

**APN** | Property Group

# Nomination and Remuneration Committee Charter

APN Funds Management Limited  
Industria Company No. 1 Limited

June 2016



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# Nomination and Remuneration Committee Charter

## 1 Purpose of the Committees

- (a) APN FM and Industria Co (each a company with its own board of directors) have each established a Nomination and Remuneration Committee (collectively, the **Committees**). This Charter sets out the role and responsibilities of each Committee in relation to APN FM and Industria Co (as the context requires).
- (b) APN FM is a wholly owned subsidiary of APN PG. Accordingly, the APN PG Board will be ultimately responsible for the nomination and remuneration practices of the APN FM Board. References to APN PG and the APN PG Board in this Charter are made in this context, and not with respect to the remuneration and nomination of the directors of APN PG.
- (c) For the avoidance of doubt:
  - (i) the Nomination and Remuneration Committee established in respect of APN FM is only required to carry out the requisite roles and responsibilities in respect of APN FM (not Industria Co); and
  - (ii) the Nomination and Remuneration Committee established in respect of Industria Co is only required to carry out the requisite roles and responsibilities in respect of Industria Co (not APN FM).<sup>1</sup>
- (d) The existence of the Committees should not be seen as implying a fragmentation or diminution of the responsibilities of the APN FM Board or the Industria Co Board.
- (e) The purpose of each Committee is to:
  - (i) provide a mechanism for the Industria Co Board, the APN FM Board, and to the extent applicable, the APN PG Board, to focus on appropriate remuneration policies which are designed to meet the needs of Industria Co and APN FM and to enhance corporate and individual performance;
  - (ii) fairly and regularly review and evaluate the competence and performance of the APN FM Board, the Industria Co Board and key executives against both measurable and qualitative indicators;
  - (iii) ensure the remuneration structure is fair and equitable and aligned with the long-term interests of Industria Co, the relevant funds of which APN FM is the responsible entity (and those funds' investors) and aligned with the other policies applicable to Industria Co and APN FM from time to time;
  - (iv) review APN FM Board and Industria Co Board succession plans;
  - (v) review and make recommendations to the Industria Co Board, the APN FM Board, and to the extent applicable, the APN PG Board, on:

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<sup>1</sup> As at the date of this Charter, Industria Co is a member of the ASX-listed stapled group, IndustriaREIT (ASX: IDR). It is, therefore, subject to the legal requirements applicable to ASX-listed companies. However, it should be noted that, as at the date of this Charter, neither Industria Co nor APN FM has any employees. The persons (including senior management personnel) who support the APN FM Board and the Industria Co Board are employed by APN PG.

- (A) remuneration, recruitment, retention and termination policies and procedures in place for senior management;
  - (B) incentive schemes;
  - (C) superannuation arrangements; and
  - (D) the remuneration framework for Directors;
- (vi) ensure the Industria Co Board, the APN FM Board, the APN PG Board (to the extent applicable), management and the Committees are provided with sufficient resources and information, including access to advice from external specialists or consultants, to ensure informed decision-making on the issue of remuneration and nomination of the Industria Co Board, the APN FM Board and, to the extent applicable, senior management<sup>2</sup>; and
- (vii) advise the Industria Co Board, the APN FM Board, and to the extent applicable, the APN PG Board, on the appropriate disclosure to be made in relation to executive remuneration, termination payments and retirement benefits.

## 2 Membership of the Committees

- (a) The Committees will be comprised of a minimum of three Directors appointed by the Industria Co Board or the APN FM Board (as applicable).
- (b) The majority of the Committees must at all times be comprised of non-executive directors who are independent.<sup>3</sup>
- (c) Members of the Committees will be appointed by either of the APN FM Board or the Industria Co Board (as applicable) for such period as determined by the APN FM Board or the Industria Co Board. For the avoidance of doubt, no Committee member's reappointment will be regarded as being automatic.
- (d) The APN FM Board or the Industria Co Board (as applicable) may appoint additional Directors to the Committees, or remove and replace members of the Committees.
- (e) The duties and responsibilities of a member of the Committees shall be in addition to those duties set out for, and required of, a Director.

## 3 Role and responsibilities of the Committees

The role of the Committees will be to make recommendations to the Industria Co Board, the APN FM Board, and in respect of the employees (including senior management) who support either or both APN FM and Industria Co, the APN PG Board, about:

- (a) the appropriate size and composition of the APN FM Board or the Industria Co Board;
- (b) the necessary and desirable competencies of Directors;

<sup>2</sup> References throughout this Charter to 'senior management', 'management' and 'employees' are applicable only to those persons who support Industria Co and/or the relevant funds of which APN FM is the responsible entity. This is due to the matters described in footnote 1.

<sup>3</sup> Please refer to the APN FM Board Charter for information in relation to a Director's independence.

