

Challenger Limited

Tax Risk Management Committee Charter

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Authorised by:	Board of Directors, Challenger Limited

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1. Summary

What is the purpose of this Charter?

The purpose of the Tax Risk Management Committee Charter is to outline the duties and obligations of the Tax Risk Management Committee for the Challenger Group (Committee).

Application of the Charter

This Charter applies to the global tax activities of the Challenger Limited Group including Challenger Life Company Limited, specialised funds, overseas operations and investments or where the Challenger name or brand can be reputationally connected with such activities or investments.

Review Cycle

The Policy will be reviewed at least every 2 years or as required with changes in the global regulatory framework.

2. Overall Responsibilities

Group/Entity Boards	Ultimate responsibility for the Tax Risk Management Committee
Committee Function	Reports on global tax risk governance and framework
Policy Owner	Policy Owner is responsible for the update and maintenance of the policy
Business area the policy applies to	Managers are responsible for the day to day implementation and awareness of the policy

3. Role of the Board of Directors

It is the responsibility of the Board of Directors of Challenger Limited (Board), in conjunction with senior management of Challenger, to understand the Tax risks associated with the global activities of Challenger and put in place structures to monitor and manage those global Tax Risks adequately.

By approving this Charter the Board hereby appoints the Committee to monitor and report on the Global Tax Risks as defined in clause 4.1(a) of this Charter, and to review and, if thought fit, make recommendation on tax related risks as requested by the following:

- Challenger Retirement and Investment Services Limited
 - Risk Committee
- Fidante Partners
 - Compliance Committee; and
 - Disclosure Document Committee
- Fidante Partner Services Limited
 - Compliance Committee; and
 - Disclosure Document Committee
- Challenger Life Company Limited
 - Life Audit Committee
 - Life Risk Committee
 - PDS Committee
- Challenger Limited
 - Group Risk Committee
 - Group Audit Committee
 - Executive Risk Management Committee (which considers Group Capital, Risk and Strategy of Challenger Limited)
 - Financial Risk Committee

Pursuant to this, the Board will:

- (a) receive regular opinions on Global Tax Risk from the Committee;
- (b) review and, if appropriate, approve Tax Risk policies established by the Committee, (Risk Policies) and outlined in the Tax Charter; and
- (c) review and, if appropriate, ratify the Committee's risk appetite and change recommendations from a global perspective, as required.

The Committee is a duly appointed management committee.

4. Responsibilities of the Tax Risk Management Committee

1. Risk Monitoring

- (a) The scope of Committee's mandate with respect to Tax Risks is the identification, monitoring and issuance of an opinion on Global Tax Risks.
- (b) The Committee is responsible for the following activities in relation to the Risks:
 - (i) reviewing transactions and arrangements in order to provide advice or an opinion to the Board in respect of the Tax Risks (including global tax risks) that are associated with the transaction or arrangement;
 - (ii) recommending to the Board the level of Tax Risk provision to be prudently applied/reserved against investments, and reviewing those provisions from time to time;
 - (iii) recommending changes in Tax Risk appetite limits to the Board for approval, and reviewing those Tax Risk limits from time to time;
 - (iv) monitoring global tax portfolios against relevant Tax Risk limits and tolerances; and
 - (v) reporting breaches of Tax Risk limits as specified in Tax Risk Policies to the Board.
- (c) For the avoidance of doubt Tax Risk means all matters that may give rise to a global tax compliance risk, dispute with a Tax Authority and/or claim on a contractual indemnity in respect of Tax.

2. Investment Decisions

The scope of Committee's mandate with respect to Investment Decisions is as follows:

- (a) review the robustness and rigor of commercial and economic imperatives of transactions where on the advice of General Manager - Tax the transaction goes beyond the Tax Risk appetite level set by the Board;
- (b) instruct legal counsel to advise the Board of the relative likelihood of a tax risk arising;
- (c) consider and, if thought fit on such transactions, propose a specific tax risk provision be raised against the transaction returns;
- (d) in respect of transaction specific tax risk provision, agree how the tax risk provision will be released, where applicable; and
- (e) review the adequacy of tax risk provisions from time to time.

3. Precedence of Board

It is noted that a decision of the Board takes precedence over a decision of the Committee.

5. Duties of the Committee Members

Committee members are expected to:

- act honestly and without conflict;
- exercise the degree of care and diligence that a reasonable person would exercise if they were in the member's position;
- not make use of information acquired through being a member of the Committee, or through their position, in order to gain an improper advantage for the member or another person; and
- ensure that conflicts or potential conflicts of interest are dealt with appropriately and in accordance with the Group's Conflict of Interest Policy.

