

Resources Leadership 2021

Board and Executive Remuneration Guide with key management insights for Australian (ASX) listed mining, oil and gas companies



ALTOPARTNERS

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Resources Leadership 2021

In March last year, we were facing the deepest recession in over a decade. In a matter of weeks markets bounced back into the most extraordinary bull market in history, supercharged by record central bank liquidity.

In last year's update, AltoPartners weighed the impact of monetary policy on the mining sector and its impact on remuneration levels. We considered three possible scenarios: inflation, deflation and a 'tight rope' between the two. Just over 12 months later, it is fair to say that we are still walking a tight rope. Inflationary pressure seems to be mounting for business and consumers, yet central banks remain convinced of its transitory nature. The lag in data means we will need to wait 6-12 months to get a clearer picture.

General wage growth remains muted. The Wage Price Index in Australia rose just 0.6 per cent in the last quarter and 1.5 per cent over the year. Anecdotally though, some sectors are experiencing acute talent shortages. With borders closed and immigration restricted, poaching and counter-offers are rife, and we should see this come through official statistics over the coming quarters.

Mining has not been immune from talent shortages and acceleration in wages. After the pandemic hit, the brief dip in commodity prices and quarantine restrictions saw many operations limited, suspended and some even put on care and maintenance. Most of these have now restarted, and we are experiencing a synchronized boom across mineral commodities.

While many industry pundits are following the 'post-GFC playbook', this boom is very different to that of a decade ago. In a recent 'Industry Pulse' survey of mining industry leaders, we noted the following trends:

Majors are restrained

The majors are enjoying the returns from projects built in the last boom. They are much less leveraged than a decade ago, but cautious of the surge in commodity prices. The majors are also using conservative commodity price forecasts for evaluating new greenfield projects and new acquisitions.

Exploration is booming

Minerals exploration is booming; meters drilled and dollars spent in the ground are at near record levels according to the [latest data](#) from the Australian Bureau of Statistics. Printed money and wild speculation has driven market capitalisation of some mineral explorers to extraordinary levels, well beyond the sensible price forecasts of any majors they are hoping to deal with. Meanwhile, the green energy thematic has left oil and gas explorers behind; many are now reinventing themselves around emerging applications of hydrogen.

Mid-tiers are hungry

Most mergers and acquisitions activity is coming from mid-tiers, hungry to replenish and grow their resources and reserves with late-stage exploration and development projects. While mid-tiers have a greater risk profile than the majors, they are generally limiting themselves to controllable risks like technology and execution risk, rather than sovereign risk or commodity markets. Large deposits in safe jurisdictions like Australia, Canada and USA are high on everyone's list, and the premia attached to such projects is forcing companies to look at difficult deposits through new technological lenses.

Private equity is back

Much of the mining private equity world is still licking its wounds from a prolonged downturn, however some funds have emerged with success. New ambitious funds are being deployed, this time with greater scrutiny, oversight and step-in rights to leadership teams.



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Consultants are stretched

Over 40 per cent of consulting firms have experienced a sharp increase in workload, just in the last six months. Half of these are struggling to keep up with the workload. They have been particularly busy with due diligence, technical reviews and exploration consulting, particularly across copper, base metals and battery metals. Many of the projects under evaluation are progressing to the next stage. Over 85 percent of consulting firms anticipate increased workload over the coming year.

Acute skill shortages on site

The perennial issue of attracting good people to site has been further exacerbated through border closures and immigrations restrictions. Offshore operations have suffered from expats returning home. These returning expats have taken some pressure off our domestic market, but state borders have impeded fly-in fly-out workers. Sites are chronically short of experienced technical professionals and trades, and they are particularly exposed around statutory ticket holders. Consultants and contractors are covering gaps – some across multiple sites. Remote Operating Centers and automation are helping somewhat, but not to the extent that our digital evangelists would have had us believe. Wages costs on sites are increasing rapidly.

Corporate expanding

While we are not back to the heady days of 2011, we are seeing expansion of corporate teams as they add more grunt to their business development, exploration and technical capability. We are not yet at the point of the cycle where growth teams are perversely incentivised to latch on to marginal projects, but that point will inevitably come. At that point, we expect a surge in recruitment of feasibility and project development teams as these projects pass investment stage gates. For now, companies can be fairly selective in the recruitment of corporate teams, and wage pressure is fairly contained.

Leadership scarcity

There are many willing candidates for leadership roles, which has alleviated some of the inflationary pressure on executive remuneration. However, the surplus of willing candidates should not mask the scarcity of suitable leadership. Those with requisite track records and leadership capacity are increasingly weighing multiple offers. This has been particularly apparent in General Manager, Chief Operating Officer and Chief Executive Officer searches where domain expertise is critical, and remuneration is under pressure. That said, bonuses are being paid, shares are increasing, and options are in the money, which has provided an alternative to the steep pay rises we anticipated in our update last year.

Functional roles such as the Chief Financial Officer, have been alleviated by talent transfer from other sectors though experienced industry leaders within these functions still command a premium.

Boards likewise have not been subject to the same remuneration pressure. Firstly, there are many willing participants, though few are chosen. Secondly, the board cohort are less motivated by monetary reward, and more by contribution. Finally, board remuneration is generally limited by shareholder approved fee pools, so is less subject to negotiation.

The underutilised cohort

Meanwhile, there is a cohort of mining professionals in the later stages of their career who remain underutilised. They may be called up for desktop reviews, or occasional coverage, but they have capacity to give much more. Perhaps they are too cantankerous for a three-year board commitment, or their operational knowledge may be out of date. More likely though, they have just been forgotten. AltoPartners would be very happy to reconnect those seeking talent with some of these doyens.

More women needed

Given the industry's progress, it is disappointing to see the percentage of women on boards go backwards slightly this year; the number of women has stagnated as the number of companies in the dataset have grown.

The business case for women at the top has been well established. Almost every board and executive search we conduct reflects this. We see almost universal demand for women on boards and in leadership. We need more women coming through senior management, board ready.

In this regard, it is encouraging to see more women in functional leadership roles, in legal, corporate affairs, human resources, sustainability and environment. We still need more women in operational and technical leadership. Employers need to provide support and reasonable latitude for them to get board-ready and board-connected.

