



Board Charter

Challenger Listed Investments Limited

ABN 94 055 293 644



Board charter

1. Introduction

- 1.1 Challenger Listed Investments Limited ABN 94 055 293 644 (**Company**) is a public company and Responsible Entity of a number of Trusts approved by the Board from time to time (collectively referred to as the **Trusts**) and each Trust being a registered managed investment scheme in accordance with Chapter 5C of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and which may be listed on the Australian Stock Exchange (**ASX**) and subject to the ASX Listing Rules.
- 1.2 The purpose of the charter is to:
- (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the Board and management.
- 1.3 This charter is supported by the charters for various Board Committees, including the Audit & Compliance Committee and the Investment Committee.
- 1.4 To the extent that the Company operates in a regulated environment, and is required by law to have regard to the interests of stakeholders other than the Company's shareholders, such as unit holders in the Trust, then this charter will be read subject to those requirements and subject to the board charters and similar terms of reference (if any) of such companies. In particular, the Board acknowledges that:
- (a) the Company is subject to a duty to give appropriate priority to the interest of unit holders in the Trust, under the requirements of the Corporations Act and to comply with the duties prescribed under sections 601FC of the Corporations Act. Specifically the Corporations Act states that the Company must act in the best interests of the members and, if there is a conflict between the members' interests and the interests of the responsible entity, give priority to the members' interests;
 - (b) the Board is subject to a duty to give appropriate priority to the interests of unit holders in the Trust and to comply with the duties prescribed under section 601FD of the Corporations Act and the Listing Rules. Specifically the Corporations Act states that directors must act in the best interests of the members and, if there is a conflict between the members' interests and the interests of the responsible entity, give priority to the members' interests
- 1.5 This board charter will apply subject to applicable legal and regulatory requirements, including, without limitation, duties and obligations imposed on the directors by statute and general law.
- 1.6 The Board may review and amend this charter at any time.

2. Board size, composition and independence

- 2.1 There must be a minimum of three directors and a maximum of 12 directors. At least two of the directors must be Australian residents.
- 2.2 The Board aims to have a majority of independent non-executive directors in accordance with the ASX Corporate Governance Guidelines, subject to:
- (a) compliance with the requirements of Clause 2.3 of this Charter; or
 - (b) the Board's exceeding its optimum operational size as agreed from time to time by the Board.
- 2.3 The Board must comprise of:
- (a) directors with an appropriate range of skills, experience and expertise;
 - (b) directors who can understand and competently deal with current and emerging business issues; and



- (c) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.4 Candidates for the Board will be selected from the Challenger group nominations and approval process
- 2.5 An independent non-executive director is one who is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment in accordance with the Independence Policy adopted by the Board from time to time.

3. The Board's role and responsibilities

- 3.1 The Board acts on behalf of members and is accountable to members for the overall direction, management and corporate governance of the Company. The Board acts on behalf of unit holders and is accountable to unit holders for the overall direction, management and governance of the Trusts. Where there is a conflict of interest, the Board must give priority to unit holders in the Trust .
- 3.2 CLIL and each of the Trusts has entered into a long term Management Agreement with Challenger Management Services Limited (CMSL). Under the agreements, CMSL provides comprehensive management services to CLIL and makes recommendations to CLIL in respect of various matters set out in the Management Agreements or to the Investment Committees in respect of prospective investments.
- 3.3 The Board has expressly reserved certain matters for determination by the Board, which include:
- (a) The power to issue shares in the Company or units in a Scheme;
 - (b) The issuance of any Product Disclosure Statement;
 - (c) Approving the strategy, policy and direction of each of the Trusts;
 - (d) Evaluating and approving acquisitions and divestments and other corporate actions of the Trusts that are outside the delegated authorities to the Investment Committees;
 - (e) Evaluating and approving Related Party Transactions that are outside the delegated authorities to the Investment Committees;
 - (f) Approval of accounting policies and financial reports of the Trusts;
 - (g) Reviewing the performance and effectiveness of the corporate governance policies and procedures of the Trusts and approving any amendment to those policies and procedures;
 - (h) Approving appointments to the committees it establishes
 - (i) Monitoring compliance with the terms of CLIL's Australian Financial Services Licence;
 - (j) Monitoring the performance of the Manager under the Investment Management agreements of the respective Trusts;
 - (k) The evaluation of the performance of the Board, Board Committees and individual Director performance with reference to the relevant charters, corporate governance principles,

4. Board Committees

- 4.1 The Board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
- (a) Audit & Compliance Committee;
 - (b) Infrastructure Investment Committee; and
 - (c) Property Investment Committee.



- 4.2 The charter or terms of reference of each Board Committee setting out matters relevant to the composition, responsibilities and administration of the Committees must be approved by the Board. Each Committees will review its charter from time to time as appropriate.

