

Sustainability Report 2015

Challenger Limited provides
Australians with financial
security for retirement.



Letter from the Chair

Dear Shareholders

On behalf of your Board, I am pleased to present Challenger's Sustainability Report 2015.

Challenger's vision is at its core, one of sustainability. For many years our business strategy has centred on achieving our vision of providing Australians with financial security for retirement, and we have displayed significant thought leadership and innovation in this regard.

What our shareholders may not know is that our business performs strongly across a range of key sustainability focus areas, and this report will provide a comprehensive update of our performance in each of these areas.

Twelve months ago, your Board committed to reviewing Challenger's approach to sustainability and to set clear sustainability objectives for our business.

Throughout 2015, we have conducted a detailed review of our approach to sustainability, including careful consideration of our material sustainability impacts. This review has included:

- consultation with a range of external stakeholders, including institutional shareholder proxy advisory firms and retail shareholder representatives;
- meetings with internal stakeholders across Challenger, and discussions with our Board and Leadership Team;
- reviewing the sustainability of our business practices and opportunities to enhance them;
- consideration of best practice approaches and performance; and
- assessment of our performance against peers.

Our review identified that we rate well in a range of areas and it helped us to set future initiatives and actions.

Key sustainability initiatives for 2015 include:

- identifying our material sustainability impacts;
- becoming carbon neutral for our business operations effective 30 June 2015;
- developing five year gender composition targets;
- formalising our approach to responsible investment with the implementation of a Responsible Investment policy (and becoming a signatory to the United Nations Principles of Responsible Investment in July 2015); and
- reporting our sustainability performance in accordance with the Global Reporting Initiative (G4) from this report forward.

As part of our ongoing commitment to sustainability, we will continue to engage with our key stakeholders and ensure that we identify, mitigate and manage any relevant risks and impacts accordingly.

It is pleasing that Challenger's progress in the area of sustainability disclosure was recognised this year with Challenger being awarded Best Year-on-Year Improvement in Climate Disclosure at the 2014 Carbon Disclosure Project Climate Leadership Awards.

Our approach to sustainability will continue to evolve and mature. Consistent with this focus, your Board has direct oversight of all sustainability matters at Challenger and will continue to provide you with regular updates on our progress.

In 2016, we will work on setting performance targets across a range of key sustainability metrics in order to provide greater transparency on our objectives and performance against them.

I am delighted to set out our 2015 progress in the pages that follow and thank you for taking the time to read this important report.

Yours sincerely



Peter Polson
Chair

1. Our sustainability priorities

Sustainability is critical for Challenger to build long-term value for our customers, shareholders, employees and the wider community.

With a vision of providing Australians with financial security for retirement, we believe in having a retirement system that encourages long-term savings and the conversion of those savings into a retirement income that lasts for a lifetime.

We also believe in the delivery of sustainable business practices through robust governance, strong risk management culture and practices, appropriate people and workplace programs and the responsible investment of customer and shareholder money. Finally, we strive to contribute to the sustainability of our environment and the communities in which we operate.



2. Our stakeholders

In defining our material sustainability impacts, we have consulted extensively with stakeholders within Challenger, and incorporated requirements and feedback from specific groups of external stakeholders, including regulatory bodies, shareholders, proxy advisory firms and retail shareholder representatives.

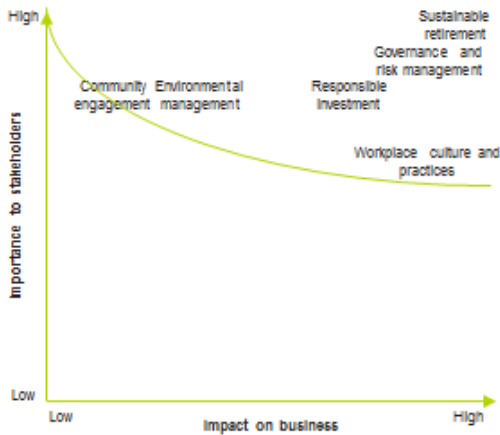
A map of Challenger’s key stakeholder groups is illustrated below. During 2016, we will seek to incorporate additional external stakeholder input to further validate our sustainability priorities and to include any additional areas identified.



3. Material sustainability impacts

A key process in the development of this Sustainability Report has been the identification of material sustainability aspects. These material aspects for Challenger were identified by conducting a materiality assessment taking into account issues which were important to our internal and external stakeholders.

