



Proxy Voting Policy

Challenger Limited

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Management

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Authorised by: Group Risk Committee

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Key Terms

Key term	Definition
ACSI	Australian Council of Superannuation Investors
Challenger or Group	Challenger Limited and its consolidated subsidiaries involved in investment management decisions, which includes CLC, Fidante, and Challenger Investment Management (CIM).
Appointed Investment Manager	May be either an Internal Investment Manager or an External Investment manager or both
CLC	Challenger Life Company Limited ABN 44 072 486 938
Corporate Governance	Is concerned with the way corporate entities are governed, as distinct from the way businesses within those companies are managed. The ASX Corporate governance council describes corporate governance as the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account.
ESG	Environmental, Social and Governance
Fidante	Fidante Partners Limited ABN 94 002 835 592 and Fidante Partners Services Limited ABN 44 119 605 373
FSC	Financial Services Council

FSC Standard No. 13	FSC Standard No. 13 'Voting Policy, Voting Record and Disclosure' dated 27 May 2020.
GRC	The Group Risk Committee (GRC) is the Challenger Limited Board Committee charged with responsibilities in relation to compliance with laws and regulations, maintaining an effective audit program and risk management framework and promoting high standards of business ethics and corporate governance.
IMA	Refers to an Investment Management Agreement, which is a contract between an institutional investor and Investment Manager that states the terms and conditions applying to management of the stated assets.
Investment Management Head	The Internal Manager accountable for the investment management services provided by a Challenger entity or brand, or the person who is accountable for the investment management services that have been delegated to an External Investment Manager.
Internal Investment Manager	A company within the Challenger Group appointed to invest on behalf of a Challenger entity (for example, CIM).
External Investment Manager	A company outside of the Challenger Group appointed to invest on behalf of a Challenger entity (for example Fidante's Affiliate investment managers)
Proxy voting	The process by which an Internal Investment Manager or an External Investment Manager exercises voting rights attached to securities on behalf of Challenger investors and/or clients.
PRI Principles	United Nations Principles for Responsible Investment
Scheme	As defined within FSC Guidance Note No.5 Industry Terms and Definitions and means any entity which is subject to the Superannuation Industry (Supervision) Act 1993, or is a Managed Investment Scheme as defined under the Corporations Act 2001, or is a life insurance investment Product covered under the Life Insurance Act 1995
This Policy	Refers to this Proxy Voting Policy

1. Objective & Scope

1.1 Objective

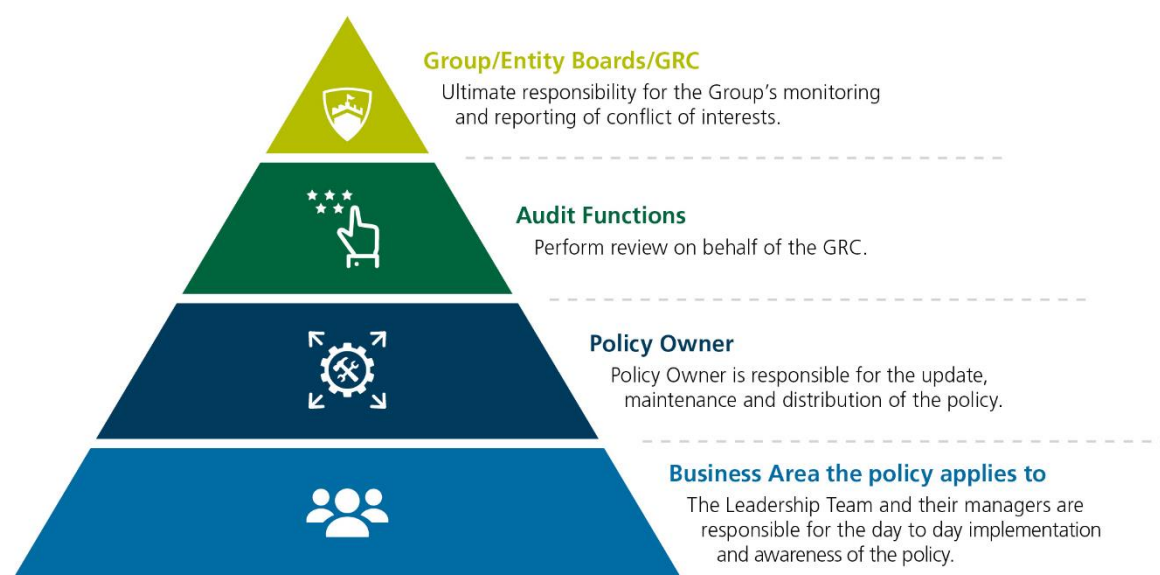
This Policy is intended to assist Challenger and its Appointed Investment Managers to meet their responsibilities under various laws, regulations and industry standards in taking an active role in the corporate governance process in relation to those companies in whom they invest.