The year ahead

In summary, the industry is riding an immense tailwind of stimulus, infrastructure spending and rotation into renewables. Regardless of inflation or deflation, and even with a change of gears from China, the tailwind looks unlikely to subside yet, and mining leaders and professionals will continue to be well-rewarded.

I look forward to working with many of you and helping you secure success in the coming months and years ahead.

Sincerely,



Richard Fortune
Managing Partner
AltoPartners Australia

Explanatory Notes

This report is a simple benchmark guide for our clients and candidates, with ASX mining, oil and gas company remuneration data aggregated by function and market capitalisation. The quality of data and the report is continually evolving and we value your feedback and insights.

Definitions

Fixed Remuneration

Fixed Remuneration includes base salary, superannuation and any packaged benefits, but excludes long service leave. The figures in this report are the *mean* of each market cap range and function.

Variable Remuneration

Variable Remuneration includes options and performance rights vested, shares issued and any performance-based bonuses. Figures are the accounting valuations of short and long-term incentives recorded in the annual reports.

Total Remuneration

Fixed Remuneration plus Variable Remuneration.

At-Risk

Percentage Variable Remuneration of Total Remuneration.

Age

Average age of executives, by function

Tenure

Average years of executives in current role, by function.

Female

Percentage of females, by function.

Board Seat

Percentage of Chief Executives who are also Managing Directors.

Typical Background

Parsed from biography and post-nominals. Most common background, by function.

Independent

Percentage of Non-Executive Directors or Chairs who are nominally independent.

Data Notes

- Aggregated data for all mineral producers, developers and explorers listed on the ASX as of 28 February 2021:
- All remuneration figures quoted are averages in AUD, with market capitalisation ranges also in AUD
- AUD equivalent has been converted at 0.75 USD and 0.55 GBP
- Functions have been allocated by algorithmic analysis of biography and title
- Functions with insufficient data points have been omitted
- Remuneration data sourced from most FY2019 and FY2020 Annual Reports, Notice of General Meetings, appointment announcements and proprietary data
- Variable remuneration is based off reported accounting value of short and long-term incentives, averaged across number of vesting years.
- Data includes all mining, oil and gas companies listed on ASX, including new IPOs.
- Market capitalisation of companies was recorded as of 28 February 2021
- Interim executives, executives with less than full-year tenure and executive directors with abnormal remuneration profiles have generally been excluded from data aggregation.

- Directors on less than \$20K AUD in fees and Executives on less than \$120K in full-time equivalent Fixed Remuneration have been excluded from data aggregation on the basis that it is impossible to attract, retain or motivate below this level.
- Director's Fixed Rem include director fees, additional committee fees, pensions and allowances.
- Smaller companies, typically in the 1-10M range, may use part-time executives. These have generally been excluded from our data set.
- Where incumbents hold more than one function, they have been listed under their highest paying office.
- Non-executive directors in smaller companies sometimes do consulting work for the same company, especially where executives have been made redundant. This may augment aggregate director fees for the smaller cap companies. Any additional committee fees for directors have been aggregated in fixed remuneration.
- Results may be skewed by smaller data sets. We have not included functions with less than 10 data points.

Disclaimer

This report provides aggregated remuneration data derived from recent company announcements and Annual Reports, which are at times inaccurate or misrepresentative. The broad aggregation by market capitalization and function, may not represent a suitable peer group of companies and individuals. If your board requires a formal appraisal against a suitable peer group, please contact us to discuss your needs.

The information contained within should not be considered remuneration advice. AltoPartners provides peer benchmarking and independent reviews separately, and we refer our clients to third party remuneration consultants for remuneration and incentive design. You should seek legal, accounting, and tax advice in your jurisdiction, before taking (or not taking) any action.

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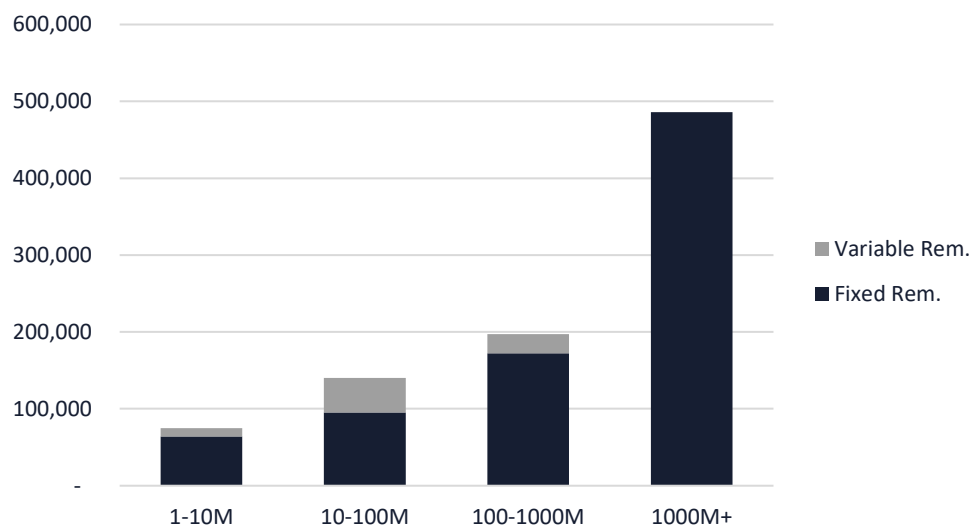
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AltoPartners

AltoPartners is a leading global executive search and leadership consulting alliance. For more information please go to our global website www.altopartners.com

