

Challenger Limited

Diversity Policy

This version: Version 3
Date of Version: July 2017
Review of Policy Due by: July 2018
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 gender 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; and Workplace Bullying Policy** – discrimination, harassment, bullying and victimisation in the workplace are unlawful in Australia. Challenger's Discrimination and Harassment Policy; and Workplace Bullying Policy reflects legislative requirements and our commitment to maintaining a workplace where people can perform at their best and be confident that they will be treated fairly.
- **Flexible Work Toolkit** – outlines 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.
- **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 applied for each member of the leadership team since 2013.

4. What is Challenger's approach to gender equality

Gender equality is achieved when people are equally valued, rewarded by role, and able to access the same opportunities, irrespective of gender. Challenger is committed to achieving gender equality and realising the many benefits it delivers.

Together with our focus on continued improvements against our gender targets (see Appendix A), which are reported to the Board on a monthly basis, we have a range of policies and processes in place to achieve gender equality:

- **Recruitment** – To ensure all our people are considered for open positions, all vacancies are advertised internally (except in exceptional circumstances). Our Recruitment Toolkit details expectations around discriminatory selection practices, including on the basis of gender. Recruitment training covers equal employment opportunity principles and anti-discrimination recruitment practices. Externally, our terms and conditions with recruitment suppliers require an equitable shortlist of female and male candidates. For the recruitment of people leader roles, a female must participate on the panel throughout the process.
- **Performance Management** – Our performance management process is transparent and considers performance against agreed objectives and behaviours. Performance ratings are subject to rigorous peer review through the annual Leadership Team calibration process to ensure gender equity, and outcomes are reported to the Board.
- **Promotions** – All employees are considered for promotion opportunities, irrespective of gender. All vacant positions are advertised internally to ensure equitable access to opportunities. Employees on parental leave are considered for promotion opportunities when they arise. Analysis of promotion data by gender are analysed and reported to the Board on a quarterly basis.
- **Talent identification and succession planning** – The Leadership Team conducts an annual talent and succession process to identify high potential employees and to discuss succession plans for key roles, ensuring both men and women are represented in this talent pool. This process also considers additions to both the Executive Management Team and Senior Management Forum, with a focus on ensuring gender equity for new participants.
- **Remuneration** - Challenger is committed to the delivery of equitable remuneration outcomes irrespective of gender. Annual remuneration outcomes, with a particular focus on gender remuneration equity for like roles, are subject to rigorous peer review through the Leadership Team calibration process to ensure internal equity and fairness. Appropriate adjustments are made where required and outcomes are analysed and reported to the Board.
- **Training and development** – All employees have equal access to training and development opportunities irrespective of gender and analysis is conducted to ensure participation is equitable for major development programs and initiatives.
- **Resignations** – Resignation data is captured by gender and reported to the Board on a quarterly basis. Where material differences are noted, action is taken to understand the reasons for departure and how they may be managed going forward.

5. 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.

6. 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.

7. 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.

8. 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 FY18 are:

Objective	Initiative												
<p>Strategy and business case Incorporate workplace diversity in Challenger's organisational strategy</p>	<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 												
<p>Stakeholder engagement Continue to build awareness across Challenger of our priority on, and the benefits of, workplace diversity</p>	<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 												
<p>Gender composition Increase the representation of women in senior leadership</p>	<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>Jun 17(%)</th> <th>Jun 17 (n)</th> <th>FY20 Target</th> </tr> </thead> <tbody> <tr> <td>Challenger (women in all roles)</td> <td>42.6%</td> <td>276</td> <td>45.00%</td> </tr> <tr> <td>Challenger (women in manager roles)</td> <td>33.5%</td> <td>52</td> <td>38.00%</td> </tr> </tbody> </table>		Jun 17(%)	Jun 17 (n)	FY20 Target	Challenger (women in all roles)	42.6%	276	45.00%	Challenger (women in manager roles)	33.5%	52	38.00%
	Jun 17(%)	Jun 17 (n)	FY20 Target										
Challenger (women in all roles)	42.6%	276	45.00%										
Challenger (women in manager roles)	33.5%	52	38.00%										
<p>Gender pay equity Continue to drive gender pay equity</p>	<ul style="list-style-type: none"> Continue pay equity analyses against market and across levels in the organisation 												
<p>Flexibility Expand flexible working to make our business more agile and enable employees to better balance work / life</p>	<ul style="list-style-type: none"> Continue to support flexible work practices and enable equitable access to such arrangements Provide support to managers to appropriately respond to flexible work requests and to successfully manage flexible work practices in their teams Implement a policy to support employees impacted by domestic violence 												
<p>Talent pipeline Focus on recruitment and retention practices to ensure a diverse talent pool</p>	<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. 												