As a significant investment manager in the Australian market, Challenger acknowledges it may be in a position to influence the corporate governance of companies through discussions with management and / or the Board of directors and by exercising proxy votes.

1.2 Scope

This Policy applies to all Internal Investment Managers who invest in Australian and international securities including exchange traded products held in Schemes where the operator of the Scheme has the ability to exercise voting rights in respect of those investments. The Policy also outlines the process which is followed when an External Investment Manager has been appointed.

2. Overall Responsibilities



At Challenger, we share a common set of values which are integral to our culture and linked to everything we do. These values set out the behaviours we need to meet community expectations and ensure we can deliver on our vision and strategy. Our values are:

- Act with integrity – we do things the right way
- Aim high – we deliver outstanding results
- Collaborate – we work together to achieve shared goals
- Think Customer – we make decisions with our customers front of mind.

3. Policy Requirements

3.1 Proxy voting principles

Proxy voting is a means by which Challenger is able to demonstrate its interest in the governance practice of companies. By exercising its right to vote, Challenger can influence the corporate governance of the companies in which it invests. Challenger follows the PRI Principles in relation to proxy voting and the principles outlined in this Policy and requires both Internal Investment Managers and External Investment Managers to do so also. The following key principles must be upheld when exercising voting rights:

- Challenger views voting rights as a valuable asset that must be managed with the same care and diligence as any other Scheme asset.
- Challenger discourages disadvantageous corporate policies. These are policies our investee companies have which are disadvantageous to the company, shareholders of the company and which ultimately might impact the ESG risk profile of the investee company, increasing the ESG risk and thereby impacting the risk adjusted return of the investment. When an investee company has a policy that we may not agree with from an ESG perspective, we can provide our views to the investee company via engagement or through exercising our proxy voting power
- Challenger recognises that there are opportunities to encourage effective management through the endorsement given by positive votes.
- Challenger seeks to vote on all company resolutions, regardless of materiality, provided it has an authority to do so, and the necessary documentation is received in time to lodge a vote by the due date. However, Challenger will not vote where excluded from doing so by the Corporations Act or other laws or where there is a conflict of interest or duty that cannot be lawfully or appropriately resolved.
- Challenger may determine that for governance reasons or as a legitimate means by which to send a message to management, customer and client interests are best served by abstaining from the vote. Evidence of the reasons why it was felt appropriate to abstain will be retained.
- Challenger may, in determining how it will exercise its voting rights, rely on third party advisory firms that provide advice on proxy voting and corporate governance issues.
- Challenger will support the boards of companies it invests in through the positive use of proxy votes, unless in Challenger's view, there is a good reason to do otherwise. In such circumstances, Challenger generally aims to communicate with appropriate company representatives explaining their reasoning for voting against the resolution with a view to achieving a satisfactory solution.
- Challenger will disclose any instance of, and reasons for, voting that is not in accordance with this Policy.