Non-Executive Chair

Includes independents and non-independents, and excludes executive Chair



Key Insights

Average Age **59**
 Average Tenure **4.6**
 Female **3.3%**
 Independent **25%**

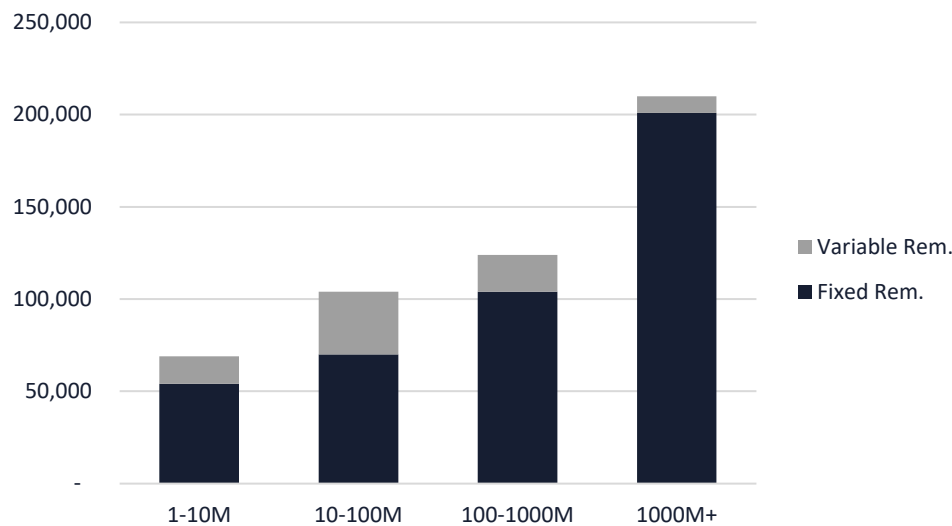
Typical Background

Geoscience
 Mining
 Accounting

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	64,000	11,000	75,000	15%
10-100M	95,000	45,000	140,000	32%
100-1000M	172,000	25,000	197,000	13%
1000M+	486,000	-	486,000	0%
All	108,000	25,000	133,000	19%

Non-Executive Director

Includes independents and non-independents.



Key Insights

Average Age **58**
 Average Tenure **4.2**
 Female **7.8%**
 Independent **27%**

Typical Background

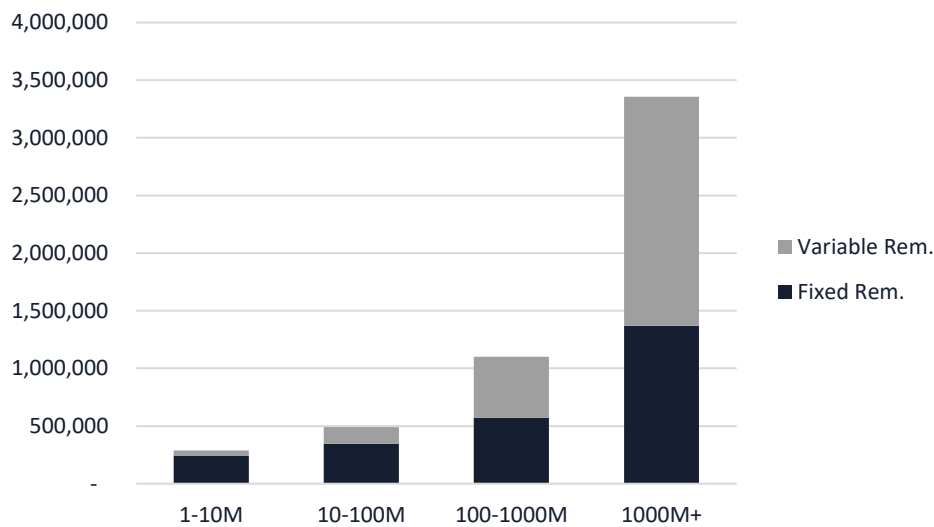
Geoscience
 Accounting
 Mining

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	54,000	15,000	69,000	22%
10-100M	70,000	34,000	104,000	33%
100-1000M	104,000	20,000	124,000	16%
1000M+	201,000	9,000	210,000	4%
All	77,000	23,000	100,000	23%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Chief Executive Officer

Includes Managing Director but excludes Executive Chairman and Executive Director



Key Insights

Age **53**
 Tenure **3.9**
 Female **2.9%**
 Board Seat **70%**

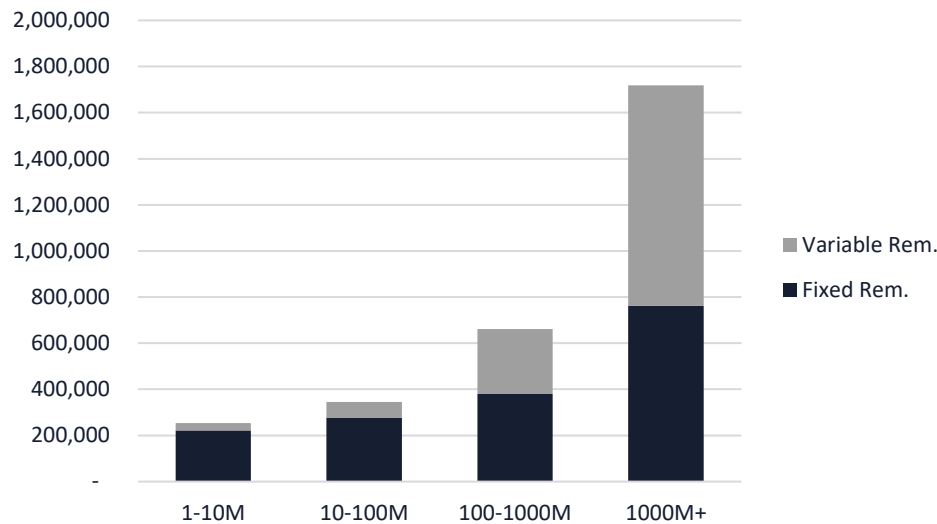
Typical Background

Geoscience
 Mining
 Accounting

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	243,000	46,000	289,000	16%
10-100M	346,000	144,000	490,000	29%
100-1000M	571,000	529,000	1,100,000	48%
1000M+	1,371,000	1,985,000	3,356,000	59%
All	397,000	264,000	661,000	40%

Chief Financial Officer

Includes Finance Director, and Chief Financial Officers with a dual role of Company Secretary



