

Challenger Limited

Diversity Policy

This version: Version 4
Date of Version: July 2016
Review of Policy Due by: July 2017
Policy Owners: Human Resources
Prepared By: Executive General Manager,
Human Resources
Challenger Diversity Committee
Authorised By: Remuneration Committee

SUMMARY

Why is this policy required?

This policy sets out Challenger’s approach to workplace diversity, how diversity is supported and Challenger’s measurable objectives relating to diversity.

Who does this policy apply to?

This Policy applies to all employees of Challenger Limited.

Review cycle

This Policy will be reviewed annually or as required if there are material changes to relevant regulations or legislation.

1. What is diversity?

Workplace diversity refers to the diverse perspectives and contributions that individuals bring to their work as a result of their unique mix of attributes, preferences and experiences, including age, disability, gender, ethnicity, working style, education, life experience, sexual preference, geographical location, cultural background, religious belief, marital status and carer responsibilities.

2. Why is diversity important?

A diverse and inclusive workplace harnesses the potential of every employee by recognising and respecting individual differences and perspectives. A diverse and inclusive workplace enables people to fully participate in their work and creates a productive and positive work culture, increasing the ability to attract and retain the best talent from the widest pool of candidates to deliver top performance. Research indicates that successfully harnessing diverse thinking and working styles contributes to innovation and superior long-term sustainable outcomes.

3. What is Challenger's approach to diversity?

Challenger encourages a diverse and inclusive workplace where people can succeed regardless of gender, age, cultural or religious background, marital or family status, disability, sexual orientation or gender identity. Challenger's Diversity Strategy, which is endorsed by the Chief Executive Officer, identifies three key areas of focus:

- To build awareness at all levels in the organisation of the business value that diversity brings to Challenger;
- To use metrics to identify where we need to improve our workplace diversity and objectively measure our progress in those areas; and
- To expand flexible working to make our business more agile and enable employees to better balance work and life.

Challenger's commitment to diversity is reflected in our employment practices, including recruitment, retention, training and development, remuneration, talent identification and development, succession planning and flexible work arrangements. Our policies and processes which support diversity and inclusion include:

- **The Challenger Principles** – are integral to our culture and linked to everything we do. The Principles set expectations for how we work, and through behavioural assessment form part of the performance review process. All employees have a role in building a diverse and inclusive culture, articulated in the Principle of 'working together', which is about true collaboration and embracing diversity.
- **Discrimination and Harassment Policy** – discrimination and harassment in the workplace are unlawful in Australia. Challenger's Discrimination and Harassment Policy reflects legislative requirements and our commitment to maintaining a workplace where everyone is treated fairly.
- **Workplace Bullying Policy** – bullying and victimisation in the workplace are also unlawful in Australia. Challenger's Workplace Bullying Policy reflects legislative requirements and our commitment to maintaining a workplace where people can perform at their best.
- **Flexible Work Guidelines** – our guidelines outline how work arrangements can be adapted to recognise and accommodate individual circumstances whilst balancing business requirements.
- **Recruitment** – our recruitment agency terms and conditions require recruitment agencies to commit to providing the best candidates who represent a diverse range of backgrounds. In the interests of building on gender equality, agencies are required to put forward an equitable shortlist of female and male candidates to Challenger for initial consideration.
- **Leave Guidelines** – Challenger understands the changing needs of different life and career stages. A range of leave options are available to help people manage those needs. These include

parental leave, leave without pay, career break, personal/carer's leave, volunteer leave and leave provisions for victims of domestic violence.

- **Remuneration Policy** – a principle of Challenger's Remuneration Policy is to ensure outcomes are made with reference to performance and are not subject to bias on the basis of gender or other characteristic. Annual remuneration outcomes are subject to rigorous peer review through a calibration process to ensure internal equity and fairness, and outcomes are analysed on the basis of equity and reported to the Board.
- **Key Performance Indicators (KPIs)** – the Board approves KPIs for members of Challenger's leadership team on an annual basis. Workplace diversity is an area of ongoing focus for Challenger and a relevant KPI has been applied for each member of the leadership team since FY13.

4. Diversity Committee

To provide continued focus on, and promotion of, a diverse and inclusive workplace, Challenger established a Diversity Committee in 2014. The Diversity Committee is chaired by the Chief Financial Officer and reports directly to the Chief Executive Officer. The Diversity Committee is sponsored by the Chair of Challenger's Board.

5. Measurable objectives

Each year, the Board commits to measurable diversity objectives against which progress is reviewed at the end of the year. Challenger's measurable objectives for diversity for this financial year are included in Appendix A.

6. Point of contact

The Executive General Manager, Human Resources is the point of contact in relation to any questions or issues arising from this policy.

7. Review Cycle

This policy will be reviewed annually or as required if there are material changes to relevant regulations or legislation.

Appendix A: Measurable objectives

Challenger's measurable objectives relating to workplace diversity for FY17 are:

Objective	Initiative									
Strategy and business case Incorporate workplace diversity in Challenger's organisational strategy	<ul style="list-style-type: none"> Continue to communicate Challenger's diversity strategy and actively promote the benefits of diversity throughout the organisation Lodge an application to become a WGEA employer of choice for gender equality Maintain an integrated communications plan to support diversity initiatives 									
Stakeholder engagement Continue to build awareness across Challenger of our priority on, and the benefits of, workplace diversity	<ul style="list-style-type: none"> Continue to evaluate employee perceptions on diversity and flexibility as part of our employee engagement survey Support employee participation in relevant internal and external groups focused on workplace diversity and inclusion, to contribute to and learn from diversity and inclusion practices in other organisations 									
Gender composition Increase the representation of women in senior leadership	<ul style="list-style-type: none"> Continue to identify and promote the development of talented women and increase the gender diversity of the pipeline of potential successors for senior leadership positions Ensure the Nomination Committee and the Board has an appropriate diversity of membership Drive internal and external programs of work to achieve gender composition targets, and monitor and report progress against the below gender targets <table border="1"> <thead> <tr> <th></th> <th>FY17 Target</th> <th>FY20 Target</th> </tr> </thead> <tbody> <tr> <td>Women in all roles</td> <td>42%</td> <td>45%</td> </tr> <tr> <td>Women in management roles</td> <td>32%</td> <td>38%</td> </tr> </tbody> </table>		FY17 Target	FY20 Target	Women in all roles	42%	45%	Women in management roles	32%	38%
	FY17 Target	FY20 Target								
Women in all roles	42%	45%								
Women in management roles	32%	38%								
Gender pay equity Continue to drive gender pay equity	<ul style="list-style-type: none"> Continue pay equity analyses against market and across levels in the organisation 									
Flexibility Expand flexible working to make our business more agile and enable employees to better balance work / life	<ul style="list-style-type: none"> Continue to support flexible work practices and enable equitable access to such arrangements, including implementing a process to track flexible work requests and outcomes by gender Provide support to managers to appropriately respond to flexible work requests and to successfully manage flexible work practices in their teams Continue to support victims of domestic violence through paid leave provisions and the Employee Assistance Program 									
Talent pipeline Focus on recruitment and retention practices to ensure a diverse talent pool	<ul style="list-style-type: none"> Continue to ensure gender diversity on interview panels for senior leadership positions (at least one woman required for interview panels) Continue to analyse promotions and secondments by gender and identify and address any inequities in development and advancement opportunities Continue to analyse, monitor and address where appropriate the gender composition of employee exits, recruitment shortlists and new appointments. 									