The areas identified as material for Challenger were endorsed by the Board and the Leadership Team and are detailed below:



4. Governance at Challenger

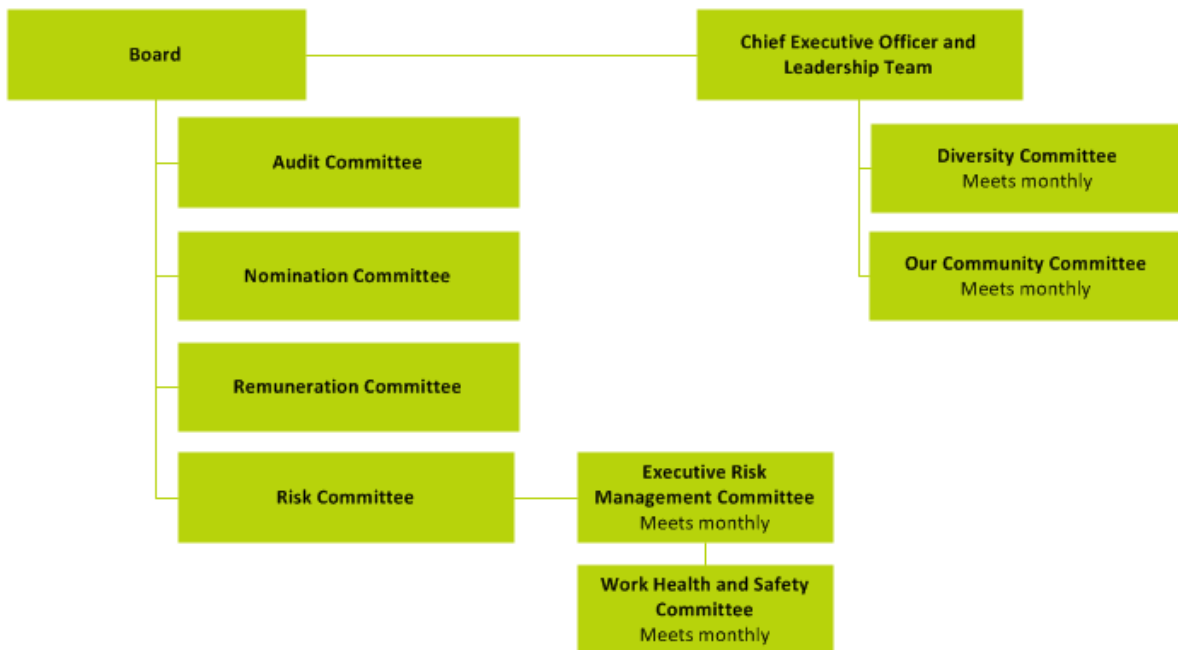
The Board and management of Challenger recognise their duties and obligations to stakeholders to implement and maintain a robust system of corporate governance. Challenger believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

The Board is accountable to shareholders for the activities and performance of Challenger by overseeing the development of sustainable shareholder value within an appropriate risk framework. The Board delegates to the Chief Executive Officer the authority and powers necessary to implement the strategies and policies approved by the Board and to manage Challenger's business within the policies and specific delegation limits specified by the Board.

To assist it in undertaking its duties and to ensure compliance with the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, the Board has established a number of committees. The Charter of the Board and each of the Committees is available at <http://www.challenger.com.au/group/Documents/BoardCharter.pdf>

The Executive Risk Management, Work Health and Safety, Diversity and Our Community Committees are responsible for progressing aspects of Challenger's sustainability strategy and providing regular updates to the Board and its Committees.

Board Committees



5. Sustainable retirement

Challenger's vision to provide Australians with financial security for retirement is at its core one of sustainability.

To achieve this vision, we are working to increase the portion of the Australian retirement savings pool (i.e. Australia's superannuation system) allocated to secure and lifetime products and aim to be recognised as a leader in retirement income solutions in Australia.

Challenger has been leading the political debate on retirement incomes for some time and continues to innovate to provide secure financial products for Australian retirees.

During 2015, Challenger continued to support sustainable retirement incomes through innovation with the introduction of new longevity products, which enhance not only the sustainability of our customers retirement incomes, but also the fiscal sustainability of Australia's retirement income system.

Challenger continues to contribute to the development of sustainable retirement income policies by making submissions to the Financial System Inquiry, the Review of Retirement Income Stream Regulation and the Tax White Paper process.

Challenger also sponsored the Committee for Sustainable Retirement Incomes Leadership Forum, the independent industry voice focused on the development of Australia's retirement income system.

In addition to our public advocacy, thought leadership and product innovation, Challenger continues to

focus heavily on educating financial advisers on the benefits of secure and lifetime retirement income. Key outcomes during 2015 include:

- delivery of Australia's first retirement planning course for advisers (developed in conjunction with the University of NSW), with 70 advisers expected to complete the course by the end of calendar 2015;
- delivery of retirement income presentations to over 6,000 advisers; and
- partnering with Thomson Reuters to author the Retirement Planning and Aged Care Planning chapters of the Australian Financial Planning Handbook.

Our efforts in sustainable retirement income education and thought leadership are recognised externally. In the most recent Wealth Insights Service Level Report, Challenger was ranked as follows:

- 97% of advisers regard Challenger as a leader in Australian retirement incomes;
- 76% of advisers name Challenger when nominating the first two retirement brands that are top of mind; and
- 48% of advisers name Challenger when asked to nominate one retirement brand that is top of mind (four times greater than next most noted brand).