Key Insights

Average Age **48**
 Average Tenure **3.9**
 Female **9.9%**

Typical Background

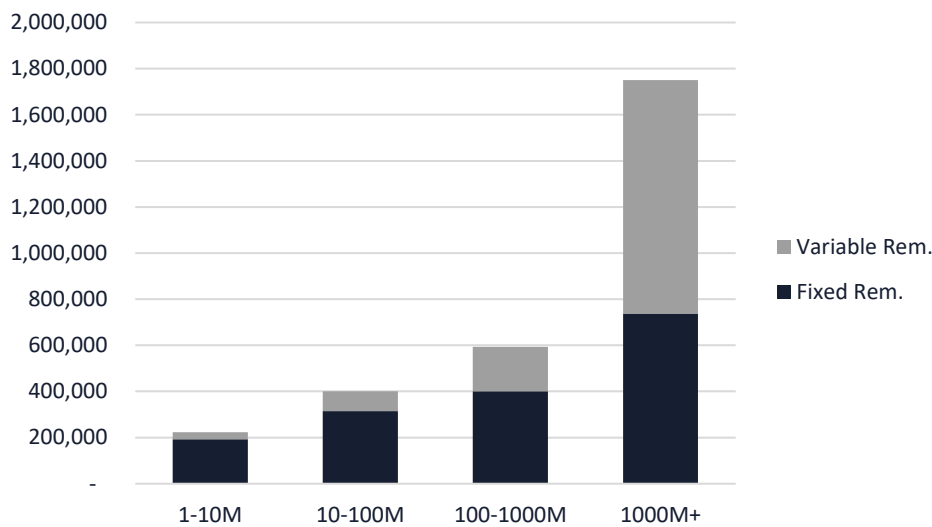
Accounting
 Finance
 Commerce

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	221,000	32,000	253,000	13%
10-100M	276,000	69,000	345,000	20%
100-1000M	380,000	281,000	661,000	43%
1000M+	762,000	956,000	1,718,000	56%
All	352,000	221,000	573,000	39%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Head of Operations

Includes EGM Operations, Chief Operating Officer, Director of Operations, Group GM Operations, and GM Operations for single asset companies.



Key Insights

Average Age **52**
 Average Tenure **3.9**
 Female **1.4%**

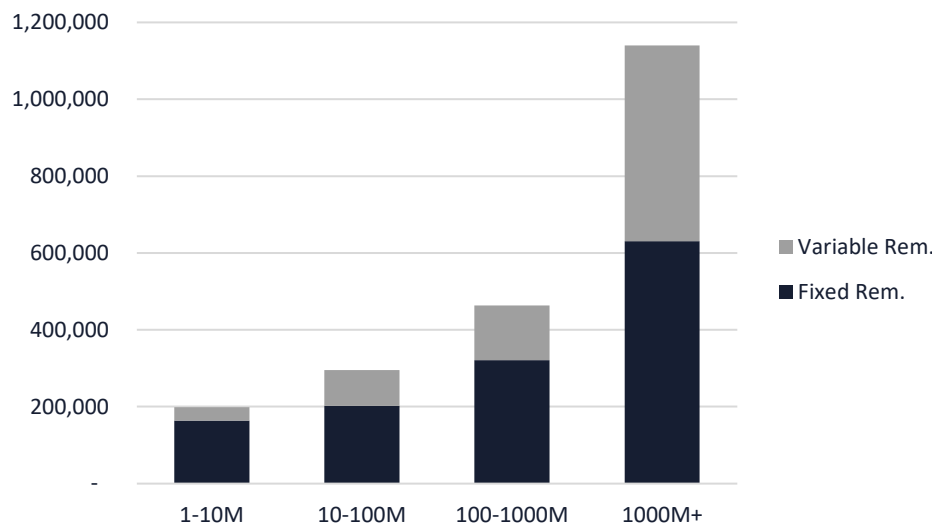
Typical Background

Mining
 Processing
 Geoscience

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	192,000	31,000	223,000	14%
10-100M	314,000	87,000	401,000	22%
100-1000M	401,000	192,000	593,000	32%
1000M+	738,000	1,012,000	1,750,000	58%
All	411,000	273,000	684,000	40%

Business Development

Includes Investor Relations, M&A, Business Analysts, Commercial executives



Key Insights

Average Age **50**
 Average Tenure **3.6**
 Female **5.8%**

Typical Background

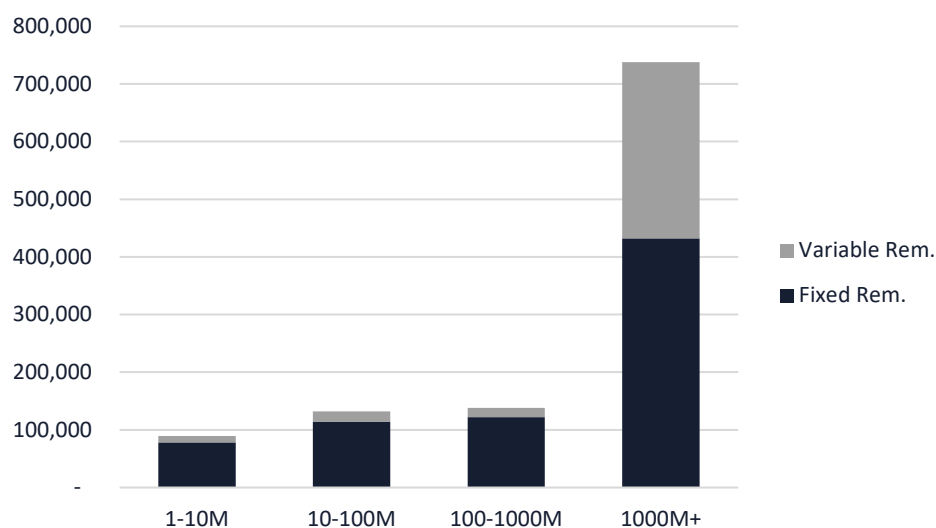
Commerce
 Finance
 Geoscience

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	164,000	35,000	199,000	18%
10-100M	202,000	93,000	295,000	32%
100-1000M	321,000	142,000	463,000	31%
1000M+	631,000	509,000	1,140,000	45%
All	399,000	266,000	665,000	40%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Company Secretary