3.2 Corporate governance considerations

Corporate Governance deals with the way in which companies are directed and controlled and is an important consideration for Challenger when determining how to exercise voting rights. Challenger believes that effective corporate governance is advanced by applying recognised corporate governance principles such as those outlined in the ACSI Governance Guidelines dated October 2019, the ACSI ESG Reporting Guide for Australian Companies 2015 as well as the ASX Corporate Governance Principles and Recommendations dated February 2019. Specific corporate governance considerations for Internal Investment Managers and External Investment Managers may include:

- establishment of a sound risk management framework and periodic review of the effectiveness of that framework;
- considering and managing all material risks facing their company including ESG risks and recognising the wide range of stakeholders required to succeed;
- instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly and the alignment between expected and actual behaviour;
- company policies in place for effectively managing conflicts of interest;
- timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities;

- appropriate processes and structures to verify the integrity of its corporate reports and to effectively meet continuous disclosure requirements;
- clear delineation of the respective roles and responsibilities of its board and management and regular review of their performance;
- boards with sufficient independence, are of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value;
- having appropriate mechanisms in place to demonstrate board accountability for the actions and decisions in the organisation;
- appropriately structured executive share / option schemes that provide incentives to improve current and long-term performance with clearly stated robust performance hurdles and time frames, including appropriate employee share schemes;
- the re-election of directors where financial performance has been acceptable;
- the formation of nomination, remuneration and audit committees comprised of a majority of independent directors;
- articulation of a clear strategy to address the issue of diversity at the board level; and
- the application of the 'one share, one vote' principle whereby all shareholders have equal voting rights in public companies and each share has one vote.

While the above initiatives are factors which guide Challenger's approach to voting on company resolutions, voting is always assessed on a case-by-case basis. Consequently, other factors may be considered instead of, or as well as, the initiatives outlined above if Challenger believes that it is in the best interests of its investors to do so.

3.3 Proxy voting by Challenger

As at the date of this Policy, most voting is performed by External Investment Managers appointed by Challenger. Challenger's Internal Investment Managers tend not to invest directly in domestic or international equities. However, if they were to do so, section 3.4 of this Policy would apply. Section 3.5 applies to the External Investment Managers that Challenger appoints to manage the Schemes.

Investment Management Heads and their teams are responsible for ensuring compliance with this Policy.

3.4 Proxy voting by Challenger's Internal Investment Managers

This section applies to Schemes where Challenger has appointed an Internal Investment Manager to perform the investment management function and has not delegated the investment management function to an External Investment Manager.

3.4.1 Administration of voting

The Internal Investment Manager must ensure that votes are cast in a timely and efficient manner by having procedures in place to minimise discrepancies and mismatches between eligible votes and those cast, including through appropriate due diligence of any service provider who may implement these procedures on behalf of the Internal Investment Manager.

3.4.2 Engagement with companies

Where appropriate, the Internal Investment Manager should have direct engagement with directors and senior management of the companies in which it invests. This allows them to have a better appreciation of the company's approach to ESG, its corporate governance arrangements, its objectives, its potential problems and the quality of its management. It also allows companies to understand the Internal Investment Manager's expectations and concerns.

All contact and dialogue with companies must be conducted in accordance with the obligations under the Corporations Act 2001 (Cth) and relevant Challenger Policies, including but not limited to those concerned with insider trading (refer Inside Information Policy and Practice Note) and subject to the terms of the relevant IMA.

3.4.3 Engagement with other investors

The Internal Investment Manager may occasionally engage with other investors when considering voting decisions provided that this engagement is undertaken in a manner that does not breach corporations, takeover or competition laws.

3.4.4 Voting on shareholder resolutions

The Internal Investment Manager must consider the merits of all resolutions put forward, irrespective of the proponents of the resolution. Where resolutions are raised in multiple parts, they may consider both the individual merits of each part of the resolution and the impact of the resolution as a whole.

3.4.5 Use of abstention

The Internal Investment Manager may consider the value of abstaining from a proxy vote as a legitimate means by which to send a deliberate message to the company. Evidence of the abstention must be retained.

3.4.6 Notification

The Internal Investment Manager may give consideration as to the value of providing prior notice to the company of its voting intention. This may be relevant where the voting intention differs from the recommendations of the relevant board and management and should be considered within the broader context of the Scheme Operator's stewardship activities under Standard 23.

3.4.7 Use of proxy voting advisors

The Internal Investment Manager may, in determining its proxy voting, rely on the suitably skilled and professional third-party advisory groups approved in accordance with relevant Challenger policies, to provide advice on proxy voting and corporate governance issues.

3.5 External Investment Managers

This section applies to the Schemes where Challenger has appointed an External Investment Manager to perform the investment management function.

