

Modern Slavery Statement 2024

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About this statement

This modern slavery statement is prepared and issued by Challenger Limited, the reporting entity, on behalf of Challenger Life Company (Challenger Life), Fidante and Challenger Investment Management.

In this report, unless otherwise stated, references to 'Challenger', 'the Group', 'we', 'us' and 'our' refer to Challenger, comprising the ASX-listed entity and its underlying business divisions of Life, Funds Management, Artega and the Bank.

This statement is made in accordance with the requirements within the *Modern Slavery Act 2018* (Cth) (the Act) and the United Kingdom *Modern Slavery Act 2015* and covers the period 1 July 2023 to 30 June 2024 representing Challenger's FY24 financial year.

This statement provides detail on Challenger's approach to identifying, mitigating, and addressing the risks of modern slavery across our operations and supply chain.

This statement uses the Act's definition of modern slavery. This involves conduct which would constitute a criminal offence under Australian law or international law, including trafficking in persons and the worst forms of child labour.

Acknowledgement of country

Challenger acknowledges the Traditional Owners of Country throughout Australia and we pay our respects to Elders past and present. We recognise the continuing connection that Aboriginal and Torres Strait Islander peoples have to this land and acknowledge their unique and rich contribution to society.

Message from Chair and CEO

At Challenger, our purpose of providing customers with financial security for a better retirement underpins everything we do.



We recognise our role in contributing to a more sustainable and equitable future for all Australians, which includes respecting human rights and upholding the highest standards of ethical conduct in all aspects of how we do business. Modern slavery can occur in various forms and we are committed to ensuring that our business practices do not contribute to these injustices.

Challenger continues to improve and strengthen our program of work to combat modern slavery, at the same time as monitoring and aligning our initiatives with anticipated regulatory and legislative developments both in Australia and in the international jurisdictions in which we operate.

Our FY24 Modern Slavery Statement outlines the steps we are taking to identify, mitigate, and address the risks of modern slavery within our operations, investments, and supply chain. This is an important opportunity to reflect on the progress we have made, at the same time as recognising that our modern slavery program of work will require ongoing focus.

DUNCAN WEST
Independent Non-Executive
Director and Chair

NICK HAMILTON
Managing Director and
Chief Executive Officer

This statement has been endorsed by the Board of Directors of Challenger Limited.

Key actions

Summary of progress in FY24

Tailored engagement with suppliers to undertake additional due diligence where higher risk of modern slavery was identified

Developed modern slavery remediation framework

Launched operational guidance note related to modern slavery for suppliers

Provided modern slavery training for investments teams

Expanded modern slavery investment risk assessment to include Challenger Life's balance sheet investments

Embedded modern slavery clauses into contracts with new material service providers

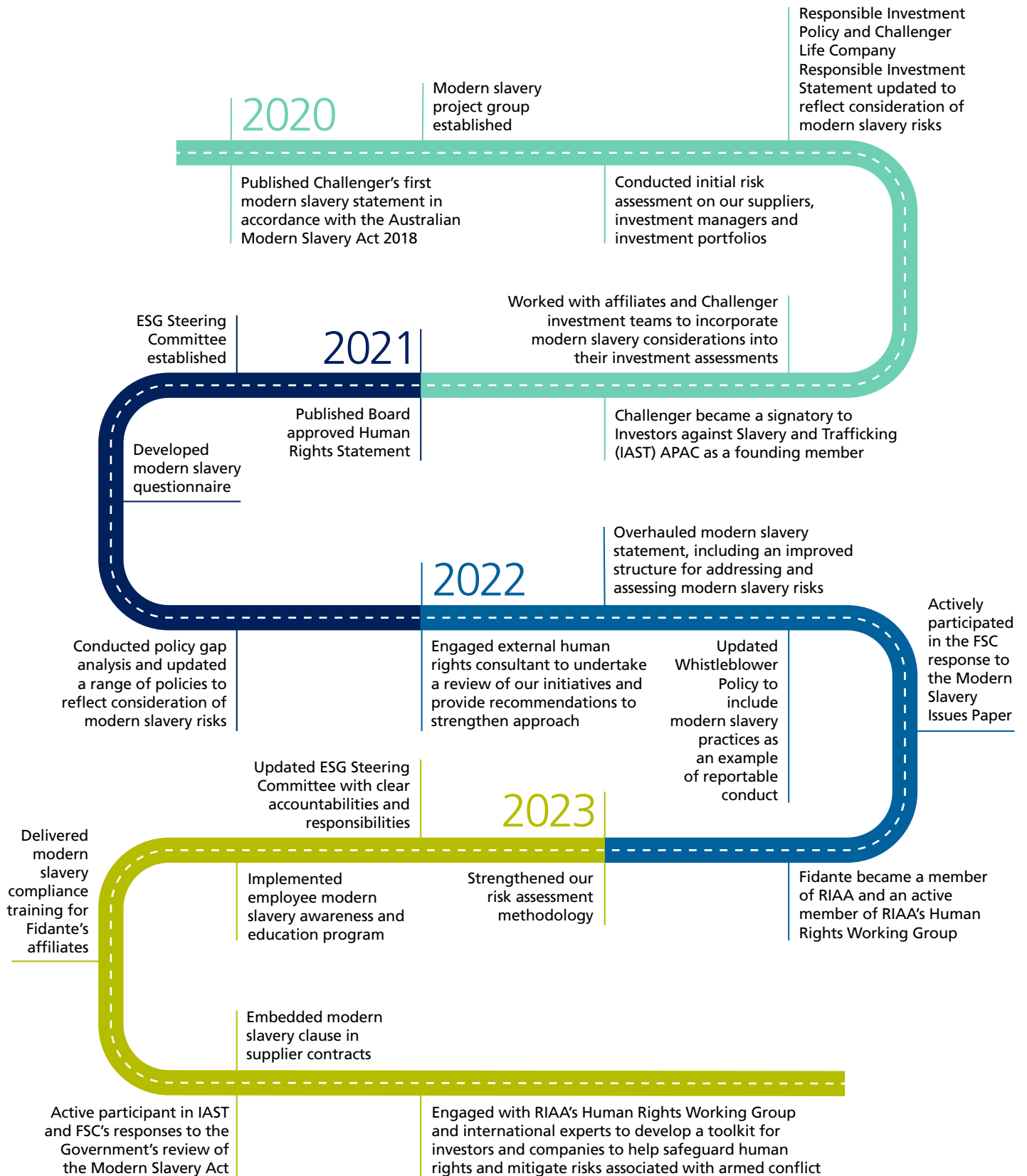
Progressed new Supplier Management framework

Designed internal modern slavery training module tailored to specific risks in financial services industry

Maintained active engagement with peers and industry groups via the Financial Services Council (FSC) and the Responsible Investment Association of Australasia (RIAA)

Key actions

Timeline of key actions



About us

Purpose

Challenger Limited (Challenger) is an investment management firm with a purpose of providing customers with financial security for a better retirement.