Excludes dual role Chief Financial Officers



Key Insights

Average Age **51**
Average Tenure **4.4**
Female **21.5%**

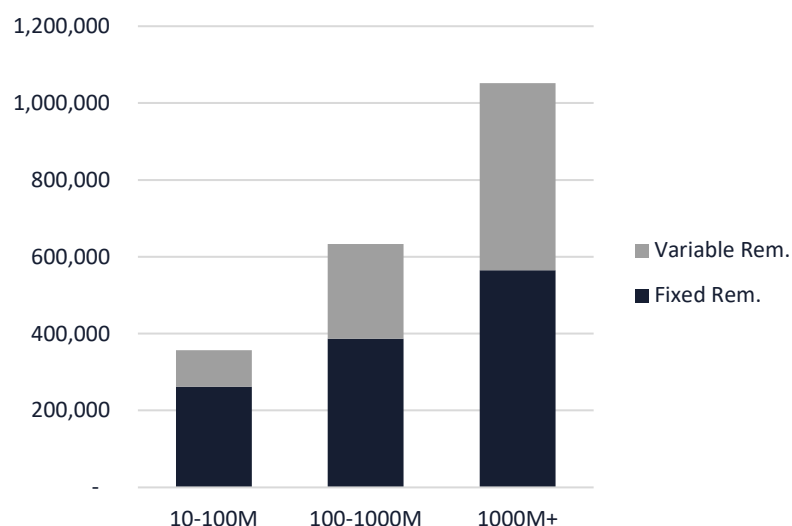
Typical Background

Accounting
Legal
Commerce

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	78,000	11,000	89,000	12%
10-100M	114,000	18,000	132,000	14%
100-1000M	122,000	16,000	138,000	12%
1000M+	432,000	306,000	738,000	41%
All	109,000	27,000	136,000	20%

Corporate Counsel

Includes heads of legal counsel and corporate affairs



Key Insights

Average Age **48**
Average Tenure **3.8**
Female **38.3%**

Typical Background

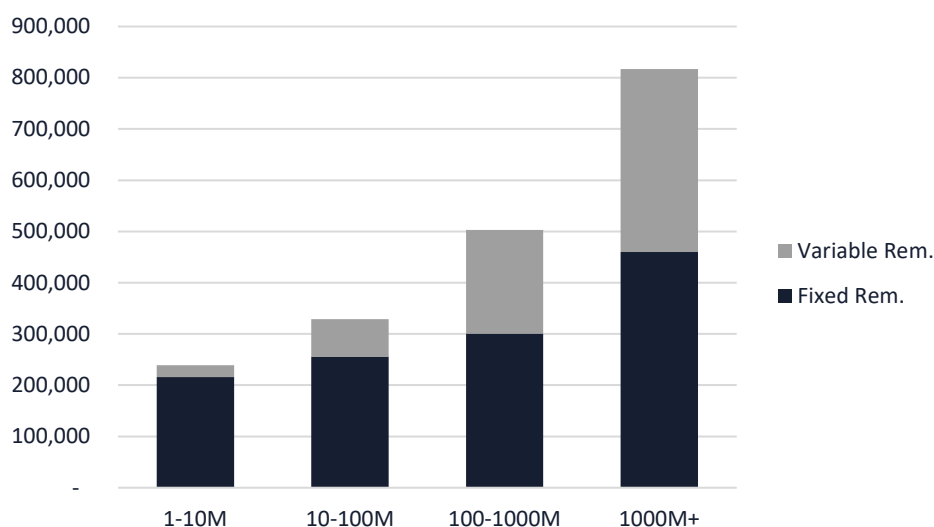
Accounting
Legal
Commerce

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
10-100M	262,000	95,000	357,000	27%
100-1000M	387,000	246,000	633,000	39%
1000M+	565,000	487,000	1,052,000	46%
All	422,000	296,000	718,000	41%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Technical and Geoscience

Includes Heads of Geology and Exploration, Mining Engineering, Metallurgy, Study Managers, Engineering and Technical Directors.



Key Insights

Average Age **49**
 Average Tenure **5.9**
 Female **5.5%**

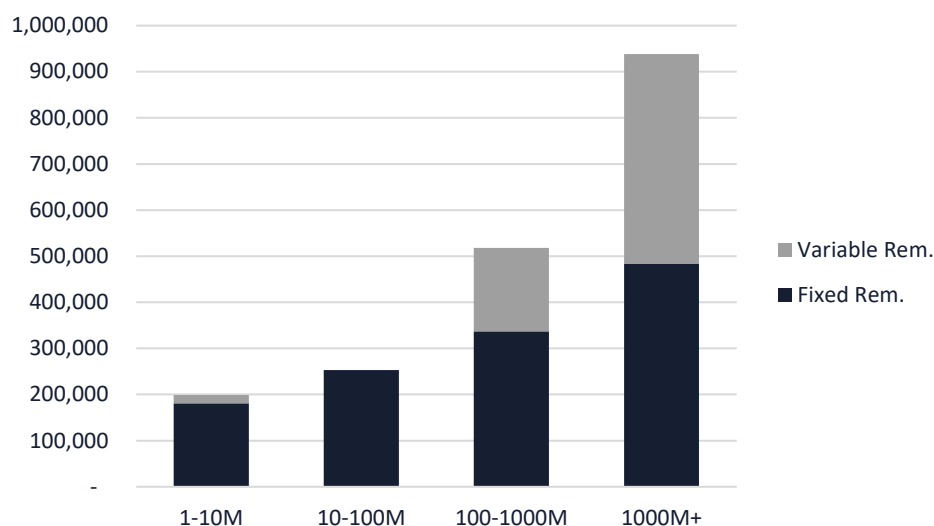
Typical Background

Geoscience
 Mining
 Processing

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	216,000	23,000	239,000	10%
10-100M	256,000	73,000	329,000	22%
100-1000M	301,000	202,000	503,000	40%
1000M+	460,000	357,000	817,000	44%
All	264,000	95,000	359,000	26%

People, Community and Sustainability

Includes Heads of: Human Resources, Health and Safety, Community and Environment, Sustainability



