Challenger Limited

Continuous Disclosure Policy

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Prepared By:	General Counsel and Group Company Secretary
Authorised By:	Group Risk Committee

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1. Objective

Challenger is committed to promoting investor confidence in the markets for its shares and debt securities. As part of this commitment, it is important that Challenger's market disclosures are accurate, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The purpose of this policy is to ensure that Challenger and its Employees comply with Challenger's continuous disclosure obligations under the Corporations Act and ASX Listing Rules in a manner that provides investors with equal access to timely, accurate, balanced and effective disclosures.

2. Scope

This policy applies to Challenger and its Subsidiaries. The policy also applies to each director, employee, contractor and secondee of the Group (collectively, **Employees**).

To the extent that Group members have operations in jurisdictions other than Australia or Group members have Securities listed on foreign securities exchanges, Employees must consider local rules and regulations that may require stricter practices than those set out in this policy. Where local rules are more stringent than those outlined in this policy, the local regulations will always prevail. If there is a direct conflict between local laws and the requirements under this policy, Employees must notify the policy owner prior to implementing any local policies or procedures.

3. References

3.1 Defined terms used in this policy

ASX means ASX Limited.
Board means the board of directors of Challenger.
Challenger means Challenger Limited ACN 106 842 371.
Challenger Securities means Securities issued by Challenger, including ordinary shares, notes, bonds and hybrids.
Continuous Disclosure Committee means the committee of the Board responsible for implementing this policy and as more fully described in section 5.2.
Corporations Act means the *Corporations Act 2001* (Cth).
Employees is defined in section 2 (*Scope*).
Group means Challenger and its Subsidiaries.
Securities has the meaning given to it in the ASX Listing Rules.
Subsidiary has the meaning given to it in section 46 of the Corporations Act.

3.2 Other relevant documents

This policy should be read in conjunction with the Group's Investor Relations and Continuous Disclosure Practice Note, which sets out the internal procedures that must be followed before any announcement by Challenger can be made to the ASX or any other relevant securities exchange, including details of the approval processes that must be followed prior to making an announcement.

Employees should also be mindful of existing divisional continuous disclosure frameworks such as the Unlisted Product and Exchange Traded Product Disclosure Policy which specifically covers unlisted products (such as registered managed investment schemes), superannuation products and exchange traded funds, including ActiveX issued by Fidante Partners Limited.

4. Overall Responsibilities

This policy has been approved by the Board, is overseen by the Group Risk Committee, is applicable to all Employees and allocates responsibilities with respect to the due diligence to be carried out in relation to each potential continuous disclosure issue, including those functions undertaken by the Continuous Disclosure Committee. This policy is available online at www.challenger.com.au.

5. Specific Obligations and Accountabilities

5.1 What is Continuous Disclosure?

The **guiding principle** for Challenger in consideration of continuous disclosure is that, as a listed entity, Challenger must **immediately** notify ASX if it becomes aware of any information concerning it that a reasonable person would expect to have a **material** effect on the price or value of Challenger Securities.

The type of information that should be disclosed in accordance with the guiding principle is referred to in this Policy as 'market sensitive information' (see section 5.1.2). There are **exceptions** to the guiding principle. Disclosure is not required in respect of particular information while each of the following requirements are satisfied in relation to the information:

1. One or more of the following five situations applies:

- it would be a breach of a law to disclose the information;
- the information concerns an incomplete proposal or negotiation;
- the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- the information is generated for internal management purposes of Challenger; or
- the information is a trade secret;

2. the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3. a reasonable person would not expect the information to be disclosed.

ALL THREE REQUIREMENTS MUST BE MET FOR AN EXCEPTION TO APPLY.

5.1.1 Is there any guidance from the ASX or ASIC?

In order to assist listed entities comply with their continuous disclosure obligations under ASX Listing Rule 3.1, ASX has published Guidance Note 8. Guidance Note 8 provides, among other things, explanation on:

- the obligation to disclose (including the meaning of 'market sensitive' and 'immediately');
- the various exemptions to the continuous disclosure requirements;
- correcting or preventing false markets; and
- particular disclosure issues relating to earnings guidance and earnings surprises; and
- ASX's enforcement practices.

Guidance Note 8 also contains a number of worked examples of the operation of ASX Listing Rule 3.1.

This policy embraces the principles contained in each of Guidance Note 8, ASIC's Regulatory Guide 62: *Better Disclosure for Investors* and ASX Corporate Governance Council's Recommendation No. 5.1.

From time to time, ASX and ASIC also provide updated guidance to assist listed entities comply with their continuous disclosure obligations. These guidance updates are usually posted on ASX's or ASIC's website.