In FY24, Challenger's operations included an APRA-regulated Life division, a fiduciary Funds Management division and an APRA regulated authorised deposit-taking institution (noting that completion of the sale of the Bank occurred in April 2024) as well as investment administrator Artega. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

Strategy

Our purpose is at the core of our strategy. In FY24, we simplified our strategic pillars as the business focuses on its core capabilities in retirement and investment management:



Retirement leader

reflects Challenger's focus on building a strong and trusted brand, expanding what the business delivers and who we partner with.



Investment excellence

demonstrates Challenger's investment expertise, and a strongly capitalised business that is enabled by a scalable platform.



Talented team and capability

underlines the business' commitment to supporting our people to realise their full potential at the same time as leveraging technology.

Values

Our values are integral to our culture and linked to everything we do. They set out the behaviours we need to deliver on our purpose and strategy and to meet community expectations, now and in the future.



I

Act with integrity

We do things the right way



A

Aim high

We deliver outstanding results



C

Collaborate

We work together to achieve shared goals



T

Think customer

We make decisions with our end customers front of mind

Structure and operations

Challenger is listed on the Australian Securities Exchange (ASX), with offices in Australia, London and Tokyo.

In Australia, our activities are subject to supervision by the Australian Prudential Regulation Authority (APRA) and the Financial Conduct Authority (FCA) in the United Kingdom, as well as other regulatory agencies in Australia and overseas markets.

As at 30 June 2024, our assets under management were \$127 billion.

Challenger Life

Challenger Life is Australia's leading retirement income brand and focuses on the retirement phase of superannuation, with products helping customers convert their retirement savings into safe, secure and reliable retirement income.

Lifetime annuities protect retirees from the risk of outliving their savings by paying an income for life. The retirement incomes that Challenger Life pays to its customers are backed by a high-quality investment portfolio, predominantly invested in high-grade fixed income. These investments generate reliable investment income, which is used to fund the retirement incomes paid to customers.

Challenger Life's products are distributed in Australia via independent financial advisers, financial adviser administrative platforms, superannuation funds and directly. Life's products are included on all major financial advice hubs' Approved Product Lists (APLs) and are available on leading independent investment and administration platforms.

The business is also building new institutional partnerships with superannuation funds, as they focus on supporting their members' needs through more comprehensive retirement income solutions.

In Japan, Challenger Life has an annuity relationship with Mitsui Sumitomo Primary Life Insurance Company Limited (MS Primary) to reinsure Australian dollar, US dollar and Japanese yen denominated annuities.

Funds Management

Funds Management focuses on wealth accumulation, predominantly in the pre-retirement phase of superannuation and supports customers to build savings by providing contemporary investment products and strategies.

Funds Management is one of Australia's largest active fund managers and comprises Fidante and Challenger Investment Management (CIM), with operations in Australia, the United Kingdom, Europe and Japan.

Fidante's business model involves taking minority equity interests in separately branded affiliate funds management firms, with Challenger providing distribution services and business support. CIM is an active investment manager covering public and private credit as well as commercial real estate for a diverse range of investors including Challenger Life.



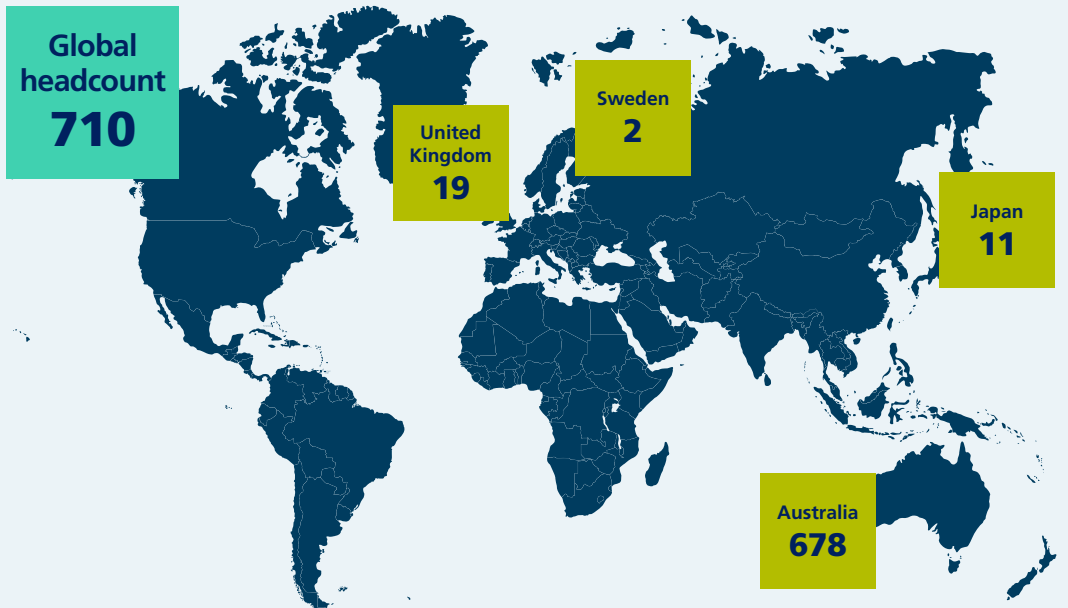
Bank

In April 2024, Challenger announced that it had completed the sale of its bank to Heartland Group Holdings Limited.

