



2021 Sustainability Report

Providing our
customers with
financial security
for a better
retirement





About us

At Challenger, sustainability is embedded across our business. Through our refreshed sustainability strategy, we aim to create value for our customers, our shareholders, our employees and the community.

Our strategy aims to support Challenger’s purpose to provide financial security for a better retirement through:

- Financially resilient customers and communities;
- Constructive public policy settings;
- Doing things right; and
- Responsible investment.

Our 2021 Sustainability Report outlines Challenger’s key initiatives and achievements, and approach to addressing our most material matters. It also demonstrates our contribution to the UN Sustainable Development Goals (SDGs).

The final section of this report provides performance data to track progress against our sustainability goals.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.



Contents

About us		Investing responsibly	20
Message from the Chair and CEO	03	Climate risk	22
Business highlights	04	Product and technology innovation	24
Our corporate strategy	05	Privacy and security	26
Our updated sustainability strategy	06	Great place to work	28
How we’re implementing our strategy	07	Education and community resilience	32
What matters most	08	Performance and reference data	
Governance and risk management	10	Material issue boundary map	34
Supply chain	11	Environment	35
Tax transparency	12	People	37
Our material matters		Community, research and other data	43
Trust and confidence	13	Global Reporting Initiative Content Index	44
Better customer outcomes	16	Glossary	49
Economic, market and regulatory conditions	18		

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk


Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

 This report covers our activities from 1 July 2020 to 30 June 2021 and is an interactive report, designed to make it easy to navigate. The best way to view this report is with Adobe Acrobat Reader. Click on the links on the contents page or use the tabs on the right side of each page to navigate this report. You can also use the underlined text links throughout the report to view related content within the report and online.





Message from the Chair and CEO



Richard Howes

Peter Polson

The 2021 financial year started amid the COVID-19 pandemic and ended with the economy in better shape than most had anticipated.

At Challenger, our dedicated and skilled team, with strong corporate governance practices and risk culture, have enabled us to manage our business through the crisis and help our customers achieve financial security for a better retirement.

Throughout the year, we maintained our strong capital position, expanded our product and customer reach and consolidated our brand leadership. We also progressed important initiatives to position Challenger for the future, including announcing the acquisition of a small digital bank that will enable us to meet more customers' needs with a wider product offering and more direct distribution channels.

Supporting our business strategy is Challenger's corporate sustainability strategy, which is based on four pillars. The first pillar involves helping our customers and communities be financially resilient. We support our customers by providing retirement income education opportunities and by focusing on issues that impact them.

The second pillar is to take action on issues affecting the ability of retirees to achieve financial security. We do this by producing research and thought leadership and engaging actively with industry and policymakers.

The third pillar is to do the right thing. This is about ensuring our business practices focus on the needs of our customers, employees, shareholders and the community, including through impacts on the environment.

This year we have also introduced a fourth pillar to our strategy – responsible investing. While previously we considered this as an aspect of doing the right thing, responsible investing is a significant focus for us and includes our consideration of environmental, social and governance matters in our investment decision-making.

To support a deep understanding of our business, we provide comprehensive annual reporting of our strategy, financial and non-financial performance and outlook for the future.

This Sustainability Report covers the matters that have the most significant impact on our ability to create value for stakeholders. We encourage you to read it in conjunction with our Annual Review or full Annual Report.

Maintaining trust and confidence, and managing economic, market and regulatory conditions, are key themes of our report this year. We consider the impact

of investing responsibly, climate change and working to deliver better customer outcomes.

In this report you will also find important information about our approach to risk management, supply chain and other matters of importance to our business and our stakeholders. We are particularly proud of our incredible team at Challenger and the report provides significant detail about work we've done to continue building a diverse and inclusive workforce, and how we have maintained industry-leading engagement over the past year.

We'd like to thank the Challenger team and all of our stakeholders for your support over 2021. We hope this report provides you with valuable insights into the risks and opportunities facing our business and our strategic response which will ensure Challenger remains well placed for the future.

Peter Polson
Independent Chair

Richard Howes
CEO and Managing Director

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

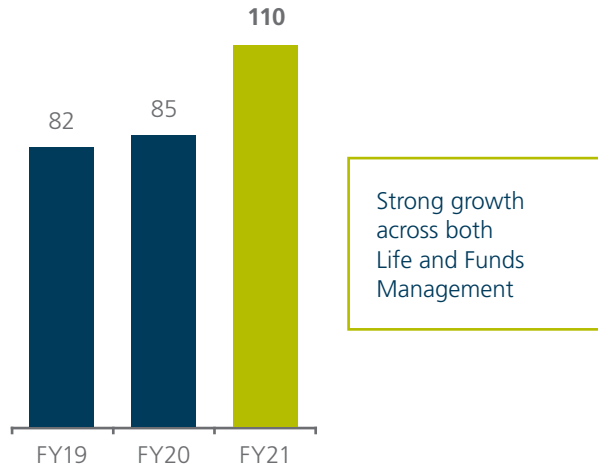
Education and community resilience

Performance and reference data

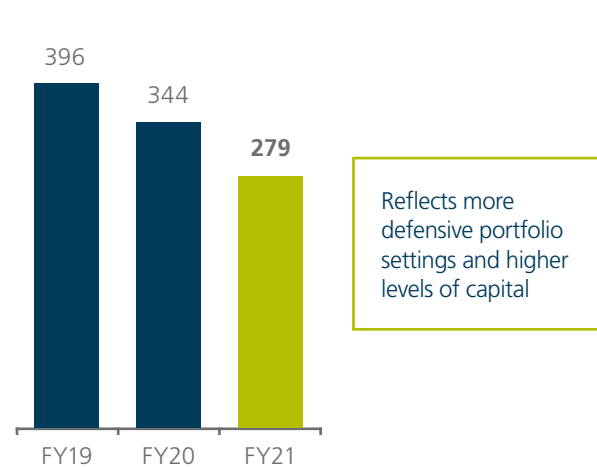


Business highlights

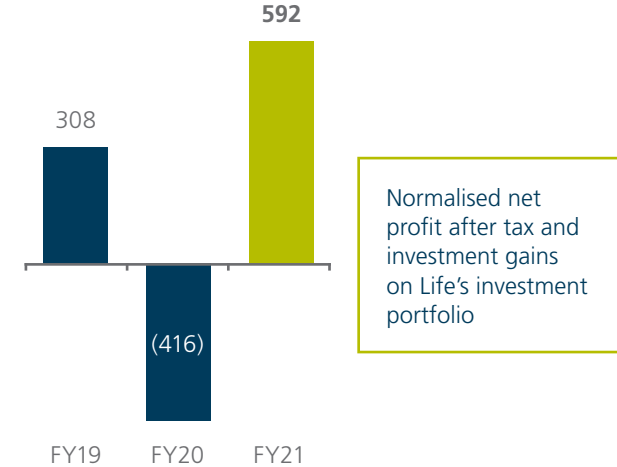
Group assets under management (\$bn)



Normalised net profit after tax (\$m)¹



Statutory net profit after tax (\$m)



Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Annuity Provider of the Year²



Fidante Partners Distributor of the Year³

85%

Employee engagement⁴



Recognised as a global top 100 employer for gender equality⁵



Acquired MyLifeMyFinance Bank



Refreshed corporate strategy

¹ The normalised profit, which is not statutory profit, is not audited but subject to a review by Challenger's auditor. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2020 Annual Report – Operating and Financial Review section.

² Challenger Life Company Limited won the 2020 Association of Financial Advisers Overall Annuity Provider of the Year and Long Term Income Stream of the Year.

³ Zenith Fund Awards 2020.

⁴ Willis Towers Watson March 2021.

⁵ Challenger was recognised as a top 100 employer in the Equileap Global Gender Equality rankings, 2021.



Our corporate strategy

Our **purpose** is to provide our customers with financial security for a better retirement

Vision statements



Customers

By 2030 we will provide 1 in 5 Australian retirees with improved financial outcomes as consumers of Challenger products, and be the partner of choice for institutions and advisers.



Community

Champion financial security for retirement, providing financial help and education, advocating for constructive public policies and leading by example with responsible business practices.



Employees

Bring together a diverse group of top talent, inspired by our purpose, with strong culture and capabilities to deliver shared success.



Shareholders

Build resilient long-term shareholder value, leveraging the capabilities of the group to achieve compelling returns above our cost of capital.

Strategic priorities

Broaden customer access across multiple channels

Expand the range of financial products and services for a better retirement

Leverage the combined capabilities of the group

Strengthen resilience and sustainability of Challenger

I ACT values



Act with integrity



Aim high



Collaborate



Think customer

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Our updated sustainability strategy

Our corporate sustainability strategy has evolved. It reflects our most material social, environmental and governance opportunities and is aligned to our purpose.

As the focus on responsible investment across stakeholder groups has increased, our updated strategy reflects a strengthened focus on this topic.



	<p>Financially resilient customers and communities</p>
<p>Helping our customers and communities to be strong and financially resilient.</p>	
	<p>Constructive public policy settings</p>
<p>Taking action on issues affecting the ability of retirees to achieve financial security.</p>	
	<p>Doing things right</p>
<p>Designing business practices that focus on our customers, employees, shareholders and the environment.</p>	
	<p>Responsible investment</p>
<p>Investing responsibly by incorporating environmental, social and governance (ESG) considerations.</p>	

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



How we're implementing our strategy



Financially resilient customers and communities

- We made over \$559 million in **guaranteed payments** to support more than 54,000 customers;
- Upgraded our **Investor Online platform** to make it easier for our customers to use and to strengthen security through the use of two-factor authentication;
- Conducted community research and launched a detailed report examining the **employment challenges facing people over 50**, in partnership with COTA NSW; and
- Launched a new **payroll giving program** in partnership with **Good2Give**, making it easier for Challenger employees to donate to charities that are important to them.



Constructive public policy settings

- **Continued advocacy for the inclusion of a retirement income covenant** within superannuation law. The covenant will ensure trustees consider the needs of members in retirement;
- Engaged in academic research programs and published thought leadership papers **focused on developing solutions for a better retirement**; and
- **Continued ongoing dialogue** with Government, Opposition, minor political parties and independent members of parliament **to advocate for outcomes that lead to financial security for older Australians.**



Doing things right

- **Continued to support our employees** through the pandemic and achieved a sustainable employee engagement score of 85%¹;
- Improved sustainability governance by establishing a **Challenger-wide ESG Steering Committee** to provide updates and recommendations to the Board;
- Published a number of new public statements, including a **Modern slavery statement**; **Climate change statement**; and **Human rights statement**; and
- Joined industry bodies – **Pride in Diversity** and the **Diversity Council of Australia.**



Responsible investment

- Established a Funds Management **Responsible Investment Committee**;
- Hosted webinars to **educate investment managers** on approaching social impacts and the importance of engagement;
- Entered into a partnership with **Impax Asset Management**, global sustainability specialists;
- Became a **signatory to the Investors Against Slavery and Trafficking Asia-Pacific initiative**;
- Joined **the Pensions for Purpose** initiative through Fidante UK; and
- Awarded an **A rating by the UNPRI** for, Fixed Income and Property strategies.

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ Willis Towers Watson March 2021.



What matters most

Stakeholder engagement

Engaging with our stakeholders ensures we're focused on the right environmental, social and governance topics. At Challenger, we engage throughout the year across a number of channels. Through regular feedback, we have the opportunity to understand and assess the needs and concerns of our stakeholders and to respond to them. The key channels are listed below.

Customers	Shareholders	Employees	Government & regulators	Communities
Survey	Regular financial reporting	Intranet and Microsoft Teams	Policy analysis	Strategic partnership
Call centre	Investor days	Employee briefings	Government and industry submissions	Workplace giving and matching
Website and social media	Management meetings with investors and prospective investors	Surveys	Industry forums and conferences	Fundraising initiatives
Presentations	Chair engagement with significant investors	Senior leadership forums	Ongoing meetings	Volunteering
		ESG workshops		Shared research activities
		Ongoing team meetings		

FY21 Materiality process

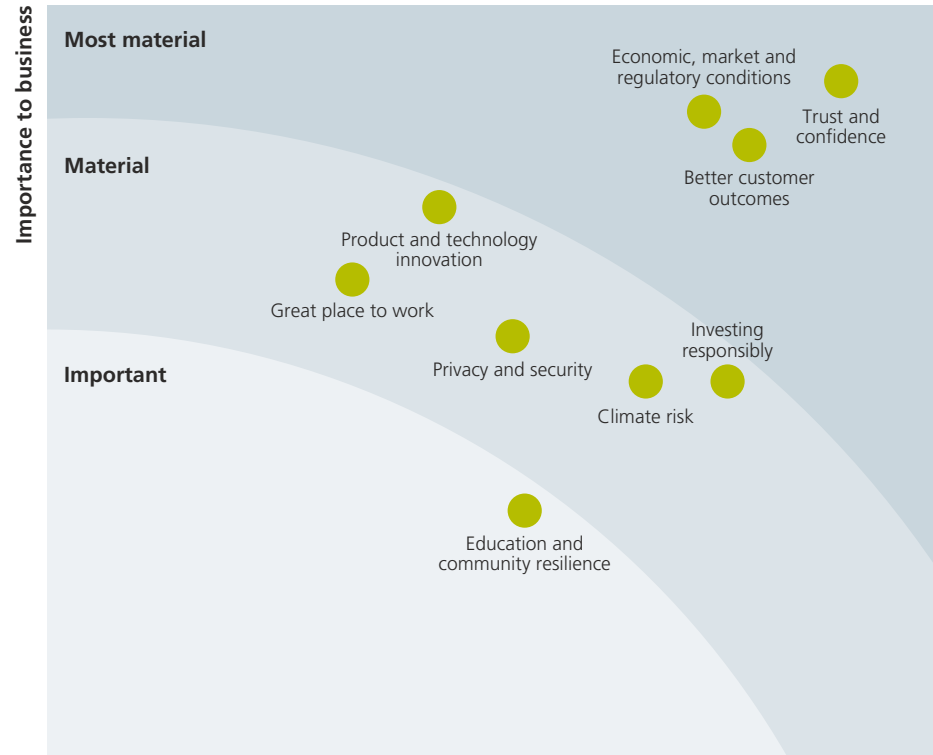
Our annual materiality process is a key stakeholder engagement activity that assesses feedback gathered throughout the year. We use this process as well as information gathered from sustainability-related activities and initiatives to identify what matters most to both our stakeholders and our business – our material matters. Other materials assessed include:

- trend reports and competitor analysis;
- ESG-related media coverage;
- guidance from the GRI Standards;

- the UN Sustainable Development Goals;
- feedback from ESG-themed surveys;
- one-to-one interviews, focus groups and workshops; and
- an ESG panel discussion with participants from COTA NSW, the Australian Institute of Company Directors, Pollination and Australian Ethical.

