



Nomination and Remuneration Committee Charter

1. Introduction

- 1.1 The Nomination and Remuneration Committee (**Committee**) is a committee of the Boards of Aveo Group Limited and Aveo Funds Management Limited (**Board**). The principle purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to assessing the necessary and desirable competencies of the Board and the remuneration and incentive framework for Aveo's senior management and directors.
- 1.2 This Charter sets out the role and responsibilities delegated by the Board to the Committee and the Committee's composition, structure and primary duties. The Committee will also be guided by the constitutions of Aveo Group Limited and Aveo Funds Management Limited as responsible entity for Aveo Group Trust (**Group**) where relevant.

2. Role of the Committee

- 2.1 The Committee will assist the Board:
 - by providing recommendations to the Board with respect to the necessary and desirable competencies of the Board, the appointment, election and re-election of Directors and reviewing Board succession plans to ensure that the Board has the necessary guidance to facilitate appointments to the Board without disruption; and
 - to design and review appropriate remuneration policies that motivate directors and senior management to pursue the long term growth and success of the Group and demonstrate a clear relationship between performance and remuneration.
- 2.2 The primary responsibilities of the Committee will be to review and recommend for approval to the Board:
 - procedures to assess the performance of non-executive directors and the Board's Committees;
 - nomination and selection processes for appointment of non-executive directors to the Board;
 - candidates to fill casual vacancies (as they relate to non-executive vacancies) on the Board and those non-executive directors who should be considered for election and re-election;
 - the removal of non-executive directors (as required);
 - succession plans for both Directors and Senior Management which will detail a list of eligible candidates in circumstances where a vacancy arises;
 - remuneration policies and practices which are consistent with the Group's strategic goals and which enable the Group to attract and retain senior management and directors who will create value for security holders;
 - the quantum and structure of remuneration for directors and senior management having regard to the performance of the Group, the performance of senior management and the general remuneration environment; and
 - policies and procedures to attract, motivate and retain appropriately skilled persons to meet the Group's needs.
- 2.3 The Committee will be responsible for interviewing and vetting all potential Board candidates which will also include the completion of background checks (including, but not limited to bankruptcy and criminal history checks, referee reports and identification certification).

- 2.4 Annually, the Committee will review the independence status of non-executive directors and report its findings to the Board.
- 2.5 The Committee will review and report on the relative proportion of women and men across the Group to confirm that Aveo will reach its targets for achieving gender diversity.
- 2.6 The Committee will also prepare and provide to the Board for approval any report on director and executive remuneration required by any listing rule, legislation, governing body or other regulatory requirement.
- 2.7 The Committee will engage independent counsel and other advisers as it determines necessary to carry out its responsibilities.
- 2.8 If the Committee engages expert advisers on matters pertaining to the nomination, retention and remuneration of directors and senior management, those advisers are to provide advice directly to the Committee, independent of management.

3. Composition and Structure

- 3.1 The Committee will be structured so that it:
 - consists only of non-executive directors;
 - consists of a majority of independent directors;
 - is chaired by an independent Chair, who is not the Chair of the Board; and
 - has at least three members.
- 3.2 The Committee members:
 - will be appointed annually by the Board which will select a Committee member as Chair; and
 - will cease to be members if they cease to be a Board member.
- 3.3 The duties and responsibilities of a member of the Committee will be in addition to those set out for a Board member.