Technology partnership

In FY24, Challenger formed a technology partnership with professional services firm Accenture for a seven-year period. Accenture has a track record in delivering technological transformation programs for international insurance companies. Under the arrangement, Accenture will run Challenger's technology platform, modernise Life's customer technology and enhance the customer experience. Challenger's technology operations were fully transitioned to Accenture in June 2024.

Where we operate



617

Permanent full time

54

Permanent part time

1

Casual

32

Fixed term full time

6

Fixed term part time

128

EMPLOYEES AGED 50 AND OVER

314

FEMALE EMPLOYEES

546

CONTINGENT WORKERS*

All information on this page refers to FY24. A detailed breakdown of employee headcount can be found in the FY24 Sustainability Report.

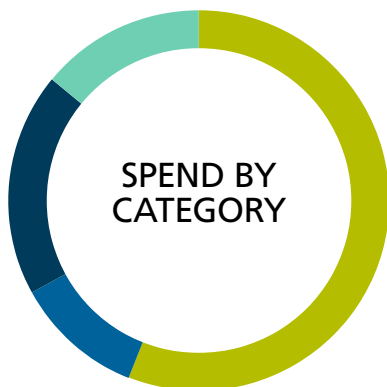
*The increase in Challenger's contingent workforce in FY24 largely relates to our technology partnership.

Our supply chain

Challenger works with a range of suppliers to procure goods and services.

- In FY24, Challenger Group spent approximately \$158 million procuring goods and services from 736 suppliers (an additional 22 suppliers from FY23).
- Consistent with prior years, the large majority of our expenditure (85%) is located in Australia. Our key areas of spend are across financial and professional services, information technology and telecommunications and property management.
- No suppliers were identified as high risk.
- In FY24, Challenger performed additional due diligence across 22 suppliers. These suppliers represented higher levels of risk, given they either had significant offshoring operations or produced items which are known to be low-cost and high-volume. The additional due diligence did not identify any areas of concern.

Spend by category



56%

Professional and financial services

11%

Property management

19%

Technology

14%

Operations

Spend by geography



85%

Australia

3%

United States of America

4%

Rest of the world

6%

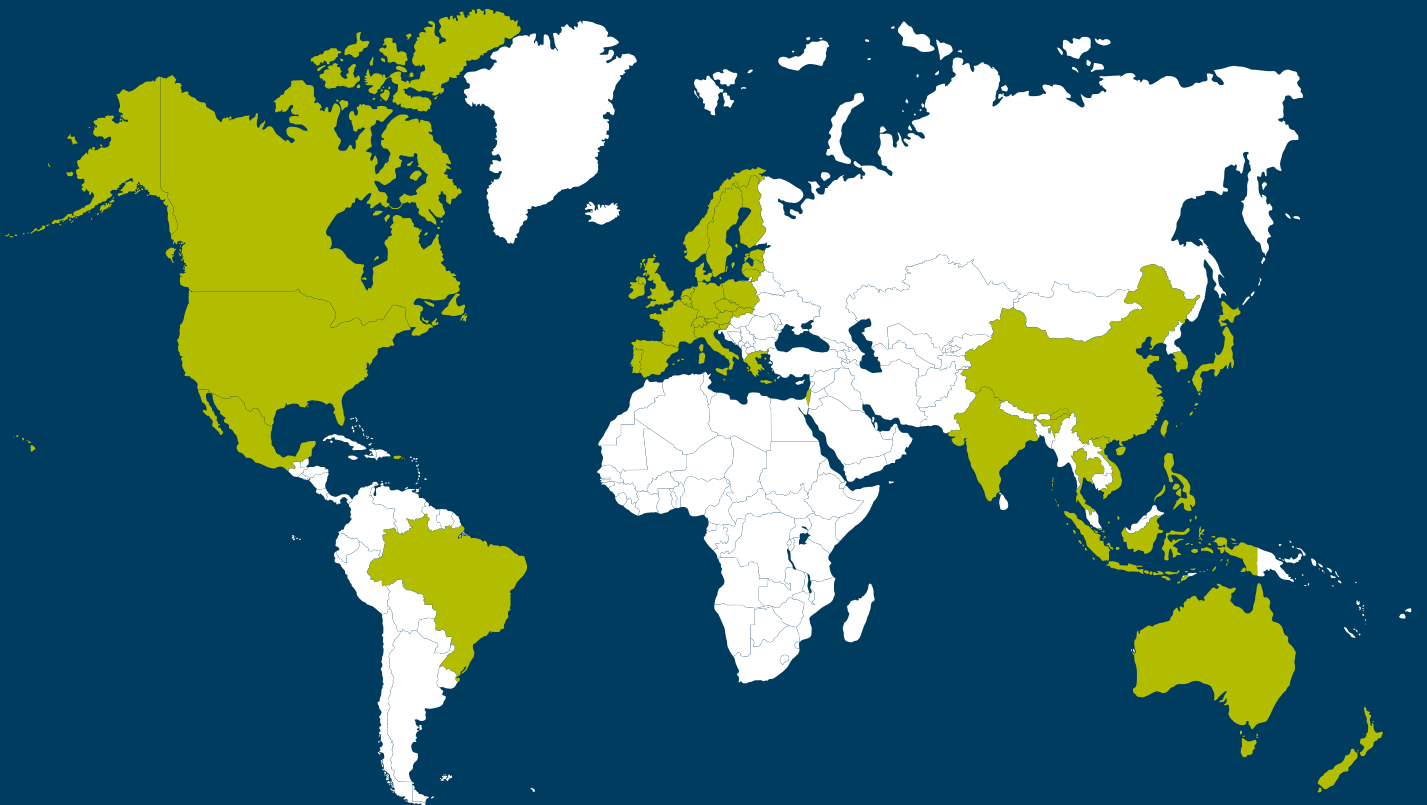
United Kingdom

2%

Singapore

Our investments

The geographic exposure of Challenger's investments by country of incorporation is outlined below. This includes investments on the Challenger Life balance sheet and across the managed investment schemes of Challenger and Fidante. The developing market exposure relates to only one emerging market managed investment scheme in one of the Fidante affiliates.