5.1.2 When is information market sensitive?

Information is market sensitive if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to buy or sell the relevant Challenger Securities (see Section 4.2 of ASX Guidance Note 8).

ASX suggests that when determining whether information is market sensitive, it might be helpful to ask the following two questions:

- 'Would this information influence my decision to buy or sell the relevant Challenger Securities at their current market price?'

- 'Would I feel exposed to an action for insider trading if I were to buy or sell the relevant Challenger Securities at their current market price, knowing this information had not been disclosed to the market?'

If the answer to either question is 'yes', the information may be market sensitive and so may require immediate disclosure to ASX.

More detailed guidance is provided in the Group's Investor Relations and Continuous Disclosure Practice Note.

5.1.3 When is disclosure of market sensitive information required?

If information is market sensitive, and none of the disclosure exceptions (see section 5.1) apply, then the information should be **immediately** disclosed to ASX.

As further explained in section 4.5 of Guidance Note 8, ASX interprets '*immediately*' to mean '*promptly and without delay*' (rather than '*instantaneously*'). ASX's view is that doing something 'promptly and without delay' means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay). Notwithstanding this, ASX recognises that the speed with which a notice can be given under ASX Listing Rule 3.1 will vary depending on the circumstances. Relevant factors may include:

- where and when the information originated;
- the forewarning (if any) Challenger had of the information;
- the amount and complexity of the information concerned;
- the need in some cases to verify the accuracy or *bona fides* of the information;
- the need for an announcement to be carefully drawn so that it is accurate, complete and not misleading;
- the need in some cases for an announcement to comply with specific legal or ASX Listing Rule requirements; and
- the need in some cases for an announcement to be approved by the Board or Continuous Disclosure Committee.

The Group's Investor Relations and Continuous Disclosure Practice Note sets out the internal procedures that must be followed before any announcement by Challenger can be made to the ASX or any other relevant securities exchange, including the approval processes that must be followed prior to making an announcement.

5.1.4 Use of Trading Halts and Voluntary Suspensions

If the market is or will be trading at any time after Challenger first becomes obliged to give market sensitive information to ASX under ASX Listing Rule 3.1 and before it can give an announcement with that information to ASX for release to the market, careful consideration should be given to whether it is appropriate to request a trading halt or, in an exceptional case, a voluntary suspension. This is important to avoid a false market in Challenger Securities, whereby there is false or misleading information about Challenger in the market or where part of the market is trading on the basis of market sensitive information regarding Challenger that is not available to the market as a whole.

Trading halts may be appropriate in the following circumstances:

- there are indications that market sensitive information may have leaked ahead of an announcement, and it is having or is likely to have a material effect on the market price or traded volumes of Challenger Securities;
- Challenger has been asked by ASX to provide information to correct or prevent a false market; or
- the information is especially damaging and likely to cause a significant fall in the market price of Challenger Securities,

and in each such scenario:

- where the market is trading, Challenger is not in a position to give an announcement to ASX straight away; or
- where the market is not trading, Challenger will not be in a position to give an announcement to ASX before trading next resumes.

A voluntary suspension will generally be appropriate only where:

- Challenger has been in a trading halt but the relevant disclosure issue is not resolved within the maximum period permitted for a trading halt; or
- the situation would warrant the granting of a trading halt but Challenger does not believe that the relevant disclosure issue will be resolved within the maximum period permitted for a trading halt.

The Continuous Disclosure Committee (see section 5.2 below) will make decisions in relation to requesting trading halts and voluntary suspensions. ASX's expectation is that, in circumstances where a trading halt or a voluntary suspension is considered necessary, the Continuous Disclosure Committee (and Challenger) must act particularly quickly to respond.

The ASX has published Guidance Note 16 to assist listed entities understand the trading halt and voluntary suspension mechanisms and how ASX Listing Rules 17.1 (*trading halts*) and 17.2 (*voluntary suspensions*) work in practice.

5.2 What is the Continuous Disclosure Committee?

In order to meet Challenger's obligations under the Corporations Act and ASX Listing Rules, the Board has established the Continuous Disclosure Committee.

Specifically, the Continuous Disclosure Committee will:

- ensure that full consideration is given to the appropriateness, quality and adequacy of information that is released to the market by Challenger;
- make recommendations to the Board regarding the disclosure of information to ASX in relation to matters of significance to Challenger;
- approve the disclosure of information (including the form of announcements) to ASX or any other relevant securities exchange in relation to other matters; and
- ensure that there is an adequate system in place for the timely disclosure of all material information to ASX and any other relevant securities exchange.