4 Responsibilities

- 4.1 Review and recommend remuneration and incentive policies for directors and senior management appropriate to the Group, considering:
 - the quantum of remuneration; and
 - the structuring of remuneration (considering the appropriate proportion of superannuation, base remuneration, short-term and long-term "at risk" remuneration, bonus and incentive payments and any equity-based component).
- 4.2 Review and recommend recruitment, retention, succession and termination policies and procedures appropriate to the Group for directors and senior management.
- 4.3 Review and recommend compensation programs and performance targets for the Managing Director and Chief Executive Officer and senior management including the monitoring of performance against those targets.
- 4.4 Review and recommend annually the remuneration of senior management including the payment of any performance based bonuses or incentives.
- 4.5 Review and recommend appropriate remuneration and incentive policies appropriate to the Group for employees other than directors and senior management, including superannuation and the administration of any employee share plan or other incentive plan.
- 4.6 Review and recommend recruitment, retention, succession and termination policies and procedures appropriate to the Group for employees other than directors and senior management.
- 4.7 Review and recommend any annual payments to be made under executive incentive plans.
- 4.8 Review and recommend the introduction of any security acquisition schemes or other executive incentive plans, including the appropriate performance hurdles to apply to each plan.

- 4.9 Review and make recommendations on any other matter related to nomination, retention and remuneration referred to the Committee by the Board from time to time.

5 Nomination and Remuneration Policies

- 5.1 The Committee is to design and recommend nomination, retention and remuneration policies such that:
- suitably qualified candidates will be attracted and retained by Aveo to ensure the long-term success and growth of the Group;
 - directors and senior management are motivated to enhance the long-term growth of the Group within an appropriate risk and control framework;
 - a clear relationship exists between the performance and the remuneration of directors and senior management;
 - the structure of non-executive directors' remuneration is distinguished from the remuneration of executive directors and officers;
 - no person is responsible for assessing their own performance or solely responsible for recommending the quantum or structure of their own remuneration for Board approval;
 - the Board and Committee are provided with sufficient information to ensure informed decision-making;
 - a balance exists between base remuneration and short-term and long-term "at risk" remuneration, bonus and incentive payments and any equity-based component to encourage performance in accordance with the Group's circumstances and objectives; and
 - a balance exists between the remuneration linked to individual performance and Group performance.

6. Meetings

- 6.1 The Committee may conduct meetings by telephone or videoconference provided that all Committee members involved in the meeting are able to participate in discussion.
- 6.2 The number of meetings to be held annually is to be determined by the Committee so as to enable the Committee to fulfil its obligations, but cannot be less than two each year.
- 6.3 The Chair of the Committee may call a meeting at any time and will call a meeting if requested by a member of the Committee or the Board.
- 6.4 The Chair and the Secretary of the Committee will prepare and circulate to the Committee an agenda at least two days prior to each meeting.
- 6.5 The quorum for a meeting will comprise any two Committee members or any greater number determined by the Committee from time to time.
- 6.6 The Committee may invite any Aveo executives, including the Managing Director and Chief Executive Officer, and other parties external to Aveo to attend any meeting of the Committee (Aveo executives are not to be present when the Committee discusses issues relating to Aveo executives or the Managing Director and Chief Executive Officer).
- 6.7 The Group Company Secretary will be the secretary of the Committee. The secretary of the Committee will take minutes of the proceedings and resolutions of Committee meetings and circulate these minutes to the next full Board meeting after each Committee meeting.

7. Reporting

- 7.1 The Chair of the Committee will report to the Board subsequent to each Committee meeting in relation to the matters discussed at the meeting.
- 7.2 The following matters will be included in the annual report:
- the Group's remuneration policies;
 - the names of the Committee members and their attendance at meetings of the Committee;

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- the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors;
 - an explanation of any departure from Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations; and
 - any other matter to be disclosed in relation to nomination, retention and remuneration subsequently arising as result of any amendment to the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations.

8. Review of Charter

- 8.1 The Committee will review the Charter annually to ensure the Charter remains consistent with the Committee's authority, objectives and responsibilities.
- 8.2 Any changes to the Charter recommended by the Committee must be approved by the Board.

9. Publication of Charter

- 9.1 A copy of the Charter is available at www.aveo.com.au. This Charter is also made available to securityholders upon request.

All queries regarding issues raised in this policy should be directed to the Group Company Secretary

This Charter was reviewed and approved by the Board on 13 June 2017