

challenger 

# Disclosure of Remuneration requirements

**Challenger Retirement and Investment  
Services Limited**

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# 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.

## Directors and Executive Officers

The Directors and Executive Officers of CRISL for the 2024 financial year (**FY24**) are listed in the table below.

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

<sup>1</sup> A Bofinger served as the Chief Risk Officer for the Challenger Group until the 30 April 2024. In addition, he devotes a portion of his time performing duties as an Executive Director for CRISL.

<sup>2</sup> J Haggerty held the position of General Manager, Governance and Oversight for the Challenger Group, while also serving as an Executive Director for CRISL. She resigned from her position at the Challenger Group, effective from 17 August 2023.

<sup>3</sup> L Nguyen is the CFO Life for the Challenger Group. She took on an additional role as an Executive Director for CRISL on 14 December 2023, and dedicates a portion of her time to these responsibilities.

<sup>4</sup> A Kapel is the Chief Executive, Life and Solutions for the Challenger Group. He also spent a portion of his time performing duties as an Executive Officer role for CRISL.

<sup>5</sup> M Mannix is the Chief Executive, Customer for the Challenger Group. She also dedicated a portion of her time performing duties as an Executive Officer role for CRISL.

# Remuneration of Directors and Executive Officers

## Remuneration governance

CRISL, being a part of the Challenger group, is availing itself of the provisions of paragraph 59 of APRA's Prudential Standard CPS 511 Remuneration (**CPS 511**) by utilising the Challenger Group People and Remuneration Committee (**GPRemCo**). This arrangement requires the GPRemCo to be available for meetings with the CRISL Board members as needed. Moreover, the CRISL Board has adopted and implemented the Group Remuneration Policy, which takes into account the specific nature of CRISL's business activities.

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:

<b>NED who is Chairperson of the CRISL Board</b>	<b>\$65,000</b>
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 FY24. 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	Short-term employee benefits		Post-employment benefits	Long-term employee benefits		
	Salary \$	STI \$	Superannuation \$	Termination benefits \$	Share-based payments <sup>1</sup> \$	Total \$
M Kennedy	58,559	-	6,441	-	-	65,000
C Dube	49,550	-	5,450	-	-	55,000
B Koster	45,045	-	4,955	-	-	50,000
A Bofinger	77,260	-	2,740	-	-	80,000
J Haggerty <sup>2</sup>	3,569	-	369	4,863	-	8,801
L Nguyen <sup>3</sup>	1,631	-	150	-	-	1,781
A Kapel	28,630	45,211	1,370	-	33,606	108,817
M Mannix	26,130	33,168	1,370	-	21,951	82,619

<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 FY24 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> J Haggerty ceased her Executive Director role on 17 August 2023. Consequently, her FY24 disclosure is prorated to reflect the period she fulfilled this role. The termination benefits were in relation to contractual and statutory entitlements.

<sup>3</sup> L Nguyen commenced her Executive Director role on 14 December 2023. Consequently, the FY24 disclosure is prorated 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.

For Mr Kapel 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 in respect of FY23, and over a two-year period in respect of FY24, subject to satisfaction of an employment condition.

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.

For grants made in September 2023 onwards, the Board approved the following performance hurdles for LTIs:

- **Absolute Total Shareholder Return (TSR):** to comprise 75% of the LTI award value with thresholds of 7% to 10% (compounded annually). Over four years, 7% annual compound return represents TSR of 31%, and 10% represents TSR of 46%. Where the hurdle is not satisfied at four years, a higher test is applied in year five (requiring TSRs above 40% for any vesting to occur and TSRs above 61% for full vesting to occur).

Absolute TSR hurdle	% of HPSRs that vest
Less than 7% per annum	0%
7% per annum	50%
Above 7% but less than 10% per annum	Straight-line vesting between 50% and 99.9%
10% per annum and above	100%

- **Culture:** to comprise 25% of the LTI award value. The decision to introduce this non-financial measure reflects requirements under CPS 511. The Culture measure will be assessed by the Challenger Board using a Scorecard of eleven key metrics. The scorecard metrics are provided below:
  - the results of Challenger’s Risk Culture survey (Risk Culture Survey);
  - the results of Challenger Engagement survey (Engagement Survey); and
  - responses to a fixed set of nine specific culture-related questions included in the Engagement Survey (Culture Questions).

Each metric has a target and stretch performance range approved by the Board at the start of each performance period and progress will be measured throughout the performance period, with a final assessment after four years. To ensure the results are reflective of the employee experience, these metrics will be reviewed against relevant operational metrics including, but not limited to, employee turnover and incidents reported to the Consequence Management Committee, taking into account material risk incidents and serious misconduct issues that have impacted Challenger. The Board will determine an appropriate vesting outcome once all inputs have been considered.

Performance against scorecard metrics	% of HPSRs that vest
Target performance no achieved	0%
Target performance range achieved	Straight-line vesting between 50% and 99.9%
Stretch performance achieved	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 2024 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 FY23.

The number of HPSRs represents the relevant portion of the total HPSRs granted that relates to services provided to the Fund through FY24.

## Restricted Shares

Restricted shares granted in September 2023 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. 2024	Tranche 2 1 Sept. 2025	Tranche 3 1 Sept. 2026	Tranche 4 1 Sept. 2027
A Kapel	8/9/2023	6.42	3,115	935	935	623	623
M Mannix	8/9/2023	6.42	1,752	526	526	350	350

<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 8 September 2023 (\$6.42).

## Hurdle Performance Share Rights

HPSR vesting is subject to continued performance, as well as subject to either a cumulative absolute TSR (aTSR) hurdle tested after four or five years or an assessment of the organisation's culture (Culture) over the four year performance period. Vesting is subject to forfeiture, malus and clawback provisions.

Executive Officer	Grant date	TSR start price <sup>1</sup> \$	No. of aTSR HPSRs granted <sup>2</sup>	No. of Culture HPSRs granted
A Kapel	8/9/2023	6.6268	7,009	2,336
M Mannix	8/9/2023	6.6268	6,425	2,142

<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 8 September 2023 (\$6.42).

## Shares and Share Rights Vested

The following table shows the short and long-term incentives that vested during the year ended 30 June 2024 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 FY24.

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>	1/9/2023	199	478	-	4,472
M Mannix	1/9/2023	-	-	-	-

<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 (\$6.615).

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