- (c) the appointment, re-appointment and removal of Directors;
- (d) developing formal and transparent procedures and criteria for the selection of candidates for, and appointments to, the APN FM Board or the Industria Co Board;
- (e) appropriate succession plans or arrangements for the APN FM Board or the Industria Co Board and regularly (meaning at least annually) reviewing the plan approved by the APN FM Board or the Industria Co Board;
- (f) implementing induction procedures designed to allow new APN FM Board or Industria Co Board appointees to participate fully and actively in APN FM Board or Industria Co Board decision-making at the earliest opportunity;
- (g) implementing induction programs that enable Directors to gain an understanding of:
  - (i) financial, strategic, operational and risk management position of APN FM or Industria Co;
  - (ii) their rights, duties and responsibilities; and
  - (iii) the role of the APN FM Board or the Industria Co Board and other committees;
- (h) providing Directors and key executives with access to continuing education to update their skills and knowledge and provide them access to internal and external sources of information which enhance their effectiveness in their roles;
- (i) an appropriate process for performance and remuneration evaluation of the APN FM Board, the Industria Co Board, their respective committees, Directors, and, to the extent applicable, key executives;
- (j) appropriate remuneration and incentive policies from time to time which motivate Directors and management to pursue the long-term growth and success of APN FM or Industria Co within an appropriate control framework;
- (k) to the extent applicable, the relevant policies which demonstrate a clear relationship between key executive performance and remuneration;
- (l) the remuneration and incentive policies for senior management, including any eligibility criteria and performance hurdles for equity based plans and considering whether securityholder approval is needed for plans and for any changes to them;
- (m) the remuneration packages of senior management and Directors and whether securityholder approval is needed for any change to remuneration of Directors; and
- (n) any report on executive remuneration that may be required by the ASX Listing Rules or the *Corporations Act 2001* (Cth) or proposed for inclusion in the annual report.

#### 4 The function of the Chairman

- (a) The chairman of each Committee (**Chairman**) will be a non-executive director appointed by the APN FM Board or the Industria Co Board (as applicable).
- (b) In addition to the Chairman's responsibilities as a member of the relevant Committee, the Chairman is responsible for:

- (i) leading the Committee in discharging its duties and responsibilities to the APN FM Board or the Industria Co Board;
  - (ii) the efficient organisation and conduct of the Committee's function;
  - (iii) chairing Committee meetings and directing Committee discussions so that there is an effective use of time and that critical issues are discussed;
  - (iv) facilitating the effective contribution of all members of the relevant Committee; and
  - (v) briefing all members of the relevant Committee in relation to issues arising at meetings of the Committee.
- (c) The Chairman is required to commit sufficient time in order to properly discharge the role of chairman of the relevant Committee.
- (d) If the Chairman is absent from any meeting of the relevant Committee, the members of the Committee present at the meeting shall choose one of the other members of the Committee present to chair that particular meeting.

## **5 Committee Meetings**

- (a) The Committees will meet as often as it deems necessary.
- (b) The Chair will call a meeting of the relevant Committee if so requested by any member of the Committees.
- (c) A quorum of the Committees will be two members or any greater number determined by the Committees from time to time.
- (d) All matters arising for determination at Committee meetings will be decided by a majority of votes of Committee members present and voting.
- (e) Each member of the Committees has one vote.
- (f) Decisions of the Committees are decided by a majority of votes cast by members present and entitled to vote.
- (g) In the case of an equality of votes on a resolution at a Committee meeting, the Chairman will have a second or casting vote on that resolution in addition to any vote the Chairman has in his or her capacity as a member of the Committee in respect of that resolution.
- (h) Unless otherwise determined by the Committees, the Secretary of APN FM will be appointed as Secretary of the Committees.
- (i) The proceedings of all meetings of the Committees are to be minuted and signed by the chair of the meeting or the chair of the next successive meeting.
- (j) The Chairman of each Committee will report the Committee's findings (as applicable) to the Industria Co Board, the APN FM Board, and to the extent applicable, the APN PG Board, after each Committee meeting.
- (k) The minutes of all meetings of the Committees are to be circulated to members and approved by the Committees at the next successive meeting.

- (l) A member of the Committees will not be entitled to be present or to vote when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated by the Committees.
- (m) The Committee may invite employees (senior management) of APN PG to attend meetings of the Committees as observers.

## 6 Access to Information

The Committees shall have direct access to internal and external officers and advisers of APN FM and Industria Co, and shall have the authority to seek whatever independent, professional or other advice it requires from outside APN FM or Industria Co in order for it to meet its responsibilities.

## 7 Delegation

The Committees may delegate any of their respective powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to senior management and the company secretary of APN FM or Industria Co (as the context requires). For reporting obligations to members, the Committee may also delegate some of its responsibilities to the Audit, Risk & Compliance Committee.

## 8 Review of Charter

This Charter will be reviewed by the APN FM Board and the Industria Co Board from time to time to ensure it remains consistent with the objectives and responsibilities of the APN FM Board and the Industria Co Board.

## 9 Date of adoption

This Charter was adopted by the APN FM Board and the Industria Co Board in June 2016.

## 10 Definitions

In this Charter, unless the context otherwise requires:

**APN FM** means APN Funds Management Limited.

**APN FM Board** means the board of directors of APN FM.

**APN PG** means APN Property Group Limited, being the ultimate holding company of APN FM.

**APN PG Board** means the board of directors of APN PG.

**ASX** means the Australian Securities Exchange.

**Directors** means the directors of Industria Co or APN FM (as the context requires).

**Industria Co** means Industria Company No. 1 Limited.

**Industria Co Board** means the board of directors of Industria Co.