

# Challenger Limited

## Group Remuneration Committee Charter

Challenger Limited (Company)  
ACN 106 842 371

# 1. Introduction

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

# 2. Objective

- 2.1 The objective of the Committee is to assist the Board discharge its responsibilities in relation to:
  - (a) setting coherent remuneration policies and practices that attract and retain employees, executives and directors who will create value for shareholders;
  - (b) observes those remuneration policies and practices;
  - (c) fairly and responsibly rewarding employees and executives having regard to the performance of the Group, the performance of the employees and executives, the Company's long term financial soundness and risk management framework, the general pay environment and in a way that is aligned with prudent risk-taking and rewards long term sustainable growth;
  - (d) compliance with the provisions of laws and regulations including the ASX Listing Rules, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the *Corporations Act 2001* (Cth) (**Corporations Act**), the principles contained in the Australian Prudential Regulatory Authority (**APRA**) Prudential Standards CPS 510 and SPS 510, and the Banking Executive Accountability Regime as set out in the *Banking Act 1959* (**BEAR**), as relevant;
  - (e) compliance with regulations related to remuneration for offshore group companies (for example regulations of the Financial Conduct Authority in the UK) which may have delegated their remuneration governance to the Committee from time to time, or if no such delegation has occurred, then the Committee may give advice or recommendations to the extent permitted by local laws.

# 3. Remuneration Policies and Practices

- 3.1 The Committee develops a Remuneration Policy which is then recommended to the Board for approval. The Committee will review the effectiveness of the Remuneration Policy at a minimum every two years. The Committee must ensure compliance with its responsibilities under the Remuneration Policy.
- 3.2 Remuneration and incentive policies and practices will be performance based and aligned with the Group's purpose, vision, values and overall business objectives.
- 3.3 Remuneration and incentive policies and practices will be designed to:
  - (a) motivate employees, executives and executive directors to pursue the Group's long term growth and success;
  - (b) demonstrate a clear relationship between the Group's overall performance and the performance of executives;
  - (c) ensure that they do not create asymmetric risk and reward outcomes or encourage excessive risk taking on behalf of individuals; and
  - (d) ensure that the structure of remuneration for employees in risk and financial control roles, including performance based components, does not compromise the independence of those employees in carrying out their duties.

# 4. Remuneration

- 4.1 The Committee is responsible for:

## Remuneration

- (a) recommending to the Board remuneration reviews and remuneration arrangements for the Group Chief

Executive Officer (**CEO**);

- (b) reviewing the CEO's recommendations and making recommendations to the Board in relation to remuneration reviews and remuneration arrangements of the CEO's direct reports and Accountable Persons, if any, having regard to executive remuneration and incentive policies;
- (c) on an annual basis, reviewing the CEO's recommendations and making recommendations to the Board in relation to the total remuneration (including base pay, incentive awards, equity awards and terminations arrangements) of other persons whose activities may in the Committee's opinion affect the financial soundness of the Company or its divisions, or any other person specified by APRA in accordance with CPS 510 and SPS 510, having regard to executive remuneration and incentive policies;
- (d) reviewing the CEO's recommendations and making recommendations to the Board in relation to the total remuneration (including base pay, incentive awards, equity awards and retirement rights) of other persons covered by the Remuneration Policy, having regard to executive remuneration and incentive policies;
- (e) reviewing the performance of the CEO, at least annually, including setting with the CEO goals for the coming year and reviewing progress in achieving those goals and making recommendations to the Board;
- (f) determining if shareholder approval is required and/or pertinent for any change to the remuneration of directors or executives;
- (g) preparing, for approval by the Board, any report on executive remuneration that may be:
- (h) required by the ASX Listing Rules or the Corporations Act; or
- (i) proposed for inclusion in the annual report and reporting regularly to the Board on those matters.

### Remuneration policies and incentive plans

- (j) reviewing the Remuneration policy at a minimum every two years. Such reviews to include an assessment of the Remuneration Policy's effectiveness and compliance with relevant regulatory requirements including APRA Prudential Standards CPS 510 and SPS 510, as well as relevant international regulations where the Committee has delegated authority for, or is making recommendations in respect of, remuneration of subsidiaries of the Group;
- (k) reviewing, approving and recommending to the Board for adoption the design of any incentive plan;
- (l) reviewing, approving and recommending to the Board for adoption the design of any equity based plan including any performance hurdles;
- (m) reviewing, approving and recommending to the Board annually the bonus pool available for employees under any bonus plan operated by the Company, and proposed increases in aggregate remuneration levels across the Group;
- (n) recommending to the Board when the exercise of Board discretion is warranted to adjust the variable remuneration pool or remuneration outcomes for the CEO, the CEO's direct reports or Accountable Persons, if any, in light of changes to Company performance, individual conduct/performance or legislative, regulatory and market developments;
- (o) reviewing and reporting to the Board on the operation of any executive incentive plan or equity based plan;
- (p) reviewing any plan for legislative, regulatory and market developments;
- (q) reviewing and making recommendations in relation to incentive schemes in a manner that is not inconsistent with local laws or market expectations;

### Non-executive directors

- (r) recommending to the Board for approval the remuneration of non-executive directors for serving on the Board, subsidiary Boards or any committee (both individually and in total);
- (s) recommending to the Board or its proper delegate, the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests, and making specific recommendations to the Board on remuneration for non-executive directors;

### Superannuation, Pension and Benefits

- (t) reviewing and recommending to the Board for adoption any significant changes in superannuation and pension arrangements or benefits programs; and

## Reimbursement of expenses

- (u) reviewing at the Committee's discretion the reimbursement of any expenses incurred by directors and the CEO.