6. Sustainable business practices

Risk management

Challenger operates a robust Risk Management Framework which is based on best practices set out in ISO 31000:2009(E).

The Board's Risk Appetite Statement outlines the level of risk that is acceptable in seeking to achieve Challenger's strategic goals and financial objectives, and provides clear boundaries on acceptable risk taking activities across Challenger.

Challenger has a strong risk management culture, with our most recent employee engagement survey results demonstrating that employees take their compliance obligations seriously, with 84% of employees responding that if they observed unethical behaviour or misconduct, they would report it.

Challenger considers sustainability risk to be an important component of broader risk management and has in place a range of sustainability policies and practices detailed on the following pages.

6 Sustainable business practices (continued)

Code of conduct

Challenger's Code of Conduct applies to all Directors and employees. The Code articulates the standards of honest, ethical and law-abiding behaviour expected. Employees are encouraged to raise any breaches of the Code.

Whistleblower mechanism

All policies at Challenger have a whistleblower provision and clear instructions on how employees can raise concerns in a confidential and non-threatening manner. We strongly encourage employees to act on any concerns and actively foster a culture where issues can be raised and addressed.

Political donations

The Challenger Board has adopted a policy of not making political donations in any country or jurisdiction in which it operates.

Anti-money laundering, counter terrorism financing and anti-corruption program

Challenger is committed to deterring the use of its products and services as an avenue for money laundering, financing of terrorism, tax evasion or as a means for processing criminal gains, and has adopted a program to address these matters which complies with Anti-Money Laundering and Counter Terrorism Financing legislation.

Challenger endorses a corporate culture in which staff understand that fraud, corruption, dishonest acts and conflicts of interest will be detected and investigated, governed by our Fraud Management and Prevention Policy. Challenger does not apply any materiality threshold for internal fraud, and fraud will not be tolerated in any form.

Responsible investment

As an institutional investor, Challenger has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Challenger believes that environmental, social and governance (ESG) issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions and asset classes as well as through time.

During 2015, Challenger formalised its approach to responsible investment with the Board approving a Responsible Investment Policy. In July 2015, Challenger also became a signatory to the United Nations Principles of Responsible Investment (UNPRI), the adoption of which was a further step to building on a framework for investment governance which has been developing over many years.

It is Challenger's policy that, to the extent that information is available, investment managers across all asset classes should incorporate ESG issues into investment analysis and decision-making. Challenger

also recognises that applying the UNPRI aligns investors with the broader objectives of society.

Our property assets

Challenger is committed to investing in commercial property assets with strong environmental credentials, and targets a minimum National Australian Built Environment Rating System (NABERS) occupancy rating of 4.5 stars for all new assets. In 2015, Challenger purchased the following commercial property assets:

Asset	NABERS occupancy rating
53 Albert Street, Brisbane	5.0
35 Clarence Street, Sydney	4.5
565 Bourke Street, Melbourne	3.0

Challenger operates a program of continuous improvement across our portfolio to maximise energy efficiency, working towards an average NABERS occupancy rating of 4.5 stars through the upgrading of property assets.

At year end, the average NABERS occupancy rating across our commercial property portfolio was 4.2 stars.

Challenger complies with all regulatory requirements with regard to our commercial property assets, and will report in accordance with the National Greenhouse and Energy Reporting Scheme in 2015.

Responsible marketing

Challenger is committed to marketing its products in a manner which is ethical and responsible.

The Australian Prudential Regulation Authority and the Australian Securities and Investments Commission have highly prescriptive expectations about marketing and advertising, and policies are in place to ensure compliance. No incidents of non-compliance with the relevant regulations occurred during 2015.

Customer privacy

Challenger collects sensitive information where required by law or where collection has been consented to. Privacy is important to Challenger, and we are committed to ensuring the security and protection of all personal information we hold, in line with our obligations under the Privacy Act and the Australian Privacy Principles.

No complaints regarding a breach of customer privacy or loss of customer data occurred during 2015.

6 Sustainable business practices (continued)

Our workplace and people

At Challenger, our employees are critical to our success, and we foster and promote a work environment where diversity is embraced and where our people are motivated to perform at their best.

Our workforce demographics (as at 30 June 2015) are detailed in the following tables:

Employment type by gender

Employment status	Female	Male
Permanent full-time	179	319
Permanent part-time	30	4
Fixed-term full-time	14	18
Fixed-term part-time	6	1
Casual	-	-
Independent contractors	-	1
Total	229	343

Employment by region and gender

Region	Female	Male
Adelaide	1	2
Brisbane	6	5
Hobart	8	11
London	2	3
Melbourne	7	10
Perth	1	2
Sydney	204	310
Total	229	343

Employment by age group

Age group	Number
Under 30	104
30-50	422
Over 50	46
Total	572

Challenger increased actual headcount by 106 during 2015. A breakdown of new hires is detailed in the tables below:

New hires by age group

Age group	New hires
Under 30	34
30-50	64
Over 50	8
Total	106

New hires by region and gender

Region	Female	Male
Adelaide	-	-
Brisbane	2	1
Hobart	7	8
London	-	-
Melbourne	1	-
Perth	1	-
Sydney	39	47
Total	50	56

Turnover

Challenger's turnover during 2015 was 11.9%. Further breakdowns are detailed in the tables below:

Turnover by age group

Age group	Turnover (%)
Under 30	2.4%
30-50	9.5%
Over 50	-

Turnover by region and gender

Region	Female (%)	Male (%)
Adelaide	-	-
Brisbane	9.1	9.1
Hobart	5.3	5.3
London	-	-
Melbourne	-	11.8
Perth	-	-
Sydney	5.7	6.6

6. Sustainable business practices (continued)

Challenger Principles

Challenger has five principles that are integral to our culture and linked to everything we do:



Our employment brand

Challenger’s employment brand, developed with our employees, is built on the following four pillars:



We challenge ourselves

We value intellectual inquisitiveness, rigorous analysis and the delivery of results.



We value each other

We are driven to succeed and we value and respect each other.



We offer opportunities

We provide individual development through broad and deep roles and exposure to leaders.



You can make an impact

Our vision is bold and we welcome individual creativity and initiative to achieve it.

Our employment brand communicates the employment experience offered to current and

potential employees, with feedback from employees demonstrating several consistent and unique aspects of Challenger’s work culture and experience.

In our most recent employee engagement survey, on the question of Challenger delivering on the promises it makes to employees, a 10-point improvement was recorded compared to the prior survey in 2013.

Our employee recognition program

Following an employee-centred design process, our new recognition program, Making a Difference, was launched in March 2015. The program recognises individuals and teams who demonstrate the Challenger Principles and our employment brand attributes. The program has been hugely successful in encouraging peer-to-peer recognition, with an average of over 300 instances of recognition per month, compared to less than 20 previously.

Leadership and succession

Challenger continues to invest in leadership capability. Key initiatives during 2015 included:

- A further cohort of managers attended Challenger’s customised Leadership Foundations Program, developed with, and delivered by, the Australian Graduate School of Management.
- 360 degree feedback for the Executive Management Team, with results informing future leadership initiatives and providing valuable insight for individual development.
- The Leadership Team conducted a further review of future leadership needs and new roles required to successfully deliver Challenger’s business strategy.

Challenger’s investment in our leadership capability is delivering results, with engagement levels for mid-level leaders increasing by eight points.

According to the engagement survey, perceptions of leadership for the Leadership Team also increased by eight points and are ahead of the Australian and New Zealand Financial Services and best performing company norms.

Work Health and Safety (WHS)

Challenger is committed to maintaining a safe workplace for our employees and visitors. Our Work Health and Safety Committee meets every two months to discuss and monitor WHS matters, providing regular updates to the Board via the Executive Risk Management Committee regarding hazards, risks and actions taken to eliminate or control risks. During 2015, the committee conducted a comprehensive review of our WHS risk framework to ensure that appropriate mitigating actions were in place to address all potential material WHS risks.

6. Sustainable business practices (continued)

Mental health initiatives

Recognising the rise of mental health issues in the broader community, during 2015, Challenger partnered with our Employee Assistance provider, Assure Programs, and Community Partner, beyondblue, to develop a wellbeing initiative on mental health. The initiative aimed to increase the awareness and understanding of mental health issues, reduce the stigma associated with mental health concerns and give managers the tools and confidence to openly discuss mental health issues with their teams.

Workshops were run for all managers to assist them to identify, proactively manage and provide support to employees in their teams with mental health issues. A series of awareness sessions for all employees on a range of mental health topics were also held. Participation and engagement for both initiatives was very high, and reduced the stigma associated with mental health.

Our Employee Assistance Program, a confidential and free counselling service, is available to employees and their immediate family members. The service also provides support and advice to managers in handling people issues. Following our renewed focus on mental health issues, utilisation rates for this service increased, demonstrating that the initiative resonated with employees and encouraged them to seek support when needed.

Health and safety at work

During 2015, Challenger maintained its strong work, health and safety record, as detailed below.

Employment status	2013	2014	2015
Lost Time Injury Frequency rate	3.2	5.0	1.8
Workers' Compensation claims	3	4	2
Absenteeism days (per FTE)	2.8	2.8	3.4
Fatalities	Nil	Nil	Nil

Employee engagement

Challenger measures employee engagement every two years, with the most recent survey, administered by Aon Hewitt, conducted in March 2015. The overall employee engagement score recorded (based on a very high employee participation rate of 88%) was 61%, placing us ahead of the Australian and New Zealand Financial Services benchmark. Initiatives implemented in response to the prior survey in 2013 have led to improvements in a number of focus areas.

Areas of greatest improvement included:

- employment brand promise (+10 points);
- career opportunities (+8 points);
- company reputation (+8 points);
- senior leadership (+8 points); and
- performance management (+7 points).

