



## REMUNERATION POLICY

## **PREAMBLE**

Ausgold Limited and its subsidiaries (“Ausgold”) is committed to ensuring that there is a clear relationship between performance and remuneration and that Ausgold's remuneration practices enable Ausgold to:

- attract and retain the most qualified and experienced candidates;
- motivate employees to perform in the best interests of Ausgold and its stakeholders;
- appropriately compensate employees for the services they provide to Ausgold;
- provide an appropriate level of transparency to ensure the policy underlying executive remuneration is understood by investors; and
- ensure a level of equity and consistency across Ausgold.

The structure of non-executive director and senior executive remuneration is separate and distinct.

## **REMUNERATION & NOMINATION COMMITTEE**

Ausgold has established a Remuneration and Nomination Committee which operates under a charter approved by the Board (which is available in the corporate governance section of Ausgold's website). The Remuneration and Nomination Committee is, among other things, responsible for determining, reviewing, making recommendations to and providing information to the Board on Ausgold's:

- remuneration, recruitment, retention and termination policies and procedures for senior executives;
- remuneration and incentives for senior executives;
- superannuation arrangements;
- remuneration framework for directors; and
- remuneration by gender.

The Remuneration and Nomination Committee must have at least two members and comprise at least one independent director acting as Chairman, and may seek input from senior executives and other individuals on remuneration policies but no person will be directly involved in deciding their own remuneration. The names of the members of the Remuneration and Nomination Committee and their attendance at Remuneration and Nomination Committee meetings is included in the corporate governance statement in Ausgold's annual reports.

## **REMUNERATION OF SENIOR EXECUTIVES**

The policy of the Board is to pay base salaries which are competitive with those paid to senior executives in organisations of similar size in similar market sectors in order to motivate senior executives to pursue the long-term growth and success of Ausgold. Senior executives are given formal job descriptions and a letter of appointment describing their term of office, duties, rights and responsibilities as well as any termination entitlements.

Remuneration packages for senior executives are reviewed and determined with regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of Ausgold. Remuneration packages may comprise a

fixed cash component, statutory superannuation contributions, fringe benefits, an annual merit-based performance bonus for achievement of performance criteria set by the Remuneration and Nomination Committee and, where applicable, equity-based remuneration in the form of employee options.

It is Board policy that the Remuneration and Nomination Committee sets specific criteria and key objectives for each senior executive, and measures performance against these targets by gauging Ausgold's performance and improvement in return to shareholders, to determine the award of annual merit-based performance bonuses to senior executives. Share options may be offered to senior executives and employees at the discretion of the Board, having regard to, among other things, the length of service with Ausgold, the past and potential contribution of the person to Ausgold and, in some cases, performance.

### **REMUNERATION OF EXECUTIVE DIRECTORS**

The policy of the Board is to remunerate executive directors by way of fixed and incentive pay, reflecting short and long term performance objectives appropriate to Ausgold's circumstances and goals. Like senior executives, executive directors may receive a fixed base salary, fringe benefits and if warranted, performance bonuses. Executive directors are given formal job descriptions and a letter of appointment describing their term of office, duties, rights and responsibilities as well as any termination entitlements. Executive directors do not receive any retirement benefits other than superannuation. Performance related bonuses will be awarded on achievement of agreed performance criteria that are approved by the Remuneration and Nomination Committee.

### **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Board seeks to set the aggregate remuneration of non-executive directors in accordance with market rates for comparable companies for time, commitment and responsibilities and at a level which provides Ausgold with the ability to attract and retain non-executive directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The aggregate remuneration paid to non-executive directors is approved by shareholders in accordance with the requirements of the *Corporations Act 2001* (Cth). Non-executive directors appointed to the Board are to be provided with a formal letter of appointment setting out the key terms and conditions of their appointment.

Each non-executive director receives a fee in the form of cash and may receive superannuation benefits (but no other retirement benefits or bonuses). Non-executive directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The Board reviews non-executive director remuneration annually and may seek independent external advice, when required. No non-executive director's fees are linked to the performance of Ausgold.

### **TERMINATION**

Termination payments for senior executives and directors are based on specific contractual arrangements. The basis for determining entitlements in the event of termination is consistent with the contractual obligations set out in those documents, which in turn align with market norms and

practice. There will be no payment upon removal for misconduct, other than statutory requirements.

#### **EMPLOYEE OPTION PLAN**

The Board believes that the granting of share incentives encourages a broad alignment of the interests of the executive directors and senior executives with the earnings and asset growth of Ausgold to the mutual benefit of both shareholders and executive directors and senior executives.

Employee options may be offered to eligible employees under the terms of the shareholder approved employee option plan as a long-term component of remuneration provided to employees and occasionally, executive directors, on an ad hoc basis. Options awarded through the plan have an exercise price established on the basis of the market price at the time of approval, a three year vesting period and either time-based or performance hurdles. Values disclosed for options awarded are determined by using the Black-Scholes formula. The total number of options that can be on issue at any time is limited to 5% of total number of shares on issue.

The employee option plan should be renewed at least every three years and approved or ratified (as appropriate) by shareholders so that the plan remains exempt from ASX Listing Rule 7.1.

#### **DISCLOSURE OF REMUNERATION**

Total remuneration reported will include appropriate values for all elements of remuneration, incorporating fixed remuneration, performance-based remuneration comprising payments made or value provided for at risk components, superannuation and value for benefits provided and equity-based components of remuneration. Other than disclosure in the corporate governance statement in annual reports, annual information forms and proxy circulars or disclosure required by law or regulatory and compliance requirements, remuneration information is confidential as between Ausgold and the employee, pursuant to a mutual obligation and expectation to maintain confidentiality of remuneration data. Remuneration and performance data may be used for internal benchmarking, performance management and general review and analysis of Ausgold.

#### **ORIENTATION**

Although Ausgold does not provide a formal orientation or education program, all new directors and senior executives are provided with an orientation package which includes reports on operations and results, Ausgold's policies, Code of Conduct and public disclosure filings by Ausgold. Board meetings are often combined with presentations by Ausgold's management and employees to give additional insight into Ausgold's business. Management is also available for discussion with all new directors and senior executives.

#### **AMENDMENT OF THIS POLICY**

This policy has been adopted by the Board. Any amendment to this policy can only be approved by the Board.

## **REVIEW OF THIS POLICY**

The Board has the responsibility of reviewing this policy on an annual basis to ensure compliance with the law and determine the extent to which the ASX Corporate Governance Council's Principles and Recommendations ("ASX Principles") have been met.

## **DISCLOSURE**

Ausgold's annual report must include, or clearly cross reference, the following information:

- an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4 of the ASX Principles;
- the names of the members of the remuneration committee and their attendance at meetings of that committee; and
- the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors.

A copy of this policy should be made available on Ausgold's website and is to be made available to shareholders of Ausgold upon request.