Any decision on whether a matter needs to be disclosed to ASX, or any other relevant securities exchange, will be made by the Continuous Disclosure Committee. Some disclosure decisions, including major announcements, may be referred by the Continuous Disclosure Committee to the Board. If the Continuous Disclosure Committee makes such a determination, a Board meeting will be convened promptly and without delay. If the market is trading, the Continuous Disclosure Committee will consider the appropriateness of a trading halt. The members of the Continuous Disclosure Committee are:

- the Chief Executive Officer;
- the Group Chief Financial Officer;
- the Head of Investor Relations; and
- the General Counsel and Group Company Secretary.

A quorum for the Continuous Disclosure Committee is three members, one of which must either be the Chief Executive Officer or Group Chief Financial Officer. From time to time, additional Employees may be invited to meetings of the Continuous Disclosure Committee, to the extent that the members of the Continuous Disclosure Committee believe this to be appropriate.

All matters will be decided by majority. Where there is no clear majority, the Chief Executive Officer will be responsible for the final decision on disclosure.

If it appears reasonably likely that a quorum of the Committee cannot be established within sufficient time to discharge Challenger's continuous disclosure obligations, those members of the Continuous Disclosure Committee who are available (or their delegates) may refer the matter to the Chair of the Board who may make a decision (on consultation with those members of the Continuous Disclosure Committee who are available) or, if the Chair considers it necessary, may refer the matter to the Board.

5.3 Practice points

5.3.1 Escalation procedure for Employees

Any Employee who becomes aware of a matter that generates the probability that:

- the matter would be of sufficient interest for a journalist to wish to write an article on it; or
- the market sensitive information test under the policy has been or may be triggered; or
- the matter could, otherwise, be potentially price sensitive,

must inform each of their manager, the General Counsel and Group Company Secretary and the Head of Investor Relations as soon as they become aware of it. Employees must keep a written record of their referral (e.g. by file note or email) to those persons. This should ensure there is no pre-judgement of a matter in respect of materiality.

Where any uncertainty exists as to disclosure requirements, employees are to promptly bring the matter to the attention of the Head of Investor Relations and the General Counsel and Group Company Secretary.

Serious penalties and/or regulatory actions may be imposed on Challenger in the event of non-disclosure, including personal liability for the members of the Board and the Committee. See section 5.4 for further information.

5.3.2 Earnings guidance

If Challenger becomes aware that its actual or expected earnings forecast differs materially from:

- the market's expectations; or
- previous earnings guidance it has given to the market,

in a way that a reasonable person would expect to have a material effect on the price or value of Challenger Securities, Challenger must make an appropriate announcement to ASX. The tests for determining this are referred to in section 5.1.2. See also the Group's Investor Relations and Continuous Disclosure Practice Note.

5.3.3 Managing market speculation and rumours

ASX does not expect Challenger to respond to all comments made in the media (both conventional and social), analysts' reports, or every market speculation or rumour about it circulating in the market, in particular where a comment, speculation, rumour or report:

- appears to be mere supposition or idle speculation; or
- simply confirms a matter that is generally understood by the market (e.g. because of previous announcements or media or analyst commentary),

and in either case, it does not appear to be having a material effect on the market price or traded volumes of Challenger Securities.

However, when the report, rumour, comment or speculation appears to contain or to be based on credible market sensitive information (whether the information is accurate or not) and:

- there is a material change in the market price or traded volumes of Challenger Securities which appears to be referrable to the report, rumour, comment or speculation (in the sense that it is not readily explicable by any other event or circumstance); or
- if the market is not trading at the time, the report, rumour, comment or speculation is of a character that when the market does start trading, it is likely to have a material effect on the market price or traded volumes of Challenger Securities,

Challenger must respond to the report, rumour, comment or speculation in a timely manner.

Where ASX has concerns that a media or analyst report or market rumour or speculation has caused, or is likely to cause, a false market in Challenger Securities, and Challenger has not already made a statement in response, ASX may ask Challenger via the General Counsel and Group Company Secretary whether or not the comment, report or speculation is accurate.

The General Counsel and Group Company Secretary should ensure that all members of the Continuous Disclosure Committee are immediately provided with the relevant information. Decisions will be made in accordance with the procedures set out in section 5.2 of this Policy. Challenger must issue a statement in relation to media comment, analyst reports or market speculation where:

- Challenger is required to respond to a formal request from ASX for information; or
- Challenger considers it has an obligation to make a statement to the market about a particular matter.

Except in the circumstances described above, Challenger generally does not respond to media comment (both conventional or social) or market speculation.

5.3.4 Timing

Challenger must not release information publicly that is disclosed to ASX until it has obtained formal acknowledgement from ASX that the information has been released to the market. This includes releasing information to the media even on an embargoed basis.

Unauthorised disclosures are discussed below under section 5.3.6.

5.3.5 Dissemination of disclosable information

Company Secretariat will notify ASX (and any other applicable securities exchange) of all company announcements.

