NEDs increase as company size increases.



Aggregate Fees Limit (Fees Cap)

The following line chart shows that aggregated fee limits (AFLs) increase as company size increases. AFLs are the maximum amounts of fees approved by shareholders that may be paid to NEDs each year. The need for larger companies to have higher AFLs is driven by larger companies having more NEDs on their boards. The amount of fees payable to Board Chairs and NEDs increase as company size increases.



Appendix - Number of Directors

