



## Notice of Annual General Meeting and Explanatory Notes

**Costa Group Holdings Limited**  
**ACN 151 363 129**

Date: 17 November 2016

Time: 3:00pm

Place: KPMG Theatrette  
Ground Floor  
147 Collins Street  
Melbourne, Victoria

### Notice of Annual General Meeting

Notice is given that the 2016 Annual General Meeting (“**AGM**”) of Costa Group Holdings Limited (ACN 151 363 129) (“**Company**”) will be held at 147 Collins Street, Melbourne on 17 November 2016 at 3.00pm for the purposes of transacting the business set out in this notice.

#### Ordinary Business

##### **1 Consideration of Reports**

To receive and consider the Financial Report for the Company and its controlled entities, the Directors’ Report and the Auditor’s Report for the financial year ended 26 June 2016 as set out in the Company’s 2016 Annual Report.

*There is no vote on this item.*

##### **2 Remuneration Report**

To consider and if thought appropriate, pass the following resolution as an advisory resolution:

*“That the Remuneration Report (set out in the Directors’ Report) for the financial year ended 26 June 2016 be adopted.”*

Please see the explanatory notes and voting exclusion statement for this resolution on pages 6 and 7.

##### **3 Re-election of Tiffany Fuller as a Director**

To consider and if thought appropriate, pass the following resolution as an ordinary resolution:

*“That Tiffany Fuller is re-elected as a Director of the Company.”*

Please see the explanatory notes and voting exclusion statement for this resolution on page 7.



**4 Election of Janette Kendall as a Director**

To consider and if thought appropriate, pass the following resolution as an ordinary resolution:

*"That Janette Kendall is elected as a Director of the Company."*

Please see the explanatory notes and voting exclusion statement for this resolution on pages 7 and 8.

**5 Managing Director's FY17 STI Performance Rights**

To consider and if thought appropriate, pass the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 10.14 and for all other purposes the grant of performance rights to the Chief Executive Officer and Managing Director, Mr Harry Debney, as the deferred component of his short term incentive under the Company's FY17 short term incentive plan ("FY17 STI Plan"), in accordance with the terms of the FY17 STI Plan and as described in the Explanatory Notes, be approved."*

Please see the explanatory notes and voting exclusion statement for this resolution on pages 8 to 12.

**6 Managing Director's FY17 LTI Options**

To consider and if thought appropriate, pass the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 10.14 and for all other purposes the grant of options to the Chief Executive Officer and Managing Director, Mr Harry Debney, under the Company's FY17 long term incentive plan ("FY17 LTI Plan"), in accordance with the terms of the FY17 LTI Plan and as described in the Explanatory Notes, be approved."*

Please see the explanatory notes and voting exclusion statement for this resolution on pages 8 to 12.

By order of the Board.

David Thomas  
Company Secretary  
13 October 2016

## Information regarding voting

### 1 Entitlement to attend and vote

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and ASX Settlement Operating Rule 5.6.1, the Directors have determined that a shareholder's entitlement to vote at the AGM is as set out in the Company's share register as at 7:00pm (Melbourne time) on 15 November 2016. In the case of joint shareholders, all holders may attend the meeting but only one holder may vote at the meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted. A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative may exercise the corporate shareholder's powers at any one time.

*Transactions registered after 7:00pm (Melbourne time) on 15 November 2016 will be disregarded in determining the shareholders entitled to attend and vote at the AGM.*

### 2 Proxies

(a) **Proxy form:** A proxy form is included with this Notice of AGM.

(b) **Appointing a proxy:** If you are entitled to attend and vote at this AGM, you may appoint:

- a person ("person" can be an individual or a body corporate (if you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the AGM, in accordance with the instructions set out in Note 3 below); or
- if the shareholder is entitled to cast two or more votes at the meeting, two persons,

as your proxy or proxies to attend and vote for you at the AGM. A proxy need not be a shareholder.

(c) **Maximum of two:** You may appoint a maximum of two proxies and may state on the proxy form what proportion or number of your votes each proxy is being appointed to exercise. If you appoint two proxies and do not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half of your votes.

(d) **Deadline for receipt:** The Company must receive at least 48 hours before the AGM (ie. by 3:00pm (Melbourne time) on 15 November 2016):

- your completed proxy form; and
- if you sign under power of attorney or corporate representative, that power of attorney or corporate representative appointment or a certified copy of it.

