

# Challenger Retirement and Investment Services Limited

Disclosure of remuneration as required by  
Section 29QB of the Superannuation  
Industry (Supervision) Act

# Challenger Retirement and Investment Services Limited

Challenger Retirement and Investment Services Limited (**CRISL**) is the trustee of the Challenger Retirement Fund (**Fund**). CRISL is part of the Challenger Limited (**Challenger**) group of companies.

This report contains the disclosure required by Section 29QB(1)(a) of the *Superannuation Industry (Supervision) Act 1993* and Division 2.6 (section 2.37) of Part 2 of the *Superannuation Industry (Supervision) Regulations 1994*.

## Directors and Executive Officers

The Directors and Executive Officers of CRISL for the 2023 financial year (**FY23**) are listed in the table below.

Name	Position	Term as Director / Executive Officer
David Bennett <sup>1</sup>	Retired Chairperson / Non-Executive (Independent) Director	Part Year
Margaret Kennedy <sup>2</sup>	Chairperson / Non-Executive (Independent) Director	Part Year
Catherine Dube	Non-Executive (Independent) Director	Full Year
Byron Koster	Non-Executive (Independent) Director	Full Year
Anthony Bofinger <sup>3</sup>	Executive Director	Full Year
Jillian Haggerty <sup>4</sup>	Executive Director	Full Year
Anton Kapel <sup>5</sup>	Chief Executive Life and Solutions	Full Year
Stuart Kingham <sup>6</sup>	Acting Chief Executive, Customer	Part Year
Mandy Mannix <sup>7</sup>	Chief Executive, Customer	Part Year

<sup>1</sup> D Bennet served as a Non-Executive (Independent) Director and Chairperson of the CRISL Board between 1 July 2022 to 19 July 2022.

<sup>2</sup> M Kennedy was appointed as a Non-Executive (Independent) Director and Chairperson of the CRISL Board on 20 July 2022.

<sup>3</sup> A Bofinger is the Chief Risk Officer for the Challenger Group and a proportion of his time is spent performing an Executive Director role for CRISL.

<sup>4</sup> J Haggerty is the General Manager, Governance and Oversight for the Challenger Group and a proportion of her time is spent performing an Executive Director role for CRISL.

<sup>5</sup> A Kapel is the Chief Executive, Life and Solutions for the Challenger Group and a proportion of his time was spent performing an Executive Officer role for CRISL.

<sup>6</sup> S Kingham is the Chief Commercial Officer for the Challenger Group and until 1 November 2022 was also the Acting Chief Executive, Customer and a proportion of his time was spent performing an Executive Officer role for CRISL.

<sup>7</sup> M Mannix was appointed to the role of Chief Executive, Customer for the Challenger Group on 2 November 2022 and a proportion of her time was spent performing an Executive Officer role for CRISL.

# Remuneration of Directors and Executive Officers

## Remuneration governance

As CRISL forms part of the Challenger group, CRISL is availing itself of the provisions of paragraph 44 of SPS 510 by utilising the Challenger Remuneration Committee. In accordance with this, the Challenger Remuneration Committee must be available, as required, to meet with members of the CRISL Board.

The CRISL Board is responsible for effective remuneration governance and prudent risk management practices within CRISL. This includes the attraction and retention of the key talent needed to:

- a) protect the interests, and meet the reasonable expectations, of beneficiaries;
- b) ensure the long-term financial soundness of CRISL and its connected entities; and
- c) effectively apply the risk management framework of CRISL.

## Non-executive Directors (NEDs)

The NEDs are entitled to a fixed fee per annum, inclusive of superannuation, for their services in relation to CRISL.

With effect from 1 July 2022, the fixed fees are as outlined below:

NED who is Chairperson of the CRISL Board	\$65,000
NED who is a Chairperson of the CRISL Audit Committee	\$55,000
Any other NED	\$50,000

NEDs do not receive equity grants or participate in any incentive arrangements in consideration of their services to CRISL.

## Executive Directors and Executive Officers

Executive Directors and Executive Officers performing an executive role for CRISL are employed by Challenger and also perform an executive role for other companies within the Challenger Group. As such, only a portion of their employment time is dedicated to their services to CRISL and the Fund. The disclosures below represent the relevant portion of remuneration that relates to their services to the Fund only.

## Statutory remuneration disclosures

The following statutory table details remuneration costs for NEDs, Executive Directors and Executive Officers for FY23 and FY22. Total remuneration disclosed in the table below is provided by Challenger Limited or a related body corporate. Salaries and other benefits are not paid out of the Fund.