Governance and risk management

Challenger has a robust governance and risk management framework to mitigate the risks of modern slavery.

The way we work is informed by our risk culture. A critical aspect of this is managing risks and opportunities within our operations and supply chain. We regularly engage with stakeholders on matters concerning economic, environmental, social, and governance issues, reflecting our strong belief that collaboration leads to better outcomes.

Our risk-based approach to considering modern slavery risks across our business is informed by the United Nations Guiding Principles on Business and Human Rights (UNGPs). Our approach encompasses our commitment to human rights, the systems and controls we have in place, considerations for remediation and effective communication regarding the activities outlined in this statement.



Identifying and assessing modern slavery risk

We understand the significance of modern slavery risks and are committed to addressing the risk to people throughout our operations and supply chain.

Governance

Challenger's Board of Directors has responsibility for the oversight and approval of our modern slavery statement. ESG and associated initiatives, such as Challenger's approach to modern slavery, are discussed at the most senior levels of the organisation including the Board's Group Risk Committee (GRC) and the Leadership Team.

Board Group Risk Committee

The GRC assists the Board in setting the appropriate risk appetite for all risks, including risks related to modern slavery. The GRC ensures Challenger has an effective risk management framework, remains compliant with relevant laws and regulations and promotes a strong risk culture. At a minimum, the GRC considers ESG issues on a quarterly basis, including written and verbal updates from the Chair of the ESG Steering Committee.

Group ESG Steering Committee

The ESG Steering Committee is responsible for the development of Challenger's ESG strategy. It identifies ESG risks and opportunities, associated controls and policies relating to the implementation of the strategy, as well as overseeing Challenger's ESG reporting and disclosures. The Committee meets monthly and includes senior executives from across the business, including Challenger's Chief Risk Officer, Challenger Life's Chief Investment Officer, representatives from Funds Management, Finance and the ESG team and is chaired by the Chief of Staff.

Modern Slavery Working Group

Challenger's Modern Slavery Working Group is a cross-functional working group focused on enhancing our modern slavery framework to assess associated risks, remediate any instances of modern slavery and learn from and implement industry best practice. The Working Group meets regularly and includes individuals from ESG, Risk, Funds Management, Life, Corporate Affairs and Sustainability, Human Resources and Finance. The Group provides updates to the ESG Steering Committee.

Challenger is an active signatory to international frameworks committed to driving sustainable practices, including addressing modern slavery, across financial services:

- Principles for Responsible Investment (PRI)
- Investors Against Slavery and Trafficking Asia Pacific (IAST)
- Responsible Investment Association of Australasia (RIAA)
- Financial Services Council (FSC) ESG Working Group



SHAREHOLDERS

CHALLENGER LIMITED BOARD

Acts on behalf of shareholders and oversees the overall direction, management and corporate governance of Challenger

GROUP AUDIT COMMITTEE

Oversight of reporting requirements

GROUP RISK COMMITTEE

Oversight of risk management framework

NOMINATION COMMITTEE

Assists the Board achieve effective composition and size

GROUP PEOPLE & REMUNERATION COMMITTEE

Oversight of people and remuneration policies and practices

INDEPENDENT & RELATED PARTY COMMITTEE

Oversight of matters that require Independent Director consideration

CHIEF EXECUTIVE OFFICER

Responsible for the day-to-day management of Challenger and the implementation of its strategic objectives

LEADERSHIP TEAM

Delivery of strategic objectives

EMPLOYEES

Upholding Challenger's values and executing strategic objectives to provide our customers with financial security for a better retirement

Identifying and assessing modern slavery risk

Policies

Challenger has a range of policies that guide our business practices and are relevant to addressing modern slavery risks across our business activities. Key policies include:

Policy	Purpose
Anti-Money Laundering (AML) and Counter Terrorism Financial (CTF) policy	Outlines Challenger's adherence to AML/CTF laws designed to combat money laundering and terrorism financing, that are often associated with modern slavery. Details the countermeasures that could be employed against high-risk countries or entities engaged in modern slavery.
Code of Conduct	Sets out Challenger's expectation that employees will act in line with our values and policies. Applies to employees, contractors, and Directors and encourages employees and suppliers to raise concerns and speak up via a number of methods and highlights our legal obligations related to human rights.
Conduct risk and consequence management framework	Details the process for reporting, managing and applying consequences to poor conduct that may occur across Challenger's operations, products and services, including those that involve or contribute to modern slavery practices.
Fraud and corruption policy	Explains Challenger's commitment to preventing, detecting and responding to fraud and corruption, including procedures for reporting, investigating and resolving potential instances and the consequences of fraud and corruption.
Human Rights Statement	Outlines Challenger's commitment to respecting and protecting the fundamental human rights of the people we engage and interact with and its expectation that all employees, contractors and Directors comply with the Human Rights Statement.
Incident management policy	Sets a consistent process for escalating, managing, reporting and remediating incidents at Challenger, including those that may involve or affect human rights.
Operational risk policy and practice note	Outlines Challenger's approach to operational risk identification, assessment and management in line with our Risk Appetite Statement.
Responsible investment policy	Describes how Challenger integrates ESG considerations in its investment processes, manager selection, stewardship and reporting, including undertaking due diligence to assess any potential modern slavery risks.
Risk appetite statement	Outlines the Board's risk appetite, so that management can ensure decisions made are within the Board's risk appetite. Outlines specific risk appetite statements across financial and non-financial risk, including modern slavery risk.
Risk management strategy	Details Challenger's approach, structures, policies and committees to identify, understand and manage both financial and non-financial risk across Challenger.
Whistleblower policy	Encourages, supports and protects reporting of wrongdoing, which includes fraud, corrupt conduct, financial misconduct and certain failures to comply with Challenger's legal and regulatory obligations.

IN-DEPTH ANALYSIS: CHALLENGER'S OUTSOURCING POLICY

Challenger's Outsourcing Policy is authorised by the Challenger Board and is owned by Operational Risk and Compliance. The Policy applies to all subsidiaries, business divisions, support units, and employees of Challenger, as well as its agents and contractors.