Any proxy form received after this deadline (including at the AGM) will be invalid.

(e) **How to send:** The proxy form (and any authority appointing an attorney or corporate representative) must be:

- sent by post to the Company's registry:



Costa Group Holdings Limited  
C/ - Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

- delivered by hand to the Company's registry:

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

OR  
Level 12  
680 George Street  
Sydney NSW 2000

- sent by fax to the Company's registry on +61 2 9287 0309; or
- lodged online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

(f) ***How and when a proxy must vote:*** If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is not the Chairman of the AGM, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chairman of the AGM, the proxy must vote on a poll and must vote as directed.

(g) ***Default to the Chairman of the meeting:*** If:

- a poll has been called on a resolution; and
- a shareholder has appointed a proxy other than the Chairman of the meeting and the appointment of the proxy directs the proxy how to vote on the resolution; and
- the shareholder's proxy either:
  - is not recorded as attending the AGM; or
  - attends the AGM but does not vote on the resolution,

then the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for that shareholder for the purposes of voting on that resolution. In these circumstances, the Chairman of the meeting must vote in accordance with the written direction of that shareholder.

(h) ***Directing proxy votes:*** We encourage shareholders who are appointing proxies to direct their proxies how to vote on each resolution by crossing either a "For", "Against", or "Abstain" box before lodging their proxy form so that their proxy will vote on their behalf in accordance with their instructions. The Chairman intends to vote



undirected proxies on, and in favour of, all the proposed resolutions. If there is a change in how the Chairman intends to vote undirected proxies, the Company will make an announcement to the market.

### **3 Body corporate representative**

Any corporation wishing to appoint a person to act as representative at the AGM may do so by providing that person with:

- a “Appointment of Corporate Representative” form which can be obtained from the Company’s registry; or
- a letter or certificate authorising the person to act as the corporation’s representative in accordance with the corporation’s constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

### **4 Questions from shareholders**

A shareholder of the Company who is entitled to vote at the AGM may submit a written question to the Chairman or Auditor by sending it to the Company no later than the fifth business day before the AGM is to be held (ie. by 10 November 2016).

### **5 Annual Report information**

The 2016 Annual Report is being sent separately to shareholders who have elected to receive an Annual Report. A copy of the Company’s Annual Report is available to all shareholders upon request and can be viewed at <http://investors.costagroup.com.au/investor-centre/?page=latest-reports> or an electronic or printed copy can be requested from the Company’s registry.



## Explanatory notes on the business to be transacted at the AGM

### Item 1 – Consideration of Reports

The Financial Report for the Company and its controlled entities, the Directors' Report and the Auditor's Report for the financial year ended 26 June 2016 as set out in the Company's 2016 Annual Report will be laid before the AGM. Shareholders will be given a reasonable opportunity to ask the Auditor questions about the conduct of the audit and the content of the Auditor's report.

### Item 2 - Remuneration Report

In accordance with the *Corporations Act 2001* (Cth), the Company is required to present the Company's Remuneration Report to shareholders for consideration and adoption at the AGM.

The Remuneration Report is located on pages 34 to 43 of the Company's 2016 Annual Report and is also available on the Company's website [www.costagroup.com.au](http://www.costagroup.com.au). The Remuneration Report:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of employees and the Company's performance;
- sets out remuneration details for each director and each other member of the Company's key management personnel; and
- confirms that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

Shareholders will have an opportunity to ask questions and comment on the Remuneration Report at the AGM.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

The remuneration framework adopted by the Board is designed to attract and retain key talent, reward the achievement of strategic objectives and align reward with the creation of shareholder wealth. Where appropriate, the Company obtains independent input to confirm the appropriateness of these arrangements.

Noting that each Director has a personal interest in their own remuneration from the Company as described in the Remuneration Report, the Board recommends that shareholders vote **in favour** of the resolution in Item 2.

The Chairman intends to vote undirected proxies able to be voted **in favour** of this resolution.