Through this process we identified the following material matters and their relative importance to both our business and our stakeholders.

Our material matters



Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

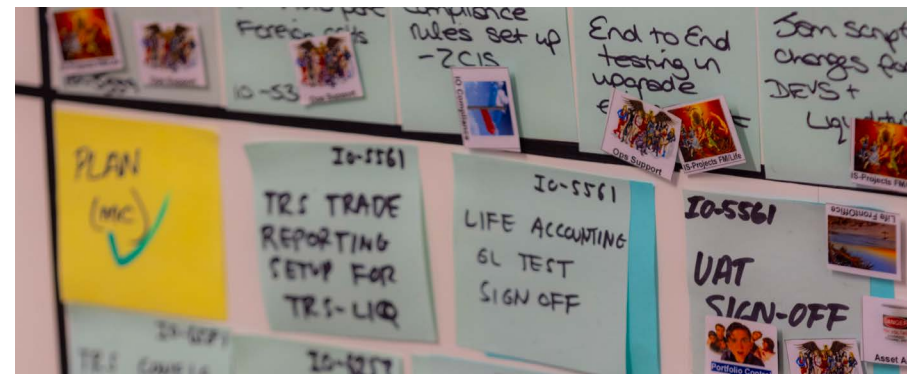
Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data





Our most material matters

Link to sustainability strategy

Link to UN SDGs

Trust and confidence

Operating ethically, with strong governance practices and high levels of trust, is critical to our ability to operate and deliver for our customers, shareholders, employees and the broader community.

At Challenger, we recognise the importance of maintaining a strong culture and high levels of conduct; providing open and transparent disclosures; and responsibly managing risks, including human rights risks.



Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Better customer outcomes

Challenger is committed to providing better customer outcomes that lead to improved satisfaction and support our customers to achieve financial security for a better retirement. We do this by investing in research to understand more about our customers; designing products to meet customer needs; and continuing to provide a trusted brand.



Investing responsibly

Economic, market and regulatory conditions

As an investment management company, Challenger is impacted by market volatility and uncertainty, and the low interest rate trend. The need for diversification and ensuring access to appropriate assets remains an important focus for our business and our stakeholders.

Many businesses and individuals are impacted by the public policy debate that drives financial security for retirement. Challenger continues to engage broadly and leverage our research to contribute to this important discussion.



Climate risk

Product and technology innovation

Privacy and security

Other material matters

- Investing responsibly
- Climate risk
- Product and technology innovation
- Privacy and security
- Great place to work
- Education and community resilience



Great place to work

Education and community resilience

Performance and reference data



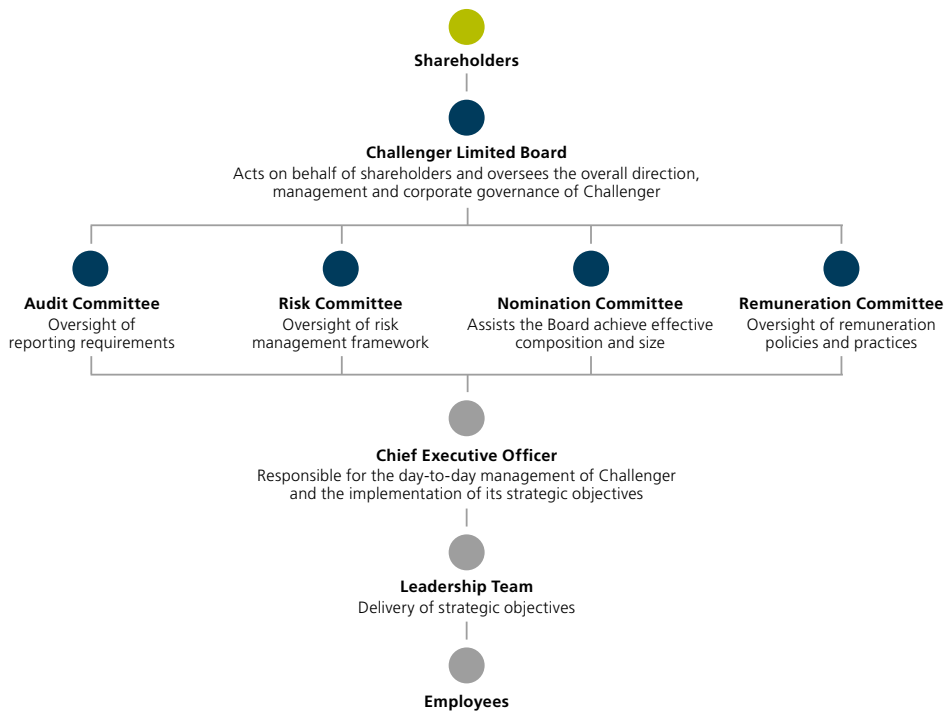
Corporate governance and risk management

At Challenger, we have a strong governance and risk management framework. We believe that corporate governance enhances stakeholder confidence and adds value to our business. The way we work is informed by our strong corporate governance and risk culture, which is embedded throughout our business. At Challenger, good corporate governance comes from the top. The Board has oversight of the risks and opportunities for the business and acts on behalf of our shareholders.

Our Board guides our strategic direction and establishes key policies and frameworks to assist management in delivering results for our stakeholders. They ensure appropriate governance and oversight in the management of our business.

The Chief Executive Officer (CEO) and Leadership Team have the delegated authority from the Board to implement key strategies and policies.

Challenger’s approach to corporate governance



Board and management committees

The following committees support the Board:

- Group Audit Committee – Oversight of regulatory reporting requirements;
- Group Risk Committee – Oversight of Challenger’s risk management framework;
- Nomination Committee – Assists the Board to ensure it maintains an effective composition and size; and
- Remuneration Committee – Oversight of remuneration policies and practices.

Management committees and groups that are responsible for progressing our strategic agenda include:

- Executive Risk Management Committee;
- ESG Steering Committee;
- Work Health and Safety Committee;
- Diversity and Inclusion Committee;
- Our Community Committee; and
- Sustainability Action Group.

Our ESG Steering Committee was established in 2021 in response to the increasing relevance of environmental, social and governance topics throughout our business. This committee meets quarterly and will report into the Group Risk Committee.

Risk management

The management of risk is fundamental to Challenger’s business, supporting better outcomes for our customers, building long-term shareholder value. At Challenger, risk is everybody’s business.

The Board’s Risk Appetite Statement outlines the level of risk that is acceptable to our business to achieve our strategic objectives. This is combined with our risk management framework, which monitors, mitigates and manages the risks to which we’re exposed.

The Board recognises the broad range of risks Challenger faces as a participant in the financial services industry, including funding and liquidity risk; investment and pricing risk; strategic, business and reputation risk; operational risk; licence and regulatory risk; climate change risk; and conduct risk. The Board also maintains a focus on contemporary and emerging risks, monitoring key risks to Challenger’s strategy.

The Leadership Team is accountable for managing the risks within their divisions and is required to manage risk as part of business objectives with risk management integrated across business processes. There are clear accountabilities for risk management for all Challenger employees and these are measured through Challenger’s annual performance management process.

Challenger’s risk management framework also incorporates key ESG issues. Our range of policies and practices carefully consider ESG risks and opportunities when making business decisions.

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Supply chain

At Challenger, we work with suppliers to acquire a range of goods and services. Our primary procurement categories are human resources, professional services, marketing, property management, technology, travel and operations.

Managing risks and opportunities in our operations, investment portfolios and supply chain is an important part of our business.

In response to the *Modern Slavery Act 2018*, (the Act), we undertook a detailed risk assessment of our business to identify key areas of focus. This has guided our approach to addressing and mitigating risks. Read more in our [Modern slavery statement](#).

This included reviewing and updating relevant policies and frameworks to consider the inclusion of modern slavery risks. Examples of this include updating our CIP Asset Management Fixed Income and Real Estate Responsible Investment statements, as well as Challenger’s Outsourcing and Whistleblower policies.

We also enhanced our due diligence procedures for new suppliers with the inclusion of targeted questions related to modern slavery risks and systems included in questionnaires. Capturing this information will assist with ongoing risk assessments.

Challenger also continues to participate in relevant industry initiatives, including the Financial Services Council’s (FSC) ESG working group and Responsible Investment Association Australasia (RIAA) human rights working group.

To improve oversight of key suppliers, Challenger is exploring industry initiatives that facilitate collaboration to identify modern slavery risks. Using a technology platform that gathers and collates information on industry suppliers and their modern slavery exposures, property companies can better understand their supply chain.



To further demonstrate our commitment to human rights, Challenger published its first [Human rights statement](#), outlining guiding principles in the way we approach human rights considerations throughout our operations.

We also formed a group-wide ESG Steering Committee to improve overall governance and to monitor key ESG risks and the effectiveness of mitigating activities. Commencing in FY22, this Committee will report into the Board-level Group Risk Committee on a quarterly basis to ensure appropriate oversight.

Going forward, Challenger will continue to educate our employees and create greater awareness of this important issue.

Our Human rights statement outlines the principles that guide our approach to human rights considerations.

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Tax transparency

Challenger is committed to paying our fair share of taxes and we take our obligation to comply with prevailing taxation laws, practices and reporting requirements seriously. We maintain open relationships with key regulators, including the Australian Prudential Regulation Authority (APRA), the Australia Securities and Investments Commission (ASIC) and the Australian Taxation Office (ATO).

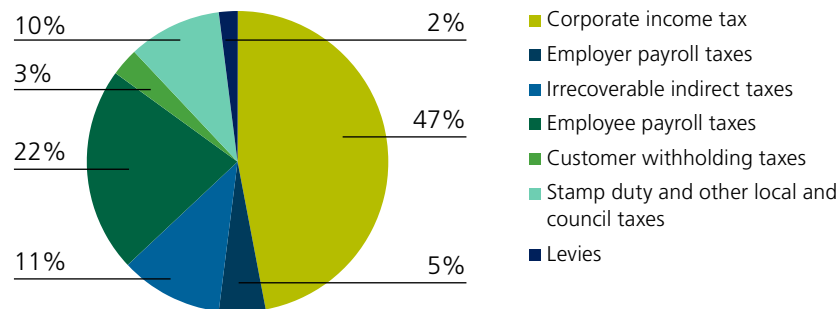
Our tax disclosures meet the requirements of the Australian Board of Taxation’s voluntary Tax Transparency Code (TTC) of which Challenger is a signatory. We have prepared our tax transparency disclosures in this report and in the tax note of our 2021 Annual Report in conformance with the TTC.

Since 2007, our tax charter governs how tax is managed within the organisation. Our charter states that Challenger will manage its tax obligations in a sustainable way, considering the commercial and social imperatives of the business and our stakeholders. It determines that Challenger will comply with prevailing laws while maintaining professional relationships with the regulatory and tax authorities where we operate.

Challenger’s tax charter and tax risk governance is embedded in the broader Challenger risk governance frameworks and is reviewed and approved by the Board of Challenger on an annual basis. Challenger does not knowingly participate in the avoidance of tax or facilitate and/or promote the avoidance or evasion of tax by a third party.

Our total tax contribution (paid and collected) to and on behalf of the Australian Government (state and federal) for FY21 was \$191.2 million.

2021 Total Tax Contribution



Overseas subsidiaries

We invest offshore to secure a diversified balanced portfolio for our investors and to back our policies. As at 30 June 2021, 33.7% of Challenger Life Company Limited’s (CLC) investment assets were offshore. CLC is also a party to a number of global reinsurance agreements.

Our Funds Management business originates and manages offshore assets on behalf of CLC and third-party institutional investors, such as Australian profit-for-member superannuation funds.

Due to these offshore investments and operations, a number of overseas foreign structures are used to provide certainty over commercial, legal and tax aspects of the various transactions we enter into. Using entities in jurisdictions with similar laws to Australia or those that have substantially complied with the Organisation for Economic Co-operation and Development (OECD) guidelines on

tax transparency, including information exchange with global tax authorities, enhances certainty.

Consistent with other institutional investors in Australia, when Challenger invests in offshore assets, we are required to establish wholly owned subsidiaries in the countries where the investment is located. This allows us to invest alongside other institutions from other countries in an efficient way; increase economies of scale by allowing investors to pool their capital; reduce investment risk through portfolio diversification; and gain exposures to assets that Challenger may not otherwise be able to access directly on its own.

The investment returns that Challenger makes are taxable in the source country of the investment and are also taxed in Australia. This results in an effective tax rate for the group of 28.7% (2020 – 28.9%) with no material tax rate difference recognised between the Australian and offshore operations in the year.



Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Our values represent what makes our culture special.

Trust and confidence

Why does it matter?

Operating ethically, with strong governance practices and high levels of trust, is critical to Challenger’s ability to operate and deliver for its customers, shareholders, employees and the broader community.

According to the 2021 Edelman Trust Barometer, businesses hold the highest level of trust over other institutions. This is primarily due to the steps businesses have taken to keep employees and customers safe during the global pandemic.

Continuing to demonstrate high ethical conduct will allow businesses to maintain this trust. The Edelman research also found 65% of respondents agree that “CEOs should hold themselves accountable to the public and not just to the board of directors or shareholders”¹.

Our response

Throughout the COVID-19 pandemic, Challenger has prioritised the safety and wellbeing of all our stakeholders. We set and maintain high standards and actively engage in industry-wide initiatives that support better outcomes. Building trust and confidence enables us to deliver value for our stakeholders. This is supported through a strong employee culture and enhanced transparency.



Our values and code of conduct

At Challenger, our values are integral to our culture and linked to everything we do. They set out the behaviours we need to deliver on our purpose and strategy and to meet community expectations, now and in the future. Our values represent what makes our culture special. They are:

- Act with integrity;
- Aim high;
- Collaborate; and
- Think customer.

These values reflect what’s required for the Challenger team to operate in the best way possible. [Our Code of Conduct](#) (Our Code) brings together our values, policies and statements. It sets out how we act, solve problems and make fair and balanced decisions. It also outlines what is expected of leaders, how consequences are managed, and where employees can go to speak up.