To ensure continued momentum on the areas of focus identified, the next survey will be conducted in early 2016.

Discrimination, harassment and bullying

Discrimination, harassment and bullying are not acceptable at Challenger, and everyone has an obligation to behave in accordance with our Discrimination and Harassment and Bullying policies which set out expected standards of behaviour. No substantiated incidents of discrimination occurred during the reporting period.

These standards are well established in our culture, with 92% of employees responding in our engagement survey that sex-based discrimination is not tolerated.

Diversity

Challenger seeks to provide a diverse and inclusive workforce and values the capability and experience that a wide variety of employees brings to the organisation. We recognise that an inclusive work environment increases our ability to attract and retain the best talent from the widest pool of candidates, enabling us to maintain a high performing team. We also recognise that successfully harnessing diverse thinking and working styles contributes to innovation and long-term sustainable outcomes.

Our Diversity Policy emphasises Challenger's commitment that employees be treated fairly, equally and with respect when employment and career decisions are made, and sets measurable objectives to ensure that the policy is effective. We have four principles that guide our approach to workplace diversity:

We recognise and embrace the contribution of people with different backgrounds, experiences and perspectives.

We support equality of opportunity regardless of gender, age, ethnicity, sexual orientation, disability or carer status.

We contribute to a culture where everyone's contribution is recognised and people feel valued and included.

We believe diversity is a strength for effective teams and will drive value for Challenger, its customers and employees.

6. Sustainable business practices (continued)

Diversity governance

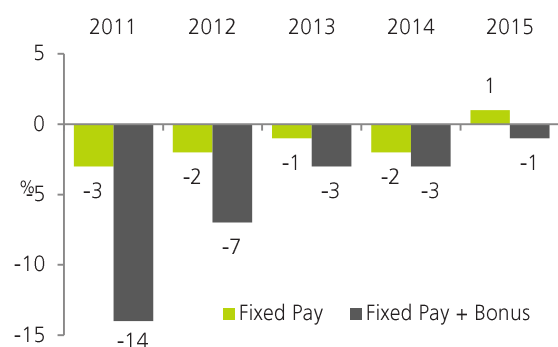
The Board has oversight of diversity, and the Leadership Team is accountable for promoting and fostering an environment with equal access to opportunities and growth. Gender diversity outcomes are monitored by both groups on a monthly basis.

Challenger's Diversity Committee, sponsored by the Chairman, and chaired by the Chief Financial Officer, ensures ongoing focus on, and promotion of, workplace diversity. The committee is accountable for measuring, monitoring and promoting diversity, particularly gender diversity, and reporting key outcomes to the CEO.

Remuneration equity by gender

Challenger reviews gender remuneration equity annually, with a particular focus on equitable positioning of remuneration against the market. Commencing in 2011, adjustments were made to close gaps and equal gender remuneration competitiveness has been maintained since that time.

Remuneration positioning for women compared to men against the market



Female compared to male fixed remuneration

In addition to comparing gender remuneration equity against market, Challenger also reviews gender remuneration based on the following categories:

Category	Female % of average male salary
Challenger	71%
Non-management	89%
Other-management	84%
Senior management	73%

Our analysis of organisation wide and 'by level' gaps show that these gaps are caused by females being generally under-represented in management level and business line roles. Our gender diversity initiatives aim to redress this imbalance, and we expect to see these gaps reduce over time.

Supporting employees with families and other personal commitments

We offer flexible work to support employees to balance work and personal commitments.

Employees who are new parents are supported through our parental leave policy, with primary care givers receiving 12 weeks' paid leave and secondary care givers receiving two weeks of paid leave. In 2015, Challenger had a 100% parental leave return rate as detailed below.

Employment status	Female	Male
Commenced leave ¹	11	-
Returned from leave ²	12	-
Employed after 12 months ³	12	-
Return rate (%)	100%	-

¹ Commenced leave between 1 July 2014 and 30 June 2015.

² Commenced leave between 1 July 2013 and 30 June 2014 and returned from leave between 1 July 2014 and 30 June 2015.

³ Employees due to return from leave between 1 July 2013 and 30 June 2014 still employed 12 months after their return.

Board diversity

The Board has a policy on Board renewal as detailed in the Corporate Governance Report. Age and gender diversity outcomes for the Challenger Board at the conclusion of 2015 are detailed below:

	Female	Male
Under 30 years	-	-
30 – 50 years	-	1
Over 50 years	2	5
Total	2	6

Gender diversity outcomes

Challenger's gender diversity outcomes are detailed below:

% of women	2015
Challenger	39.6%
Non-management	44.4%
Other management	26.6%
Senior management	22.2%

6. Sustainable business practices (continued)

Diversity measurable objectives for 2015

Each year, the Board commits to measurable diversity objectives against which progress is reviewed at the end of the year. Challenger's measurable diversity objectives and performance for 2015 are detailed below:

Objective	Performance
Strategy and business case Incorporate workplace diversity in Challenger's organisational strategy	<ul style="list-style-type: none"> Challenger's Vision, Strategy and Execution framework was updated to incorporate diversity as a key strategic priority. Our diversity strategy is communicated and actively promoted within the organisation.
Stakeholder engagement Continue to build awareness across Challenger of our priority on, and the benefits of, workplace diversity	<ul style="list-style-type: none"> All people managers attended unconscious bias training focused on the types of unconscious bias that can impact decision-making, how it is a barrier to progressing diverse teams and workplaces, and practical steps to build a more inclusive culture. We held a question and answer event with Elizabeth Broderick, Sex Discrimination Commissioner. We celebrated our cultural diversity on Harmony Day and raised funds for <i>All Together Now</i> to support social cohesion and the elimination of racism. Questions required by the Workplace Gender Equality Agency Employer of Choice for Gender Equality citation were included in the 2015 employee engagement survey.
Gender composition Increase the representation of women in senior leadership	<ul style="list-style-type: none"> To support our objective of increasing the gender diversity of the pipeline of successors, we successfully launched two programs - a sponsorship program and a scholarship program for high-potential women, with four scholarships awarded. At the conclusion of 2015, female representation on the Challenger Board and the Nomination Committee was 25% and 29% respectively. Five-year gender composition targets for Challenger were developed for implementation in FY16.
Gender pay equity Continue to drive gender pay equity	<ul style="list-style-type: none"> The CEO signed up as a Workplace Gender Equality Agency Equal Pay Ambassador. Challenger reviews pay competitiveness by gender for like roles on an annual basis, and has made adjustments to individual remuneration outcomes to ensure equity for men and women.
Flexibility Expand flexible working to make our business more agile and enable employees to better balance work/life	<ul style="list-style-type: none"> To support employees with families, Challenger offers 12 weeks' paid parental leave to primary carers and two weeks' paid parental leave for secondary carers. Return from parental leave statistics for 2015 were 100%. Further embedding flexible working will be a key area of focus for 2016.
Talent pipeline Focus on recruitment and retention practices to ensure a diverse talent pool	<ul style="list-style-type: none"> To ensure focus on gender equity in the recruitment process, recruitment agencies were briefed on Challenger's requirement that candidate shortlists for all manager level positions include at least one woman. At the senior leadership level, at least one woman participated on interview panels for all positions. An equitable representation of women and men participated in the Leadership Foundations Program. A seminar on preparing for retirement was held for mature age employees and their families. The seminar was funded by the Federal Government's 'Corporate Champions Program', aimed at developing best practice programs in the recruitment and retention of mature age employees and the implementation of age-friendly work practices.

7. Sustainable business impacts

Environmental management

Challenger is committed to reducing our impact on the environment by raising employee awareness, utilising technologies that minimise our use of resources and occupying sustainable places of work.

Premises

Our Sydney head office workspace at 255 Pitt Street, Sydney (representing 90% of our workforce), has a NABERS occupancy rating of 3.5 stars. In December 2015, we will relocate to 5 Martin Place, Sydney, a 5-star NABERS and Green Star rated building. In addition to improvements in energy efficiency, enhanced waste management and recycling processes will be implemented, together with improved printer ratios. This move reinforces our commitment to energy efficiency and reducing our carbon footprint.

Challenger is now carbon neutral for our business operations

Challenger commenced a partnership with Climate Friendly and introduced a program of offsetting our greenhouse gas emissions in 2013, when emissions generated from our Sydney head office electricity consumption were offset.

In 2014, we extended this commitment to include our waste (Sydney head office), taxi trips, paper disposal, and 20% of air travel.

The Board determined during 2015 that Challenger would offset all relevant greenhouse gas emissions for all offices so that our business operations would be carbon neutral on 30 June 2015.

The projects selected to offset these emissions are the Tasmanian Native Forest Protection Project in Australia and the Yuxian Baiyantuo Wind Project in China, which are issued under the Verified Carbon Standard and compliant with the Australian National Carbon Offset Standard.

Our carbon impact

Through continued focus on our environmental impact, we have recorded the following emissions improvements during 2015:

Item	tCO ₂ -e 2014	tCO ₂ -e 2015	% change
Electricity ¹	887.7	822.2	(7.4)
Waste ¹	26.7	19.6	(26.6)
Paper consumption	20.7	19.1	(7.7)

¹ Sydney head office only

We will continue to focus on these areas going forward, and will consider the setting of emissions reduction targets during the next reporting period.

2015 emissions

Challenger's greenhouse gas emissions for 2015 were:

Emissions ¹	tCO ₂ -e	Source data	Units
Scope 1			
Direct emissions	-	-	-
Total scope 1	-	-	-
Scope 2			
Electricity ²	918.5	989	MWh
Total scope 2	918.5	989	MWh
Scope 3			
Air travel	3,529	6,572	km ('000)
Waste to landfill	24.3	19.2	Tonnes
Paper consumption	19.1	5,516	Reams
Taxis	127.2	517	\$ ('000)
Car allowances	247.4	647	\$ ('000)
Major events ³	160.3		
Total scope 3	4,107.3		
Total scope 1 + 2 + 3	5,025.8		

¹ Challenger references a financial control boundary for emissions.