Director / Executive Officer	<div> Short-term employee benefits Post-employment benefits Long-term employee benefits </div>					
	Year	Salary \$	Cash STI \$	Superannuation \$	Share-based payments <sup>1</sup> \$	Total \$
D Bennett <sup>2</sup>	2023	3,062	-	322	-	3,384
	2022	77,273	-	7,727	-	85,000
M Kennedy <sup>3</sup>	2023	55,761	-	5,855	-	61,616
C Dube	2023	49,774		5,226	-	55,000
	2022	59,091	-	5,909	-	65,000
B Koster	2023	45,249		4,751	-	50,000
	2022	59,091	-	5,909	-	65,000
A Bofinger	2023	61,977	-	2,023	-	64,000
	2022	58,115	-	1,925	-	60,040
J Haggerty	2023	3,720	-	391	-	4,111
	2022	3,327	-	341	-	3,668
A Murphy <sup>4</sup>	2023	-	-	-	-	-
	2022	11,993	9,205	434	12,690	34,322
A Kapel <sup>5</sup>	2023	28,735	20,000	1,265	18,909	68,909
	2022	1,011	365	49	329	1,754
S Kingham <sup>6</sup>	2023	8,488	3,695	430	7,283	19,896
M Mannix <sup>7</sup>	2023	17,323	7,428	835	4,288	29,873

<sup>1</sup> 'Share based payments' include deferred Short Term Incentives (**STIs**) and performance-based Long Term Incentives (**LTIs**), both issued under the Challenger Performance Plan (**CPP**). Deferred STIs for FY23 are delivered as Restricted Shares and LTIs are delivered as hurdled performance share rights. Values represent the amortised fair value in accordance with the relevant accounting standards.

<sup>2</sup> D Bennett ceased his NED role on 21 July 2022. Consequently, his FY23 disclosure is prorated to reflect the period he fulfilled this role.

<sup>3</sup> M Kennedy was appointed to her NED role on 22 July 2022. Consequently, her FY23 disclosure is prorated to reflect the period she fulfilled this role.

<sup>4</sup> A Murphy ceased her Executive Officer role on 30 May 2022. Consequently, her FY22 disclosure is pro-rated to reflect the period she fulfilled this role and there is no remuneration to disclose for FY23.

<sup>5</sup> A Kapel commenced his Executive Officer role from 1 June 2022. Consequently, the FY23 disclosure represents a full period, however the FY22 disclosure is pro-rated to reflect the partial period he fulfilled this role.

<sup>6</sup> S Kingham held an interim appointment Executive Officer role for the period 1 July 2022 to 1 November 2022. Consequently, his FY23 disclosure is pro-rated to reflect the period he fulfilled this role.

<sup>7</sup> M Mannix commenced her Executive Officer role on 2 November 2022. Consequently, her FY23 disclosure is pro-rated to reflect the period she fulfilled this role.

Apart from the payments listed above, Executive Officers received no other equity-settled, cash-settled or other form of share-based payment compensation (including hybrids) in relation to their services to CRISL. Further, Executive Officers did not receive any:

- non-monetary benefits or other short-term employee benefits;
- other post-employment benefits;
- termination benefits; or
- payment in consideration for agreeing to hold the position.

With the exception of superannuation contributions, no amount attributable to the service of a director was paid to an organisation or entity rather than to the person.

### Deferral policy and instrument

The Challenger Board reserves the right to deliver any STI award as a cash payment, partially deferred or wholly deferred. The Challenger Board reviews the STI deferral practice annually.

The Challenger Board determined that for the STI awarded in respect of FY22 and FY23:

- For Mr Bofinger, Mr Kapel, Mr Kingham and Ms Mannix (as members of the Challenger Group Leadership Team) 50% was granted in the form of Restricted Shares vesting over a four-year period from the date of grant, subject to satisfaction of an employment condition
- For Ms Haggerty (who was not a member of the Challenger Group Leadership Team), the quantum of the STIs granted in FY22 and FY23 was less than the deferral threshold applicable to non-Leadership Team members, and consequently no deferral was applied.

LTIs are delivered as Hurdled Performance Share Rights (**HPSRs**) which are linked to the long-term performance of Challenger and are provided on a discretionary basis. HPSRs align Executive Officers' interests with Challenger's long-term success and sustained shareholder returns. Executive Officers have no contractual right to receive an award of HPSRs. The Challenger Board retains discretion to amend or withdraw HPSRs at any point.

