



Voting Intentions – Newcrest Mining Limited 2021 AGM

ASX Code	NCM
Meeting Time/Date	10.30am, Wednesday 10 November 2021
Type of Meeting	Virtual
Monitor	Rod McKenzie assisted by Christine Haydon
Pre AGM Meeting?	Yes, with Chair Peter Hay

Proposed Voting Summary

2a	Re-election of Ms Jane McAloon as a Director	For
2b	Re-election of Mr Peter Tomsett as a Director	For
2c	Re-election of Mr Philip Aiken as a Director	For
3	Approval of LTI grant to CEO/Managing Director Sandeep Biswas	For
4	Adoption of Remuneration Report	For
5	Approval of termination benefits	For

Key Financials

	2021	2020	2019	2018	2017
Statutory NPAT (US \$m)	1164	647	561	202	308
Underlying NPAT (US \$m)	1164	750	561	459	394
Statutory EPS (cents)	142.5	83.4	73.0	26.3	40.2
Dividend per Share (US cents)	55.0	25.0	22.0	18.5	15.0
Share Price at End of FY (A \$)	25.28	31.53	31.95	21.80	20.16
Statutory CEO Remuneration (US \$)	7.735	5.742	6.378	6.731	6.644
Total Shareholder Return (%)	(18.6)	(0.3)	50.0	15.8	(12.3)

Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company.

For FY21, the CEO's total actual remuneration was **87 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Note - For May 2021, the Full-time adult average weekly total earnings (annualised, original) was \$93,444 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

Summary of Historical ASA Issues with the Company

ASA has previously raised the issue of the 3 year performance period for the award of Long Term Incentives (LTIs) to the CEO&MD and to certain senior executives. However, the chairman considers the 3 year term is appropriate for the company and there is a 12 month holding lock on shares vested under the LTI awards.

We have also raised the issue of the domicile of the various directors. ASA considers with the expansion of the company into North America and the listing on the Toronto stock exchange that consideration should be made to appointing a US or Canadian director.

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- The Board has at least 30% female and at least 30% male directors however all directors are Australian.
- Directors and other KMP have/are investing at least one year's worth of base cash fees in company shares, as per the 3 year company policy.
- The company meaningfully discloses ESG issues or risks facing business and the processes to manage them. They have recently appointed a new director to further this process.
- The company discloses a meaningful skills matrix of the board within their 2021 Corporate Governance Statement.

Areas for Improvement

- It is felt that the company should be looking to recruit at least one director from North America due to the important growth opportunities – particularly in Canada.
- Share awards to executives and the CEO&MD can be made even if Total Shareholder Return (TSR) is negative.

Summary

Overall it was a positive year for Newcrest with continued growth and positive developments at Red Chris (British Columbia) and at Havieron (Western Australia).

Items for Voting

Item 2a	Election of Ms Jane McAloon as a Director
ASA Vote	For

Ms McAloon was appointed to the board with effect from 1 July 2021. She is a member of the Human Resources and Remuneration Committee. Ms McAloon spent 9 years as Group Company Secretary at BHP. Prior to that she was Group Manager Corporate & External Services and Company Secretary at AGL. Ms McAloon is a Non-Executive Director (NED) of United Malt Group Limited and Home Consortium, She is also in the board of Allianz Australia and Energy Australia.

Ms McAloon brings strong corporate governance skills to the board as well as ESG and sustainability skills. Whilst we do question her skills in the mining and resources area, these other skills are seen as extremely important as Newcrest expands into new areas.

Item 2b	Re-election of Mr Peter Tomsett as a Director
ASA Vote	For

Mr Tomsett was appointed to the board with effect from 1 September 2018. If re-elected, he will be appointed as of Chairman with effect from the close of the 2021 AGM following the retirement of present chairman Mr Peter Hay. Mr Tomsett has extensive mining experience in both executive and non-executive roles with companies listed on the Australian, New York, Toronto and London stock exchanges. Prior executive roles include 20 years with Placer Dome and Chair / MD of Kidston Gold Mines.

Mr Tomsett's strong international mining skills should support Newcrest's plans to expand into North and South American operations. The ASA supports his re-election.

Item 2c	Re-election of Mr Philip Aiken AM as a Director
ASA Vote	For

Mr Aiken was appointed to the board with effect from April 2013. He is chair of the Human Resources and Remuneration Committee and a member of the Safety & Sustainability Committee and Nominations Committee.

Mr Aiken has extensive Australian and International business experience, principally in the engineering and resources sectors.

Mr Aiken is chairman of Avena Group plc (UK). He is considered independent. ASA supports his re-election.

Item 3	Approval of Performance Rights to CEO/Managing Director to Sandeep Biswas
ASA Vote	For

Performance Rights are offered to certain Newcrest executives under the Long Term Incentive (LTI) plan as part of their respective remuneration package. CEO&MD Sandeep Biswas is entitled to a maximum of 180% of his total fixed remuneration (TFR) of A\$2.4m which equates to A\$4.32m based on 100% vesting.