### Voting Exclusion - Item 2

- 1 Subject to paragraph 2, a vote must not be cast (in any capacity) on the resolution in Item 2 by or on behalf of a member of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report ("**KMP**") or their closely related parties, whether as a shareholder or as a proxy except that a vote may be cast on the resolution in Item 2 by a KMP, or a closely related party of a KMP if:
  - (a) the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the resolution in Item 2; and
  - (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.
- 2 If you appoint the Chairman of the AGM as your proxy or the Chairman of the AGM is appointed as your proxy by default<sup>1</sup>, and you do not direct your proxy how to vote on the

<sup>1</sup> Due to the failure of your nominated proxy to attend or if no proxy was identified in your lodged proxy form.



resolution in Item 2 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy in favour of the resolution in Item 2 even if Item 2 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the AGM.

### **Items 3 and 4 - Election of Directors**

The Board undertakes a regular review of its performance, policies and practices. The review includes an assessment of the performance of each Director, their experience and skills. This is taken into account by the Board in determining whether to endorse Directors standing for re-election and anyone offering themselves for election as a Director.

The resolutions to appoint these Directors are proposed separately as ordinary resolutions.

#### **Item 3 - Re-election of Tiffany Fuller as a Director**

Ms Fuller has been a Director since 1 October 2015 and is also Chair of the Audit and Risk Committee and member of the Nomination Committee. Ms Fuller (together with four other Non-Executive Directors) was elected as a Director at the Company's 2015 annual general meeting for a term expiring at the end of the Company's annual general meeting in 2018.

At this year's AGM, the Board wishes to initiate a program of staggered retirement and re-election for its existing Directors. As part of this process, Ms Fuller now offers herself for re-election for a three year term commencing from the conclusion of this year's AGM.

Ms Fuller has held various accounting, corporate finance, financial advisory and management consulting positions with Arthur Anderson in Australia, the United States and in England and subsequently held roles in investment banking and private equity with Rothschild Australia. As a director in the Rothschild private equity group she focused on the management of Microcap Investments and early stage technology venture capital in Australia and New Zealand.

Ms Fuller currently serves as Non-Executive director of Computershare Ltd and Smart Parking Ltd and is the Chair of the Audit and Risk Committee of both companies.

The Directors (with Tiffany Fuller abstaining and not voting) recommend that you vote in favour of the resolution in item 3.

#### **Item 4 - Election of Janette Kendall as a Director**

Ms Kendall was elected by the Board as a Director on 11 October 2016. Given that Ms Kendall has been appointed as a Director since the last annual general meeting of the Company, she must now be elected in accordance with article 10.8 of the Company's constitution.

Janette Kendall is a non-executive director with more than 23 years board experience across public, private and not-for-profit organisations spanning a diverse range of industries including marketing and technology, digital media, communications, supermarkets, and the arts. Ms Kendall is currently a non-executive director of Wellcom Group (ASX WLL) and the Melbourne Theatre Company. Her previous directorships include Australian United Retailers Limited, the Melbourne International Festival of the Arts, and Clemenger BBDO Melbourne.

Ms Kendall's executive experience, both in Australia and China, combines marketing, digital and operations. She has significant expertise in strategic planning, digital transformation, marketing and leadership across a number of industry sectors including digital & technology, marketing & communications, media, retail, FMCG, hospitality, gaming, property and manufacturing. Her executive experience includes SVP Marketing Galaxy Entertainment Group (China), Executive General Manager, Marketing Crown Resorts (Melbourne), General Manager, Pacific Brands, Managing Director of emitch Limited and Managing Director of Clemenger Digital and Clemenger Proximity.





Ms Kendall holds a Bachelor of Business - Marketing, and is a Fellow of the Australian Institute of Company Directors.

The Directors (with Janette Kendall abstaining and not voting) recommend that you vote in favour of the resolution in item 4.

#### Items 5 and 6 - Managing Director's FY17 Remuneration

The Board reviewed Mr Debney's remuneration package for the year ending 25 June 2017 ("FY17"), with the aim of ensuring that Mr Debney's remuneration package for FY17 is market competitive, reasonable and creates adequate incentives for both short term and long term financial performance, strategic growth and creation of shareholder value.

As a result of that review, the Board determined that Mr Debney's FY17 remuneration package should be structured as follows:

Total fixed remuneration	At risk remuneration	
	Short term incentive (1 year)	Long term incentive (3 years)
\$972,701	<ul style="list-style-type: none"> <li>\$437,716 (at target)</li> <li>\$680,891 (stretch performance – maximum award)</li> </ul>	\$340,445.35 <sup>2</sup>

The non-executive Directors have concluded that the remuneration package for Mr Debney (including the proposed grants of securities under the short term incentive ("STI") Plan and long term incentive ("LTI") Plan) is reasonable and appropriate having regard to the circumstances of the Company and the duties and responsibilities of Mr Debney.