All Challenger employees have a shared responsibility to apply Our Code consistently. It is endorsed by the Board, sits across all areas of our business and applies to everyone, irrespective of their role, seniority or any other factor.

Delivering on the UN SDGs



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

¹ 2021 Edelman Trust Barometer, March 2021.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Stakeholder engagement

At Challenger, we engage with many stakeholders. This ensures that we can make informed decisions and provide advocacy for both better customer outcomes and to support financial resilience more broadly for Australian retirees.

As a part of this, we aim to engage constructively with political parties, members of parliament and other policy-makers, both on a formal and informal basis, on issues of relevance and importance to us.

This includes regular meetings, formal submissions in response to Government-led public consultations and progressing our advocacy efforts through memberships in industry associations.

Through ongoing dialogue with the Government, the Opposition, and relevant minor political parties and independent members of parliament, we advocate for outcomes that lead to financial security for a better retirement.

Challenger holds memberships with a range of industry representative associations, such as the Financial Services Council (FSC), Australian Finance Industry Association (AFIA) and the Property Council of Australia (PCA).

At Challenger, we also actively engage with academics across Australia and around the world. This supports our robust approach to developing better retirement solutions. Examples of this include presentations at the annual Superannuation Researchers Colloquium held by the Centre of Excellence in Population Ageing Research (CEPAR), where we tested concepts aimed at building retirement income solutions. Our engagement in research includes CSIRO, Monash University, UNSW and the Conexus Institute.

Participating in industry initiatives is a key way to support financial resilience for Australians.

Transparency

Public disclosure

To guide our business practices, we have a suite of policies that are regularly reviewed to ensure regulatory changes, current issues and trends are captured and considered. These include:

Anti-Money Laundering and Counter Terrorism Financial policy

Code of Conduct

Conflicts of Interest policy

Continuous Disclosure policy

Discrimination and Harassment policy

Fraud and Corruption policy

Gifts, Benefits and Entertainment policy

Group Compliance policy

Group Information Security policy

Human Rights statement

Inside Information policy and Practice Note

IT Acceptable Use policy

Political Donations policy

Privacy policy

Regulated Persons policy

Risk Appetite Statement

Social Media policy

Staff Trading policy

Whistleblower policy

Work Health and Safety policy

Workplace Bullying policy

Note: To enhance transparency, highlighted policies are discussed in detail.



About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Human rights statement

In 2021, we published our first [Human rights statement](#). This statement discloses our approach to recognising and protecting human rights. We respect and support internationally recognised human rights as set out in the Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organisation². We expect employees (including executives, non-executive directors and contractors) of Challenger and its related entities to comply with this statement and we seek to work with third parties who support our approach and standards.

Our approach is guided by the following principles:

-  We respect and support internationally recognised human rights;
-  We comply with human rights laws in countries where we operate;
-  We understand that reducing inequalities will drive positive change for the majority; and
-  We believe in collaborative action to drive change.

Within our operations and sphere of influence, we aim to address human rights issues through our focus on:

1. Providing a fair, safe and healthy work environment;
2. Sound labour practices;
3. Freedom of association;
4. Providing a diverse and inclusive workforce; and
5. Respecting people's privacy.

To learn more about our approach to human rights, read our [Human rights statement](#).



Political Donations policy

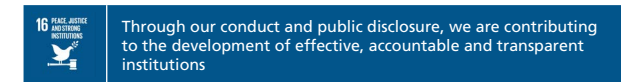
At Challenger we are committed to engaging on the Australian Government's policy-making agenda, in an accountable and transparent way, while also protecting our employees' freedom of political communication.

Challenger Group's Political Donations policy prohibits the company and its employees from making political donations and from attending political fundraiser events as a representative of Challenger.

Throughout the year, neither Challenger or its employees as representatives of Challenger, made any donations to a political party or attended any political fundraising event.

Privacy policy

Our [Privacy policy](#) sets out our approach for ensuring we manage our customers' information in a way that meets privacy regulations and customer expectations. At Challenger, the privacy of our customers is extremely important to us, which is why we follow a 'privacy-by-design' approach. This approach applies to every stakeholder throughout the business where privacy drives decision-making processes. To find out more on Challenger's approach and how we balance the introduction of new technology and privacy, go to the [Privacy and security](#) section.



Whistleblower policy

At Challenger, we believe in doing the right thing, with integrity, honesty and compliance at the heart of how we operate. We actively encourage our employees, contractors, former employees, suppliers, service providers and relatives to speak up and report any concerns of wrongdoing.

Our [Whistleblower policy](#) outlines the process for raising concerns and the protections and support for whistleblowers. We provide an independent whistleblower service to enable users to easily raise concerns through multiple channels anonymously.

² These conventions address: freedom of association; collective bargaining; forced labour; minimum age; worst forms of child labour; equal remuneration; and discrimination.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Our customer vision includes providing 1 in 5 Australian retirees with better retirement outcomes as customers of Challenger by 2030.

Better customer outcomes

Why does it matter?

Understanding what counts to our customers is fundamental to designing products and services that meet their retirement needs. It's important that as an organisation, we stay on top of developments that influence customer experiences and by extension, their expectations of us.

This includes a growing preference for digital communication, our increasing number of direct-to-customer relationships, and a greater appetite for education around retirement options. More than anything, customers want to be treated with respect¹.

Our response

Our updated [Corporate strategy](#) reaffirms and strengthens our commitment to customers. This includes a refreshed purpose statement and a bold new stakeholder vision to provide 1 in 5 Australian retirees with better retirement outcomes as customers of Challenger by 2030. We also framed a new set of strategic priorities that focus heavily on meeting customer needs. Here, we take a deeper look into the actions we're taking to improve customer experiences and outcomes.

Responding to customer needs

Our Go Digital campaign, which commenced in September 2020, ensured we have our customers most up-to-date contact details, and provided them with the option to receive communications online. Our customers actively engaged with this campaign and we were able to update over 8,500 records as a result.

Our December 2020 customer satisfaction and advocacy research, conducted by Fifth Quadrant reflected a high level of customer satisfaction with Challenger's Life products. Among our headline achievements were:

- 91% of current customers are satisfied;
- 90% agree that Challenger products provide them with confidence in retirement;

- 87% agree that Challenger is a trustworthy company; and
- Net Promoter Score (NPS) of +35, up from +22 in FY20.

Mirroring the trend from last year, customers also told us they want to see us continuing to invest in digital capability and simplifying our processes.

In December 2020, we upgraded our Investor Online platform, which provides customers with a simple and efficient digital option for accessing relevant information about their investment. As well as a new look and feel, the site incorporates contemporary security features and simple navigation options.



Delivering on the UN SDGs



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ Connecting the Dots 2021, p 71, GWI.



Due to changes in the advice industry, an increasing number of customers connect with Challenger directly, rather than through a financial adviser or institution. This has led to growing customer demand for support with the reinvestment process, and over the last year, we have assisted more than 2,300 customers with support around their Challenger investments. We have also simplified some of our processes so some customers can provide reinvestment instructions either over the phone or by returning a simple form.

8 DECENT WORK AND ECONOMIC GROWTH
 Our technology upgrades support **SDG 8**, achieving higher levels of economic productivity

Supporting advisers

At Challenger, we also aim to support and educate advisers. We do this through on-the-ground support by our Distribution team, technical support from a team of retirement income and aged care specialists, and in facilitating a number of adviser education programs. Throughout the year, we hosted 18 adviser webinars and undertook nine regional roadshows. Meanwhile, monthly readership of our TechNews adviser newsletter email remains strong, with an average 64% open rate.

Adviser referral program

Changes in the advice landscape continue to impact our customers. Customers are looking for a closer relationship with Challenger and view us as retirement

experts. Our customers want us to provide them with information about changes that impact retirees and are concerned about how to find a new adviser. Last year we implemented an Adviser Referral program, referring new and existing customers who do not have a financial adviser, to an external panel of advisers who have experience in retirement planning and income advice. This program has assisted many customers with a referral to an accredited Financial Planner.

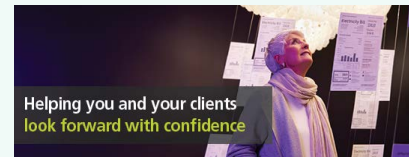
Navigating a changing environment

In March 2020, Challenger introduced a tactical campaign called 'Navigating a changing environment' to help advisers and customers navigate the changing environment due to COVID-19, including government stimulus packages and market volatility. This dedicated website page and related content was visited over 1300 times in the first three months.

We also made temporary changes to our operational processes to provide additional support to our customers during this period. This included allowing extra time for paperwork and forms to be delivered via mail, as mail delivery timeframes had been impacted by COVID-19; automatically applying government-reduced minimums to assist customers with capital preservation for allocated pensions; and accepting certain documents electronically (or digitally signed) to help customers stay safe and at home.

Strategy highlight: How we're educating customers

Annuities have a key role to play in supporting financial security for a better retirement. For Challenger, this means adopting a central role in educating potential customers about annuities using straightforward and accessible language.



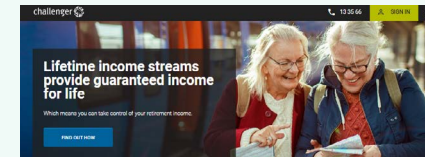
'Look forward with confidence' campaign

- Engaging and educating older Australians – resulting in approximately 13,000 prospective customer email opt-ins; and
- Over a thousand phone calls to the Contact Centre over the campaign period related to the campaign.



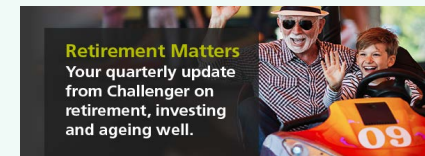
Challenger Facebook page

- 'Always-on' channel to promote and amplify educational content;
- Led to over 67,000 unique visits to the Challenger website; and
- Resulted in email opt-ins, contact centre calls and adviser referrals.



Retire with confidence tool

- Launched in May 2020, aims to guide older Australians through planning for retirement and illustrate the benefits of a guaranteed lifetime income stream; and
- Almost 60,000 uses since launch.



Retirement Matters email program

- Quarterly email to approximately 13,000 prospective customers;
- Provides news and insights about retirement, changes to age pension rules and other relevant topics; and
- Average open rate of 42%, which is higher than the 29.5% industry average for financial services².

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

² Campaign Monitor.



Ensuring access to appropriate assets allows us to deliver on our promises to our stakeholders.

Economic, market and regulatory conditions

Why does it matter?

“The pandemic caused the deepest economic disruption since World War II, disrupting both supply and demand”¹. The swift change in market conditions impacted financial performance and required effective balance sheet management.

Like most advanced economies in the world, Australia is facing the challenges presented by an ageing population. The Government’s recently concluded Retirement Income Review found that Australians want a secure retirement and the retirement income system is a major influence in determining whether retirees will have the income they need to achieve that goal.

Our response

Financial performance

Challenger’s financial performance has remained resilient despite the unprecedented events of 2020 and a challenging operating environment that continued into 2021. This period of significant disruption has underscored the importance of our purpose to provide our customers with financial security for



a better retirement, with our annuity holders benefiting from reliable and stable income during this period of uncertainty.

To enable us to continue to fulfil our purpose, throughout 2021 we have maintained significant capital buffers;

advanced our market leading Funds Management offering; and diversified sales and revenue in our Life business.



Delivering on the UN SDGs



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ Will productivity and growth return after the COVID-19 crisis? March 2021, McKinsey.



Market changes and balance sheet management

At Challenger, our robust risk management approach is a driving factor behind our investment decisions, guided by our asset allocation framework. Through this framework, we diversify our exposure across industries, geographies and asset classes. We match our long-term liabilities by investing in high-quality long-term assets, enabling us to deliver secure and stable income for our customers through the predictable returns these investments provide.

Our portfolio is structured to allow for repositioning in periods of increased market volatility. Investing in the right mix of assets allows us to maintain our capital position in line with our targets.

Regulatory and government policy

At Challenger, we seek to work with the Government to ensure the retirement income system meets the needs of Australian retirees, now and into the future. We have consistently advocated for the inclusion of a retirement income covenant within the superannuation law, aligning with our purpose to provide our customers with financial security for a better retirement. The covenant will encourage trustees to develop a strategy to address the needs of members in retirement, giving them the confidence to spend more of their superannuation savings.

Following the Retirement Income Review, the Government has confirmed that the covenant will commence on 1 July 2022. Challenger supports the Government's progress on the covenant, and once legislated, we will work with APRA and the broader industry to contribute to its effective implementation.

We seek to work with the Government to ensure the retirement income system meets the needs of Australian retirees, now and into the future.



At Challenger, we monitor, plan for, and implement upcoming regulatory change initiatives. We identify of changes to the law, regulations, the prudential framework and to Government policy, and leverage our internal expertise to respond accordingly within the timeframe for commencement. We also seek to maintain an open and ongoing dialogue with ASIC, APRA and the Department of Treasury to discuss any issues that arise and to promote better outcomes for our business and our customers. Following the Royal Commission into Misconduct in the

Banking, Superannuation and Financial Services Industry, the industry has experienced a significant amount of regulatory change. We have worked hard to ensure we understand all relevant changes and are well positioned to respond. Key changes addressed over FY21 include changes to grandfathered commissions, ongoing advice fees, the Design and Distribution Obligations, member outcomes and the requirement for superannuation trustees to hold no other role.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



We're strengthening our focus on responsible investment to drive sustainable outcomes.

Investing responsibly

Why does it matter?

The consideration of ESG factors in investment analysis is increasingly being recognised as a fiduciary responsibility. "ESG is about informing better decision-making by adding the assessment of material, environmental, social and governance issues to the investment process. It enriches traditional research like analysing financial statements, industry trends and company growth strategies"¹.

Responsible investment has gained significant momentum in recent years with increasing commitments by asset owners to reduce the physical and financial risks of ESG-related issues like climate change, through their investment activity. There is also increased support for the UN SDGs.

Our response

We integrate ESG considerations in our investment process because we believe ESG factors have an impact on the long-term performance of markets, countries and companies, and consideration of ESG in the investment process should improve risk-adjusted returns. We also understand the world into which our current and future customers will retire

and the opportunity we have to make a positive difference in how that future looks through active ownership and our investment activity.

