

## **Challenger Energy Limited**

### **Nomination and Remuneration Charter**

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#### **General scope and authority**

The Nomination and Remuneration Committee proposes candidates for director appointment for the Board's consideration, reviews the fees payable to both executive and non-executive directors and reviews and advises the Board in relation to chief executive officer succession planning.

The Nomination and Remuneration Committee is a committee of the Board and is established in accordance with the authority provided in the Company's constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Nomination and Remuneration Committee.

The Board is responsible to shareholders for ensuring that the Company:

- has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders;
- fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executive and the general pay environment;
- provides disclosure in relation to the Company's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to directors and key executives and corporate performance; and
- complies with the provisions of the ASX Listing Rules and the Corporations Act.

The primary purpose of the Nomination and Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately remunerated, structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

- assessing the size, composition, diversity and skills required by the Board to enable it to fulfil its responsibilities to shareholders, having regard to the Company's current and proposed scope of activities;
- assessing the extent to which the required knowledge, experience and skills are represented on the Board;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- overseeing succession planning for the Board and CEO;
- establishing processes for the review of the performance of individual directors and the Board as a whole;
- assessing the terms of appointment and remuneration arrangements for non-executive directors; and

- assessment and reporting to the Board in relation to:
  - executive remuneration policy;
  - the remuneration of executive directors;
  - the remuneration of persons reporting directly to the managing director, and as appropriate, other executive directors;
  - remuneration by gender;
  - the Company's recruitment, retention and termination policies and procedures;
  - superannuation arrangements; and
  - all equity-based plans.

## 1. Composition

The Nomination and Remuneration Committee consists of a minimum 3 directors of the Board. Where possible and to reduce the potential for conflict of interest, the Nomination and Remuneration Committee should be comprised of a majority of non-executive directors. All members (including the chairman) of the Nomination and Remuneration Committee are appointed by the Board. An appointment to the Nomination and Remuneration Committee will automatically terminate on that member ceasing to be a director of the Board.

The initial Nomination and Remuneration Committee comprises:

- **Bill Bloking** Independent Chairman
- **Michael Fry** Independent member
- **Robert Willes** Chief Executive Officer

The Company Secretary will act as secretary of the Nomination and Remuneration Committee.

## 2. Meetings

The Nomination and Remuneration Committee will meet as frequently as required but not less than once a year.

Any member of the Nomination and Remuneration Committee or the secretary may call a meeting of the Nomination and Remuneration Committee.

A notice of meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Nomination and Remuneration Committee in the week prior to the date of the meeting. The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is 2 members or any greater number determined by the Nomination and Remuneration Committee from time to time.

Other directors, executives and/or parties external to the Company may attend Nomination and Remuneration Committee meetings but only at the invitation of the chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee may conduct meetings without all Nomination and Remuneration Committee members being in the physical presence of one another provided that all Nomination and Remuneration Committee members involved in the meeting are able to participate in discussion.

The Nomination and Remuneration Committee should be chaired by an independent director.

The chairman of the Nomination and Remuneration Committee, or his or her delegate, will report to the Board following each meeting.

If the chairman of the Nomination and Remuneration Committee is absent from a meeting and no acting chairman has been appointed, the members of the Nomination and Remuneration Committee present at the meeting have authority to choose one of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of Nomination and Remuneration Committee meetings shall be kept by the secretary. Minutes will be distributed to all Nomination and Remuneration Committee members after preliminary approval has been given by the Nomination and Remuneration Committee chairman.

At the end of the Company's reporting period, the number of times the Nomination and Remuneration Committee met through the period and the individual attendances of the members of the Nomination and Remuneration Committee will be included in the "Corporate Governance" section of the Company's annual report.

### **3. Authority**

The Nomination and Remuneration Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of the Company or related parties and such officers or employees shall be instructed by the Board of the Company employing them to cooperate fully in the provision of such information.