Accordingly, the non-executive directors recommend that shareholders vote **in favour** of the resolutions in Items 5 and 6.

The Chairman intends to vote undirected proxies able to be voted **in favour** of the resolutions in items 5 and 6.

#### Why the Company is seeking approval – Items 5 and 6

Under the ASX Listing Rules, the Company must seek shareholder approval to grant equity securities to any director of the Company. As the deferred component of the Company's FY17 STI Plan involves performance rights and the Company's FY17 LTI Plan involves options, shareholder approval is being sought for Mr Debney's participation in both the deferred component of the FY17 STI Plan (Item 5) and the FY17 LTI Plan (Item 6). Details of the FY17 STI Plan and FY17 LTI Plan are set out below.

#### Managing Director's entitlements under FY17 STI Plan – Item 5

Under the FY17 STI Plan, Mr Debney is entitled to a target STI award equal to 45% of his total fixed remuneration ("TFR"), with an opportunity to receive a maximum STI award equal to 70% of his TFR.

The exact amount of the STI award which Mr Debney will receive, if any, will be subject to performance measures linked to the Company's financial performance and Mr Debney's individual performance over the financial year, with the maximum STI award only being realised if a specified stretch target is achieved. The performance measures will be set by the Board each year. Consistent with the prior year, FY17 STI targets are based on 80% financial performance relative to Board

<sup>2</sup> Total indicative value of options to be issued to Mr Debney as part of the FY17 LTI Plan, as at the effective date of the independent indicative valuation issued on 6 October 2016. As required by AASB 2 Share Based Payments, the final fair value of the LTI options will be determined on the grant date should shareholders approve the issuance of LTI options to Mr Debney.





determined budgets and 20% personal components. Financial measures are EBIT (before SGARA) and cashflow generation. The individual performance measures for FY17 will relate to key business drivers, which will be set by the Board and may include safety, quality, customer satisfaction and people.

Where Mr Debney becomes entitled to receive an STI award, it will be paid in the following way:

- (a) two thirds of the STI award will be paid in cash following the end of the performance year; and
- (b) one third of the STI award will be deferred for 12 months in the form of performance rights granted under the Company's FY17 STI Plan.

#### **Terms of the STI performance rights – Item 5**

Each performance right is a right to receive one ordinary share in the Company upon vesting. The performance rights will ordinarily vest on 1 September 2018, however they will automatically lapse if Mr Debney ceases to be an employee and the Board determines that he is not a good leaver.

In addition to conveying a right to receive an ordinary share in the Company, each of the STI performance rights will convey a right to receive cash payments equal to the value of the dividends paid by the Company from time to time on one ordinary share during the period the performance right is held.

#### **Managing Director's FY17 LTI Options - Item 6**

The Company's CEO and Managing Director, Mr Harry Debney, is eligible to participate in the Company's FY17 LTI Plan for the 3 year performance period commencing on 27 June 2016 and ending on 30 June 2019 ("**Performance Period**").

Under the FY17 LTI Plan, Mr Debney is entitled to receive options to acquire ordinary shares in Costa Group Holdings Ltd valued at \$340,445.35<sup>3</sup>, being 35% of his total fixed remuneration for FY17. Based on an independent valuation conducted by Ernst & Young, which valued each option at \$0.56, Mr Debney is entitled to receive 607,938 options under the FY17 LTI Plan.

The number of options that vest at the end of the Performance Period will depend on the Company's performance during the Performance Period against performance hurdles set by the Board. When setting the performance hurdles for the FY17 LTI Plan, the Board considered that:

- the use of a hurdle based on earnings per share ("**EPS**") is consistent with Costa's FY16 LTI Plan for Company executives (other than Mr Debney);
- dual measures provide a more balanced approach than relying on a single measure;
- a measure that drives sustainable long term value creation, via strategic growth and diversification, would be suitable during this stage of the Company's growth cycle; and
- as Costa does not have direct competitors in the ASX, comparative measures such as relative total shareholder return measured against a selected comparator group are less suitable.