Ethical and sustainable investment

At Challenger, we take ESG risks into consideration in our investment decision-making and ownership practices, and when we appoint managers to act on our behalf. Incorporating ESG helps us build a more resilient organisation and protects both our business and our customers from a broad range of risks.

By adopting an integrated investment management approach, we deliver responsible outcomes for our stakeholders. Consideration of ESG factors in the investment decision-making process ensures a greater understanding of potential risks and opportunities that could affect the value, performance and reputation of our investments.

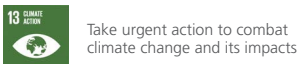
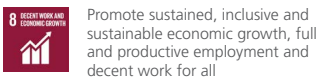
Challenger's Responsible Investment policy requires the Board, the ESG Steering Committee, relevant senior leaders, and investment teams to have responsibility for overseeing and integrating ESG considerations in investment processes. All senior-level investment employees, including asset class heads and the Challenger Leadership Team, have key performance indicators linked to responsible investment and ESG integration.



Challenger has also been a signatory to the UN-backed Principles for Responsible Investment (PRI) since 2015 and is committed to its six principles. Our Responsible Investment Statements for [Challenger Life Company](#) and CIP Asset Management [Real Estate](#) and [Fixed Income](#) outline our more detailed approach and are updated annually, as ESG considerations evolve.



Delivering on the UN SDGs



About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ 'Integrating ESG into portfolios', Money Management, June 2021.



Responsible lending and investment practices

Demonstrating our commitment, we actively participate in the industry to support broader integration of ESG into investment portfolios. We're members of the FSC ESG working group, contributing to the development of a guidance note on modern slavery reporting. We're also members of the RIAA human rights working group and became a signatory to the Investors Against Slavery and Trafficking Asia-Pacific initiative in November 2020. Additionally, we participated in the BHP Cultural Heritage Roundtable and the S&P Global ESG Leadership Council in October 2020 to maintain focus on ESG issues both locally and globally.

At Challenger we understand the evolving nature of ESG and we keep up with emerging trends through our attendance at industry conferences and events. While the pandemic has limited in-person events, we continued our learning through attendance at the PRI Digital Symposium in September 2020. We also attended RIAA conferences in November 2020 and June 2021 as well as the CITI ESG Conference and Ares Australian Investor Forum in December 2020.

As a result of our focus on responsible investment, we achieved a number of milestones during the year:

- established a Responsible Investment Committee within our Funds Management business;
- updated [CIP Asset Management Real Estate Responsible Investment policy](#) to provide more detail of how water security is considered in the portfolio;

- hosted lunch and learn sessions focusing on social issues and the importance of engagement;
- hosted Morgan Stanley to present ESG research to our boutiques and Challenger investment teams; and
- Fidante UK joined the [Pensions for Purpose initiative](#).

Our boutiques achieved great things as well:

- Ardea and Alphinity expanded their ESG credentials, building their Sustainability teams;
- Alphinity was named Best of the Best ESG fund by Money Magazine and leading ESG approach in the RIAA 2020 Benchmarking report;
- Alphinity launched a Global Sustainable Share Fund in June 2021;
- Alphinity, Eiger Capital and Wavestone joined HESTA's 40:40 initiative, working towards gender-balanced executive teams by 2030;
- Whitehelm Listed Core Infrastructure Fund rebranded as Low Carbon Infrastructure Fund to better represent their ESG approach; and
- Whitehelm was awarded Towards Sustainability certification by the Central Labelling Agency in Europe.

Our boutiques have also published many thought leadership pieces during the year and provide more detailed ESG reporting to their Boards.

6 GENDER EQUALITY
Joining industry initiatives to promote gender equality contributes to SDG 5



Spotlight: Sustainability in distribution



In April 2021, Fidante partnered with Impax Asset Management, global sustainability specialists, to be their distribution partner in Australia and New Zealand. Impax specialises in investment opportunities arising from the transition to a more sustainable global economy, with around 30 billion euros in both listed and private markets.

In Australia, Impax is the delegated investment manager of the BNP Paribas Environmental Equity Trust, an Australian registered unit trust. This Fund focuses on investing in companies that are developing innovative solutions to resource challenges in four key areas:

- new energy;
- water;
- waste and resource recovery, and
- sustainable food, agriculture and forestry.

This Fund has been rebranded under the Impax name and is being distributed by Fidante.

Global Head of Fidante Partners **John Burke** said: "Fidante is excited to be partnering with such a high-quality manager to bring world-class investment capability to the local Australian market. Impax's approach focuses on the transition to a more sustainable economy, which it has been doing throughout its corporate history spanning more than 20 years. This, combined with its exceptional management team and thought leadership, makes the firm a clear market leader globally."

We aim to partner with investment managers who are committed to continuous progress in ESG integration. As demand for high-quality sustainable products continues to grow, we're delighted to offer investors access to one of the pioneers in global sustainable investing.

13 CLIMATE ACTION
By supporting investment in nature, we're contributing to SDG 13, combatting the impacts of climate change

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



We're creating resilience by incorporating climate considerations throughout our business.

Climate risk

Why does it matter?

Every industry across the economy will be impacted by climate change, making it important for all companies to be considering how they will be affected. While Larry Fink's 2021 letter to investors highlights that climate risk is an investment risk, it also notes "... the climate transition presents a historic investment opportunity". By managing risks and capturing opportunities, companies will enhance their resilience for long-term growth.

Our response

Governance

At Challenger, the Board has oversight of climate-related risks and opportunities. These are considered within the Group Risk Committee, who will receive quarterly reporting from the ESG Steering Committee on a range of ESG risks and opportunities, including climate, in FY22. Our approach to climate change is outlined in our [Climate change statement](#), which is endorsed by the Board.

The ESG Steering Committee was formed this year to oversee Challenger's identification and consideration of ESG risks and opportunities, including those



related to climate change. The Committee ensures an integrated approach across the business, aligned with ongoing risk management and strategy processes. Members of the committee represent Challenger's stakeholders, bringing their perspectives and expectations to the Committee and keeping their teams informed on progress.

Strategy

An initial climate risk assessment was conducted in FY20, outlined in our [2020 Sustainability Report](#), looking at both a transition risk scenario and a physical risk scenario. This assessment identified the key areas of risk for Challenger were largely related to our real estate assets. As a result, Challenger has undertaken a detailed

assessment of real estate assets and has developed a climate risk assessment framework, a portfolio baseline assessment and climate value-at-risk calculations. This analysis is ongoing and will help identify measures that can be put in place to mitigate both transition and physical risks of climate change. The insights from this analysis will be applied more broadly across Challenger to further reduce climate-related risks across the group.

Assessing our real estate assets gives us a better understanding of our climate-related risks.

Delivering on the UN SDGs



Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Risk management

At Challenger, climate-related risks are considered within our Risk Appetite Statement, set by the Board. Work is underway to further embed ESG risks, including climate risks, into our risk management framework and across our suite of policies, where relevant. The ESG Steering Committee works with internal teams and external consultants to identify climate-related risks across our business.

As part of our due diligence process for new investments, Challenger considers climate-related risks and their relative severity as part of the assessment. For existing relationships, Challenger engages regularly to ensure emerging risks are discussed and appropriate mitigating measures are in place.

We also have a licence with an ESG provider to access carbon emissions data of other publicly listed companies. We use this information to calculate emissions for the companies we invest in which in turn enables us to monitor our equity portfolios' emissions intensity.

13 CLIMATE ACTION
 Evaluating climate as part of our risk management, supports SDG 13, taking action on climate change

We have reduced our emissions by more than 18% over the past year.

Metrics and targets

At Challenger, we're committed to measuring, monitoring and reducing our operational greenhouse gas emissions. We partnered with NDevr Environmental again this year to calculate our emissions and provide guidance on industry best practice. We want to ensure we're in line with industry as it evolves and matures. As such, we extended our emissions boundary to include brand advertising and promotional expenses in line with our peers. To ensure our measurement is robust, we obtained external assurance (limited) of our energy and emissions. We have offset all known relevant greenhouse gas emissions of our offices, making our operations carbon neutral.

Overall, we have reduced our emissions by more than 18% over the past year, largely due to the conditions presented by the pandemic. Reflecting this, emissions relating to flights and accommodation were down 94% and 67% respectively. We also had significant reductions in emissions related to employee commuting, paper, waste, food and catering, as well as postage and couriers. These reductions were offset slightly by a large increase in emissions related to the acquisition of new IT equipment, which was required to accommodate additional office space, improve meeting room capabilities and the rollout of new laptops to employees.

Verified carbon credits have been purchased and surrendered to offset these additional emissions. Our full emissions reporting is provided in the [Performance and reference data](#) section.



Spotlight: Solar installation in Darwin



In November 2020, we completed the installation of a large solar array at our Gateway shopping centre in the Northern Territory (NT). Built in 2017, Gateway was equipped with a state-of-the-art building management system, supporting the transition to renewable energy. With the abundance of sun the NT has to offer, adding a solar array to this property made good business sense. Not only do we secure access to a reliable energy source, we're building the resilience of our asset and broader portfolio.

Since its installation, the solar array has generated 795 MWh of energy. This has been used to power the shopping centre, including keeping the air conditioning going on very hot summer days. We're proud to support renewable energy and are looking for more opportunities within our property portfolio.

7 RENEWABLE AND CLEAN ENERGY
 Increasing the use of renewables supports access to energy

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Being agile allows us to keep pace with industry trends.

Product and technology innovation

Why does it matter?

Effective use of technology facilitates better business outcomes. A recent report noted that for a company "... to scale sustainably, emerging technologies must rest on a solid foundation comprising: the business of technology, the evolution of the IT function trust, encompassing risks related to cyber, regulatory and ethics and core modernisation, the organisation's approach to rejuvenating legacy core systems"¹.

Our response

Digital and technology

Innovation in technology continues to have a positive impact on the way we work and how we deliver products and outcomes for our stakeholders. Throughout the COVID-19 pandemic, we accelerated our technology innovation and implementation to support employees with our new hybrid working model. This included commencing the roll-out of laptops to all employees, and the introduction of Microsoft Teams to enable better collaboration across the business.



To further facilitate efficient business practices, our enterprise management system – Workday – has been expanded to incorporate the management of expenses and accounts payable. In decommissioning older legacy systems, we're using a core platform to streamline our approach.

Both Workday and Teams are mobile-friendly applications, making it easier to keep our workforce connected.

We're also embedding a Scaled Agile Framework (SAFe), which is helping the way we work and deliver for our stakeholders. Using this framework facilitates iterative delivery, reduces production time for key initiatives and improves quality. An example of this is the implementation of digital signatures using DocuSign, which we rolled out to customers during the COVID-19 pandemic when we were working remotely.

Delivering on the UN SDGs



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ Tech Trends 2021, Deloitte.



Partnerships and collaboration

To keep up with evolving consumer needs and expectations, the investment management industry is changing how products are developed and distributed. Many investment companies are building their own products, and look to institutional service providers, including Challenger, to collaborate to achieve better outcomes.

At Challenger, we support our partners by obtaining an understanding of the needs of clients and customers and take a solutions-based approach with potential partners. We focus on connecting our clients with the internal skills and expertise directly to establish the most appropriate implementation structure.

Challenger Life Institutional offering has four solution pillars:

We enable our clients to execute their commercial and investment goals			
Investment		Retirement	
<p>Beta solutions</p> <ul style="list-style-type: none"> Tailored index solutions Contractual alpha Zero management fees Zero tracking error 	<p>Income solutions</p> <ul style="list-style-type: none"> Return enhancement Bond alternative Cash flow matching 	<p>Retirement solutions</p> <ul style="list-style-type: none"> Longevity hedging Sequencing risk control Decumulation strategy Product development 	<p>Defined Benefit solutions</p> <ul style="list-style-type: none"> Liability de-risking Successor fund transfer Defeating pension liability

Focusing on these pillars, we are able to innovate creatively to explore and assist with our clients. We're also able to develop new products and services to deliver on our purpose to provide our customers with financial security for a better retirement.

While the COVID-19 pandemic created some uncertainty in our ability to make and maintain connections with our stakeholders, our approach ensured we built on the

good relationships we had established. At Challenger, our proposition is highly differentiated and relevant to our stakeholders and it is through this differentiation that we have been able to maintain growth. As the impact of the pandemic eases, we have evolved our focus and continue to embrace a hybrid engagement model with existing clients.



A key strength of our team is to continue our curiosity with our clients combined with our ability to provide solutions-focused ideas. At Challenger, our highly differentiated value proposition enables us to continue to deliver our customers financial security for a better retirement.

8 SECURE WORK AND ECONOMIC GROWTH Through product diversification, we're supporting **SDG 8**

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Focusing on data privacy and security supports better business outcomes.

Privacy and security

Why does it matter?

The global pandemic accelerated the trend to move business operations online. This has resulted in increased scrutiny into how data is captured and shared. It is expected that regulations globally will increase going forward and third-party risks should be an area of focus for business.¹

Cyber security threats continue to be tackled. Artificial intelligence (AI) enabled threat detection systems assist in detecting new attacks and notify companies of any data breach instantly.² These trends impact all businesses, and companies need to act now to ensure they're ready for the future.

Our response

Privacy of customer and business data

We take privacy security seriously and our strong risk culture and employee values supports our approach. Our Privacy policy sets out our commitment to compliance with the Australian Privacy Principles and the *Privacy Act 1988 (Cth)*. We're committed to our value to 'Think customer' and we focus on providing customers with

clear paths to make a complaint if they feel their information has been mishandled. The way we operate ensures we're protecting personal information through the promotion of responsible decision-making by management and all employees in performing their everyday roles.

At an industry level, Challenger is actively engaged in the development of privacy regulation in Australia, through representation on the Privacy Working Group of the FSC. By participating in this group, we're well placed to understand proposed changes to legislation at an early stage. It also provides opportunities to discuss and respond to emerging privacy

risks and trends with representatives from other financial services organisations.

The landscape in privacy regulation in Australia is expected to shift. This is in response to the rapid digitisation of the economy and the expansion of online services, including greater data sharing via social media platforms. At Challenger, we want to ensure we respond in the right way and will be involved in preparing for these developments in line with community expectations.