Key Insights

Average Age **48**
 Average Tenure **3.8**
 Female **35.4%**

Typical Background

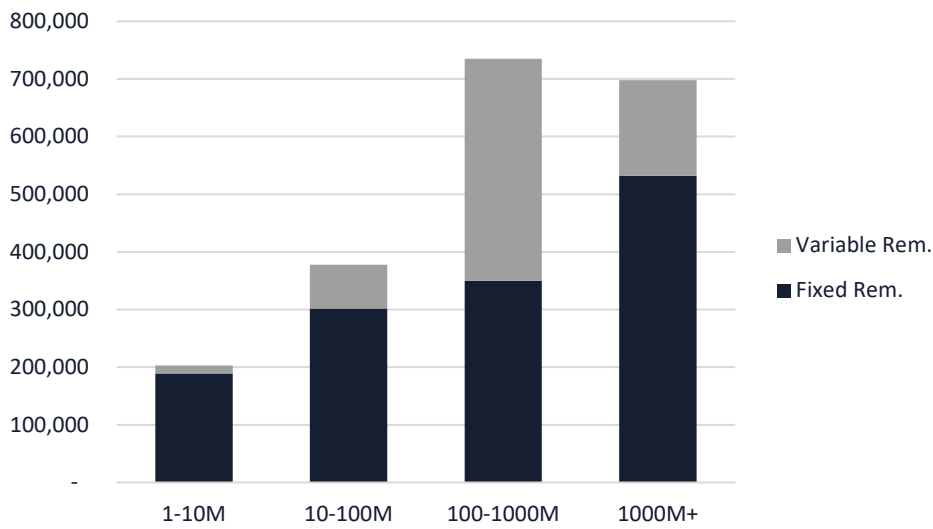
Commerce
 Environmental
 Science

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	181,000	18,000	199,000	9%
10-100M	253,000	-	253,000	0%
100-1000M	337,000	181,000	518,000	35%
1000M+	484,000	454,000	938,000	48%
All	366,000	243,000	609,000	40%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Project Delivery

Includes Head of Engineering, Project Directors and Project Managers



Key Insights

Average Age **46**
 Average Tenure **4.6**
 Female **1.4%**

Typical Background

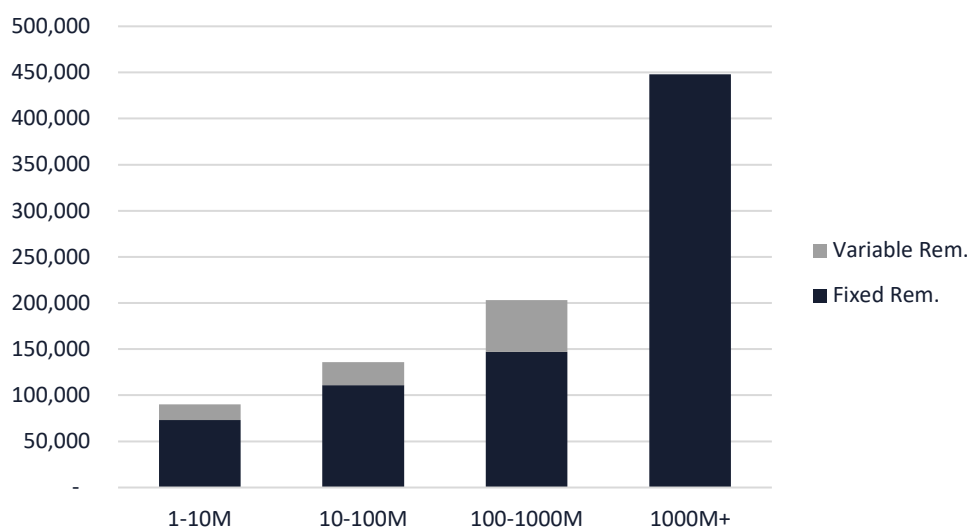
Engineering
 Processing
 Mining

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	189,000	14,000	203,000	7%
10-100M	302,000	76,000	378,000	20%
100-1000M	350,000	385,000	735,000	52%
1000M+	532,000	166,000	698,000	24%
All	310,000	123,000	433,000	28%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Non-Executive Chair

Includes independents and non-independents.



Key Insights

Average Age **64**
 Average Tenure **4.8**
 Female **0%**
 Independent **34%**

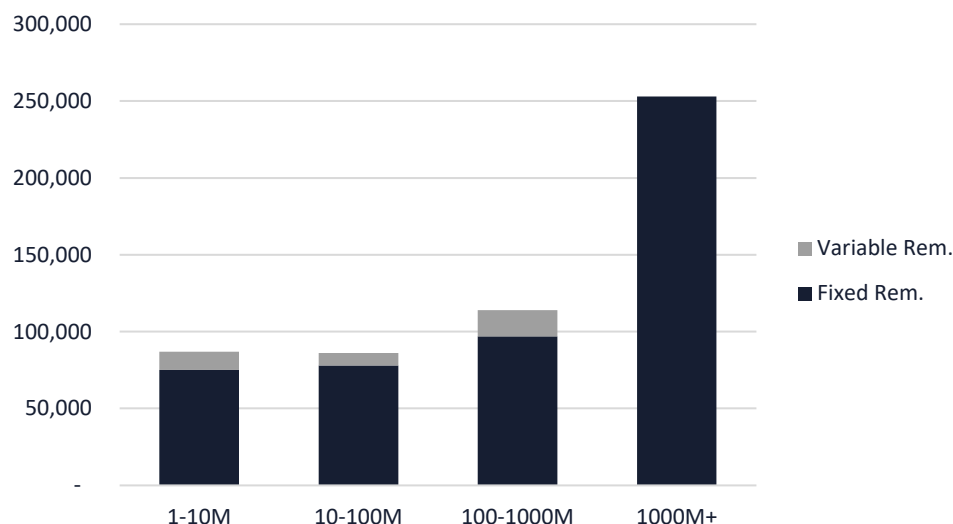
Typical Background

Geoscience
 Accounting
 Finance

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	73,000	17,000	90,000	19%
10-100M	111,000	25,000	136,000	18%
100-1000M	147,000	56,000	203,000	28%
1000M+	448,000	-	448,000	0%
All	143,000	24,000	167,000	14%

Non-Executive Director

Includes independents and non-independents.



