



# Remuneration & human resources committee

> Boetie van Zyl

The Group's remuneration philosophy and human capital framework is aligned with its business strategy to attract, retain, motivate and reward directors, senior executives and staff by the payment of fair, competitive and appropriately structured remuneration and through effective employment policies and practices. The remuneration & human resources committee (committee) met three times during the year to monitor the achievement of these objectives.

## Membership

The committee comprises the chairman, at least two other independent non-executive directors and the group chief executive. The group financial director and group human capital executive attend all meetings in an *ex officio* capacity. JJM van Zyl served as chairman and other members of the committee are RC Andersen, BC Bruce, Dr NM Magau, SJ Macozoma and AA Routledge.

## Terms of reference

The terms of reference of the committee are reviewed annually. These were reviewed and approved by the Board on 22 June 2004, 25 August 2004 and 13 April 2005.

The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts employment policies, human capital development and employment equity, as well as succession planning in respect of executive directors and senior executives. The committee is also responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors, including the group chief executive, all managing directors of the Group's operating entities and senior executives. In addition, the functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed.

An independent advisor has been appointed to offer independent review of the Group's remuneration policies and practices. He attends all meetings of the committee.

## Director remuneration

The Group employs the services of an independent consultant to advise on the profiling and appropriate remuneration levels of executive directors and senior executives.

The remuneration packages of executive directors and senior executives include performance-related remuneration, which is determined in terms of incentive schemes operated at group and operating entity level. These schemes have been designed and implemented with assistance from the independent remuneration consultants, to competitively reward those directors and executives

who have contributed to the Group's sustainable earnings growth and value creation. The remuneration of executive directors for the year ended 30 June 2005 is set out in note 33 to the consolidated financial statements.

Non-executive directors receive a fee for their contribution to the Board and board committees of which they are members. The level of fees for service as directors, additional fees for service on board committees and the chairman's fee are reviewed annually. The committee recommends fee structures to the Board following research on trends in, and levels of, directors' remuneration for ultimate approval by shareholders.

Remuneration details of non-executive directors for the year ended 30 June 2005 are set out in note 33 to the consolidated statements.

## Service contracts

Directors do not have fixed-term contracts and executive directors are subject to notice periods of between one and twelve months. Normal retirement of executive directors is at age 63, while non-executive directors are required to retire at age 70, unless decided otherwise by the Board at its sole discretion.

## Retirement and other benefit funds

The retirement funds operated by the Group in South Africa are registered as pension or provident funds and are accordingly governed by the Pension Funds Act 24 of 1956. In South Africa, the Group operated four privately administered defined contribution retirement plans: Murray & Roberts Retirement Fund, Investment Solutions Pension Fund, Murray & Roberts Provident Fund and the Cementation Company Provident Fund.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. The funds vest in the members who on exit, are entitled to the funds which have accrued to them. Further details on retirement and other benefit funds are provided in note 32 to the consolidated financial statements.

The Group has submitted a nil surplus scheme to the Financial Services Board in terms of the primary group retirement fund, the Murray & Roberts Retirement Fund. The Group is finalising the remainder of the investigations into the impact of this legislation and indications are that it will not have any negative or significant financial impact on the Group.

**Boetie van Zyl**

Chairman