Through our participation in industry, we're contributing to SDG 16, developing transparent institutions



Delivering on the UN SDGs



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

¹ '7 Data Privacy trends for 2021', Data Privacy Manager, 10 January 2021.
² 'Top 10 Cyber Security Trends 2021', Simplilearn, 15 June 2021.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

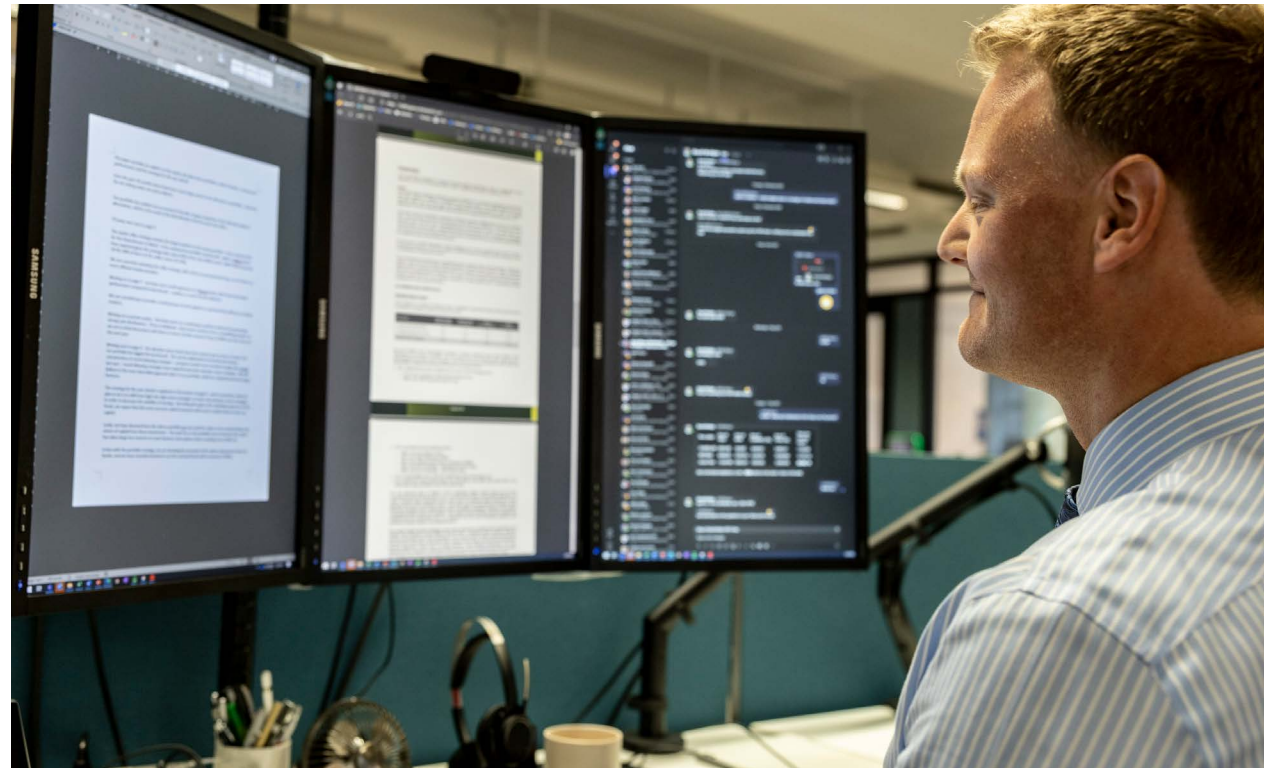
Performance and reference data



To further demonstrate our commitment to sound privacy practices, Challenger is a proud partner in Privacy Awareness Week. This is an initiative coordinated by the Office of the Australian Information Commissioner (OAIC) in May each year. This themed event provides an opportunity to share experiences and asks organisations to raise awareness of sound privacy practices, reinforcing the importance of protecting customer information, for all employees. This event is promoted internally at Challenger through visual reminders and dedicated articles published on the company’s intranet which apply the theme of Privacy Awareness Week in the Challenger context.

Challenger had no significant privacy complaints or breaches during the 2021 financial year. Challenger made one data breach report to the Office of the Australian Information Commissions under Australia’s Notifiable Data Breaches scheme during the year.

In recognition of the increased privacy and fraud risks associated with online interactions with customers, Challenger engaged a leading consulting firm to ensure that new technology was built with privacy and cyber fraud protections front of mind. The result was a system solution that exemplified a ‘privacy-by-design’ approach, allowing us to be satisfied that the needs of our customers have been met.



Our privacy-by-design approach allows us to meet the needs of our customers.

Fraud and cyber security readiness

At Challenger, we understand the significance of cyber security threats and fraud. We have taken many steps to support the safety of information for our business and our stakeholders. Continuing to invest in technology designed to protect our customers and organisation from electronic threat is a key area of focus at Challenger. We’ve made significant improvements to our digital security through

the implementation of a new identity management platform. This is a scalable platform that offers a range of security features for our customers, including multi-factor authentication.

Challenger was part of a pilot audit group for the CPS234 Information Security standard. This prudential standard, regulated by APRA, aims to ensure entities maintain appropriate information security capabilities to guard against future threat. Cyber security readiness is important in maintaining our resilience as a business and we have implemented the CPS234 Information Security standard to remain ahead of these threats and ensure our ongoing regulatory compliance.

We conduct regular penetration testing for our websites and other internet-facing assets, including our first full Red Teaming exercise completed this year. Red Teaming is an imitation cyber attack on our organisation conducted by a third party to help identify and correct vulnerabilities, and findings have been incorporated into our ongoing cyber security uplift activities.

To assist in the classification of data, we are investing in an AI tool. This tool will support the review of millions of documents within the organisation to further our understanding of data captured and allow additional protective measures to be deployed.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Our employee vision is to bring together a diverse group of top talent, inspired by our purpose, with strong culture and capabilities to deliver shared success.

Great place to work

Why does it matter?

Doing the right thing by our customers and stakeholders is a critical ingredient in our success. Of equal importance is making sure employees feel valued and empowered to perform at their best.

Research has shown that positive company culture correlates strongly to employee awareness of the organisation's values and identity, lowering employee turnover while also adding to the company's brand reputation.¹

Our response

There are many things that contribute to making Challenger a great place to work, including diversity of thought, an environment of inclusivity and a strong emphasis on employee wellbeing. By building and maintaining a fantastic culture, underwritten by the tools and technology that enable employees to effectively fulfil their roles, we help support Challenger to be resourced with the right people to meet our business objectives.

Our strategy provides a clear, coherent, unifying statement of who we are, where we are going and how we'll get there. A key component of this strategy is an employee vision to bring together a diverse group of top talent, inspired by our purpose, with strong culture and capabilities to deliver shared success.



We understand the importance of living up to this vision and delivering on what matters to our employees. Here we outline some of the ways we've done that over the past year.

Helping employees adjust to the 'new normal'

While COVID-19 has proven disruptive for many businesses, a big priority for Challenger has been, and continues to be, focusing on the health and wellbeing of our employees. Throughout the pandemic we achieved this in a variety of ways, including communicating regularly and keeping employees up to date with our approach; setting up a new working-from-home hub on our company intranet; and holding online discussion forums with leaders.

Now, with most employees returning to the office for at least part of the week, the question has turned to how we adapt to a hybrid model of face-to-face and home working. The first stage was to embed a range of COVID-safe measures in each of our offices, including increased cleaning and hygiene measures, visible reminders around physical distancing, and setting limits on meeting room capacities.

The results of a pulse survey in March 2021 showed that many of our people have enjoyed the benefits of remote working, something we are committed to offering them on an ongoing basis. At the same time, the survey revealed that nearly everyone (96%) wanted to mix this with the personal connection and collaboration time that being in the office offers.

Delivering on the UN SDGs



Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ 'Why corporate culture is becoming even more important', Forbes.



We have rolled out a team-based approach to hybrid work, where teams work together with their leaders to agree more formally on their work patterns, taking into account the needs of the team, Challenger and individuals. Guiding principles were developed to support these conversations along with team workshop materials.

We also want to give employees the opportunity to create a comfortable and productive 'home office' environment that aligns closely to their office workstation. Through our suppliers, we now offer everyone at Challenger the option to purchase the same equipment they use at work – from chairs and desks, to keyboards and headsets – at a discounted price.

We have also expanded our video conferencing bandwidth to accommodate more of our people working remotely, more of the time, and we have also rolled out new laptop hardware to employees. This has meant that we have been able to host hybrid company-wide events such as Town Halls and Employee Updates.

A big priority for Challenger has been, and continues to be, focusing on the health and wellbeing of our employees.

Building and supporting high-performing teams

Fulfilling our strategy and delivering for customers depends on our employees. As well as hiring from external talent pools, we recognise the importance of developing and training our people so we can grow from within.

We offer employees career development options, including exposure to senior leaders, on-the-job training, and educational opportunities (including financial support and additional leave for work-related training courses). In addition to this, Challenger has implemented a work mentoring program that allows employees to build their people networks, increase their understanding of the business and develop new skills.

We are also empowering and building the capabilities of our leaders to enable them to lead effective, high-performing teams. This year we have provided training to our Executive Management Team (EMT) and Senior Management Forum (SMF), focusing on strategies to build psychological safety at a team and organisational level, to promote open dialogue and higher levels of inclusion. We also hold regular meetings for both these groups to foster collaboration and strong working relationships between our leaders across the organisation.

Our 10th cohort of people managers completed Challenger's Leadership Foundations training, a specially tailored, three-day program that gives our leaders the skills to inspire and motivate their teams.



Employee spotlight: Our 2021 employee engagement survey results



One of the ways we measure employee engagement is via the Your Voice employee engagement survey, which is administered by Willis Towers Watson every two years. Our April 2021 results remain strong with an overall sustainable engagement result of 85%². This result was 1% higher than the outcome in 2019 and 7% higher than the Australian national norm.

The survey showed that our employees:

- believe strongly in the goals and objectives of Challenger (94%);
- would recommend Challenger as a good place to work (88%); and
- will go above and beyond to ensure Challenger is successful (96%).

We showed strength in the areas of diversity and inclusion, company reputation, collaboration and risk culture. Our lowest rated areas included retention, reward and career development. These will be our focus areas in the coming period.

In addition to the Your Voice survey, we regularly pulsed our employees over FY21 to understand their level of engagement during the COVID-19 pandemic. We asked them questions across the categories of leadership, flexible work and wellbeing.

² 81% of employees completed the survey.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



In addition to personal and career development, there are many other rewards and benefits on offer to our employees. This includes flexible working arrangements; the ability to purchase additional annual leave; mates rates discounts on a host of products and services from our partners; a super top up worth up to \$500 a year; a rolling social events calendar; and free flu shots.

8 DECENT WORK AND ECONOMIC GROWTH
Through our flexible work arrangements, we're supporting **SDG 8**, by providing full and productive employment

Health and safety

We have a legal and moral obligation to provide a safe and healthy working environment for all our employees. This includes making sure everyone understands their role in taking reasonable care at work so as not to risk injury to themselves or others, as well as to follow procedures or instructions to ensure their health and safety at work. Our Work Health and Safety Committee is made up of employees from all levels across the organisation. The Committee meets regularly to provide updates to the Board on our hazards and risks register, including any actions taken to manage these.

Taking action on employee wellbeing

We believe that a healthy and resilient workforce creates the best outcomes, not just for those individuals, but also for their employers and society at large. When people are physically and mentally well, they are best able to develop themselves, create healthy relationships with others, work productively and positively, and put into practice strategies for coping with the challenges and stresses of everyday life.



Challenger's approach to supporting the health and wellbeing of our employees includes access to tools, advice and benefits, covering a number of different services. Throughout the year, we also established our first group of mental health first aid officers. This group of 18 employees received specialist training to provide a first line of support to any employees experiencing distress or mental health concerns at work.

Recognising that family and domestic violence in the home impacts the safety and welfare of our people, we introduced a new [Family & Domestic Violence policy](#). In addition to 10 days special leave for any employee affected by family and domestic violence (or supporting an affected family member), the policy includes accommodating changes to working arrangements, uncapped EAP (employee assistance program) sessions with specialist counsellors; safety planning; and advice on accessing relevant government and community services.

We have also advanced a number of initiatives through our four existing diversity and inclusion networks, which together co-ordinate activities and events to keep their areas of focus front of mind for Challenger employees. They are:

Together @ Challenger – LGBTQI+ inclusion



engAGE – Age inclusion



Kaleidoscope – Cultural inclusion



equal aGender – Gender inclusion



For all Challenger employees and their immediate family, our EAP service offers confidential, short-term counselling with qualified professional psychologists, providing welcome support in times of stress. As an added benefit, our chosen EAP vendor also offers a range of other wellbeing services, including financial coaching, nutritional support and legal advice, of which our people can take advantage.

A healthy and resilient workforce creates the best outcomes.

Making diversity and inclusion count

We know that the success of our business rests on a workforce with a diversity of thinking and experience. As such we actively look to recruit and retain employees from a range of backgrounds.

To make this a reality, we continue to make progress on implementing our Diversity and Inclusion strategy. Key focus areas for this are to build a truly inclusive and diverse workforce; advance gender equality; and create meaningful employment opportunities for people over 50.

This year we rolled out a series of diversity videos based on the popular TV series, 'You Can't Ask That'. Here, we asked employees to respond to provocative questions on age and gender in the workplace, in the process challenging some common stereotypes. Our questions included the likes of 'why do you deserve special treatment as a woman?' and 'what obstacles do you feel your age creates?'

Other firsts include joining the Pride in Diversity network – Australia's leading not-for-profit support program providing inclusion strategies for LGBTQI+ persons, and submitting our responses to the Australian Workplace Equality Index's annual questionnaire on how supported LGBTQI+ persons feel at work.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



While COVID-19 meant we couldn't come together in person to celebrate key diversity milestones such as Mardi Gras, Lunar New Year, Diwali and Ramadan this year, we continued to promote employee involvement in these events outside of work through our company intranet and other internal channels.

In March 2021, we moved our default corporate superannuation provider to SunSuper following an extensive tender process. As well as providing a great super fund and a range of options to employees, SunSuper offers a particular benefit to older employees. Unlike many other super funds, SunSuper offers insurance cover for death and total and permanent disability up to the age of 70 – another example of Challenger living its purpose of providing financial security for a better retirement.

10 REMOVED
Our approach to diversity and inclusion empowers inclusion, contributing to SDG 10

Driving gender equality

Taking action to improve gender equality is a high priority for Challenger. We know that a more gender-diverse organisation, especially through better representation of women in leadership positions, leads to more informed decision-making.