5.3.6 Dealings with regulators, media, presenting at conferences and participation in chat rooms and unauthorised disclosure of company information

Only certain individuals are authorised to speak to regulators, the media or other outside parties as outlined in the Group Delegated Authorities Policy, Investor Relations and Continuous Disclosure Practice Note and the Media Policy. If any Employee receives a request for comment from a regulator, an external investor, analyst or the media in relation to any matter concerning Challenger, they must advise that person that they are not authorised to speak on behalf of Challenger and must refer the enquiries in accordance with the policies referred to above.

Unauthorised disclosure of company information including by way of:

- interviews or presentations (e.g. at an industry, professional or private conference); or
- preparation and / or provision of written material, including emails and participation in chat room discussions,

may place Challenger in contravention of its legal requirement to disclose price sensitive information first to ASX.

If market sensitive information which has not been given to ASX has been released to a section of the market (e.g. at an investor or analyst briefing or at a meeting of security holders) or to a section of the public (e.g. at a media briefing or through its publication on a website or in social media), Challenger must immediately give the information to ASX under ASX Listing Rule 3.1 in a form suitable for release to the market.

5.3.7 Trading halts in response to market speculation and rumours or unauthorised disclosure

In some circumstances it may be necessary to request a trading halt from ASX under ASX Listing Rule 17.1 in response to market speculation and rumours or unauthorised disclosure of company information, to prevent a false market in Challenger's Securities. The procedures set out in section 5.1.4 should be followed in such circumstances.

5.4 Regulation and Penalties

The ASX Listing Rules are the prime source of regulation in respect of Challenger's continuous disclosure obligations. ASX can suspend trading of Challenger Securities and request an announcement to be made if it believes Challenger is in possession of information which should be disclosed to the market. It is the General Counsel and Group Company Secretary's responsibility, where appropriate, to liaise directly with ASX to consider any potentially unclear disclosure matters.

ASX Listing Rule 3.1 is reinforced by section 674(2) of the Corporations Act. The consequences of breaching section 674(2) are potentially serious for both Challenger and its officers. It is both a criminal offence and a financial services penalty provision. Further, if ASIC has reasonable grounds to suspect a breach it may issue an infringement notice. Persons who suffer loss or damage as a result of the breach may recover that amount from Challenger or its officers.

Challenger officers who are involved in a breach of ASX Listing Rule 3.1 may also breach their statutory duties of care and diligence.

There is further potential civil and criminal liability for Challenger and its officers under section 1042H the Corporations Act if a disclosure (or failure to disclose) is misleading or deceptive.

5.5 Approval and on-going monitoring of this Policy

To ensure that this policy is operating effectively and to check if any changes are required to it, this policy will be reviewed and submitted to the Group Risk Committee for approval at least every second year.

As part of the monitoring process, a summary of ASX announcements is provided to the Group Audit Committee for review at each meeting of that committee.

6. Training and Awareness

Group Risk Management are responsible for ensuring general awareness of this policy as part of induction and online training provided to Challenger employees.

Managers are responsible for ensuring awareness of this policy and that operational adherence to this policy is achieved within their area of responsibility.

In particular, business line management must ensure that, on the commencement of employment, any new employee who is a member of the Continuous Disclosure Committee or a direct report to the Chief Executive Officer or who otherwise will have a direct responsibility to ensure compliance by Challenger with its continuous disclosure obligations must receive appropriate training on the policy obligations that apply to them and understand their delegations, responsibilities and any specific business unit expectations.

7. Whistleblower provisions

Challenger has a Whistleblower Policy and encourages disclosures from employees, former employees and suppliers regarding any unethical, illegal, corrupt or other inappropriate conduct including in relation to this policy. The Whistleblower Policy is available on Connect and www.challenger.com.au.

8. Risk Appetite and complying with this policy

Challenger's vision is to provide customers with financial security for retirement. Challenger is committed to sustainable business practices and a strong risk and compliance culture. Challenger has no appetite for conducting business activities which knowingly damage or are inconsistent with its brand and reputation.

Employees are to comply with all Challenger policies and are responsible for familiarising themselves with the policies relevant to their particular circumstances. All policies are available on the intranet, and managers are responsible for the provision of guidance to Employees on relevant policies.

Non-compliance with this policy is considered to be serious. Employees at Challenger are held accountable for their actions. Consequences for non-compliance with this policy may include but are not limited to:

- a requirement to undertake additional training;
- increased supervisions;
- a verbal warning;
- a written warning (including a first and final written warning);
- an impact to performance rating or promotion;
- a financial consequence; and/or
- dismissal.

9. Contact

For further information and questions regarding the policy, the General Counsel and Group Company Secretary should be contacted.