Key Insights

Average Age **60**
 Average Tenure **4.2**
 Female **12.3%**
 Independent **37%**

Typical Background

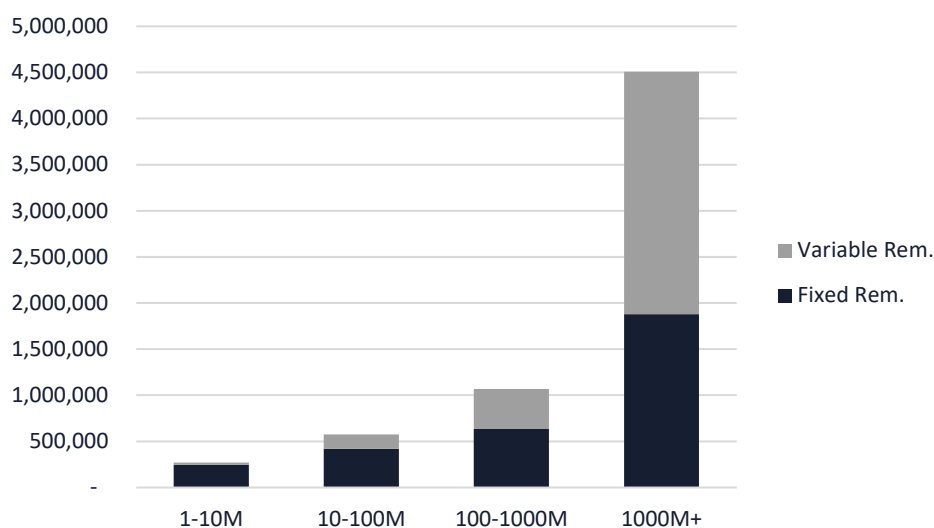
Geoscience
 Accounting
 Finance

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	75,000	12,000	87,000	14%
10-100M	78,000	8,000	86,000	9%
100-1000M	97,000	17,000	114,000	15%
1000M+	253,000	-	253,000	0%
All	116,000	9,000	125,000	7%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Chief Executive Officer

Includes Managing Director but excludes Executive Chairman and Executive Director



Key Insights

Average Age **55**
Average Tenure **4.6**
Female **1.1%**
Board Seat **71%**

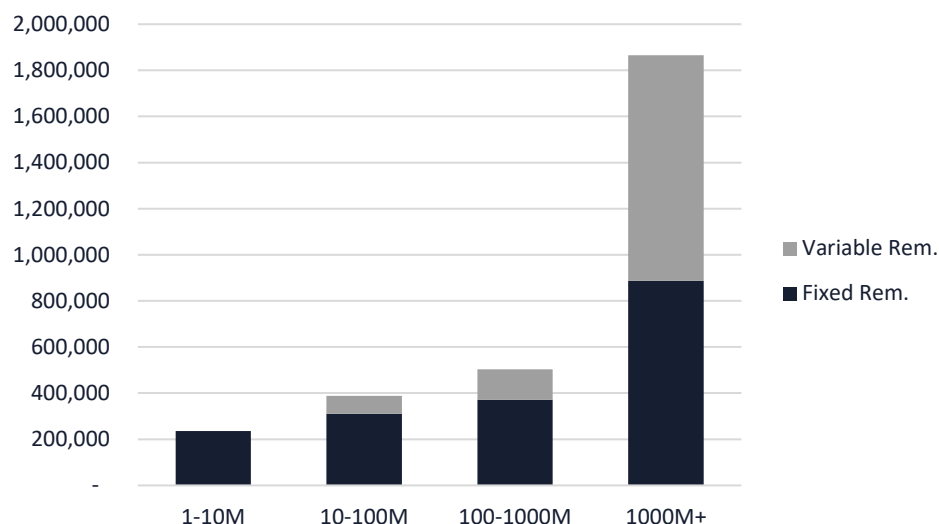
Typical Background

Geoscience
Petroleum
General Engineering

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	244,000	26,000	270,000	10%
10-100M	418,000	156,000	574,000	27%
100-1000M	633,000	435,000	1,068,000	41%
1000M+	1,878,000	2,630,000	4,508,000	58%
All	556,000	429,000	985,000	44%

Chief Financial Officer

Includes Finance Director, and dual role Company Secretary



Key Insights

Average Age **48**
Average Tenure **3.6**
Female **16.7%**

Typical Background

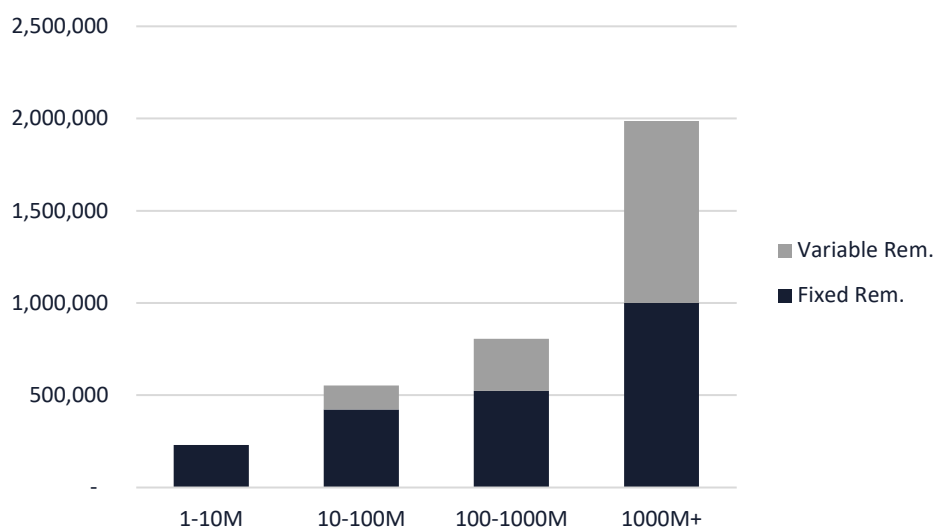
Accounting
Finance

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	235,000	-	235,000	0%
10-100M	311,000	77,000	388,000	20%
100-1000M	371,000	132,000	503,000	26%
1000M+	887,000	979,000	1,866,000	52%
All	430,000	260,000	690,000	38%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Head of Operations

Includes COO, EGM Operations for bigger companies and GM Operations for smaller companies.