Gender pay equity is key to improving gender equality, and we are committed to regularly reviewing pay equity to ensure that similar roles are remunerated similarly regardless of gender.

We continue to support all our working parents. Our updated Parental Leave policy now provides all new parents with 14 weeks of paid parental leave, regardless of their gender or status as primary caregiver. Adding to this is our

partnership with Parents at Work, which offers support for employees navigating the demands of family, careers and overall wellbeing through a wealth of resources, including webinars, podcasts, toolkits and interactive online forums.

For the fourth consecutive year we maintained our position as an Employer of Choice by the Workplace Gender Equality Agency. This recognises our work to improve gender equality across areas such as:

- leadership, strategy and accountability;
- developing a gender-balanced workforce;

- gender pay equity;
- support for caring;
- mainstreaming flexible work;
- preventing gender-based harassment and discrimination, sexual harassment and bullying; and
- driving change beyond the workplace.

Thanks to our strong performance in this area, we were recognised as one of only 10 Australian companies to be included in Bloomberg's Gender Equality Index, which tallies an organisation's efforts to promote tangible action on gender equality across five key pillars.

We also threw our support behind 2021 International Women's Day, using this as a platform to demonstrate our commitment to calling out unconscious bias and levelling the playing field to ensure women are equipped to succeed in the workplace.

In April 2021, Challenger CEO Richard Howes put his name to the Diversity Council of Australia's #ISStandForRespect pledge to end gendered harassment and violence, including ensuring that any such issues are committed to addressing such issues in the workplace.

5 GENDER EQUALITY
Gender targets and leadership programs support SDG 5, supporting equal participation in the workforce



About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



A key part of our strategy centres on taking action on broader issues affecting retirees.

Education and community resilience

Why does it matter?

“Corporate social responsibility programs that are transparent, holistic, take a long-term approach, and are a core part of organisational strategy not only foster economic and social development, but engage with employees and stakeholders in a meaningful way”¹.

Our response

As a retirement income provider, Challenger plays a key role in contributing to fiscally responsible solutions to help fund the ageing population. Using our internal expertise, we support the industry in understanding how to effectively plan for retirement to improve financial security. We believe this is good for individuals, good for the economy and good for society. We do this by working toward policies and behaviours that will provide security throughout retirement and support the economy – this includes supporting and encouraging the conversion of super savings into reliable lifelong income streams and supporting people to work for as long as they choose.

Education

At Challenger, a key part of our strategy centres on taking action on broader issues affecting retirees.

We undertake research and publish a range of material to help support a discussion with media, the community and government on how we can work together to provide Australians with a better retirement. These materials are highly effective in contributing to the public debate on issues that impact on Australian retirees and influence a broader range of stakeholders.

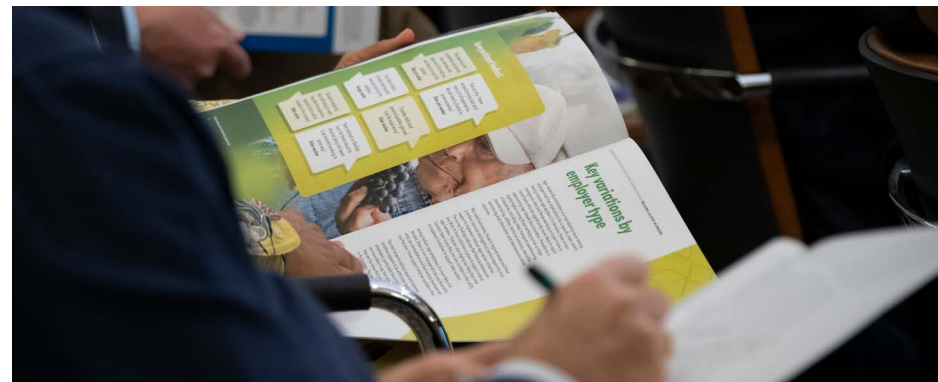
Our academic research programs help us to develop better retirement solutions and we also synthesise these ideas into relevant educational materials for the wider population. This includes articles for mainstream media, technical training for super funds and advisers, and targeted

articles with retiree-focused groups such as YourLifeChoices and National Seniors Australia.

Over the past year, this research and thought leadership has included:

- [Retirees who spend are good for the economy as well \(May 2021\)](#);
- [How much money do super funds have in the pension phase \(Feb 2021\)](#);
- [Longevity: the uncertainty and managing the risks \(November 2020\)](#); and
- [Wealth no guarantee of a comfortable retirement \(October 2020\)](#).

We will continue to build on our strong reputation for educating customers on how to enjoy a better, more financially secure retirement, and look forward to publishing further research papers in the future.



Delivering on the UN SDGs



Reduce inequality within and among countries

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data

¹ 'The difference between meaningful and hollow CSR programs', Probono Australia, June 2021.



Thought leadership on older underemployment

Our partnership with COTA NSW was established in 2019 to deliver a program of research, advice and practical support to address the underemployment of people over 50. This is of fundamental importance, both to setting older workers up for a better retirement – by enabling them to earn a living and save for retirement for longer – and to an ageing society in which the ratio of younger to older workers is shrinking.

One of the main drivers of this research is to address known issues of discrimination experienced by older workers, despite the experience and value they bring to the workplace. The program aims to encourage people to talk about ways in which we can tackle this, which includes giving employers the tools to attract and retain older employees.

This year, working alongside both COTA NSW and Newgate Research, we published our first piece of research on valuing older workers. Thanks to a survey of employees and employers, the paper brought to light some challenging statistics, including:

74% of employers recognise the value of older employees, yet more than a quarter of older employees report having experienced ageism

33% of employees report experiencing age discrimination at work, of which **66%** did not report it to their employer

23% of employers offer phased retirement, despite **69%** of older workers wanting it

50% of employers thought they were doing enough to support older employees, but only a minority had any support measures

The paper also looked at some common barriers to change, finding that employers need support in order to be able to understand the issues that exist and plot a path to a more age-diverse workplace.

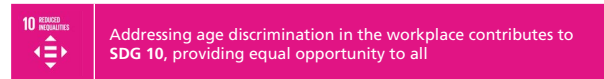


Now that the initial research has been published, we are working towards a program and toolkit that will equip employers with this knowledge. The program will cover four broad areas:

- education and advice for hiring managers;
- support for auditing existing programs and policies, and building new ones to promote age diversity;
- advice on fostering connections between age diverse groups at work; and
- developing training programs to deliver equal access to upskilling and training opportunities.

To launch the report, we held a hybrid in-person/online panel discussion at our offices in Sydney featuring ageing experts Kathryn Greiner AO and COTA NSW CEO Meagan Lawson, alongside Richard Howes, Managing Director and CEO, Challenger and Michelle Taylor, Chief Executive People, Corporate Affairs and Sustainability, Challenger.

[Read the full report.](#)



Giving made easy

In February 2021, we introduced a new payroll giving platform and program, in partnership with Good2Give. This program makes it easier for employees to donate to the charities that are most important to them, directly from their pre-tax pay, with Challenger matching contributions up to \$500 per employee each year.

Following the launch, we have collectively donated over \$37,000 to 50 different organisations.

Volunteering

We recognise that volunteering is an important way our people can connect with the causes meaningful to them and also contribute to the community. We offer all permanent employees one day of paid leave each year to volunteer for a charity or not-for-profit of their choice. Employees can browse our internal database listing volunteering opportunities or find options through Good2Give.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Material issue boundary map

Challenger material issue	GRI material topic	Boundary
Trust and confidence*	GRI 102: General Disclosures – Ethics and integrity GRI 205: Anti-Corruption (205-1, 205-2 & 205-3) GRI 206: Anti-Competitive Behaviour (206-1) GRI 415: Public policy (415-1) GRI 419: Socioeconomic compliance (419-1)	Internal and external
Better customer outcomes*	Challenger-specific topic	Internal and external
Economic, market and regulatory conditions*	GRI 102: General Disclosures – Strategy GRI 201: Economic performance (201-1)	External
Investing responsibly	GRI 303: Water and Effluents (303-1 & 303-2)	Internal and external
Climate risk	GRI 201: Economic Performance (201-2) GRI 302: Energy (302-1, 302-2, 302-3 & 302-4) GRI 305: Emissions (305-1, 305-2, 305-3, 305-4 & 305-5)	Internal and external
Product and technology innovation	Challenger-specific topic	Internal and external
Privacy and security	GRI 102: General Disclosures – Ethics and integrity GRI 418: Customer Privacy (418-1)	Internal and external
Great place to work	GRI 401: Employment (401-2 & 401-3) GRI 403: Occupational Health and Safety (403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8 & 403-9) GRI 404: Training and Education (404-1, 404-2 & 404-3) GRI 405: Diversity and Equal Opportunity (405-1 & 405-2)	Internal
Education and community resilience	GRI 201: Economic Performance (201-1)	Internal and external

*Material matter rated highest in importance to both our stakeholders and our business.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Environment

2021 greenhouse gas emissions

Emissions ¹	Units	2021 Source data	2021 tCO ₂ -e	2020 tCO ₂ -e	2019 tCO ₂ -e
Scope 1					
Natural gas	GJ	19.2	1.0	2.0	4.0
Total scope 1	GJ	19.2	1.0	2.0	4.0
Scope 2²					
Electricity	MWh	690.2	690.2	880.3	899.4
Total scope 2	MWh	690.2	690.2	880.3	899.4
Scope 3					
Utilities					
Natural gas ³	GJ	19.2	0.3	0.5	1.0
Electricity ³	MWh	690.2	77.6	94.6	111.2
Electricity (base building)	MWh	911.0	789.9	877.1	842.7
Water	ML	1.8	3.6	2.6	5.3
Equipment & Services					
Paper	tonnes	2.7	6.0	13.4	14.9
Printing	\$0 (000)	284.3	205.7		
IT equipment	\$0 (000)	2,219.2	1,120.1	565.7	276.0
Postage & couriers	\$0 (000)	391.6	150.0	357.6	220.4
Brand promotion	\$0 (000)	4,436.6	591.7	–	–
Travel & Commuting					
Accommodation	occupancy nights	368	24.3	73.8	80.4
Flights	(000) km	589.3	103.9	1,688.7	2,265.5
Employee commuting ⁴	(000) km	1,015.7	137.3	398.8	703.7
Taxis and hire cars	\$0 (000)	41.9	7.5	29.1	40.8

Emissions ¹	Units	2021 Source data	2021 tCO ₂ -e	2020 tCO ₂ -e	2019 tCO ₂ -e
Food & Beverage					
Food and catering (from major events) ⁵	\$0 (000)	0.0	0.0	n/a	5.2
Waste					
Landfill	tonnes	2.3	1.7	34.5	36.9
Working from Home					
Working from home ⁶	tCO ₂ -e	210.6	218.0	–	–
Total scope 3			3,437.6	4,179.4	4,659.2
Overall total			4,128.8	5,061.7	5,562.6

Topic	Units	2021 tCO ₂ -e	2020 tCO ₂ -e	2019 tCO ₂ -e
Direct energy consumption by primary source	GJ	19.17	39.1	78.2
Indirect energy consumption by primary source	GJ	2,484.74	3,862.6	4,154.1
Direct greenhouse (GHG) emissions (scope 1)	tCO ₂ -e	0.99	2.0	4.0
Energy indirect GHG emissions (scope 2)	tCO ₂ -e	690.21	880.3	899.4
Other indirect GHG emissions (scope 3)	tCO ₂ -e	3,437.59	4,179.4	4,659.2
GHG emissions per employee	tCO ₂ -e	5.60	6.7	7.7
Emissions intensity per sqm ⁷	tCO ₂ -e	0.31	0.42	0.46

¹ Challenger references an operational control boundary for emissions.

² Incorporates scope 2 emissions calculated using a 'location-based' method. Calculations are based on the Department of Industry, Science, Energy and Resources National Greenhouse Accounts Factors published in September 2020.

³ Under the GHG Protocol, emissions from natural gas come from its consumption (scope 1) and transmission and distribution losses (scope 3), and emissions from electricity come from its consumption (scope 2) and transmission and distribution losses (scope 3).

⁴ Employee commute has been estimated using average commuting in the financial services industry statistics from the Australian Bureau of Statistics.

⁵ Emissions sources reported in 2019 have been excluded in 2020 and 2021 as they make up less than 1% of our total emissions profile.

⁶ Working from home emissions have been estimated using best practice approach. They account for emissions resulting from energy consumption of lighting, IT equipment, cooling and heating.

⁷ Australian offices only.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Audit Services

Greenhouse Gas Emissions Measurement Verification Report Challenger Limited for the year ended 30 June 2021

Independence

C & N Audit Services confirms that we are not aware of any actual or perceived conflict of interest in having completed this engagement or detail any perceived conflict of interest and how this was addressed. Robert Edwards confirms that he has not carried out more than five previous consecutive audits for Challenger Limited.

Summary of procedures undertaken

The procedures conducted in our limited assurance engagement included; interviews to gather information, analysis of procedures to gather evidence, testing of calculations of Challenger Limited's carbon and greenhouse emissions inventory, testing of assumptions and supporting calculations, and other audit procedures deemed necessary to form an audit opinion.

Use of our limited assurance engagement report

This report has been prepared for the use of Challenger Limited and the intended users identified in the terms of the engagement for the sole purpose of reporting on Challenger Limited's carbon inventory in line with the *Climate Active Carbon Neutral Program Guidelines and the Greenhouse Gas Protocol*. Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than Challenger Limited for any consequences of reliance on this report for any purpose.

Inherent limitations

There are inherent limitations in performing assurance. For example, assurance engagements are based on selective testing of the information being examined and because of this, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given its nature and the methods used for determining, calculating and sampling or estimating such data. The procedures performed in a limited assurance engagement vary in nature from, and are narrower in scope than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Challenger Limited's FY21 Carbon Account claim has been prepared, in all material respects, in accordance with the relevant *Climate Active Carbon Neutral Standard and GHG protocol accounting and reporting principles*.

Conclusion

Based on the procedures performed, nothing has come to our attention that would lead to believe that Challenger Limited's carbon and greenhouse emissions inventory has not been prepared in all material respects in accordance with the relevant *Climate Active Carbon Neutral Standards and GHG Accounting Principles*.