The Policy provides a framework for managing outsourcing arrangements, with a strong emphasis on due diligence, regular monitoring, regulatory compliance, and ethical considerations. The inclusion of specific provisions for offshoring and modern slavery risk assessment reflects Challenger's commitment to responsible business practices and the protection of human rights.

The Policy aims to mitigate risks associated with outsourcing and ensure that these arrangements do not compromise Challenger's operational integrity or customer interests. A key aspect of the Policy is the identification and management of

material business activities - activities that if disrupted could significantly impact Challenger's business operations, financial position or customer interests.

Regular reporting and review of outsourcing arrangements is expected to ensure the services provided continue to meet Challenger's requirements and regulatory obligations. This structured approach helps maintain oversight and accountability throughout the outsourcing lifecycle.

Specific provisions for offshoring (outsourcing business activities to service providers located outside of Australia) are also detailed in the Policy. Offshoring arrangements require additional due diligence and risk assessment, considering factors such as local regulations and operational risks, potential impact on Challenger's ability to meet regulatory requirements and the risk of modern slavery. This ensures that offshoring does not expose Challenger to undue risks or ethical concerns.

Executive remuneration

In FY24, the Board introduced Sustainability as a key performance indicator into Challenger's executive performance framework for the Leadership Team, including the CEO. The measure assesses the effectiveness of ESG integration across Challenger and our affiliates. As the executive performance framework forms the basis of assessing short-term remuneration outcomes for the Leadership Team, the achievement of the Sustainability measure will be considered as part of this decision.

In addition, the Challenger Board's Group People and Remuneration Committee reviews executives' individual and collective accountability for the management of risk across our business. The Board can decide to apply downward adjustments, malus or clawback to the CEO and/or an executive's variable remuneration and deferred awards, if they fail to meet risk management expectations. Variable remuneration for the Leadership Team includes short-term and long-term incentives.

Managing modern slavery risk

Our approach to managing modern slavery focuses on the four key factors that elevate the risk of modern slavery – vulnerable populations, high risk business models, high risk procurement categories and high risk geographies.

Vulnerable populations

We recognise that certain suppliers operate in industries where there is a heightened likelihood of vulnerable populations within the workforce such as migrant workers and third-party recruitment.

High risk business model

This includes complex and long supply chains, highly price competitive, third-party labour hire, tight lead times and outsourcing.

High risk procurement

We are cognisant of the increased risk of modern slavery in certain industries such as marketing, construction, agriculture, healthcare, garments and apparel, mining, electronics, travel, cleaning, building services and catering.

High risk geographies

Including countries with a prevalence of modern slavery, governance issues, lack of basic needs, inequality, disenfranchised groups and effects of conflict.

The UNGPs guide our understanding on how we may 'cause', 'contribute to', or be 'directly linked' to human rights risks and impacts. For the purposes of this statement, we use the cause, contribute to and directly linked framework from the UNGPs to identify how we might be exposed to risks of modern slavery. Our approach to identifying and assessing instances of modern slavery in our investments is supported by third party analytics and reporting tools.

In FY24, we continued to strengthen our approach to mitigating high risk areas across our operations, investment portfolios and supply chain. This involved performing additional due diligence on suppliers with heightened risk of modern slavery and engaging with suppliers directly through questionnaires and documentation reviews.

In this process, we did not identify any instances of modern slavery.

CAUSE	CONTRIBUTE	DIRECTLY LINKED	NO INVOLVEMENT
We may cause modern slavery through our own actions or omissions	We may contribute to modern slavery through our own actions or omissions	We may be directly linked to modern slavery through our operations, products or services or by a business relationship	We are not linked to modern slavery

WHERE CHALLENGER MAY BE LINKED TO MODERN SLAVERY AND ACTIONS OR RESPONSE (illustrative purposes only)	LINK TO MODERN SLAVERY	ACTIONS / RESPONSE
CAUSE	If operational activities (e.g. employment, subcontracting or projects) directly lead to incidents of modern slavery or directly use any form of exploited labour.	Immediately discontinue the activity, amend our internal processes to prevent reoccurrence and consider remediation, reporting or additional investigation where appropriate.
CONTRIBUTE	If operational activities or intentional omissions may facilitate or incentivise modern slavery (e.g. setting unrealistic pricing pressures on a supplier).	Cease or prevent the contribution, use leverage to address any remaining impact to victims, amend our internal processes to prevent reoccurrence and consider remediation and reporting where appropriate.
DIRECTLY LINKED	Through a supplier relationship or an investment which engages with modern slavery.	Use leverage to prevent and mitigate impacts (e.g. through training and awareness building), consider remediation and reporting where appropriate. Evaluate whether to continue the supplier relationship or in the case of investments, whether to engage or divest.

Service provider due diligence

Challenger leverages a breadth of service providers to operate, including those that may have an offshore presence and heightened risks. To ensure alignment with Challenger’s ethical and risk management standards, additional due diligence is performed collaboratively by the ESG and Risk teams for these types of service providers.

This process involves the following:

<p>Document review</p> <p>Performing a review of documents which outline the service provider’s policies, processes and data around modern slavery, including but not limited to: modern slavery statements, code of ethics/ conduct, employment, subcontracting and human rights policies, and procurement policies.</p>	<p>Operations analysis</p> <p>Understanding the operational structure in place, and ensuring there is heightened and regular assurance in place for any offshore offices in line with international labour standards.</p>	<p>Supply chain analysis</p> <p>Determining the make-up of the third-party provider’s supply chain (based on supplier category and country of operation) and the supplier governance processes across the end-to-end lifecycle, ranging from on-boarding, due diligence, and ongoing monitoring for its suppliers.</p>	<p>Governance check</p> <p>Review of governance arrangements in place, including the existence and membership of an ESG Committee, named Modern Slavery Risk Officer and whistleblowing mechanisms in place.</p>
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The process culminates in a modern slavery risk assessment outlining the inherent risks, mitigants and residual risks of the third-party. Where any residual risks remain heightened, Challenger will require the third-party to implement additional measures to bring the level of residual risk down. In FY24, due diligence performed did not identify areas of concern.

Potential risk areas

Due to the nature of our business, the risk that we cause or contribute to modern slavery practices in our day-to-day operations is low. However, we may be directly linked to modern slavery risk through our supply chain or investments.

