

## **COFFEY INTERNATIONAL LIMITED**

### **REMUNERATION COMMITTEE CHARTER**

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#### **1. INTRODUCTION**

The Board of Coffey International Limited (“Coffey” or “the Company”) has established a Remuneration Committee (“Committee”).

It is noted that the Committee is a sub-committee of the Board. The Committee has no decision making powers except where expressly provided by the Board. The Committee role is to review and make recommendations to the Board.

#### **2. ROLE**

The role of the Committee is to assist and advise the Board on matters relating to:

- the remuneration of the Board, and the performance and remuneration of the Managing Director and direct reports to the Managing Director of the Company;
- Managing Director and direct reports to the Managing Director succession planning; and
- general matters of remuneration and succession planning.

#### **3. MEMBERS AND INDEPENDENCE**

- The Committee shall be comprised of a minimum of three suitably qualified non-executive directors.
- The majority of the members of the Committee will be independent. However, if the rules and regulations of the Australian Securities Exchange or any other applicable regulatory body mandatorily require more members of the Committee to be independent, then that number of members of the Committee as required by the rules to be independent will be independent. A director’s independence shall be determined by the Board in accordance with the rules and regulations of the applicable exchange or regulatory body.
- The membership and chairmanship of the Committee will be reviewed annually to ensure an appropriate balance of skills and experience, and that each member has a working knowledge of the industries in which Coffey operates. The review will ensure compliance with relevant legislation and regulatory requirements, including the Australian Securities Exchange.
- A quorum shall be two non-executive directors.
- The Board may appoint such additional directors to the Committee or remove and replace members of the Committee by resolution.
- Members of management may attend meetings of the Committee at the invitation of the Committee Chair, but must not be appointed members of the Committee.
- The Managing Director, or any other attendee, may not participate in deliberations of the Committee where the matter could affect his or her position or where he or she has a personal interest in the matter.
- New Committee members will undertake an orientation process to enable them to understand their role and responsibilities. Ongoing training will be provided as required.

#### **4. CHAIR**

- The Board shall appoint one member of the Committee as Chair of the Committee.
- The Chair should be an independent director.
- The Chair shall be primarily responsible for the proper functioning of the Committee and shall be the main contact for the Board.
- Where the Chair is absent from a Committee meeting, a Chair for the meeting will be appointed by the members of the Committee present.

#### **5. RESPONSIBILITIES AND DUTIES**

The Committee will be responsible for ensuring Coffey has and observes coherent remuneration policies and practices which enable it to attract and retain high caliber executives, directors and employees who will create value for shareholders, generate sustained business performance and support Coffey's objectives, goals and values.

The duties of the Committee shall include reviewing and making recommendations/reporting to the Board on:

##### **Remuneration strategy**

- Coffey's overall remuneration philosophy, structure, policies and programs, and whether it enables Coffey to continue to attract and retain high calibre senior executives, management and other employees with the requisite skill and expertise relative to the role to be performed.
- Coffey's general remuneration, recruitment, retention and termination policies and practices for Coffey (including the provision of short term and long term incentive schemes, bonuses and similar matters).

##### **Remuneration management and review**

- Review of the remuneration of non-executive directors (including Board and Board Committee fees and superannuation contributions).
- Review of the total level and composition of remuneration and terms of the service contract of the Managing Director and direct reports to the Managing Director, including short term and long term incentives and whether there is an appropriate balance between fixed and incentive pay that is consistent with the objectives of Coffey, the role and status of the executive concerned and which is market competitive.

##### **Succession planning**

- The succession planning and talent review process for the Managing Director and direct reports to the Managing Director, ensuring the plans are sustainable.

##### **Performance management**

- The short and long term quantitative and qualitative performance targets for the Managing Director and, on advice of the Managing Director, the direct reports to the Managing Director.
- The Managing Director's progress towards the achievement of agreed performance targets and related incentive payment.
- The incentive payments for direct reports of the Managing Director (including achievement of performance targets and measures), on the advice of the Managing Director.