3.5.1 Delegation of proxy voting

In accordance with Challenger's Responsible Investment Policy, Challenger expects that the External Investment Managers it appoints will demonstrate an acceptable level of commitment to the management of key ESG risks and opportunities as set out in the PRI Principles and will apply principles of active ownership in relation to their approach to proxy voting and engagement.

Investment Management Heads and their teams are responsible for ensuring that Challenger enters into IMAs with External Investment Managers that include the appropriate proxy voting requirements considered in this Policy. As outlined in Challenger's Responsible Investment Policy, the Investment Management Head responsible for overseeing the activities of the External Investment Manager must ensure that:

- Externally appointed managers are not in conflict with Challenger's ESG beliefs and have formal ESG policies in place.
- The proxy voting reporting arrangements that have been agreed between Challenger and the External Investment Manager are clearly articulated and are sufficient for Challenger to meet its reporting requirements.
- They have communicated the expectation that the External Investment Manager apply the principles of active ownership and investment stewardship, in relation to proxy voting and engagement, in a manner that is aligned with Challenger's Responsible Investment Policy and this Policy; and
- This Policy is complied with.

3.5.2 Administration of voting

Challenger will ensure that votes cast by External Investment Managers for Schemes where Challenger is the Responsible Entity are cast in a timely and efficient manner by having procedures in place to

minimise discrepancies and mismatches between eligible votes and those cast, including through appropriate due diligence of service providers who may implement these procedures on behalf of the External Investment Managers.

3.5.3 Engagement with other investors

External Investment Managers for Schemes where Challenger is the Responsible Entity may occasionally engage with other investors when considering voting decisions provided that it is undertaken in a manner that does not breach corporations, takeover or competition laws.

3.5.4 Voting on shareholder resolutions

External Investment Managers for Schemes where Challenger is the Responsible Entity may consider the merits of all resolutions put forward, irrespective of the proponents of the resolution. Where resolutions are raised in multiple parts, they may also consider both the individual merits of each part of the resolution and the impact of the resolution as a whole.

3.5.5 Use of abstention

External Investment Managers for Schemes where Challenger is the Responsible Entity can consider the value of abstaining from a proxy vote as a legitimate means by which to send a deliberate message to the company. Evidence of the abstention must be retained.

3.5.6 Notification

External Investment Managers for Schemes where Challenger is the Responsible Entity will give consideration as to the value of providing prior notice to the company of its voting intention. This may be relevant where the voting intention differs from the recommendations of the relevant board and management and should be considered within the broader context of the Scheme Operator's stewardship activities under Standard 23.

3.5.7 Use of Proxy voting advisors

The External Investment Manager may, in determining its proxy voting, rely on suitably skilled and approved professional third-party advisory firms to provide advice on proxy voting and corporate governance issues.

Challenger expects External Investment Managers to use their own judgement to determine if the third party advisory voting selections are appropriate or whether an alternative view should be taken.

Challenger authorises an External Investment Manager to exercise voting rights on its behalf in accordance with this Policy. However voting and other rights in relation to Scheme investments are retained by Challenger who reserves the right to override an External Investment Managers' voting decision.

3.6 Monitoring and compliance

In addition to approving this Policy, the relevant Boards have responsibility for monitoring compliance with this Policy, including noting/approving exceptions. The Board have delegated this monitoring and approval of exceptions to the Investment Management Heads who ensure the Appointed Investment Managers comply with this Policy and any agreed proxy voting arrangements.

4. Proxy Voting Disclosure and Reporting

This section applies where Challenger performs the investing itself or has appointed an External Investment Manager and where Challenger is the Responsible Entity for a Scheme. The operating procedures for dealing with corporate actions, including proxy votes, are maintained by the Artega Market Operations (MO) Manager, who is part of Artega's Investment Operations team.

Proxy voting notifications are sent to the External Investment Manager or Investment Management Head either directly by the respective proxy voting provider or by the Artega MO team.

These notifications include details of the proposed company resolutions, the closing date for votes to be submitted and any other relevant information.

The Investment Management Head or the External Investment Manager communicates their decision in relation to the proposed resolution to the Proxy Voting Adviser or to the Artega MO team for recording and notification to the relevant custodians.

