

# Challenger Limited

## Board Nomination Committee Charter

Challenger Limited (**Company**)  
ACN 106 842 371

# 1. Introduction

- 1.1 The Nomination Committee is a committee of the Board of directors of Challenger Limited (**Company**).
- 1.2 The Board established the Nomination Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Nomination Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The role of the Nomination Committee is not an executive role.

# 2. Objective

The objective of the Nomination Committee is to help the Board achieve its objective to ensure the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

# 3. Nominations and Board Composition - Responsibilities

The Nomination Committee is responsible for:

- (a) identifying and recommending to the Board, nominees for membership of the Board including the chief executive officer;
- (b) identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- (c) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members including preparing, maintaining and disclosing a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- (d) ensuring succession plans are in place to achieve and maintain an appropriate balance of competencies and characteristics on the Board and reviewing those plans;
- (e) reviewing the composition of the Board to ensure that directors continue to have the necessary competencies and characteristics; and
- (f) ensuring the Nomination Committee and the Board has an appropriate diversity of membership.

# 4. Policy for Appointing New Directors

The Board has delegated to the Nomination Committee the responsibility for identifying and recommending to the Board, candidates for the Board, after considering the necessary and desirable competencies and characteristics for new Board members.

The Board of Challenger believes that its membership should comprise directors with an appropriate mix of competencies and characteristics that allow the directors individually, and the Board collectively, to:

- (a) discharge their responsibilities and duties under the law effectively and efficiently;
- (b) understand the business of Challenger and the environment in which Challenger operates so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- (c) assess the performance of management in meeting those objectives and goals.

- (d) accordingly, in selecting potential new directors, the Nomination Committee will seek to identify the competencies and characteristics required to enable the Board to fulfil its responsibilities. In doing so, the Nomination Committee will have regard to the results of the annual appraisal of the Board's performance.
- (e) while recognising that each Director will not necessarily fulfil all criteria, the Nominating Committee has nevertheless identified the following fundamental factors as relevant to the selection and appointment of new directors:
  - (i) outstanding in capability with extensive and senior commercial experience, preferably with a listed company;
  - (ii) complementary competencies and characteristics to other Directors;
  - (iii) high level of personal integrity;
  - (iv) time available to meet the commitment required; and
  - (v) sufficiently independent in accordance with the ASX Corporate Governance Council's definition of independence and the Company's materiality thresholds.

## 5. Procedure for Appointing New Directors

5.1 The procedure for appointing new directors will involve some or all of the following:

- (a) assessing and identifying the balance of skills, knowledge, experience, independence and diversity on the Board and, based on that assessment, identifying the necessary and desirable competencies and characteristics for new Board members;
- (b) ensuring a diverse range of candidates are considered;
- (c) assessing and determining the time commitment needed from each Board member to adequately perform their duties;
- (d) making suitable inquiries of professional executive search and recruitment consultants and major shareholders for candidates;
- (e) interviewing each candidate and conducting background and reference checks;
- (f) ensuring that each candidate satisfies the fundamental factors identified above as relevant to the selection and appointment of new directors:
  - (i) outstanding in capability with extensive and senior commercial experience, preferably with a listed company;
  - (ii) complementary competencies and characteristics to other Directors;
  - (iii) high level of personal integrity;
  - (iv) time available to meet the commitment required; and
  - (v) sufficiently independent in accordance with the ASX Corporate Governance Council's definition of independence and the Company's materiality thresholds
- (g) assembling and putting forward a potential nominee or a short list of potential nominees for consideration by the Board.

## 6. Performance and Education of Directors – Responsibilities

6.1 The Nomination Committee is responsible for:

- (a) establishing processes for evaluating the performance of the Board, the Board Committees and the directors, such evaluation to include reference to applicable group policies (eg Diversity Policy);
- (b) evaluating the performance of the Board, the Board Committees and the directors (including the chair);
- (c) reviewing the time required from non-executive directors to perform their functions and assessing their performance;
- (d) establishing induction programmes for new directors; and
- (e) developing continuing education programmes for directors and ensuring they receive ongoing briefings on developments in accounting standards.

6.2 A member of the Nomination Committee must not participate in any review or assessment of their own performance.

## 7. Recruitment and Termination - Responsibilities

The Nomination Committee is responsible for reviewing and recommending to the Board for adoption recruitment, retention and termination policies and practices of non-executive directors.

## 8. Other Responsibilities

The Nomination Committee is responsible for doing anything the Board considers appropriate in the context of this charter.

## 9. Nomination Committee Composition

9.1 The Nomination Committee must comprise:

- (a) at least three members;
- (b) all non-executive directors; and
- (c) a majority of independent directors.

9.2 The Nomination Committee will appoint its chairperson. The chairperson of the Nomination Committee must be the Chairman of the Board or an independent director. A separate chair should be appointed if and when the Nomination Committee is dealing with the appointment of a successor to the chair.

9.3 The Company Secretary will be the secretary of the Nomination Committee.

9.4 The Board decides appointments, rotations and resignations within the Nomination Committee having regard to the ASX Listing Rules, the *Corporations Act 2001 (Cth)* and the Company's constitution.

9.5 A Nomination Committee member may act by their alternate.

## 10. Nomination Committee Meetings

10.1 The Nomination Committee will meet as often as it considers necessary.

10.2 The quorum for a Nomination Committee meeting is two Nomination Committee members.

- 10.3 Nomination Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 10.4 The Nomination Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001 (Cth)*.
- 10.5 The Nomination Committee may invite anyone it considers appropriate to attend Nomination Committee meetings.

## 11. Minutes of Nomination Committee Meetings

- 11.1 The Nomination Committee must keep minutes of its meetings.
- 11.2 Minutes of each Nomination Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Nomination Committee.
- 11.3 Minutes must be distributed to all Nomination Committee members after the Nomination Committee chairperson has approved them.
- 11.4 Minutes, agenda and supporting papers are available to directors upon request to the Nomination Committee secretary, except if a conflict of interest exists.

## 12. Reporting to the Board

The Nomination Committee chairperson must report the Nomination Committee's findings to the Board after each Nomination Committee meeting.

## 13. Access to Information and Independent Advice

- 13.1 The Nomination Committee may seek any information it considers necessary to fulfil its responsibilities.
- 13.2 The Nomination Committee has access to management to seek explanations and information from management, at the Company's cost.
- 13.3 The Nomination Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Nomination Committee may meet with external advisers without management being present.

## 14. Review and Changes to this Charter

- 14.1 The Nomination Committee will review this charter annually or as often as it considers necessary.
- 14.2 The Board may change this charter from time to time by resolution.

## 15. Approved and Adopted

This updated charter was originally approved by the Board and adopted by the Nomination Committee on 4 October 2006 and approved and amended on:

- 10 December 2009
- 19 August 2010
- 26 November 2012

- 25 June 2014
- 12 August 2016