### **Equity-based remuneration plans**

- The operation of the Company's equity-based remuneration plans, including monitoring compliance with and making any determinations required under, the equity-based remuneration plans.
- The equity-based incentive awards for employees.
- The payment of equity-based remuneration ensuring they are made in accordance with thresholds set in the plans approved by shareholders.
- The annual review of the eligibility criteria, activity, outcomes, and terms and conditions of the Company Share Plans and Option Plans.

### **Retirement**

- Review of Coffey's obligations on matters such as retirement plans and other employee benefits and entitlements.

### **Termination payments**

- Termination payments to the Managing Director and direct reports to the Managing Director.

### **Statutory reporting**

- The Remuneration Report to be included in the directors' report section of the Company's Annual Report;
- Review of any transactions between the Company and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed.

### **Other**

- Key changes anticipated in the regulatory and business environment for human resource planning and management, including consideration of emerging trends and other factors relevant to the Company's employment profile;

In fulfilling its responsibilities, the Committee will:

- ensure it has sufficient information for informed decision-making;
- ensure it receives regular briefings from an independent remuneration expert on recent developments on remuneration and related matters;
- ensure it receives regular reports from management;
- obtain data from external remuneration sources at least annually to ensure the Company's remuneration practices are in line with market conditions;
- agree an annual work plan of the Committee; and
- has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

## **6. INDEPENDENT EXTERNAL ADVICE**

- The Committee may engage and/or terminate, at the expense of the Company, any independent external adviser in relation to any Committee matter, as it determines are required to assist it in the full performance of its functions.
- The Committee may delegate its authority to subcommittees or to the Chair of the Committee from time to time.

## **7. FREQUENCY OF MEETINGS**

- The Committee will meet at least 4 times each year and at such additional times as the Committee Chair or any member of the Committee may request and deem necessary to fulfil their role.
- Any Committee member may convene a meeting of the Committee or request the Secretary of the Committee to do so, provided the Chair and Secretary have been given reasonable prior notice.

## **8. ATTENDANCE**

- Any non-executive director of the Board may attend a meeting, by providing reasonable notice to the Committee Chair (on a non-remunerated basis).
- The Managing Director and the Group Executive People and Culture will have a standing invitation to attend each Committee meeting, subject to exclusion as deemed appropriate by the Committee Chair from time to time.
- Other executives and external specialists may be invited by the Chair of the Committee to attend part or all of any meeting.
- The Committee may ask management to present at Committee meetings on issues relevant to the Committee's duties and responsibilities.

## **9. MEETINGS**

- Reasonable notice of meetings and the business to be conducted will be given to members, along with briefing materials.
- The Committee Chair shall review the agenda for each meeting prior to its issue.
- Any Committee member may require business to be included in the agenda, provided the Chair and Secretary have been given reasonable prior notice of that business.
- Meetings of the Committee will be conducted in accordance with those provisions of the Company's Constitution which relate to the proceedings of meetings, to the extent not inconsistent with this Charter.

## **10. SECRETARY**

- The Secretary to the Board will also act as Secretary to the Committee.

## **11. MINUTES**

- Minutes of meetings of the Committee shall be prepared by the Secretary, approved by the Committee Chair in draft and circulated to all members of the Committee and to the Board.
- Minutes of meetings of the Committee shall be confirmed at the next meeting of the Committee and then signed by the Committee Chair.
- All minutes of the Committee will be entered into a minute book in compliance with applicable legislation and regulatory requirements.

## 12. REPORTING

- The Committee Chair will provide a report on the actions of the Committee to the Board at the first meeting of the Board directly following the meeting of the Committee.
- The report shall include any material matters arising from the Committee meeting and any recommendations requiring Board approval and/or action.
- Copies of Committee papers and reports, together with minutes of each Committee meeting will be circulated to all Board members.

## 13. ANNUAL REVIEW

- The Committee will conduct an annual review of its performance and effectiveness by reference to this charter and current best practice.
- This review process will include a review of the appropriateness of the terms of this Charter for current circumstances.
- Where necessary, the Committee may, by resolution, alter the responsibilities, functions or membership of the Committee and recommend to the Board the formal adoption of the revised Charter for future operations of the Committee.

### Version control

**This Update:**            **Approved - 27 May 2010**

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