While we have not identified any instances of modern slavery, we understand the potential for risk in these areas and will continue to monitor them.

Risk category	Description
Real Estate, Property & Facilities Management	The number of suppliers in this category declined in FY24 following the sale of Challenger's Real Estate business to Elanor Investors. However, this category remains higher risk, given workers in the facilities management supply chain may be from vulnerable populations, including low skilled or migrant workers, and subject to subcontracting arrangements. In FY24, we did not identify any high-risk suppliers.
Overseas supply chains	Challenger uses IT, professional, financial and subscription services from suppliers in higher-risk countries, with a higher prevalence of modern slavery and poorer government response. Despite the increased country risk, these industries are all considered low risk with no identified instances of modern slavery, thereby reducing the overall risk rating to moderate.
Procurement practices	Challenger sources unbranded and branded items for marketing purposes, which are known to be low-cost, high-volume goods, and can create increased pressure on suppliers to use forced labour.
Investment activity	We are exposed to higher-risk industries and geographies through investment-related activities of our investment management teams and our affiliates. Industries include agriculture and fishing, food and beverage, mining and metals, transport and warehousing, and electronics manufacturing and recycling, and operate in geographies that have higher instances of modern slavery or operate under poor business practices. Challenger uses the Walkfree Global Slavery Index to structure the risk assessment of high-risk industries and geographies by investment, as outlined in this Statement.



Our investments

Investment Risk Assessment Methodology

Challenger’s modern slavery risk assessment methodology incorporates the latest research from the Walkfree Global Slavery Index and data from ISS’s Modern Slavery Scorecard to determine inherent and residual risk scores for investments.

The methodology was applied across the Funds Management business and, for the first time, to assess the geographic and sector risk exposures of Challenger Life’s investments. Where there were gaps in ISS’s data, the risk assessment was conducted manually.

For each company and issuer, we evaluate the country of incorporation, as well as the highest risk country in operations. This approach enables us to consider the upstream and downstream risks of modern slavery throughout the investment value chain. We also consider the interaction effects between country and industry risks, recognising that certain industries

inherently have higher risks of modern slavery, which can be further amplified in countries with weak labour protections, high levels of corruption, or significant informal workforces.

For sovereign investments, such as government bonds, we assess the modern slavery risks of the issuer country, an approach consistent with industry practices.

In this year’s assessment, we heightened the residual risk for companies with a supply chain exposure to Myanmar. This decision reflects the ongoing high prevalence of modern slavery in Myanmar, as detailed in the 2023 Global Slavery Index, and the continued use of state-sanctioned forced labor, as identified by the International Labour Organization (ILO).

We are committed to reviewing and refining our approach to deepen our understanding of modern slavery risks across our investments.

Risk Assessment Outcome

In FY24, we completed the annual risk assessment across Challenger’s investments.

Fidante

This table outlines the key risks identified across asset classes for the risks associated with the country of incorporation as well as operations, together with high-risk industries:

<p>Australian Equities</p>	<p>On a country of incorporation basis, the inherent risk rating for the Australian equities portfolios ranges from moderate to low as the majority of portfolio companies are incorporated in developed countries, primarily Australia, New Zealand and the United States. The United States has a moderate risk rating per the Global Slavery Index.</p> <p>When we extended the review to countries of operation, the inherent risk rating increased to moderate and high in some instances, reflecting exposure to high-risk industries in the company operations and supply chains. When the controls of the investment teams were applied, the residual risks in the operations were moderate to low. As noted above, any portfolio company with supply chain exposure to Myanmar had its rating increased.</p> <p>The highest risk industries are supermarkets and retail, particularly retail associated with garments, cocoa and electronics, metals and mining, and operations and supply chains associated with electronics.</p>
<p>Global Equities/Emerging Markets</p>	<p>This segment of investments produced the highest inherent risk rating for both country of incorporation and operations, with a residual risk rating ranging from high to low. The highest risk is in the emerging markets portfolio, with exposure in high-risk geographies such as Myanmar, China, India, Philippines, and Brazil.</p> <p>The highest risk industries are those in the mining, manufacturing, resources and textiles sector. The investment teams in this asset class have targeted engagement programs and for the high to moderate risk investments, Challenger has engaged with these managers as part of the FY24 action plans.</p>
<p>Fixed Income and Credit</p>	<p>Investments within the fixed income asset class exhibit low residual risk rating for country of incorporation and country of operations. The main exposures are to issuers in financials, with the moderate risk exposures in energy and resources and any supply chains associated with electronics or high risk regions.</p> <p>Respective fixed income investment teams undertake engagement programs in cases where there is perceived to be a higher risk of modern slavery. Modern slavery risks are a key factor considered within each team’s ESG integration process and identified risk exposures influence the assessment of the investment’s credit-worthiness.</p>

Sovereign	Challenger's sovereign exposure is in developed markets only and the inherent and residual risk for all exposures is low, except for the United States and Hong Kong which is moderate and relates to investments held by Fidante affiliates.
Alternatives	Commercial property is a moderate to high risk in the portfolio and this risk primarily resides in the supply chain of the properties. Challenger Life engages with Elanor (manager of Challenger Life's direct Australian real estate property portfolio) on their modern slavery statement annually. Modern slavery statements of managers in the alternatives sectors that are reporting entities under the UK Modern Slavery Act, are reviewed on an annual basis. As part of the Challenger Life third party manager appointment process, each new manager is assessed on the modern slavery risk exposures and approach to modern slavery.

Challenger Investment Management

CIM manages credit assets on behalf of Challenger Life as well as third party investors. Consequently, the modern slavery risks identified within its investment portfolios overlap with many of the underlying sectors of Challenger Life.

CIM recognises the significant impact of modern slavery and the importance of companies to uphold human rights by ensuring acceptable working conditions and upholding labour rights, within their business and supply chains. Modern slavery risks can materially contribute to credit risk, as exploitative labour practices raise serious governance concerns and increase litigation and reputational risks, potentially leading to defaults.