6. Committee Membership

The members of the Committee will comprise each person in the Challenger group holding the position specified in Appendix 1. The members of the Committee can be changed from time to time by the Chief Executive Officer of Challenger (CEO).

The Challenger Limited Non-Executive Director member (or alternate) is as determined by the Board of Challenger from time to time. From time to time, additional persons from the Challenger group will be invited to participate in Committee meetings and support the Committee in carrying out its functions.

7. Committee Meetings

1. Convening meetings

- (a) The Committee shall be convened at the request of any entity or committee referred to in section 3 of this Charter in order to consider the tax risks of a particular transaction or business process.
- (b) The Chairperson may also, whenever the Chairperson thinks fit, convene a meeting of the Committee.
- (c) The Chairperson must, on the request of any two members of the Committee, convene a meeting of the Committee.

2. Notice of Meeting

- (a) A notice of a meeting of the Committee must be given to each person who is at the time of giving the notice a member of the Committee.
- (b) The Committee Secretary will circulate the agenda and papers a reasonable period in advance of each meeting.

3. Meeting frequency

- (a) The Tax Committee should meet at least once a financial year.
- (b) The Committee can meet more frequently by convening a meeting in accordance with this Charter.

4. Chairperson

- (a) The Chairperson of Committee will be the Chief Financial Officer (CFO) of the Challenger group.

- (b) The decision of the Chairperson on any matter relating to the conduct of a meeting is final.
- (c) If the Chairperson is absent for a particular meeting, the members present at that meeting may appoint another Chairperson for that meeting.

5. Attendees

- (a) The Committee may invite others to attend and speak at meetings.

6. Quorum

- (a) The quorum for a meeting of the Committee is 3 members.

7. Voting

- (a) Once a quorum is present, voting at Committee meetings is by simple majority, with the Chairperson having a casting vote.
- (b) An opinion that is recommended without a meeting of the Committee, and evidenced in writing by all the Committee members, shall be as valid and effectual opinion of the Committee.

8. Opinion

- (a) The sole output and record of the Committee is to instruct legal counsel to advise the Board of the likelihood of a tax risk arising on a transaction or business process.
- (b) it is recognised that the instruction to legal counsel and legal counsel's advice is a privileged communication to the Board on tax risk under common law principles of adviser and client privilege and under the ATO Practice Statement PSI LA 2004114 'Access to 'corporate board documents on tax compliance risk'.

9. Individual Committee members may report

Each of the Committee members has the right to report a matter of material consequence pertaining to the management of the Tax Risks or the approval of a transaction, to the Chairperson. The Chairperson will then be obliged to instruct counsel to advise on the matter directly to any of the directors of the Board.

10. Technology

A meeting may be held using any technology agreed to by the Chairperson.

11. Disclosure of interests

A Committee member must disclose to the next meeting of the Committee after they become aware of:

- (a) a direct or indirect pecuniary interest that they have in a matter being considered or about to be considered by the meeting if it could conflict with the proper performance of their duties in relation to the consideration of the matter; and
- (b) the disclosure must be recorded in the minutes.

12. Minutes of meeting

The Committee must keep minutes of its meetings, which minutes will be held by the Company Secretary.

8. Access to Information and Independent Advice

Members of the Tax Risk Management Committee may seek any information it considers necessary to fulfil its responsibilities.

The Committee may seek professional advice from employees of the Challenger Group and from appropriate external advisers, at Challenger's cost.

9. Amendment to Charter

Challenger or the Committee may propose amendments to this Charter from time to time.

Any proposed amendment to the Charter must be circulated to all Committee members as soon as practicable.

All amendments are to be approved by the Board.

10. Whistleblowers Provision

In extreme circumstances an individual may be concerned that a serious breach has occurred but be in a position where he or she believes that it would be personally damaging to pursue it through normal channels. For instance, they may have come into possession of information that indicates their manager or a close working colleague has knowingly caused a breach or suppressed the reporting of a breach. In such circumstances the individual should contact the General Manager for Compliance and Operational Risk, who will do all that is possible and practicable to deal with the matter in a way that protects the confidentiality of the person making the report.

For more information please refer to the Operational Risk Policy.

11. Non-Compliance with this Policy

Incidents of wilful non-compliance with this Policy are considered to be serious and may be grounds for dismissal.

12. Point of Contact

The General Manager of Taxation is the point of contact for matters arising from this Charter.

13. Review Cycle

This Charter will be reviewed at least every 2 years with the last review occurring on 6 August 2021.

Appendix A: Membership of the Tax Risk Management Committee

Committee members	
1	CFO (Chairperson)
2	Non-Executive Director or duly appointed alternate of Challenger Limited Board
3	Chief Executive Officer
4	General Manager – Tax
5	General Counsel