

**APN** | Property Group

# APN Funds Management Limited Nomination and Remuneration Committee Charter

August 2019



## **Contents**

<b>1</b>	<b>Purpose of the Committee</b>	<b>2</b>
<b>2</b>	<b>Membership of the Committee</b>	<b>3</b>
<b>3</b>	<b>Role and responsibilities of the Committee</b>	<b>3</b>
<b>4</b>	<b>The function of the Chairman</b>	<b>4</b>
<b>5</b>	<b>Committee Meetings</b>	<b>5</b>
<b>6</b>	<b>Access to Information</b>	<b>5</b>
<b>7</b>	<b>Delegation</b>	<b>6</b>
<b>8</b>	<b>Review of Charter</b>	<b>6</b>
<b>9</b>	<b>Definitions</b>	<b>6</b>

# Nomination and Remuneration Committee Charter

## 1 Purpose of the Committee

- (a) APN FM has established a Nomination and Remuneration Committee (the **Committee**). This Charter sets out the role and responsibilities of the Committee in relation to APN FM.
- (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) The existence of the Committee should not be seen as implying a fragmentation or diminution of the responsibilities of the APN FM Board.
- (d) The purpose of the Committee is to:
  - (i) provide a mechanism for 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 APN FM and to enhance corporate and individual performance;<sup>1</sup>
  - (ii) fairly and regularly review and evaluate the competence and performance of the APN FM 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 the relevant funds of which APN FM is the responsible entity (and those funds' investors) and aligned with the other policies applicable to APN FM from time to time;
  - (iv) review APN FM Board succession plans;
  - (v) review and make recommendations to the APN FM Board, and to the extent applicable, the APN PG Board, on:
    - (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 APN FM Board, the APN PG Board (to the extent applicable), management and the Committee is 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

---

<sup>1</sup> It should be noted that, as at the date of this Charter, APN FM does not have any employees. The persons (including senior management personnel) who support the APN FM Board are employed by APN PG.

and nomination of the APN FM Board and, to the extent applicable, senior management<sup>2</sup>; and

- (vii) advise 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 Committee

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

## 3 Role and responsibilities of the Committee

The role of the Committee will be to make recommendations to the APN FM Board, and in respect of the employees (including senior management) who support APN FM, the APN PG Board, about:

- (a) the appropriate size and composition of the APN FM Board;
- (b) the necessary and desirable skills, knowledge and experience of Directors (in particular, to deal with new and emerging business and governance issues);
- (c) the appointment, re-appointment and removal of Directors;
- (d) developing formal, robust and transparent procedures and criteria for the selection of candidates for, and appointments to, the APN FM Board (taking into account the balance of skills, knowledge, experience, independence and diversity on each Board);
- (e) appropriate succession plans or arrangements for the APN FM Board and regularly (meaning at least annually) reviewing the plan approved by the APN FM Board;
- (f) implementing induction procedures designed to allow new APN FM Board appointees to participate fully and actively in APN FM Board decision-making at the earliest opportunity;
- (g) implementing induction programs that enable Directors to gain an understanding of:

<sup>2</sup> References throughout this Charter to 'senior management', 'management' and 'employees' are applicable only to those persons who support 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.

- (i) the financial, strategic, operational and risk management position of APN FM;
- (ii) their rights, duties and responsibilities; and
- (iii) the role of the APN FM 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, its committees, Directors (including whether they are committing the necessary time to their role), and, to the extent applicable, key executives;
- (j) appropriate remuneration (Including superannuation) and incentive policies from time to time which motivate Directors and management to pursue the long-term growth and success of APN FM 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 (including superannuation) 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;
- (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; and
- (o) to the extent applicable to APN FM, appropriate succession plans or arrangements for key executive.

#### 4 The function of the Chairman

- (a) The chairman of the Committee (**Chairman**) will be a non-executive, independent director appointed by the APN FM Board.
- (b) In addition to the Chairman's responsibilities as a member of the Committee, the Chairman is responsible for:
  - (i) leading the Committee in discharging its duties and responsibilities to the APN FM 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 Committee; and
  - (v) briefing all members of the 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 Committee.
- (d) If the Chairman is absent from any meeting of the 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 Committee will meet as often as it deems necessary.
- (b) The Chair will call a meeting of the Committee if so requested by any member of the Committee.
- (c) A quorum of the Committee will be two members or any greater number determined by the Committee 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 Committee has one vote.
- (f) Decisions of the Committee 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 Committee, the Secretary of APN FM will be appointed as Secretary of the Committee.
- (i) The proceedings of all meetings of the Committee are to be minuted and signed by the chair of the meeting or the chair of the next successive meeting.
- (j) The Chairman of the Committee will report the Committee's findings (as applicable) to 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 Committee are to be circulated to members and approved by the Committee at the next successive meeting.
- (l) A member of the Committee 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 Committee.
- (m) The Committee may invite employees (senior management) of APN PG to attend meetings of the Committee as observers.

## 6 Access to Information

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

## 7 Delegation

The Committee may delegate any of its 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. 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 from time to time to ensure it remains consistent with the objectives and responsibilities of the APN FM Board.

## 9 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 APN FM.