With a focus on global developed market bonds and private lending in Australia and New Zealand, CIM's exposure to direct modern slavery risk is lower than peers lending in emerging markets. However, CIM remains vigilant of the hidden modern slavery risks within supply chains, especially when they are located in emerging markets. An example of a key area of due diligence occurs within the securitised credit allocation, the largest sector allocation for CIM. Many non-bank lenders conduct early stage collections from the Philippines and CIM will conduct due diligence around these arrangements. Through its corporate lending portfolio CIM also has exposure to the quick service restaurant sectors and will commission audits of franchisors to ensure there is no underpayment of workers within these franchises.

CIM concentrates its due diligence efforts in these areas, engaging with borrowers to assess and mitigate these risks, where relevant. Even when borrowers have no direct exposure to emerging markets, CIM evaluates the borrower's governance practices and compliance with laws and societal expectations to address any potential risks.

Where the perceived modern slavery risks are deemed as high, CIM will not proceed with the investment opportunity. Similarly, should an instance of modern slavery be identified within an existing investment, CIM will review and assess the case, engaging with the borrower. If engagement and remediation efforts are unsuccessful, CIM may elect to divest.

Challenger Life

Assessment of Challenger Life's balance sheet determined there are no high-risk geographic exposures to modern slavery. There are three moderate risk geographic exposures, which relate to Hong Kong, Israel and the United States.

The sector exposures which could have exposure to the high-risk industries include:

- Automobiles and components
- Consumer discretionary and retail
- Consumer staples, distribution and retail
- Food, beverage and tobacco
- Health care, equipment and services
- Materials
- Semiconductors and semi-conductor equipment
- Software services
- Technology hardware and equipment
- Telecommunication services
- Transportation

The low geographic exposures and high industry risk exposures when combined have produced a moderate risk exposure for Challenger Life's balance sheet.

To deepen our understanding of modern slavery risks across Challenger Life's balance sheet, we will conduct further analysis and assessment of industry-level exposures, focusing on high-risk sectors, particularly those intersecting with identified moderate-risk geographic regions.

Modern slavery risk assessments within the investment process

Modern Slavery is one of the key ESG factors considered as part of Challenger's investment team's ESG integration process. Our investment managers and affiliates conduct thorough due diligence on both new and existing opportunities to identify and assess modern slavery risks. The approaches undertaken by each investment team align with ESG frameworks that are tailored to their specific investment strategy and asset allocation requirements.

Challenger is committed to ensuring that its investment managers and affiliates are aware of the risks of modern slavery within their investment portfolios and supply chains.

While we do not have direct control over the investment decisions of our affiliates, we partner with them to ensure adequate policies are in place to mitigate and manage modern slavery risks caused by, contributed or directly linked to an investment activity.

Where possible, investment managers engage with portfolio companies and issuers on the way modern slavery risks are identified, assessed and managed by investee companies. The investment team conducts heightened due diligence on companies and issuers that operate in high-risk industries and jurisdictions.

Modern slavery in our due diligence process – Challenger Life

Challenger Life has a robust ESG due diligence framework for assessing and onboarding third party investment managers. This framework places a strong emphasis on modern slavery risks alongside broader ESG considerations, ensuring alignment with Challenger's Responsible Investment Policy. The due diligence process is led by the investment management team, with guidance from Challenger's ESG team.

Challenger's ESG team review the Manager's framework to identify, assess and mitigate modern slavery risks within their portfolios. These risks are included in the due diligence questionnaire issued to third party Managers.

For managers operating in jurisdictions where modern slavery considerations are a regulatory requirement, their Modern Slavery Statement and policy framework are assessed alongside their questionnaire responses.

In cases where the third-party manager operates in regions without specific regulatory requirements on modern slavery or is in the early stages of developing their ESG processes, Challenger will work with the Manager to develop controls and policies to assess modern slavery risks. If gaps are identified in the third-party manager's policies, processes, or frameworks, Challenger will seek engagement with the manager, in the form of a dedicated meeting focused on modern slavery risks.



Actions taken in FY24

Addressing modern slavery risk

Commitment to human rights

Challenger is a signatory to IAST Asia-Pacific and Fidante is a member of RIAA and a committed member of their Human Rights Working Group. Through this group, we partnered with other investors and engaged with third-party data providers to develop a set of key IAST indicators for assessing of human rights and modern slavery within investments. This initiative addresses the challenges and limitations of current modern slavery data while promoting a consistent approach to identifying and assessment human rights and modern slavery across the industry.

Addressing risk in our supply chains

Supplier engagement

Under Challenger's risk assessment methodology, the majority of suppliers were assessed as low to moderate risk given the significant proportion are Australian-based, which is regarded as a low risk jurisdiction for modern slavery.

22 suppliers were engaged directly to complete additional due diligence, involving tailored questionnaires and documentation reviews. Due diligence did not identify cause for concern.

Supply chain contracts

In FY24, Challenger embedded modern slavery clauses into our contracts with new material service providers, ensuring our most material service providers understand and take necessary actions to mitigate the risk of modern slavery.

Modern slavery training and education

A tailored ESG Lunch and Learn session on Modern slavery and International Norms was conducted for the Challenger and Fidante affiliate investment teams. This training focused on the importance of integrating modern slavery risks and Human Rights Due Diligence in investment decision-making, providing practical guidance on industry best practices. The session also covered the application of international standards such as UNGPs and the UN Global Compact (UNGCS).

Challenger also developed its own modern slavery training module tailored to the specific potential modern slavery risks in financial services and this will be rolled out in FY25.

Operational guidance note

A new Operational Guidance note was developed that outlines the minimum standards of acceptable responses for supplier questionnaires and formalises the practical aspects of the risk assessment and due diligence processes throughout Challenger.

Group Supplier Management

Work commenced to develop a new Supplier Management Framework across Challenger to ensure suppliers and their

associated risks are managed appropriately throughout the lifecycle. The framework encompasses stage gates to ensure all relevant stakeholders are involved in on-boarding and due diligence, in addition to regular performance and risk reporting provided to senior management and the Board. We expect this framework to be finalised during FY25.

Operational level grievance mechanisms

Reports of modern slavery can be made through a number of reporting channels including our independent whistleblower service via a dedicated hotline, online and via postal mail, and eligible persons making the report are provided legal protections. The Challenger Limited Board of Directors are notified of concerns via our reporting channels. In FY24, no instances of modern slavery were reported via this mechanism.