² Energy emissions were calculated based on the Australian National Greenhouse Accounts Factor (Table 41).

³ Includes Annual General Meeting, Staff Update briefings and annual Christmas Party.

Greenhouse gas emissions intensity

Challenger's greenhouse gas emissions intensity ratios with reference to FTE headcount are detailed below:

Scope	2015
Scope 1	-
Scope 2	1.6
Scope 3	7.3
Total	9.0

Energy intensity

Challenger's energy intensity ratios (attributable to electricity consumption within the organisation) with reference to FTE headcount are detailed below:

Office	2013	2014	2015
Sydney	2.3	1.8	1.5
All offices ¹	N/A	N/A	1.6

¹ Data not recorded until 2015.

7. Sustainable business impacts (continued)

Community engagement and investment

Challenger seeks to contribute to the growth and sustainability of the communities in which we operate.

Community partnerships and giving

We have partnered with, and have long-standing relationships with, a range of charitable and not-for-profit organisations which support a broad demographic of Australians including Alzheimer’s Australia, Barnardos, Bear Cottage, beyondblue, Meals on Wheels and National Seniors Foundation Trust.

Through Challenger’s Community Giving Program, employees can make regular pre-tax donations directly from their salary to one of our community partners. Employee contributions are matched by Challenger up to \$500 per employee per year.

In addition to our community partners, our employees were touched during 2015 by the earthquake in Nepal and gave generously to Care Australia’s appeal, with all employee donations matched by Challenger, resulting in a total donation of over \$30,000.

Volunteering

Challenger believes that volunteering is a significant way in which employees can contribute to the community and provides all employees with one paid day of volunteering leave each year to provide

voluntary services to a not-for-profit organisation, or environmental, community or charitable project.

Dividend Donation Program

Challenger’s shareholders are also invited to support our community partners, by donating some or all of their dividends through our Dividend Donation Program.

Total community contributions

Taking into account all donations made to our community partners and other charitable organisations, together with volunteering costs, Challenger donated an average of \$230 per employee during 2015.



Content Index - General standard disclosures

Indicator	Description	Details or location of information	Omissions	Page
Strategy and analysis				
G4-1	Statement from the most senior decision maker of the organisation	<i>Letter from the Chairman</i>	-	1
Organisational profile				
G4-3	Name of the organisation	Challenger Limited	-	-
G4-4	Report primary brands, products and services	http://www.challenger.com.au/about/index.htm	-	-
G4-5	Location of organisation's headquarters	255 Pitt Street Sydney NSW 2000	-	-
G4-6	Name and number of countries of operation	http://www.challenger.com.au/about/OtherOffices.asp	-	-
G4-7	Nature of ownership and legal form	http://www.challenger.com.au/about/index.htm	-	-
G4-8	Markets served	http://www.challenger.com.au/about/index.htm	-	-
G4-9	Total number of employees	<i>6. Sustainable business practices</i>	-	6
	Total number of operations	http://www.challenger.com.au/about/OtherOffices.asp	-	-
	Net revenue	Note 3 to the 2015 Financial Statement	-	-
	Products and services provided	http://www.challenger.com.au/products/index.htm	-	-
G4-10	Employee numbers:	<i>6. Sustainable business practices</i>	-	6
	• By employment contract and gender	<i>6. Sustainable business practices</i>	-	6
	• Permanent employees by employment type and gender	<i>6. Sustainable business practices</i>	-	6
	• Total workforce by employees and supervised employees and by gender	<i>6. Sustainable business practices</i>	-	6
	• Are a substantial portion of the organisation's workers self-employed?	<1 % of Challenger's workers are self-employed	-	-
G4-11	Percentage of total employees covered by collective bargaining agreements	Challenger does not have any employees covered by collective bargaining agreements	-	-
G4-12	Description of supply chain	-	Challenger will seek to define our supply chain in future reporting periods	-
G4-13	Significant changes during the period	No significant changes during the reporting period	-	-
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	<i>6. Sustainable Business Practices</i>	Challenger does not use the terms 'precautionary approach' or 'precautionary principle', however, our risk management approach has been detailed.	4