The Challenger Board takes into consideration a range of factors when determining HPSR grants each year. These factors include performance, retention and the proportion of total remuneration that should be deferred over the longer term to support good governance, prudent risk management and shareholder alignment.

As outlined in the following table, threshold vesting (50%) occurs when an absolute total shareholder return (**TSR**) of 7% compounded annually is achieved. Full vesting (100%) occurs when absolute TSR of 10% compounded annually is achieved. The TSR performance targets reflect what the Board considers to be appropriate long-term outcomes required for the HPSR awards to vest.

Absolute TSR compounded annually	% of HPSRs that vest
Less than 7% pa	0%
Above 7% but less than 10% pa	Straight line vesting between 50% and 100%
Above 10% pa	100%

Restricted Shares and HPSRs are subject to forfeiture provisions under the CPP.

## Shares and Share Rights Granted

The following tables show the short and long-term incentives that were granted during the year ended 30 June 2023 for all Executive Officers who were considered Executive Officers at the date of grant.

The number of Restricted Shares represents the relevant portion of the total Restricted Shares granted that relates to services provided to the Fund through FY22.

The number of HPSRs represents the relevant portion of the total HPSRs granted that relates to services provided to the Fund through FY23.

### Restricted Shares

Restricted shares granted in September 2022 represent the deferred component of STI in respect of FY22. There are four tranches which vest over one, two, three and four years respectively.

Restricted Share awards vest subject to satisfaction of an employment condition.

Executive Officer	Grant date	Allocation price \$	Total no. of RSs granted <sup>1</sup>	Tranche 1 1 Sept. 2023	Tranche 2 1 Sept. 2024	Tranche 3 1 Sept. 2025	Tranche 4 1 Sept. 2026
A Kapel	9/9/2022	6.26	58	17	17	12	12

<sup>1</sup> The total number of Restricted Shares granted is calculated by dividing the dollar value of the award by the face value allocation price, being the five-day volume weighted average price (**VWAP**) of Challenger shares prior to 9 September 2022 (\$6.26).

### Hurdle Performance Share Rights

HPSRs granted in FY23 are eligible to vest on 1 September 2026, subject to the satisfaction of an employment condition and absolute TSR performance targets. Any HPSRs which do not vest on 1 September 2026 because the performance condition is not satisfied may subsequently vest on 1 September 2027, if the vesting conditions are met at that date. This is the last potential vesting date.

Executive Officer	Grant date	TSR start price <sup>1</sup> \$	No. of HPSRs granted <sup>2</sup>	Fair value at grant (per share) <sup>3</sup> \$
A Kapel	9/9/2022	6.7178	9,584	3.59
S Kingham	9/9/2022	6.7178	1,425	3.59
M Mannix	10/11/2022	6.7178	5,798	4.39

<sup>1</sup> The TSR start price is the VWAP of Challenger shares traded in the 90 calendar days leading up to the performance period start date.

<sup>2</sup> The total number of HPSRs granted is calculated by dividing the dollar value of the award by the face value allocation price, being the five-day VWAP of Challenger shares prior to 9 September 2022 (\$6.26).

<sup>3</sup> The fair value is independently calculated and used to determine the accounting value which is amortised over the vesting period. The fair value differs to the face value to reflect the likelihood of performance hurdles being achieved, the deferred nature of the award and that HPSRs do not carry a dividend entitlement.

## Shares and Share Rights Vested

The following table shows the short and long-term incentives that vested during the year ended 30 June 2023 for all Executive Officers who were considered Executive Officers at the vesting date.

The number of Deferred Performance Share Rights (DPSRs), Restricted Shares and HPSRs represents the relevant portion of the total shares vested that relates to services provided to the Fund through FY23.

Executive Officer	Vesting date	No. of DPSRs vested <sup>1</sup>	No. of RS vested	No. of HPSRs vested	Total indicative value at vesting \$ <sup>2</sup>
A Kapel <sup>3</sup>	1/9/2022	263	58	-	2,025
S Kingham <sup>3</sup>	1/9/2022	122	27	-	940

<sup>1</sup> Prior to September 2021, STI deferral was awarded in the form of DPSRs.

<sup>2</sup> Calculated based on the five-day VWAP of Challenger shares prior to the vesting date (\$6.31).

<sup>3</sup> Shares and Share Rights vested in FY23 relate to awards granted to the individual prior to becoming an Executive Officer.