

# Remuneration & human resources committee



**Boetie van Zyl**, *chairman*

The Group's remuneration philosophy 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. The remuneration & human resources committee met four times during the year to monitor the achievement of these objectives.

## Membership

The committee comprises the chairman and five other independent non-executive directors. The group chief executive, group financial director and group human capital executive attend meetings in an *ex officio* capacity. JJM van Zyl served as chairman of the committee during the year, RT Vice was appointed a member on 16 November 2005 and RC Andersen, SJ Macozoma, NM Magau and AA Routledge served as members.

## Terms of reference

The terms of reference of the committee were reviewed and approved by the Board on 19 April 2006.

The committee assists the Board by regularly submitting reports and recommendations regarding the Murray & Roberts remuneration framework and policies. The committee is responsible for considering and approving proposals regarding the remuneration, benefits, share options and related matters of executive directors of the Group, including the group chief executive, all managing directors of the Group's operating entities and senior corporate executives. The functions, role and mandate of the group chief executive are considered by the committee and his performance is assessed. Succession planning is also considered.

An independent advisor has been appointed to review the Group's remuneration policies and practices.

## Director and executive 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 and reviews the Group's remuneration policies and practices.

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 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 2006 is set out in note 46 to the consolidated financial statements.

Directors do not have fixed-term contracts, but 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.

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

Remuneration details of non-executive directors for the year ended 30 June 2006 are set out in note 46 to the consolidated statements and the background to a proposed fee increase is included on pages 53 and 54.

## Retirement and other benefit plans

A number of defined contribution retirement funds operate within the Group in South Africa. These are registered as pension or provident funds and are accordingly governed by the Pension Funds Act. Although these funds are privately administered, the majority of funds are incorporated in outsourced umbrella schemes.

The assets of the funds are independently controlled by boards of trustees which include representatives elected by the members. Further details on retirement and other benefit plans are provided in note 45 to the consolidated financial statements.

In terms of the Pension Fund Surplus Appointment regulations, the Registrar of Pension Funds has formally recorded a nil surplus scheme submission for both the Murray & Roberts Retirement Fund and Murray & Roberts Provident Fund.

**Boetie van Zyl**  
*Chairman*