Investment Committee

- 4.2.1 The Board has provided to each of the Infrastructure and Property Investment Committee delegated authority to commit the Company in respect of certain investment decisions for the Trusts. The Investment Committees must act within the limits of the delegations and refer all other matters to the Board. The Board remains responsible for the decisions and actions of the Investment Committees.

Audit & Compliance Committee

- 4.3 The Company must, in accordance with the requirements of Part 5C.5 of the Corporations Act, establish a Compliance Committee if less than half of the directors of the Company are external directors, as defined under section 601JA of the Corporations Act.
- 4.4 The Audit & Compliance Committee will comprise of at least 3 members, and a majority of them must be external members, as defined in section 601JB, of the Corporations Act.
- 4.5 The Audit & Compliance Committee will operate under its own charter (which is required to meet the requirements of Part 5C.5 of the Corporations Act), but will generally be responsible for:
- (a) Oversight of the financial reporting and audit of the Company and the Trusts
 - (b) monitoring the extent to which the Company complies with the Trusts' compliance plans and reporting on its finding to the Board;
 - (c) reporting to the Board any breaches of the Corporations Act involving the Trust, or any breaches of the provisions included in the Trusts' constitutions, of which the Audit & Compliance Committee becomes aware or that it suspects;
 - (d) reporting to ASIC if the Committee is of the view that the Board or Company has not taken appropriate action to deal with a reported matter; and
 - (e) assessing, at regular intervals, whether the Compliance Plans for the Trusts are adequate, reporting to the Board on the assessment and making recommendations to the Board about any changes that it considers should be made to the Plan.

5. Delegations

- 5.1 The Board has delegated to CMSL the power to manage the day to day affairs of CLIL and the Trusts in accordance with the respective Management Agreements. CMSL may sub delegate its powers only to the extent of its authorities and will remain accountable and responsible for the acts under any sub delegation.
- 5.2 The Board has delegated to the Investment Committees investment and divestment decisions to certain limits. Any decisions outside of those limits must be referred to the Board

6. Chairperson of the Board

- 6.1 The chairperson of the Board:
- (a) is appointed by the shareholder; and
 - (b) will not be the same person as the Chief Executive, and the Chief Executive may not become the chairperson of the Board.
- 6.2 The responsibilities of the chairperson of the Board include:
- (a) providing leadership to the Board;
 - (b) promoting the efficient organisation and conduct of the Board's functions;
 - (c) monitoring the performance of the Board;



- (d) facilitating Board discussions to ensure core issues facing the Group are addressed;
- (e) briefing all directors in relation to issues arising at Board meetings;
- (f) facilitating the effective contribution and ongoing development of all directors;
- (g) promoting constructive and respectful relations between Board members and between the Board and management; and
- (h) chairing general meetings.

7. Directors

- 7.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 7.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 7.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 7.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 7.5 Directors must exercise independent judgment when making decisions.
- 7.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 7.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 7.8 Directors are expected to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
 - (a) to act in good faith and in the best interests of the Company;
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty and inform the Board any actual or perceived conflict of interest;
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director; and
 - (f) to take reasonable care, and use due diligence, to ensure that the Company gives appropriate priority to the interests of unit holders in the Trust, where applicable, and otherwise, to comply with the provisions of the Listing Rules, Chapter 5C of the Corporations Act and any Corporations Regulations.
- 7.9 Directors must act in accordance with the provisions of Section 601FC and 601FD of the Corporations Acts and act in the best interests of the unit holders and in any situation of conflict give priority to the unit holders over the interests of the Company and its shareholders.

8. Conflicts

- 8.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 8.2 Directors must:
 - (a) fully and frankly disclose to the Board any actual, potential or perceived conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;



- (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 8.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 8.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the board, committee or executive of another company as soon as practicable.

9. Access to information and independent advice by directors

- 9.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 9.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 9.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 9.4 If the chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

10. Ethical Standards

- 10.1 The directors and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with clients, contractors and competitors, the community and each other, striving at all times to enhance the reputation and performance of the Company and Challenger Group.

11. Communication of information

- 11.1 The Board will:
- (a) communicate effectively with members; and
 - (b) give members ready access to balanced and understandable information about the Company and the Trusts.

12. Review of Board performance

- 12.1 The performance of the Board and the directors will be reviewed annually.
- 12.2 On a biannual basis a full review will be conducted. In alternate years a progress report against agreed actions will be conducted.
- 12.3 This review will consider:
- (a) the Board's role;
 - (b) The constituency of the Board
 - (c) the processes of the Board and Board Committees;



(d) the Board's performance.

13. The role of the Approved Auditor

- 13.1 The Approved Auditor's primary role is to provide an independent and objective view on the truth and fairness of financial statements. The external auditor may also provide an assessment of the internal controls and processes within the Company.
- 13.2 The Company will ensure that the Approved Auditor has access to all relevant data and people which the Approved Auditor reasonably considers necessary to fulfill its obligations.

14. Approved and adopted

- 14.1 This charter was approved and adopted by the Board on 12 March 2008.