Accordingly, the Board adopted an EPS hurdle and a strategic growth hurdle for the FY17 LTI Plan.

#### **Terms of the LTI Options – Item 6**

Key terms of the options to be granted to Mr Debney (and other senior executives of the Company) under the FY17 LTI Plan are as follows:

Exercise price	\$2.78 per share, being the volume weighted average price of an ordinary fully paid share in the capital of the Company recorded on the ASX over 10 ASX
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<sup>3</sup> Total indicative value of options to be issued to Mr Debney as part of the FY17 LTI Plan, as at the effective date of the independent indicative valuation issued on 6 October 2016. As required by AASB 2 Share Based Payments, the final fair value of the LTI options will be determined on the grant date should shareholders approve the issuance of LTI options to Mr Debney

trading days ending on 30 June 2016.

EPS hurdle 75% of the options ("**EPS Options**") will be subject to a performance hurdle based on the Company's Earnings Per Share (basic) compound annual growth rate ("**CAGR**") over the Performance Period, with performance and vesting outcomes as follows:

Company's EPS CAGR over Performance Period	Percentage of LTIP Options (subject to the EPS hurdle) that will vest
Less than 8%	0%
8%	50%
Between 8% and 11% (inclusive)	50%-100%, on a straight line sliding scale
Above 11%	100%

The Board retains discretion to adjust the calculation of EPS (for example, to exclude the impact of significant events that may occur during the performance period).

Growth hurdle 25% of the options ("**Growth Target Options**") will be subject to a performance hurdle based on geographic and category diversification and growth designed to support sustainable long term value creation. Diversification includes two new geographic locations, which may include domestic and/or international locations and one new major category pillar.

The number of Growth Target Options that vest will be determined by the Board (with the Managing Director not voting) based on an assessment of the Company's performance during the Performance Period against the growth and diversification targets set by the Board.

The Company considers the performance targets for this hurdle to be commercially sensitive, with the result that publication of that information prior to the end of the Performance Period may be prejudicial to the interests of the Company. Accordingly, complete details regarding the outcomes of vesting will be disclosed at the end of the Performance Period in the 2019 Remuneration Report.

Entitlements Options will not carry rights to dividends or voting rights prior to vesting.

Option exercise Vested options must be exercised within 5 years from the grant date of the options ("**Expiry Date**"). Prior to the Expiry Date, Mr Debney can exercise by either:

- providing the Company with an exercise notice that specifies the number of options to be exercised, together with the exercise price in respect of those exercised options; or
- electing a cashless exercise in respect of some or all of his options.

If Mr Debney provides the exercise price, he will be issued with one share per exercised option. If he elects a cashless exercise, he will be issued with a lower number of shares, calculated in accordance with the following formula:

*(A minus B) divided by C, where:*

*A = Number of Shares to which each Vested Option relates (ie. 1) x Number of Vested Options exercised x Market Price per Share*

*B = Number of Vested Options exercised x Exercise Price per Option*

*C = Market Price per Share, being an amount equal to the volume weighted average price of a Share recorded on the ASX over 10 ASX trading days immediately preceding the date on which the Market Price is to be calculated or, if no sale occurred during such period, the last sale price of a Share recorded on the ASX.*

Sale restriction	Shares delivered on the exercise of 50% of the options will be subject to a restriction period (during which the shares cannot be sold or otherwise dealt with) for 12 months following vesting.
Service conditions	<p>If Mr Debney ceases employment before his options vest due to termination for cause, all of his unvested Options will lapse at cessation.</p> <p>Where Mr Debney ceases employment for any other reason (which generally includes good leaver circumstances such as death or disability), a pro-rata number of unvested options (based on the proportion of the performance period served) will generally continue on-foot and be tested at the end of the original vesting date against the relevant performance conditions. However, the Board has discretion to apply any other treatment that it deems appropriate in the circumstances.</p>