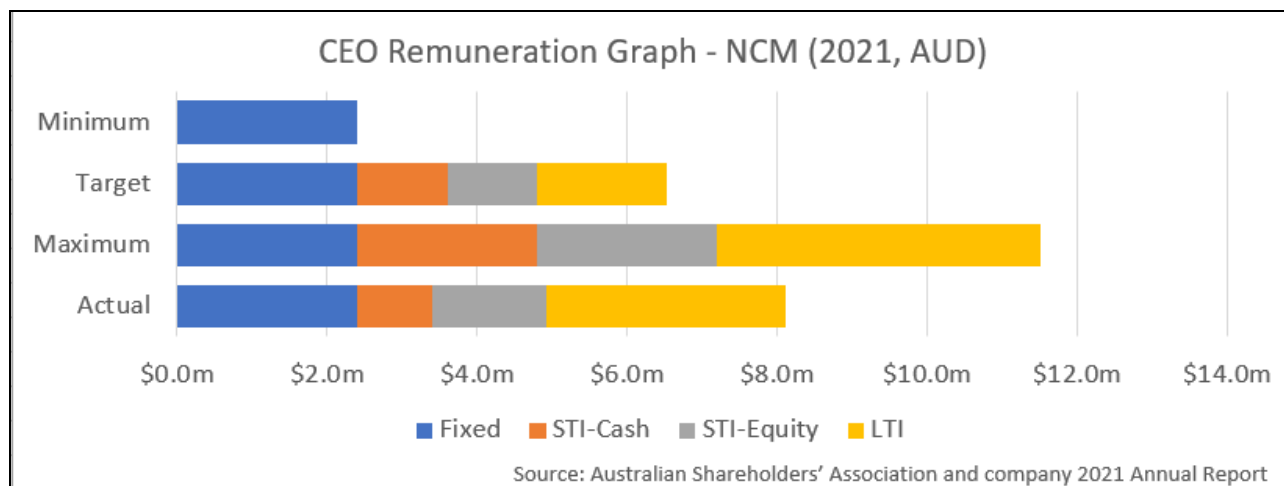
For the CEO&MD, the performance conditions are based on three equally weighted measures as follows:

- **Comparative cost position:** awards range from 0% if comparative costs are at or above the 50th percentile up to 100% vesting if comparative costs are below the 25th percentile;
- **Return on capital employed (ROCE):** awards range from 0% vesting if ROCE is less than 6% up to 100% vesting if ROCE is 13% or more;
- **Relative total shareholder return (rTSR):** awards range from 0% vesting if TSR of Newcrest is below the index to 100% if Newcrest exceeds the performance of the index by 18 percentage points or more. The index refers to the Toronto Stock Exchange Global Gold Index.

Grant price of shares issued under the LTI program is based on the volume weighted average price (VWAP) measured over 5 trading days immediately prior to the grant date. Full details of vesting schedules are included in the annual report. Performance against these measures is tested over a 3 year term from 1 July 2021 to 30 June 2024.

Whilst ASA would prefer a 4 year term for awards made under the LTI program, it is noted that there is a 12 month holding lock on any shares issued.

Item 4	Adoption of Remuneration Report
ASA Vote	For



The amounts in the chart above are the statutory amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Actual amounts are re-calculated based on an exchange rate of 75c as the original data is presented in USD.

Actual Payments Notes:

STI cash payments relate to performance for the 2020FY;

STI equity payments relate to 2018FY & 2019FY with the share price on vesting date being A\$24.02.

LTI equity payments relate to 2017 LTIs that vested in November 2020 with the share price on vesting date being A\$28.33.

Positives

- CEO's actual take-home remuneration, as well as the target and maximum opportunity of each component is clearly disclosed.
- The total quantum of the CEO remuneration package does not reasonably exceed the Godfrey Group report benchmarks.
- The quantum of Board fees do not reasonably exceed the Godfrey Group report benchmarks.
- At least 50% of CEO's pay is genuinely at risk, however STIs can rise to 200% of TFR for the CEO&MD and certain executives.
- Majority of STIs are based on quantifiable and disclosed performance metrics and, where non-financial hurdles are used, no STIs to be paid unless a financial gateway is met.
- At least 50% of STIs are paid in equity with a minimum 12 month holding lock.
- Clear disclosure is provided for all KMP performance hurdles and the weightings applied for each incentive.
- No retesting of performance hurdles is allowed.
- LTI hurdles are measured a minimum of three years after issue. There is a 12 month holding lock on shares issued under the LTI plan.
- LTI hurdles are based on three hurdles, one of which is Relative TSR, however payment will still be made if absolute TSR is negative.

- Comparator groups are from similar industries and include key competitors and any relevant foreign companies.
- All share grants are allocated at face value not fair value.
- Share grants are generally satisfied by equity purchased on-market.
- Hurdles based on earnings are based on statutory earnings.
- No retention payment on any awards are subject only to continuing service.
- No termination payments exceed 12 months fixed pay.
- Vesting in a takeover or “change of control” event is at the discretion of directors.
- Overall, the Remuneration report is readable, transparent, and understandable with a logical relationship between rewards and financial performance and corporate governance.

Areas for Improvement

- LTI awards are based on a 3 year performance period rather than the ASA preferred 4 years or longer.
- Share awards can still be made if TSR is negative.

Conclusion on Remuneration

Newcrest offers executives a mix of Fixed remuneration, short term incentives (STIs) and long term incentives (LTIs). The company includes a table of Actual remuneration and presents the remuneration of a number of their senior executives. Most of the tables are presented in US \$ whilst some other details including details shown in the Notice of Meeting relating to equity awards for the CEO&MD are presented in Australian currency. It is difficult to get an exact comparison due to changing currency conversion factors. ASA used an exchange rate of 75c (US\$ to A\$) for comparison purposes.

The performance period for vesting of LTIs of 3 years is shorter than the preferred ASA guideline of 4 or 5 years however there is a one year holding lock on shares vested under the LTI award. The chairman considers the 3 year period appropriate for the company.

Item 5	Approval of termination benefits
ASA Vote	For

This resolution allows Newcrest to make payments in accordance with existing policies and practices whilst not breaching restrictions in the Corporations Act. The existing shareholder approval covered by this approval will terminate at the 2021 AGM. This new resolution will extend that approval for a further 3 years.

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention does not have a shareholding in this company.

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