Key Insights

Average Age **50**
Average Tenure **3.7**
Female **15.8%**

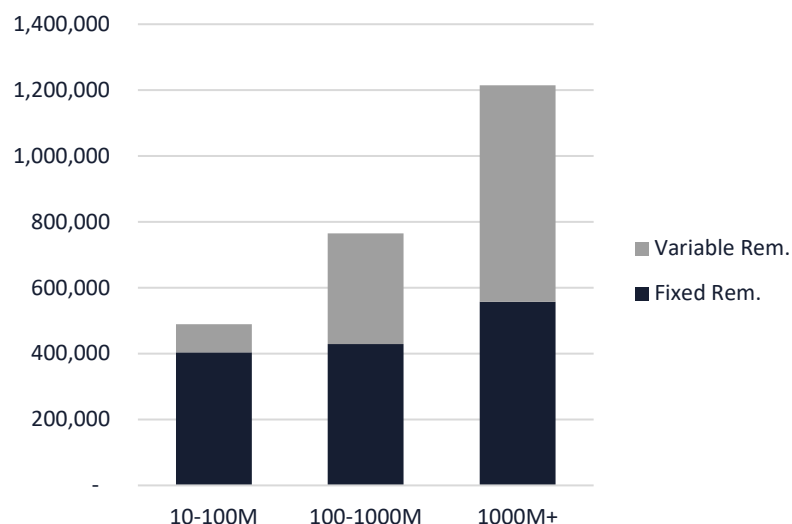
Typical Background

Geoscience
Petroleum
Accounting

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	230,000	-	230,000	0%
10-100M	422,000	130,000	552,000	24%
100-1000M	524,000	282,000	806,000	35%
1000M+	1,000,000	987,000	1,987,000	50%
All	591,000	389,000	980,000	40%

Business Development

Includes Investor Relations, M&A, Commercial



Key Insights

Average Age **54**
Average Tenure **3.1**
Female **4.5%**

Typical Background

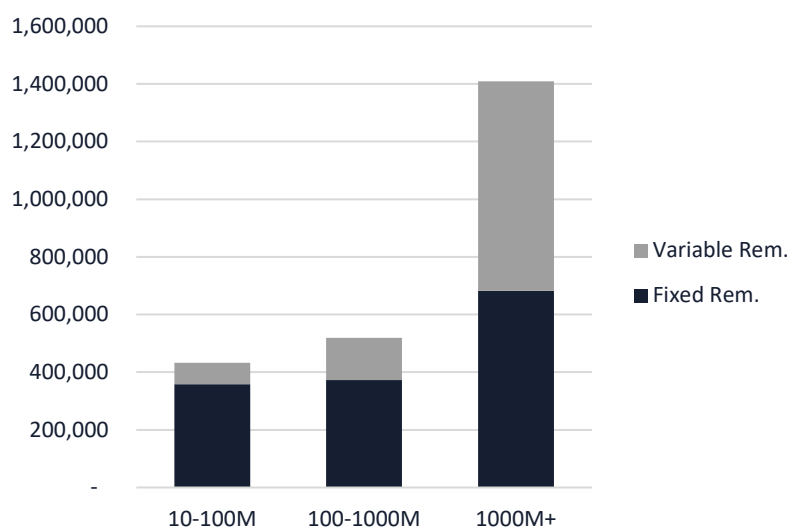
Geoscience
Petroleum
Accounting

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
10-100M	404,000	85,000	489,000	17%
100-1000M	429,000	336,000	765,000	44%
1000M+	557,000	658,000	1,215,000	54%
All	458,000	304,000	762,000	40%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD).

Corporate Counsel

Includes Legal Counsel and Corporate Affairs



Key Insights

Average Age **51**
Average Tenure **2.6**
Female **35.3%**

Typical Background

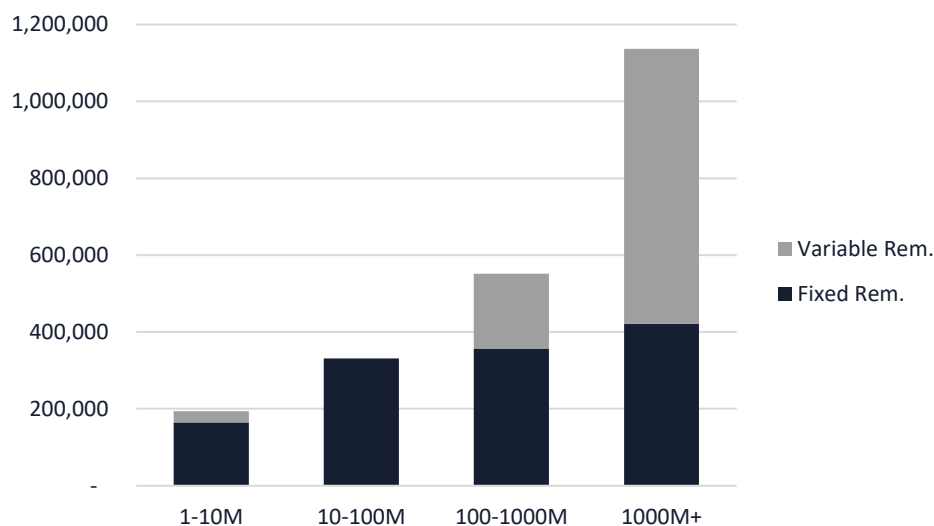
Legal
Commerce

*May be skewed by small sample

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
10-100M	358,000	74,000	432,000	17%
100-1000M	373,000	146,000	519,000	28%
1000M+	682,000	727,000	1,409,000	52%
All	444,000	264,000	708,000	37%

Technical and Geoscience

Includes Geology and Exploration, Petroleum Engineering, Study Managers and Technical Directors.



Key Insights

Average Age **54**
Average Tenure **5.7**
Female **5.6%**

Typical Background

Geoscience
Petroleum
General Engineering

Market Cap.	Fixed Rem.	Variable Rem.	Total Rem.	At-Risk
1-10M	165,000	29,000	194,000	15%
10-100M	331,000	-	331,000	0%
100-1000M	357,000	195,000	552,000	35%
1000M+	421,000	716,000	1,137,000	63%
All	305,000	237,000	542,000	44%

Mean figures by market capitalisation range. All figures in Australian Dollars (AUD)

AltoPartners

Leaders in Natural Resources

Founded in 2006, AltoPartners is an alliance of the world's most highly-regarded executive search and leadership consulting firms. With 63 offices across 36 countries, we bring global coverage and deep expertise to the natural resources sector.



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