4.1 Record keeping

As required by FSC Standard No. 13, Challenger must maintain a proxy voting record relating to the investment by its Appointed Investment Managers in international and Australian equities by each Scheme it operates on a per Scheme, per investment and per resolution basis. This record must include:

- the name of the entity (and the Scheme if relevant);
- the ASX or equivalent code of the relevant interests or securities unless those are not readily available;
- the meeting date;
- the resolution number and name or summary of the matter or matters to be voted on at the meeting;
- if known, whether the matter or matters voted on was endorsed by the issuer, its management or another person or company;
- the recommendation by the company management on how to vote;
- whether, and how, Challenger voted on the matter or matters;
- where votes cast constitute exceptions to this Policy, a reason for the inconsistency must be provided;
- in the case of a decision not to vote, a record reflecting that and the reason; and
- details of any mismatches or discrepancies between the records kept by the registry services provider and the votes cast by Challenger.

4.2 Disclosure and reporting to clients

As required by FSC Standard No. 13, no later than three months after the close of the financial year, Challenger must publish a summary of its proxy voting record for the previous financial year relating to the investment in international and Australian equities. This disclosure must be by each Scheme it operates on a per Scheme, per investment and per resolution basis. This publication must be in one location on our website and in a searchable and preferably filterable form and must be in a form consistent with FSC Standard No.13.

Where votes cast constitute exceptions to this Policy, a reason for the inconsistency must be provided.

4.2.1 Disclosure of this Proxy Voting Policy

As required by FSC Standard No. 13 Challenger will disclose its Proxy Voting Policy to Scheme members via its website. Fidante's website disclosure may be found on the following link: [Proxy Voting Dashboard | Challenger Group Services \(issgovernance.com\)](https://www.challenger.com.au/proxy-voting)

4.2.2 Disclosure and reporting to mandate clients

Mandate clients are typically informed of proxy voting via their custodian or proxy provider. If required in the contractual terms of the IMA, mandate clients can be informed of proxy voting through regular reports.

4.3 Investor contact

Challenger provides contact details on its website via which companies, Scheme Members and/or other stakeholders can make enquiries about our Voting Policy or Voting Record.

Where an Appointed Investment Manager does not vote in respect of all resolutions for its investments in a manner consistent with this Policy the reasons for the instances of non-compliance must be disclosed.

5. Related Policies and Practice Notes

This Policy needs to be considered with reference to and taking account of the obligations laid out in Challenger Policies and the regulatory framework applicable to Challenger's operations, products, and services. Specific policies which should be referred to include:

- Challenger Incident Management Policy;
- Challenger Inside Information Policy and Practice Note;
- Challenger Risk Management Strategy;
- Challenger Responsible Investment Policy;

6. Training & Awareness

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

7. Risk Appetite & Compliance with this Policy

Challenger's purpose is to provide Customers with financial security for a better retirement. Challenger promotes a positive culture of risk awareness and transparency, including open communication and challenge of current and emerging risks, speaking up regarding matters of concern and the proactive management of issues and incidents. Challenger has no appetite for conducting business activities unfairly or in contravention of the law, or which knowingly damage or are inconsistent with its brand and reputation. Challenger has no appetite for employees intentionally not following policies and procedures.

Employees are to comply with Challenger policies and are responsible for familiarising themselves with the policies relevant to their role. Policies are available on the intranet. Incidents of non-compliance with this policy are to be reported in line with the Challenger Incident Management Policy.

Employees at Challenger are held accountable for their actions. Consequences for non-compliance with this Policy may include but are not limited to:

- Additional training
- Increased supervision
- A verbal warning
- A written warning (including a first and final written warning)
- An impact to performance rating or promotion
- A financial consequence
- Dismissal.

For details, refer the Challenger Conduct Risk and Consequence Management Framework.

8. Whistleblower Provisions

Challenger Whistleblower Policy 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 www.challenger.com.au.

Policy Changes

Version and date	Summary of changes
5.1 November 2022	<ul style="list-style-type: none">Updated for Artega and other organisational change
5.0 May 2022	<ul style="list-style-type: none">Updated to align with revised FSC Standard No 13