**Maximum number of STI performance rights and LTI options that Mr Debney may receive – Items 5 and 6**

Plan	Maximum number and value of securities and price
STI Plan	The maximum number of performance rights that Mr Debney may receive in respect of FY17 will be performance rights with a value equal to \$226,963.67 (being one third of his maximum STI award). The exact number of performance rights will be determined by dividing the dollar value of the deferred component of Mr Debney's STI award by an amount equal to the volume weighted average price of an ordinary fully paid share in the capital of the Company recorded on the ASX over 10 ASX trading days immediately preceding the date of determination of the STI outcome or, if no sale occurred during such period, the last sale price of an ordinary fully paid share in the capital of the Company recorded on the ASX.
LTI Plan	Under the FY17 LTI plan, Mr Debney is entitled to receive options to acquire ordinary shares in Costa Group Holdings Ltd valued at \$340,445.35 <sup>4</sup> , being 35% of his total fixed remuneration for FY17. Based on an independent valuation conducted by Ernst & Young, which valued each option at \$0.56, Mr Debney is entitled to receive 607,938 options under the LTI Plan.

**Price payable for the STI performance rights and LTI options – Items 5 and 6**

No monetary payment will be payable by Mr Debney in connection with either the grant or vesting of the STI Performance Rights or LTI Options.

**Grants under the Company's STI Plan and LTI Plan since the last Annual General Meeting – Items 5 and 6**

Since the Company's last Annual General Meeting, 53,740 performance rights were issued to Mr Debney under the Company's FY16 STI Plan. No consideration will be payable for the shares that

<sup>4</sup> Total indicative value of options to be issued to Mr Debney as part of the FY17 LTI Plan, as at the effective date of the independent indicative valuation issued on 6 October 2016. As required by AASB 2 Share Based Payments, the final fair value of the LTI options will be determined on the grant date should shareholders approve the issuance of LTI options to Mr Debney



are issued upon vesting of the performance rights. No options and no other performance rights have been granted to persons referred to in ASX Listing Rule 10.14 since the Company's last Annual General Meeting.

#### **Directors' eligibility to participate in the FY17 STI Plan and the FY17 LTI Plan – Items 5 and 6**

Mr Debney is the only director of the Company and the only person referred to in Listing Rule 10.14 who is eligible to participate in the FY17 STI Plan and the FY17 LTI Plan.

#### **Date by which FY17 STI performance rights and FY17 LTI options will be granted – Items 5 and 6**

If Item 5 is approved at the AGM, it is intended that any performance rights granted to Mr Debney will be granted shortly following the determination of his final FY17 STI award which will occur following the release of the Company FY17 annual results. In any event, the performance rights will be issued within 12 months after the date of the AGM. If shareholders do not approve Item 5 at the AGM, it is intended that all of Mr Debney's FY17 STI award will be provided in cash.

If Item 6 is approved at the AGM, the FY17 LTI options will be granted to Mr Debney shortly following the AGM and in any event no later than 12 months after the date of the AGM. To compensate Mr Debney for the remuneration he would forego if shareholder approval is not obtained, the Company may pay Mr Debney a cash amount (equivalent to the value the grant would have had at vesting had it been approved by shareholders). Mr Debney will only receive a cash payment if the performance hurdles are satisfied.

#### **Voting Exclusion – Items 5 and 6**

Items 5 and 6 are resolutions connected directly or indirectly with the remuneration of key management personnel. The following persons may not vote, and the Company will disregard any vote cast by the following persons, on Items 5 and 6:


- (a) any director of the Company who is eligible to participate in any employee incentive scheme and any of their associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if:
  - (i) the vote is cast in accordance with the directions on the proxy form; or
  - (ii) the vote is cast by the Chairman of the meeting as a proxy, in accordance with the direction on the proxy form to vote as the proxy decides; and
- (b) any member of the Company's key management personnel (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on Items 5 and 6, unless:
  - (i) the proxy is the Chairman of the meeting at which Items 5 and 6 are voted on; and
  - (ii) the proxy appointment expressly authorises the Chairman to exercise the proxy even though Items 5 and 6 concern the remuneration of a member of the Company's key management personnel.


## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Costa Group Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## PROXY FORM

I/We being a member(s) of Costa Group Holdings Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm on Thursday, 17 November 2016 at KPMG Theatre, Ground Floor, 147 Collins Street, Melbourne, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 2, 5, and 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 5, and 6, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
<b>2</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>6</b> Grant of Managing Director's FY17 LTI Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b> Re-election of Tiffany Fuller as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>4</b> Election of Janette Kendall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>5</b> Grant of Managing Director's FY17 STI Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

Costa Group Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**