



# Coal Asia Holdings

Reliable energy resources through responsible mining

## CORPORATE GOVERNANCE COMMITTEE CHARTER

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

The Corporate Governance Committee shall likewise advise the Board with respect to matters relating to the composition of the Board. The Board identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Corporate Governance Committee and approved by the Board, recommends to the Board nominees for director for approval at the next annual meeting of stockholders, including any incumbent directors.

The Corporate Governance Committee shall also assist the Board and the Company's Management in defining the Company's executive compensation policy and in carrying out various responsibilities relating to compensation of the Company's executive officers and directors, including: evaluating and approving compensation to the Chief Executive Officer and evaluating and recommending to the Board compensation to all other executive officers; reviewing and recommending to the Board compensation to non-employee directors; and overseeing the development and administration of the Company's equity compensation and benefit plans.

### I. Purposes

A. **Corporate Governance** – The Committee shall assist the Board of Directors in the performance of its corporate governance responsibilities.

B. **Nomination of Directors/Officers** – The Committee shall identify individuals qualified to become members of the Board of Directors (the "Board") and, consistent with criteria approved by the Board, recommend that the Board select the Director nominees for the next annual meeting of stockholders.

C. **Compensation of Directors/Officers/Employees** – The Committee shall review and if necessary establish a formal and transparent policy on executive remuneration and recommend to the shareholders the remuneration of directors.

i. The determination of the remuneration of senior management and other key personnel is the responsibility of the Chief Executive Officer and/or the Executive Committee. The compensation and remuneration committee should however ensure that compensation levels are consistent with the Corporation's financial capability as well as reasonable industry standards.

ii. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all officers and directors , which should require all officers and directors to declare under the penalty of perjury all their existing business interests or share holdings that may directly or indirectly conflict with their performance of duties to the Corporation. Such Disclosures should be updated at least every year. It should be clear that it is mandatory for officers and directors even within the yearly reporting period to declare prior to actually investing in or acquiring an interest, being employed or retained in any manner by a competitor or potential competitor.

## **II. Membership**

The Corporate Governance Committee shall be composed of at least three (3) members of the Board. At least three (3) members of the Committee, including the Chairman thereof, shall be Independent Directors. The Chair and members of the Committee shall be appointed annually by the Board. Vacancies shall be filled by election by the Board, and any member of the Committee may be removed by the Board.

Moreover, the Committee shall have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

## **III. Meetings**

- A. The Corporate Governance Committee shall meet at least once a year. The Chair or a majority of the members of the Committee may call for a special meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business.
- B. Procedures fixed by the Corporate Governance Committee shall be subject to any applicable provision of the Company's By-laws. Written minutes of each meeting shall be duly filed in the Company records, and reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting and shall be accompanied by any recommendations to the Board approved by the Committee.

## **IV. Key Responsibilities**

### **A. Corporate Governance**

- i. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments.
- ii. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance.

- iii. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.
- iv. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance.
- v. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- vi. Propose and plan relevant trainings for the members of the Board.

**B. Nomination of Directors/Officers**

- i. Develop and recommend for approval by the Board a set of criteria for Board membership. Identify, evaluate and attract qualified individuals to become Directors who satisfy such criteria. Make recommendations to the Board regarding candidates for membership on the Board, including the slate of nominees to be proposed by the Board for election by the stockholders at the annual meeting of stockholders and any director nominees to be elected by the Board to fill interim director vacancies. Establish and follow procedures for the recommendation of candidates by the Company's stockholders and the consideration by the Governance Committee of Director candidates so recommended.
- ii. The nomination of directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting in accordance with the following:
  - (a) All stockholders of record of the Corporation shall be entitled to nominate persons who shall be considered by the Corporate Governance Committee.
  - (b) All nominations should be submitted to the Corporate Governance Committee on or before January 30 of each year to allow the Corporate Governance Committee sufficient time to assess and evaluate the qualifications of the nominees.
  - (c) All recommendations for the nomination of Independent Directors shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees.
  - (d) After the nomination, the Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the Securities and Exchange Commission (SEC) and to all stockholders through the filing and distribution of the Information

Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.

(e) The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report, including any relationship with the nominee.

ii. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

iii. Assess the contributions and independence of incumbent Directors in determining whether to recommend them for re-election to the Board at the annual meeting of stockholders.

iv. Make recommendations to the Board on such matters as the retirement age, tenure and removal of Directors.

v. Manage the Board performance review process and review the results with the Board on an annual basis.

vi. Recommend to the Board candidates for appointment to Board committees and consider periodically rotating Directors among the committees.

vii. Review directorships in other public or private companies (excluding charitable or non-profit organizations) held by or offered to Directors and executive officers of the Company.

(a) Non-Executive members of the Board of Directors should concurrently serve as directors only to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

(b) A director should notify the Board before accepting a directorship in another publicly-listed company.

viii. Review and assess the channels through which the Board receives information and the quality and timeliness of information received.

ix. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

x. The optimum number shall be related to the capacity of a director to perform his duties diligently in general. In assessing the need to impose further limitations on outside directorships for individual members of the Board, the

Corporate Governance Committee may consider the following guidelines:

- (a) The nature of the business of the corporations which he is a director;
- (b) Age, and physical capacity of the director,

**C. Compensation of Directors/Officers/Employees**

- i. Assist Management and the Board in defining an executive compensation policy that (a) attracts, retains and appropriately rewards key executives of the Company, (b) links compensation with achievement of the Company's business objectives and (c) aligns the interests of key executives with the long-term interests of the Company's stockholders.
- ii. Annually (or bi-annually in the case of bonus amounts) review and approve corporate goals and objectives relevant to the base salary, bonus amount and other compensation of the Chief Executive Officer/President and the Company's other officers.
- iii. Evaluate the performance of the Chief Executive Officer/President and the Company officers in light of those goals and objectives, and determine and approve the compensation level, including base salary, bonus amount and other compensation, if any, of such officers based on this evaluation and other relevant factors. Evaluation of the Chief Executive Officer/President's performance shall be made in consultation with the Governance Committee.
- iv. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including overseeing the development of new compensation plans and the revision of old plans.
- v. Administer the Company's incentive compensation and equity-based plans, and approve restricted stock awards, stock option grants and other equity-based or incentive awards under these plans, including any performance criteria relating to these plans or any awards.
- vi. Review the Company's employee benefit plans and either recommend plan changes to the Board or amend such plans, subject where required by shareholder approval.
- vii. Recommend to the Board retainer, other compensation, and attendance fees, including Board committee attendance fees, for non-employee Directors.
- viii. Annually review and discuss with the Company's management the Compensation Disclosure to be included in the Company's annual report and SEC Form 17-A and SEC Form 20-IS.

- ix. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- x. Evaluate annually the performance of the Committee and the adequacy of this Charter.
- xi. Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.