Indicator	Description	Details or location of information	Omissions	Page
Organisational profile				
G4-15	External economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.	<ul style="list-style-type: none"> • FTSE4GOOD • Carbon Disclosure Project 	-	-
G4-16	Memberships of associations	Asia Pacific Loan Markets Association Asia Pacific Real Estate Association Limited Australia-Israel Institute of Commerce Australia Korea Business Council Australasian Investor Relations Association Australian Compliance Institute Australian Japan Business Co-operative Committee Australian Payroll Association Australian Services Roundtable Association of Superannuation Funds of Australia Chief Executive Board Diversity Council Australia Financial Services Council Financial Services Institute of Australasia G100 Institute of Actuaries of Australia Investment Innovation Institute Property Council of Australia Responsible Investment Association of Australia SMSF Professionals Association of Australia Tasmanian Chamber of Commerce and Industry Women in Banking and Finance	-	-
Identified material aspects and boundaries				
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Note 24 to the 2015 Financial Statement	-	-
G4-18	Process for defining report content and aspect boundaries	3. <i>Material sustainability impacts</i>	-	3
G4-19	All material aspects identified in the process of defining report content	3. <i>Material sustainability impacts</i>	-	3
G4-20	Aspect boundary for each material aspect identified within the organisation	See separate table following	-	-
G4-21	Aspect boundary for each material aspect identified outside the organisation	See separate table following	-	-

Indicator	Description	Details or location of information	Omissions	Page
Identified material aspects and boundaries				
G4-22	Effect of any restatement of information in previous reports	This is our first Sustainability Report in accordance with the Global Reporting Initiative	-	-
G4-23	Report significant changes from previous reporting periods	This is our first Sustainability Report in accordance with the Global Reporting Initiative	-	-
Stakeholder engagement				
G4-24	List of stakeholder groups engaged	2. <i>Our stakeholders</i>	-	2
G4-25	Basis for identification and selection of stakeholders	2. <i>Our stakeholders</i>	-	2
G4-26	Approach to stakeholder engagement	2. <i>Our stakeholders</i>	-	2
G4-27	Key stakeholder topics and concerns	3. <i>Material sustainability impacts</i>	-	3
Report profile				
G4-28	Reporting period	1 July 2014 - 30 June 2015	-	-
G4-29	Date of most recent report	This is our first Sustainability Report in accordance with the Global Reporting Initiative	-	-
G4-30	Reporting cycle	Annually	-	-
G4-31	Contact point	Kelly Moore	-	-
G4-32	GRI option chosen	Core	-	-
G4-33	Approach to external assurance	This report has not been assured. Challenger will consider external assurance in future reporting periods.	-	-
Governance				
G4-34	Governance structure and committees of the highest governance body	4. <i>Governance at Challenger</i>	-	3
Ethics and integrity				
G4-56	Organisation's values, principles, standards and norms of behaviour	6. <i>Sustainable business practices</i>	-	7
Disclosures on management approach				
G4-DMA	Why aspect is material, management approach to reducing impact and mechanism for evaluating effectiveness of approach	Refer to relevant section in report	-	-
Energy				
G4-EN3	Energy consumption within the organisation	7. <i>Sustainable business impacts</i>	-	11
G4-EN5	Energy intensity	7. <i>Sustainable business impacts</i>	-	11
G4-EN6	Reduction of energy consumption	7. <i>Sustainable business impacts</i>	-	11

Indicator	Description	Details or location of information	Omissions	Page
Emissions				
G4-EN16	Energy indirect GHG emissions (Scope 2)	7. Sustainable business impacts	-	11
G4-EN17	Other indirect GHG emissions (Scope 3)	7. Sustainable business impacts	-	11
G4-EN18	GHG emissions intensity	7. Sustainable business impacts	-	11
Effluents and waste				
G4-EN23	Total weight of waste by type and disposal method	7. Sustainable business impacts	-	11
Employment				
G4-LA1	Total number and rates of new employee hires and employee turnover by age, gender and region	6. Sustainable business practices	-	6
G4-LA3	Return to work and retention rates after parental leave	7. Sustainable business impacts	-	9
Occupational Health & Safety				
G4-LA6	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	6. Sustainable business practices	-	8
Diversity and equal opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group and other indicators of diversity	6. Sustainable business practices	-	6, 9
Equal remuneration for women and men				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6. Sustainable business practices	-	9
Non-discrimination				
G4-HR3	Total number of incidents of discrimination and corrective action taken	6. Sustainable business practices	-	8
Public policy				
G4-SO6	Total value of political contributions by country and recipient / beneficiary	6. Sustainable business practices	-	5
Compliance				
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines or non-monetary sanctions were applicable to Challenger during the reporting period.	-	-
Marketing communications				
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	6. Sustainable business practices	-	5
Customer privacy				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6. Sustainable business practices	-	5

Aspect boundary mapping

Aspect	Impact within Challenger	Impact outside Challenger	Where impacted
Energy	✓	✓	Communities
Emissions	✓	✓	Communities
Effluents and waste	✓	✓	Communities
Employment	✓	✓	Prospective employees
Occupational Health & Safety	✓	Not material	-
Diversity and equal opportunity	✓	✓	Prospective employees
Equal remuneration for men and women	✓	✓	Prospective employees
Non-discrimination	✓	✓	Prospective employees
Public policy	✓	✓	Government
Compliance	✓	✓	Customers Regulators
Marketing communications	✓	✓	Customers Regulators
Customer privacy	✓	✓	Customers Regulators