C & N Audit Services

Level One 180 Main Street Kangaroo Point Qld 4169

Robert Edwards
Director

Date: 23 July 2021



C&N Audit Services
Level 1, 180 Main Street, Kangaroo Point, QLD 4169
PO Box 7437, East Brisbane QLD 4169
www.cnas.com.au

T: 07 3391 6322
ABN: 50 511 378 343

Liability Limited by a scheme approved under Professional Standards Legislation

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



People

Employee profile

Number of employees	FTE ¹	Head-count
Overall total	737.6	755

Unless stated otherwise, employee headcount is used as the basis for the following disclosures.

Employees by contract type and gender	Female	Male	Not specified	Total
Permanent				
Full-time	236	406	1	643
Part-time	52	4	0	56
Fixed term				
Full-time	25	24	0	49
Part-time	4	3	0	7
Total	317	437	1	755

Contingent workers by type	Total
Agency contractor	36
Independent contractor	7
Total	43

Employees by region and gender	Female	Male	Not specified	Total
Adelaide	3	2	0	5
Brisbane	7	8	0	15
Hobart	4	5	0	9
Melbourne	11	13	0	24
Perth	2	2	0	4
Sydney	284	387	1	672
London	2	9	0	11
Tokyo	3	9	0	12
Other	1	2	0	3
Total	317	437	1	755

Employees by age group	Total
Under 30	116
30 – 39	257
40 – 49	276
50 – 59	90
60 and over	16
Total	755

New hires by age group	Total
Under 30	32
30 – 39	46
40 – 49	36
50 – 59	12
60 and over	0
Total	126

¹ Full-time equivalent.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



People

New hires by region and gender	Female	Male	Total
Adelaide	0	1	1
Brisbane	1	3	4
Hobart	0	0	0
Melbourne	0	1	1
Perth	0	0	0
Sydney	60	56	116
London	0	2	2
Tokyo	1	0	1
Other	1	0	1
Total	63	63	126

Voluntary turnover by age group	Total
Under 30	23
30 – 39	35
40 – 49	23
50 – 59	5
60 and over	2
Total	88

Voluntary turnover ¹ by region and gender	Female	Male	Total
Adelaide	0	0	0
Brisbane	1	1	2
Hobart	0	0	0
Melbourne	0	4	4
Perth	0	0	0
Sydney	39	40	79
London	0	2	2
Tokyo	1	0	1
Other	0	0	0
Total	41	47	88

Employee safety and wellbeing

Work health and safety	2017	2018	2019	2020	2021
Lost time injury frequency rate (days ²)	1.6	0	0	0	0.7
Workers compensation claims	3	4	3	0	2
Absenteeism days per FTE	2.8	2.7	2.7	2.9	2.18
Fatalities ³	nil	nil	nil	nil	nil
Work health and safety training ⁴	550	296	552	361	535

Employee benefits

Employee benefits by employment type	Permanent full-time & part-time	Temporary
Life insurance	yes ⁵	yes ⁵
Disability and invalidity coverage	yes ⁵	yes ⁵
Parental leave – paid	yes ⁶	no
Stock ownership	yes ⁶	no
Other:		
– salary continuance	yes ⁵	no
– superannuation top-up (up to \$500)	yes	yes
– superannuation on unpaid parental leave	yes	no

Performance and development	Total
Percentage of employees receiving regular performance reviews	100%
Percentage of employees with formal career development plans	63%

¹ Voluntary turnover refers to employees who resign or retire.

² Lost time injury frequency is the average number of days all full-timer and part-time employees as well as contractors were not able to perform their work due to a work-related injury.

³ Includes full-time and part-time employees as well as contractors.

⁴ Number of employees who have taken the work health and safety online training module. This is a compulsory module with employees required to take the training every two years.

⁵ Default fund members only.

⁶ Employees who have worked at Challenger for more than 12 months.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



People

Diversity

Board and Nomination Committee diversity – gender and age	Female	Male	Total
Board			
50 and over	3	6	9
Nomination Committee			
50 and over	3	5	8
Internal employee movement by gender	Female	Male	Total
Transfers	25	27	52
Secondments	22	16	38
Promotions	14	15	29
Total	61	58	119

Remuneration positioning for women compared to men against the market median	Salary package	Total reward
FY14	-2%	-3%
FY15	1%	-1%
FY16	-1%	-2%
FY17	-1%	-1%
FY18	0%	-1%
FY19	0%	1%
FY20	-1%	-3%
FY21	0%	-1%

Gender salary comparison by level ¹	Average female salary as a percentage of average male salary
Senior management	94.35%
Other management	87.46%
Non-management	90.04%

Parental leave return rate	Female	Male
Employees who took parental leave during the year	32	9
Employees who returned to work after parental leave during the year	22	5
Employees who returned to work after parental leave and were still employed 12 months after return ²	19	4
Parental leave return to work rate (%) ²	81%	100%

¹ This comparison is by level only and not a like-for-like comparison.

² Based on employees who returned from parental leave in either FY19 or FY20 and were still employed as at 30 June 2021.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



People

Diversity measurable objectives for 2021

Objective: Gender balance

Improving business outcomes through equal representation and opportunities for all genders.

Initiatives	Outcomes																				
Achievement of gender composition targets.	<p>We improved gender composition targets across all three cohorts in FY21, including a 3% increase in women in management – the first time we have reached this important target.</p> <table border="1"> <thead> <tr> <th></th> <th>June 2021 (%)</th> <th>June 2021 (n)</th> <th>FY21 Target</th> <th>Women required to meet target</th> </tr> </thead> <tbody> <tr> <td>Women in all roles</td> <td>44.3%</td> <td>334</td> <td>45%</td> <td>5.3</td> </tr> <tr> <td>Women in management</td> <td>41.6%</td> <td>64</td> <td>40%</td> <td>0</td> </tr> <tr> <td>Board</td> <td>33.3%</td> <td>3</td> <td>30%</td> <td>0</td> </tr> </tbody> </table>		June 2021 (%)	June 2021 (n)	FY21 Target	Women required to meet target	Women in all roles	44.3%	334	45%	5.3	Women in management	41.6%	64	40%	0	Board	33.3%	3	30%	0
	June 2021 (%)	June 2021 (n)	FY21 Target	Women required to meet target																	
Women in all roles	44.3%	334	45%	5.3																	
Women in management	41.6%	64	40%	0																	
Board	33.3%	3	30%	0																	
Building Challenger's profile as an employer of choice for women.	<p>During FY21, Challenger continued to be recognised as an employer of choice for women:</p> <ul style="list-style-type: none"> • maintained Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality; • Equileap Global Top 100 employer for gender equality; and • inclusion on the Bloomberg Global Gender Equality Index. <p>Our CEO and Managing Director Richard Howes supported the Diversity Council of Australia's #IStandForRespect campaign to end gendered harassment and violence.</p>																				
Succession plans are gender diverse and is supplemented by appointments of talented women to key roles.	<p>During the annual talent and succession review, where possible, a diverse slate of internal successors was identified for key roles. In FY21, the proportion of women rated in the highest talent category of 'invest to grow' was 18.5%, compared to 22% for men.</p>																				
Implement talent management program for high potential women.	<p>Continued our Women Leading@Challenger program with 34 high potential women. Complementing this, in February 2021, we launched an organisation-wide mentoring program. The intent of this program is to support a culture where building connections and learning from others is valued, as well as providing an opportunity to develop and grow capability. There are 80 pairs of employees involved as mentors and mentees. Approximately 40% of participants are women, which is aligned to the overall composition of the organisation.</p>																				
Gender balance achieved for recruitment activities.	<p>Worked with hiring managers to support gender-balanced shortlists for recruitment of roles and to ensure interview panels included an even balance of genders. In FY21, 49% of overall appointments and 60% of management appointments were women. In addition, 48% of internal promotions were women, compared to 43% in FY20.</p>																				

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Diversity measurable objectives for 2021 (continued)

Objective: Work/Life Integration

Supporting employees to achieve meaningful engagement in their work and life.

Initiatives	Outcomes
Continuing to support and expand flexible working and enable employees to better balance work and life commitments.	<p>Accelerated strong flexible work foundations in FY21, with almost 100% of employees moving to remote working due to the impact of the COVID-19 pandemic. We regularly surveyed employees during the pandemic to understand how supported they felt and to gain feedback on leadership, flexible working and wellbeing. 64% of employees reported their work-life balance improved during the COVID-19 pandemic due to greater flexibility.</p> <p>To leverage the benefits of flexible work, in FY21 we put in place a hybrid work model where leaders work with their teams to co-create their ways of working to balance the needs of teams, individuals and the organisation. We also rolled out new laptops and collaboration software to support new ways of working and held webinars for leaders, with 'The Wellbeing Outfit' focused on building psychological safety in teams.</p>
Strengthening the support provided to employees.	<p>A new parental leave policy was launched in April 2021, providing equal arrangements for all parents, additional paid leave, increased flexibility on how and when leave can be taken, and more formalised support for surrogacy and pregnancy loss. We increased the paid parental leave component from 12 weeks to 14 weeks and made this equally available to all parents, removing the labels of primary and secondary carers to support equal sharing of caring responsibilities.</p> <p>We also provide support to employees transitioning from work to parental leave and back to work again, via our partnership with Parents at Work. Employees have access to online resources and can attend seminars with experts. The platform also provides educational resources to working parents and people who have elder care or disability care responsibilities, plus support for people managers who have employees with caring commitments in their team.</p> <p>Challenger recognises domestic and family violence (DFV) is a workplace issue. A refreshed DFV policy and support were launched in November 2020 and includes 10 days special leave for any employee impacted by DFV (or supporting a family member impacted). In addition, we provide changes to work arrangements, uncapped EAP sessions, safety planning and advice on accessing relevant services.</p>

Objective: Gender pay equity

Extending pay equity to all levels in the organisation.

Initiatives	Outcomes
Rigorous calibration processes in place to ensure performance assessment and remuneration recommendations are evidence based and without gender bias.	The annual performance review process was completed throughout May and June 2021. Calibration of performance ratings (including with reference to the values) was first undertaken at the divisional level, and then at the organisational level by the Leadership Team. Overall, there was a small skew towards more favourable ratings for men than women with 46% of males being rated as exceeds or significantly exceeds compared to 41% of women. This was communicated to the Leadership Team as part of the calibration process.
Maintaining existing parity of remuneration for like roles.	In FY21, there is little variation (<1%) in salary and total reward positioning to market across the organisation for women versus men. Gender pay gap (in dollar terms) remain by management level across the organisation. However, the pay gap for fixed salary has narrowed by 7% for senior management roles, 2% for other management roles and 1% for non-management roles.
Improved organisation-wide and by level pay gaps.	

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Diversity measurable objectives for 2021 (continued)

Objective: Diverse and inclusive workforce

A workplace where differences are valued and employees have a strong sense of belonging.

Initiatives	Outcomes
<p>Supporting employees to shape the diversity agenda and extend Challenger's diversity focus to areas which matter to them.</p>	<p>Achieved a Diversity and Inclusion score of 94% in the employee Your Voice survey conducted in April 2021. This is 11 points above the Australian National Norm and 12 points above the Global High Performing Norm.</p> <p>In addition:</p> <ul style="list-style-type: none"> • 98% of employees believe gender-based harassment and sexual harassment is not tolerated. • 95% of employees believe we have a working environment that is accepting of differences in personal identity. • 94% of employees have the flexibility they need to manage their work and other commitments. <p>The sustainable engagement score was 85% for both men and women reinforcing that there is strong alignment on energy, commitment and enablement.</p> <p>We advanced a number of initiatives through our diversity and inclusion networks in FY21, supporting areas of diversity and inclusion that matter most to employees (noting progress was impacted by COVID-19):</p> <ul style="list-style-type: none"> • Together@Challenger – LGBTQI+ inclusion; • EngAge – Age inclusion; • Kaleidoscope – Cultural inclusion; and • Equal aGender – Gender inclusion.

Objective: Aged employment

Supporting employment outcomes for older employees.

Initiatives	Outcomes
<p>Increasing the proportion of employees aged over 50 to be more representative of the Australian population.</p>	<p>During FY21, the proportion of employees aged over 50 increased from 12% to 13%. This compares to 26% of workers in financial services and 30% of workers in all industries in Australia¹. With 15% of Challenger's workforce aged between 45 and 49, there is a good internal pipeline in place.</p>
<p>Retention of existing employees aged over 50.</p>	<p>Twelve employees aged over 50 left the organisation in 2021. This represents 12% of the total number of employees who left Challenger during the year and is in line with our overall proportion of employees in this group.</p>
<p>Implementation of initiatives which create opportunities to employ people aged over 50.</p>	<p>This year, working alongside COTA NSW and Newgate Research, we published our first research paper on valuing older workers. A survey of employees and employers showed:</p> <ul style="list-style-type: none"> • 74% of employers recognise the value of older employees, yet more than a quarter of older employees report having experienced ageism. • 33% of employees report experiencing age discrimination at work, of which 66% did not report it to their employer. • Only 23% of employers offer phased retirement, despite 69% of older workers wanting it. • Half of employers thought they were doing enough to support older employees, but only a minority had any support measures.