The Nomination and Remuneration Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Nomination and Remuneration Committee discharges its responsibilities by making recommendations to the Board, but it does not have any executive powers to commit the Board or management to their implementation. The Nomination and Remuneration Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

### **4. Duties and responsibilities**

#### **(a) Board composition**

The Nomination and Remuneration Committee will:

- devise the criteria for Board membership and periodically assess the size and membership of the Board and the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board;
- make recommendations to the Chairman of the Board on means by which skill levels of existing directors can be enhanced;
- as and when it considers appropriate, but in any event on each occasion when an existing director retires, assess the mix of skills, experience, expertise and diversity represented on the Board by the directors and determine whether that mix meets the required director competencies as identified;
- inform the Board of those directors who are retiring in accordance with the provisions of the constitution and make recommendations to the Board as to whether the Board should support the re-nomination of the retiring director(s). In making such recommendations, the Nomination and Remuneration

Committee will review (by whatever means it considers appropriate) each retiring director's performance during his or her tenure on the Board;

- having regard to the skills required and the skills represented, implement a process for the identification of suitable candidates for appointment to the Board.
- make recommendations to the Board on candidates it considers appropriate for appointment;
- ensure that an effective induction process is in place for new directors and regularly review this process for its effectiveness;
- regularly review whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and on Board committees effectively and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps;
- review fees payable to non-executive directors of the Board; and
- review Board and CEO succession planning and advise the Board of any progress.

A member of the Nomination and Remuneration Committee shall not participate in the review of his or her own performance.

(b) Executive remuneration policy

The Nomination and Remuneration Committee will:

- review and report upon the Company's policy for determining executive remuneration, and any amendments to that policy proposed from time to time;
- review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs; and
- oversee the implementation of this remuneration policy within the Company.

(c) Executive directors and senior management

The Nomination and Remuneration Committee will:

- consider and make recommendations to the Board on the entire specific remuneration for each executive director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy. The Nomination and Remuneration Committee will need to determine whether any shareholder approvals are required; and
- review and report upon the proposed remuneration (including incentive awards, equity awards and service contracts) of persons reporting directly to the managing director, and as appropriate, other executive directors.

(d) Executive incentive plans

The Nomination and Remuneration Committee will:

- review and report upon the design of all executive incentive plans; and

- review and report upon the total proposed payments from each executive incentive plan.

(e) Equity Based Plans

The Nomination and Remuneration Committee will:

- review and report upon the design of all equity-based plans;
- ensure that payment of equity-based executive remuneration is made in accordance with thresholds approved by shareholders;
- continually review all plans under review in light of legislative, regulatory and market developments;
- for each equity-based plan, recommend to the Board whether awards should be made under that plan;
- review and recommend proposed awards under each plan;
- in addition to considering awards to executive directors and direct reports to the managing director, review and recommend proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Nomination and Remuneration Committee; and
- review and make recommendations about performance criteria for each equity-based plan.

(f) Approvals

The Nomination and Remuneration Committee must, if requested by the Board, review and report to the Board upon proposals concerning:

- changes to the remuneration or contract terms of executive directors and persons reporting directly to the managing director and, as appropriate, other executive directors;
- the design of new, or amendments to current, equity-based plans or executive cash-based incentive plans;
- the total level of remuneration proposed from equity-based plans or executive cash-based incentive plans; and
- termination payments to the managing director, other executive directors and persons reporting directly to the managing director and, as appropriate, other executive directors. Termination payments to other departing executives should be reported to the Nomination and Remuneration Committee at its next meeting.

## 5. Fees and expenses

Nomination and Remuneration Committee members are not entitled to receive any additional remuneration for their role as members of the Nomination and Remuneration Committee. Directors' fees are set to include membership of any Board committees.

The reasonable expenses incurred by Nomination and Remuneration Committee members in discharging their obligations and attending Nomination and Remuneration Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

**6. Review of terms of reference**

The Nomination and Remuneration Committee's terms of reference are reviewed annually by the Nomination and Remuneration Committee to ensure they remain consistent with the Nomination and Remuneration Committee's authority, objectives and responsibilities. Any significant changes to the terms of reference are to be recommended by the Nomination and Remuneration Committee to the Board for approval.

**7. Distribution of terms of reference**

Key features of the Nomination and Remuneration Committee's terms of reference are included in the "Corporate Governance" section of the Company's annual report.