## Termination Payments

- (v) reviewing and recommending to the Board for approval termination payments or arrangements to executive directors, direct reports to the CEO and Accountable Persons, if any, before they are implemented;
- (w) considering, where relevant, if shareholder approval is required for proposed termination payments;
- (x) considering any termination payment to or arrangements in respect of other departing persons covered by the Remuneration Policy which will be reported to the Committee for noting on a six-monthly basis. This includes key employee groups covered by applicable requirements from APRA and Code staff in the UK.

# 5. Diversity

5.1 The Committee is responsible for:

- (a) regular review of and reporting to the Board on the proportion of women at all levels of the organisation;
- (b) regular review of the measurable objectives set on an annual basis pursuant to the Diversity Policy, reporting progress against them, and reporting to the Board recommending any changes to those measurable objectives or the way they are implemented; and
- (c) reviewing remuneration by gender.

# 6. Relationship with Nomination Committee

6.1 The Committee will:

- (a) refer anything relating to recruitment, retention and termination policies to the extent they relate to directors of the Board to the Group Nomination Committee; and
- (b) work closely with the Group Nomination Committee in exercising its powers and performing its responsibilities under this charter.

# 7. Committee Composition

7.1 The Committee must comprise:

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

7.2 The Board will appoint its chair. The chair of the Committee must be an independent director and cannot be the chair of the Board.

7.3 The Company Secretary, or their delegate, of the Company will be the secretary of the Committee (**Committee Secretary**).

7.4 A member may act by their alternate.

7.5 The Committee will be available to meet with APRA or other relevant regulators at their request.

# 8. Committee Meetings

8.1 The Committee will meet as often as it considers necessary, but not less than four times per annum.

8.2 The quorum for a Committee meeting is two Committee members.

8.3 Committee meetings may be held by any technological means allowing 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. A meeting is taken to be held where the majority of

directors are present, and if no majority are in any one location, then the meeting will be deemed to have occurred at the Company's Registered Office.

- 8.4 The 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 or the Company's Constitution, as appropriate.
- 8.5 The Committee may invite anyone it regards appropriate to attend Committee meetings. The CEO and the Chief Executive, People, Corporate Affairs and Sustainability (**Standing Attendees**) are invited to each meeting of the Committee. The Standing Attendees may be asked to speak by the chair of a meeting, but shall not be entitled to vote on matters under consideration at the meeting. The Standing Attendees shall leave a meeting if requested to do so by the chair.

## 9. Minutes of Committee Meetings

- 9.1 The Committee must keep minutes of its meetings, which minutes will be held by the Committee Secretary.
- 9.2 Draft minutes of each Committee meeting must be included in the papers for the next Committee meeting.
- 9.3 Previous minutes, agenda and supporting papers are available to directors upon request to the Committee Secretary, except if there is a conflict of interest.

## 10. Reporting to the Board

- 10.1 The Committee chair must report the Committee's findings to the Board after each Committee meeting and will refer to the Board all matters requiring Board approval.

## 11. Access to the Committee by Group Subsidiary Boards

- 11.1 As Challenger Life Company Limited ('CLC') and Challenger Retirement and Investment Services Limited ('CRISL') form part of the Challenger group:
  - (a) CLC is availing itself of the provisions of paragraph 70 of CPS 510 by utilising the Group Remuneration Committee.
  - (b) CRISL is availing itself of the provisions of paragraph 44 of SPS 510 by utilising the Group Remuneration Committee.
- 11.2 The Committee must be available as required to meet with members of the Boards of CLC and CRISL.
- 11.3 Other group entities may make similar elections from time to time in accordance with applicable laws.
- 11.4 In the event that an ADI forms part of the Challenger group, it will avail itself of the provisions of paragraph 70 of CPS 510 by utilising the Group Remuneration Committee.

## 12. Access to information and independent advice

- 12.1 The Committee may seek any information it considers necessary to fulfill its responsibilities.
- 12.2 The Committee has access to management and any other relevant internal party, including risk and financial control personnel, and may seek explanations and information from management, at the Company's cost.
- 12.3 The Committee may seek professional advice from employees of the Group and from appropriate external advisers at their discretion, at the Company's cost. In engaging external advisers, the Committee has the power to do so in a manner that ensures that the engagement, including any advice received, is independent.
- 12.4 The Committee may meet with external advisers without management being present.

## 13. Review of the Committee's Performance

- 13.1 The performance of the Committee will be reviewed at least every two years.
- 13.2 Comment will be sought from all members of the Board who may recommend proposed changes to the duties of the Committee.

## 14. Changes to the Charter

14.1 The 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

15.1 This charter was approved by the Board and adopted by the Committee on 23 August 2007 and approved and amended on:

- 29 March 2010;
- 26 November 2012;
- 23 May 2013;
- 13 February 2015;
- 25 November 2015;
- 30 November 2016;
- 24 May 2017;
- 29 November 2017;
- 28 November 2018;
- 28 November 2019; and
- 28 May 2021.