¹ ABS, 2021.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Community, research and other data

Sponsorship of community events, program development and research

Activities	Total
Sponsorship of COTA NSW	\$150,000
Research grant for National Seniors Australia	\$55,000
Sydney Women's Fund Changemaker Scholarships	\$10,000
Gidget Foundation	\$15,000
Bear Cottage	\$15,000
Total	\$245,000

Other data

Topic	Total
Percentage of tenants with green leases	12%
Percentage of accessible properties	100%
Percentage of properties with NABERS certification	62%
Total cost of environmental fines and penalties during the year	nil
Percentage of smart meters used in property portfolio	42%
Building management systems in place measuring energy efficiency of properties	18%



About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Global Reporting Initiative Content Index

GRI standard	Disclosure	Reference or response	Page
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Challenger Limited	
	102-2 Activities, brands, products and services	challenger.com.au/about-us	
	102-3 Location of headquarters	5 Martin Place Sydney NSW 2000	
	102-4 Location of operations	challenger.com.au/about-us/contact-us/australian-offices challenger.com.au/about-us/contact-us/international-offices	
	102-5 Ownership and legal form	challenger.com.au/about-us	
	102-6 Markets served	challenger.com.au/about-us	
	102-7 Scale of the organisation	2021 Annual Report: About Challenger	
	102-8 Information on employees and other workers	Performance and reference data – People	37
	102-9 Supply chain	Supply chain	11
	102-10 Significant changes to the organisation and supply chain	No significant changes during the reporting period	
	102-11 Precautionary approach	2021 Corporate Governance Statement: Principle 7 – Recognise and manage risk	
	102-12 External initiatives	FTSE4Good Index (voluntary) Principles of Responsible Investment (voluntary) Pensions for purpose (voluntary) Investors Against Slavery and Trafficking (IAST) APAC (voluntary)	

GRI standard	Disclosure	Reference or response	Page
GRI 102: General Disclosures 2016	102-13 Membership of associations	Association of Superannuation Funds of Australia (ASFA) Auscontact Association Ltd (AA) Australian Association of Corporate Counsel GC100 Australian Financial Industry Association (AFIA) Australian Payroll Association Pty Ltd (APA) Australian Securitisation Forum (ASF) Australian Services Roundtable Ltd (ASR) Certified Anti-Money Laundering Specialist (ACAMS) Chief Executive Women (CEW) Committee for Economic Development of Australia (CEDA) Diversity Council Australia Ltd (DCA) Financial Institutions Remuneration Group Inc (FIRG) Financial Services Council (FSC) Governance Risk Compliance Institute (GRC) Group of 100 Law Council of Australia (LCA) Pride in Diversity Property Council of Australia (PCA) Women in Banking (WIB) Women in Super (WIS)	
	102-14 Statement from senior decision-maker	Update from the Chair and CEO	03
	102-16 Values, principles, standards and norms of behaviour	Trust and confidence Code of Conduct	13

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



GRI standard	Disclosure	Reference or response	Page
GRI 102: General Disclosures 2016	102-17 Mechanisms for advice and concerns about ethics	Trust and confidence Whistleblower process	15
	102-18 Governance structure	About us – Governance and risk management	10
	102-40 List of stakeholder groups	About us – What matters most	08
	102-41 Collective bargaining agreements	Challenger does not have any employees covered by collective bargaining agreements.	
	102-42 Identifying and selecting stakeholders	About us – What matters most	08
	102-43 Approach to stakeholder engagement	About us – What matters most	08
	102-44 Key topics and concerns raised	About us – What matters most	08
	102-45 Entities included in the consolidated financial statements	2021 Annual Report: note 22 to the Financial Statements	
	102-46 Defining report content and topic Boundaries	Material issues boundary map	34
	102-47 List of material topics	About us – What matters most	08
102-48 Restatements of information	No restatements of information from prior years.		

GRI standard	Disclosure	Reference or response	Page
GRI 102: General Disclosures 2016	102-49 Changes in reporting	As a result of the 2021 materiality assessment undertaken, the following changes were made to the material issues identified: <ul style="list-style-type: none"> • ‘Long-term risk management’ is considered within ‘Trust and confidence’; • ‘Economic uncertainty’, ‘Changing operating environment’ and ‘Public policy settings’ are included in ‘Economic, market and regulatory conditions’; • ‘Responsible investment’ became ‘Investing responsibly’; • ‘Community connection and resilience’ became ‘Education and community resilience’; and • ‘Product and technology innovation’ and ‘Privacy and security’ are new topics. 	
	102-50 Reporting period	1 July 2020 – 30 June 2021	
	102-51 Date of most recent report	10 August 2021	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding this report	Jodi Litzenberger	
	102-54 Claims of accordance with the GRI Standards	About us – Report outline and contents	02
	102-55 GRI content index	Global Reporting Initiative Content index	43
	102-56 External assurance	The energy and greenhouse gas emissions calculations provided in this report have been externally assured by CN Audit Services. Other topics in this report have not been externally assured.	36

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



GRI standard	Disclosure	Reference or response	Page
Responsible practices			
Material topic: Trust and confidence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Trust and confidence About us – What matters most	13 08
	103-2 The management approach and its components	Trust and confidence	13
	103-3 Evaluation of the management approach	Trust and confidence	13
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Trust and confidence	14
	205-2 Communication and training about anti-corruption policies	Trust and confidence	14
	205-3 Confirmed incidents of corruption and actions taken	No employees were disciplined or dismissed due to non-compliance with anti-corruption policies in the year.	
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	No legal actions for anti-competitive behaviour, anti-trust or monopoly practices occurred in FY21.	
GRI 415: Public Policy 2016	415-1 Political contributions	Trust and confidence	15
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No significant fines or non-monetary sanctions were identified in relation to non-compliance with laws and/or regulations, including corruption.	
Material topic: Better customer outcomes (not aligned to GRI)			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Better customer outcomes About us – What matters most	16 08

GRI standard	Disclosure	Reference or response	Page
Material topic: Better customer outcomes (not aligned to GRI) (continued)			
GRI 103: Management Approach 2016	103-2 The management approach and its components	Better customer outcomes	16
	103-3 Evaluation of the management approach	Better customer outcomes	16
Material topic: Economic, market and regulatory conditions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Economic, market and regulatory conditions About us – What matters most	18 08
	103-2 The management approach and its components	Economic, market and regulatory conditions	18
	103-3 Evaluation of the management approach	Economic, market and regulatory conditions	18
GRI 201 Economic Performance 2016	201-1 Direct economic value generated and distributed	2021 Annual Report: note 3 to the Financial Statements	
Material topic: Investing responsibly			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Investing responsibly About us – What matters most	20 08
	103-2 The management approach and its components	Investing responsibly	20
	103-3 Evaluation of the management approach	Investing responsibly	20
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	CIP Asset Management Real Estate Responsible Investment Statement	
	303-2 Management of water discharge-related impacts	CIP Asset Management Real Estate Responsible Investment Statement	

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



GRI standard	Disclosure	Reference or response	Page
Material topic: Climate risk			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Climate risk About us – What matters most	22 08
	103-2 The management approach and its components	Climate risk	22
	103-3 Evaluation of the management approach	Climate risk	22
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Climate risk	22
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Performance and reference data – Environment	35
	302-2 Energy consumption outside of the organisation	Performance and reference data – Environment	35
	302-3 Energy intensity	Performance and reference data – Environment	35
	302-4 Reduction of energy consumption	Performance and reference data – Environment	35
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Performance and reference data – Environment	35
	305-2 Energy indirect (Scope 2) GHG emissions	Performance and reference data – Environment	35
	305-3 Other indirect (Scope 3) GHG emissions	Performance and reference data – Environment	35
	305-4 GHG emissions intensity	Performance and reference data – Environment	35
	305-5 Reduction of GHG emissions	Performance and reference data – Environment	35

GRI standard	Disclosure	Reference or response	Page
Material topic: Product and technology innovation (not aligned to GRI)			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Product technology and innovation About us – What matters most	24 08
	103-2 The management approach and its components	Product technology and innovation	24
	103-3 Evaluation of the management approach	Product technology and innovation	24
Material topic: Privacy and security			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Privacy and security About us – What matters most	26 08
	103-2 The management approach and its components	Privacy and security	26
	103-3 Evaluation of the management approach	Privacy and security	26
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and security	27
Material topic: Great place to work			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Great place to work About us – What matters most	28 08
	103-2 The management approach and its components	Great place to work	28
	103-3 Evaluation of the management approach	Great place to work	28

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



GRI standard	Disclosure	Reference or response	Page
Material topic: Great place to work (continued)			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance and reference data – People	38
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Performance and reference data – People	38
	401-3 Parental leave	Performance and reference data – People	39
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Performance and reference data – People	38
	403-2 Hazard identification, risk assessment and incident management	Great place to work	30
	403-3 Occupational health services	Great place to work	30
	403-4 Worker participation, consultation and communication on occupational health and safety	Great place to work	30
	403-5 Worker training on occupational health and safety	Performance and reference data – People	38
	403-6 Promotion of worker health	Great place to work	30
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Great place to work	30
	403-8 Workers covered by an occupational health and safety management system	Great place to work	30

GRI standard	Disclosure	Reference or response	Page
Material topic: Great place to work (continued)			
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	Performance and reference data – People	38
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition	Great place to work	29
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance and reference data – People	38
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Performance and reference data – People	37 39
	405-2 Ratio of basic salary and remuneration of women to men	Performance and reference data – People	39
Material topic: Education and community resilience			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Education and community resilience About us – What matters most	32 08
	103-2 The management approach and its components	Education and community resilience	32
	103-3 Evaluation of the management approach	Education and community resilience	32
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Education and community resilience	42

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Glossary

40:40 Vision – The 40:40 Vision is an initiative led by HESTA, supported by industry partners, to ensure diversity in executive leadership in ASX 200 companies.

Artificial intelligence (AI) – AI is intelligence demonstrated by machines, as opposed to natural intelligence displayed by humans or animals.

Australian Board of Taxation – The Australian Board of Taxation is a non-statutory advisory body that provides the Government with real-time advice on tax policy issues by contributing a business and tax community perspective to improving the design and operation of taxation laws.

Australian Finance Industry Association (AFIA) – AFIA is an advocate for the Australian financial services industry, supporting members to finance Australia's future.

Australian Modern Slavery Act 2018 – The *Australian Modern Slavery Act* requires entities based, or operating, in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chain.

Australian Prudential Regulation Authority (APRA) – APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia.

Australian Securities and Investments Commission (ASIC) – ASIC is Australia's integrated corporate, markets, financial services and consumer credit regulator. It is an independent Commonwealth Government body and administers the *Australian Securities and Investments Commission Act 2001*.

Australian Superannuation Funds Association (ASFA) – ASFA is the peak policy, research and advocacy body for Australia's superannuation industry.

Bloomberg Gender-Equality Index (GEI) – The Bloomberg GEI tracks the performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation and transparency.

Central Labelling Agency (CLA) – The CLA is a not-for-profit association with a goal to enlarge the impact and substance of sustainable saving and investing, and to substantially strengthen the qualitative approach to sustainable saving and investing.

Centre of Excellence in Population Ageing Research (CEPAR) – CEPAR is a collaboration between academia, government and industry, committed to delivering solutions to one of the major economic and social challenges of the 21st century.

Commonwealth Scientific and Industrial Research Organisation (CSIRO) – The CSIRO is Australia's national science research agency.

Conexus Institute – The Conexus Institute applied a 'research for impact' model to produce high quality research to showcase the benefits of changes that lead to improved retirement outcomes for Australians.

Council on the Ageing, New South Wales (COTA NSW) – COTA NSW is the peak organisation for people over 50 in NSW.

Department of Treasury – The Department provides advice to the Government to support the effective management of the Australian economy.

Design and Distribution Obligations – These obligations will require product issuer and distributors to determine the needs of consumers, design products that are suitable for such consumers and distribute products in a more targeted manner.

Diversity Council of Australia (DCA) – The DCA is the independent not-for-profit peak body leading diversity and inclusion in the workplace.

ESG – Environmental, social and governance.

Equileap – Equileap is a global organisation providing data and insights on gender equality in the corporate sector and promoting gender equality in the workplace.

Financial Services Council (FSC) – The FSC's vision is for all Australians to have a fair and financially secure future. They support their membership in achieving outcomes that will contribute to their vision.

Fundamental Conventions of the International Labour Organisation – The eight conventions covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

Global Reporting Initiative (GRI) – The GRI is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.

Good2Give – Good2Give is a not-for-profit organisation that makes it easy for businesses and donors to give to large variety of charities.

Green lease – A green lease is a lease between the landlord and tenant, which aims to ensure that the ongoing use and operation of the building minimises environmental impacts. A green lease differs from conventional leases in that it incorporates ecologically sustainable development (ESD) principles.

About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data



Investors Against Slavery and Trafficking (IAST) Asia-Pacific Initiative – IAST Asia-Pacific is an investor-led initiative convened to promote effective action among investee companies in the Asia-Pacific region to find, fix and prevent modern slavery, labour exploitation and human trafficking in their value chains.

NABERS – NABERS is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes.

National Seniors Australia (NSA) – NSA is a membership body working with members and partners to achieve better outcomes for all older Australians.

Organisation for Economic Co-operation and Development (OECD) – The OECD is an intergovernmental economic organisation with 38 member countries, founded in 1961 to stimulate economic progress and world trade.

Pensions for Purpose – Pensions for Purpose aims to empower pension funds to seek positive impact opportunities and mitigate negative impact risks.

Pride in Diversity – Pride in Diversity is the national not-for-profit employer support program for LGBTQ workplace inclusion specialising in HR, organisational change and workplace diversity.

Privacy Awareness Week (PAW) – PAW is the Australian Information Commissioner’s initiative to look at ways that society, business and agencies prevent, detect and protect privacy in NSW.

Property Council of Australia (PCA) – The PCA is the leading advocate for Australia’s property industry.

Responsible Investment Association Australasia (RIAA) – RIAA champions responsible investing and a sustainable finance system in Australia and New Zealand.

Retirement Income Review – The review was undertaken to assess the performance of Australia’s ‘retirement income system’, which is said to traditionally encompass three pillars: compulsory superannuation, a means-tested and publicly funded age pension and voluntary savings (including home ownership).

Scaled Agile Framework (SAFe) – SAFe is a set of organisation and workflow patterns for implementing agile practices at enterprise scale. The framework is a body of knowledge that includes structured guidance on roles and responsibilities, how to plan and manage the work, and values to uphold.

Tax Transparency Code (TTC) – The TTC is a set of principles and ‘minimum’ standards to guide disclosure of tax information by businesses.

United Nations Principles for Responsible Investments (PRI) – The PRI is a set of six principles that guide investors to consider ESG factors in investment decisions.

United Nations Sustainable Development Goals (SDGs) – The SDGs are a call to action to improve the wellbeing of current and future generations. They aim to tackle the world’s biggest challenges through the promotion of sustainable development to 2030.

Universal Declaration of Human Rights (UDHR) – The UDHR is a document that sets out fundamental human rights to be universally protected, developed through the United Nations.

Workplace Gender Equality Agency (WGEA) – WGEA is an Australian Government statutory agency charged with promoting and improving gender equality in Australian workplaces.

YourLifeChoices – YourLifeChoices is an Australian digital publication for people over 50.



About us

Trust and confidence

Better customer outcomes

Economic, market and regulatory conditions

Investing responsibly

Climate risk

Product and technology innovation

Privacy and security

Great place to work

Education and community resilience

Performance and reference data