Remediation framework

While we have not found any instances of modern slavery through our analysis in FY24, should we identify any instances in the future we will assess remediation actions on a case-by-case basis through our ESG Steering Committee. In FY24, Challenger developed a remediation framework which provides clear actions we will take if Challenger has 'caused, contributed or been directly linked' to modern slavery. The objective of the framework is to ensure that any actions that Challenger takes are in the best interests of the victim of modern slavery in a way that is appropriate to the circumstances of the situation. The framework also outlines actions that Challenger will implement to prevent further harm and consider whether there is any action that we can take to address the factors that have contributed to the instance of modern slavery.

Collaborating with industry

Challenger engages with a range of external stakeholders and industry bodies to ensure that we continue to learn and strengthen our approach to modern slavery and collaborate on good practice with peers across the industry. In addition to RIAA and IAST, Challenger is a member of the FSC's ESG working group.

National Compensation Scheme for Victim-Survivors of Modern Slavery

IAST APAC advocates for the establishment of a national compensation scheme for victim-survivors of modern slavery in Australia. In 2024, with 45 investors, Challenger collaborated with the IAST APAC, Anti-Slavery Australia and Walk Free to advocate for legislative change that would support the establishment of a compensation scheme, as well as direct company engagement to ensure that modern slavery is addressed within supply chains and operations.

This included advocating for the scheme in a letter to Australia's Attorney-General. Anti-Slavery Australia has also launched a business statement at the UN Business and Human Rights Forum in Bangkok, calling for businesses that operate in Australia to support the call for a National Compensation Scheme for survivors of modern slavery by signing their joint statement. Challenger has reinforced its commitment to the initiative by supporting the joint statement.

Stakeholder engagement

In FY24, we continued to engage with our investment teams and other key stakeholders to ensure investment managers are updated on key ESG matters. This interaction and support helps investment teams in making informed decisions, and ensures we maintain a consistent approach to modern slavery. During the year, we also responded to a number of requests from external stakeholders for information on our approach to modern slavery.



Assessing effectiveness

Challenger continues to develop how we measure the effectiveness of our actions to mitigate the risk of modern slavery. While we cannot control the external forces that contribute to modern slavery, we can address and evolve how we manage our supply chain and assess the risks of modern slavery in our investments.

Our activities to measure the effectiveness of modern slavery are governed by the ESG Steering Committee that monitors the status and quality of measures implemented to mitigate identified modern slavery risk.

We use qualitative and quantitative measures to assess the effectiveness of our actions. In FY24 we have disclosed a number of metrics that we will continue to measure progress against.

Actions to address modern slavery risks

KPIs	FY24
% of people who completed Code of Conduct training	100
% of suppliers assessed for modern slavery risk	100
No. of supplier due diligence reviews	22
No. of suppliers considered high risk	0
No. of reports confirmed as modern slavery	0

Actions planned for FY25

Our key focus areas and objectives for FY25 build on the actions undertaken in FY24 to strengthen our approach to identifying, assessing and managing modern slavery risks.

Systems and controls

- Implement workplan to ensure Challenger complies with findings of the Modern Slavery Act Review
- Implement Operational Guidance Note into our existing framework and publish externally

Education and awareness

- Embed internal modern slavery training module to continue to improve knowledge of modern slavery among employees and promote through communications campaign
- Embed modern slavery training in new employee onboarding program
- Strengthen and expand Fidante affiliate modern slavery training and awareness program
- Provide ESG Steering Committee with quarterly updates on progress made by the Modern Slavery Working Group in implementing FY25 work plan

Engaging with investment teams

- For investments rated as a high inherent risk or moderate residual risk, continue to strengthen modern slavery action plans, engaging closely with the investment teams to ensure adequate controls are in place to manage the risk of modern slavery and remediate any instance of modern slavery identified
- Embed ESG lunch and learn program across investment teams
- Deepen understanding of modern slavery risks in investments by broadening the risk assessment scope and collaborating with investment managers to gather data and evaluate risks across portfolios

Engaging with suppliers

- Establish and embed group-wide supplier management framework across all suppliers, which incorporates a materiality and modern slavery risk assessment
- Develop and distribute Challenger's Supplier Code of Conduct to material suppliers
- Obtain a deeper understanding of Challenger's supply chain (fourth parties), through additional due diligence of our material service providers

Collaboration and consultation

- Continue to collaborate with a range of stakeholder and industry groups to inform and strengthen approach to modern slavery and share knowledge to more effectively assess and address risk in supply chains
- Maintain engagement across industry to prepare for upcoming modern slavery legislation

Grievance and remediation

- Communicate Challenger's process for remediating instances of modern slavery if identified to key internal stakeholders

Our consultation process

Challenger is the reporting entity publishing this statement on behalf of the Group. In preparing this statement, Challenger collaborated with key individuals from across the entities that we own and control.

They have been involved in initiatives to improve our approach to modern slavery and future priorities.

Challenger's Modern Slavery Working Group has led the development of this statement and the key initiatives implemented during the year.

The ESG Steering Committee and the Leadership Team reviewed and approved this Statement, before submitting it to the Challenger Limited Board for approval.



Appendix

Meeting the legislation

Modern Slavery Act Reporting requirements (Australia)	Modern Slavery Act (UK)	Challenger Statement reference
Identify the entity that is reporting	Organisation structure and supply chains	About this statement (p2)
Describe the structure, operations, and supply chains of the reporting entity	Organisation structure and supply chains	About us (p6-11)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Risk assessment and management	Our modern slavery risk areas (p12-20)
Describe the actions taken by the reporting entity (and owned or controlled entities) to assess and address those risks, including due diligence and remediation processes	<ul style="list-style-type: none"> • Policies in relation to slavery and human trafficking • Due diligence processes • Training on modern slavery and trafficking 	Our actions (p21-22)
Describe how the reporting entity assesses the effectiveness of these actions	Key performance indicators to measure effectiveness of steps being taken	Effectiveness of our actions (p23)
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	N/A	How we collaborate (p25)
Provide any other relevant information	N/A	Actions planned for FY25 (p24)

