



REMUNERATION POLICY AND IMPLEMENTATION REPORT 2017

PART I: REMUNERATION POLICY

The group's remuneration philosophy is based on the following principles:

- Aligning executive remuneration with company performance and shareholder interests;
- Setting remuneration standards which attract, retain and motivate a competent executive team;
- Linking individual pay with operational and company performance in relation to strategic objectives; and
- Evaluating compensation of executives including approval of salary, equity and incentive based awards.

In applying these principles to remuneration practices, management aims to be market competitive and ensures that good governance is observed in relation to all remuneration practices. In applying these principles the committee aims to be transparent and achieve fair and responsible remuneration for management.

No benchmark is currently used to determine remuneration. The remuneration committee determines the remuneration of executive directors and other senior executive managers. The basic "cost to company" package consists of a basic salary. These packages are linked to expertise and knowledge required in the position. Basic "cost to company" is fixed for a period of 12 months and is subject to an annual review. Executive directors' increases are proposed by the chairman of the board, but are subject to prior review by the remuneration committee and final approval of the board. There is no restraint of trade in place for either of the executive directors. Changes to the remuneration of independent non-executive directors are approved by shareholders.

Please refer to our website www.randgoldexp.co.za where the remuneration policy is stored for public access.

Executive directors' remuneration

Randgold's executive remuneration structure currently comprises only guaranteed remuneration. No variable recurring bonus arrangement is currently in place. There is no variable pay and directors are, due to company size and complexity and activities not rewarded for individual performance. As a result it is not deemed necessary to provide an illustration of the potential impact on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.

The remuneration paid to executive directors is disclosed on page 17 of the annual report.

Guaranteed remuneration

Executive directors, along with all employees, receive guaranteed packages. These guaranteed packages are reviewed annually in March. Salaries are set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance. The average salary increase for the executive directors for the 2017 financial year was 6.5%.

Variable remuneration

Not applicable

Executive service conditions

There are no fixed-term service conditions. There are no obligations in executive employment contracts which give rise to payments on termination of employment or office.

Non-executive directors' fees

Non-executive directors receive fees for serving on the board and board committees. No non-executive director has an employment contract with the company and no consulting fees were paid to directors during the year. The proposed fees for 2018 financial year, which are subject to approval by shareholders at the forthcoming AGM in May 2018, are included in the notice of AGM on page 94 of the annual report.

Remuneration governance

The remuneration committee operates under formal board-approved terms of reference. Their duties include but are not limited to the following:

Duties:

- To consider the remuneration policy and to set strategic objectives for remuneration management within the company's operations;
- To make all determinations and take any action that is reasonably appropriate or necessary in the course of establishing the compensation of the company's executives;
- To review and approve corporate goals and objectives relevant to the compensation of the chief executive officer, evaluate the performance of the chief executive officer in light of these goals and objectives, and set the compensation level of the chief executive officer based on this evaluation;
- To review, and make recommendations to the board where necessary, all new employment, consulting, retirement and severance agreements and arrangements proposed for the company's executives. The committee periodically evaluate existing agreements with the company's executives for continuing appropriateness;
- To determine specific remuneration packages for each executive director and executive officer of the company, including fringe benefits, and to review these annually; and
- To consider other matters relating to the remuneration of or terms of employment applicable to the executive directors and executive officers that may be referred to the committee by the board.

PART II: IMPLEMENTATION OF REMUNERATION POLICY

Director's remuneration

		Basic salary/fees		Bonus		Total	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
	Directors						
	Executive						
	M Steyn	2 406	2 259	–	–	2 406	2 259
	V Botha	1 398	1 312	–	–	1 398	1 312
	Non-executive						
	DC Kovarsky	471	442	–	–	471	442
	JH Scholes	294	276	–	–	294	276
	P Burton	294	276	–	–	294	276
		4 863	4 565	–	–	4 863	4 565

No payments were made during the reporting period on termination of employment or office.

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory votes in terms of the notice of annual general meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the annual general meeting, the board of directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections and will, where possible and prudent, given the objectives of the remuneration policy, take those objections into consideration when formulating any amendments to the company's remuneration policy.

The committee believes that they applied the remuneration policy effectively and complied with all requirements.