

Challenger Retirement and Investment Services Limited
ACN 115 534 453
(Trustee)

Trustee for the Challenger Retirement Fund (CRF or Fund)

Minutes of the Annual Member Meeting of the Fund
Held via live stream on 8 December 2023 at 12:15 pm (AEDT)

Present	Margaret Kennedy (Chair)	(Independent Director of the Trustee)
	Catherine Dubé	(Independent Director of the Trustee)
	Byron Koster	(Independent Director of the Trustee)
	Hannah Crabbe	(Company Secretary of the Trustee)
Full Attendance	Anton Kapel	(Executive Officer and Chief Executive Officer, Life, Challenger)
	Mandy Mannix	(Executive Officer and Chief Executive, Customer, Challenger)
	Graeme McKenzie	(External Auditor and Partner, Ernst & Young)

Item 1 – Opening and Introductions

The Chair declared the meeting open at 12:15 pm AEDT.

The Chair welcomed those who joined online to the 2023 CRF Annual Members Meeting and advised that this meeting was being held online only.

The Chair introduced her fellow Trustee directors, auditor and members of CRF's executive team joining the meeting.

The Chair explained procedures for asking questions during the meeting and for receiving assistance if technical issues arise with the online platform.

Item 2 – Chair's Message

The Chair spoke to the following matters:

- The investment objective of the Fund is to provide members with a guaranteed rate of return or a guaranteed income stream so that members can plan for their retirement with certainty.
- 2023 was a pivotal year for the industry as Australia's demographic, economic and policy shifts converged to highlight the real need and opportunity to create a retirement income system on par with our savings system.
- Retirees are expected to increase to seven million by 2050.
- Retirees are rightly concerned about the impact of rising inflation. They have already lived through periods of high inflation and are very aware of the negative consequences that inflation has on savings and living standards, which is a key risk through their retirement.
- The Trustee continues to provide members with known outcomes during through these uncertain times, by:
 - providing fee-free superannuation products to members;
 - providing access to Challenger's Life guaranteed products that deliver competitive fixed returns; and
 - improving member experience and engagement activities by building greater awareness of superannuation and retirement and helping members understand their options.
- Welcomed the new members who had transferred into the fund via a successor fund transfer.

- Communications to members were recently sent via email about the Fund's Retirement Income Strategy. The Fund is committed to communicating key information with its members, and to ensure they continue to receive this information were encouraged to update their contact details.
- The Fund implemented a Retirement Income Strategy for members and made it available online from 1 July 2022. The strategy is reviewed and updated from time to time, and its purpose is to help members understand their choices regarding their current or future retirement.

Risk and Compliance matters

- The Trustee's commitment to ensuring best practice corporate governance and risk management through Challenger's Compliance Management System that:
 - is planned, implemented, evaluated and regularly reviewed; and
 - covers all relevant licencing and legal obligations, policies, practice notes and operational procedures.
- The Trustee has a Board-approved Risk Management Strategy and Risk Appetite Statement which aligns with the Superannuation Prudential Standard SPS220 Risk Management.
- On 5 September 2023, the Trustee's Board made an annual declaration to APRA attesting that it has appropriate risk management and compliance management systems and controls in place for ensuring compliance with all prudential requirements during the financial year and that the risk management framework has operated effectively.
- In addition, Ernst & Young, the Fund's Auditor conducted their annual audit on the Fund and provided the CRISL Board and Audit Committee with an unqualified audit report for the 2023 financial year.

Mr Anton Kapel spoke to the following items by way of update on the Challenger and Challenger Life businesses:

- The strength of Challenger's business, combined with supportive tailwinds ensures that Challenger is well positioned for the future, delivering sustainable growth for our shareholders.
- Normalised net profit before tax was \$521 million, an increase of 10% on the previous year.
- Statutory net profit after tax increased by 13% to \$288 million driven by normalised earnings growth.
- Growth across Challenger Life sales was particularly pleasing. The business delivered record annuity sales, with exceptional growth across retail sales as Challenger met retirees' growing demand for guaranteed income.
- Cyber security is a risk that's front of mind for businesses, customers and society more broadly and protecting the information of our members, people and organisation is a priority.
- Challenger recently announced a brand partnership with PGA Australia, WPGA and Golf Australia. With over nine million golf fans in Australia and a sport of choice for the over 45s, this partnership provides an exciting opportunity to engage with our target market and build more awareness of Challenger.

Mr Kapel thanked the Board and the Management team for their efforts and achievements during the year.

Item 3 – Questions and Answers

The Chair introduced the next segment, which was responses to member questions, including pre-poll member questions taken before the meeting and answers to commonly asked questions.

The first question related to Challenger's views on the government's Retirement Income Covenant (RIC) and APRA & ASIC's review on the RIC implementation. The Chair answered this question by noting that:

- the Fund supports the RIC and considers it to be a step toward ensuring that the superannuation system works just as well for members during retirement as it does during accumulation.
- There are several ways that funds are expected to work on improving retirement offerings.
- The Fund's RIC is largely based on education, with the purpose of helping members understand their choices and to assist members with improving their outcomes throughout retirement.
- The joint APRA and ASIC review outcomes were released in July 2023, which highlighted the variability in the quality of the approach taken by a sample of superfunds and that there was insufficient urgency in embracing the RIC to improve members' approach.
- Pleasingly, the Fund has already implemented a targeted communication plan for members who the Funds RIC applies to.
- The Fund will further consider what it can do to educate and assist members in retirement and encouraged members to share what is considered most important to them via email to: amm@challenger.com.au.

The second question was about what measures Challenger has in place to prevent a customer data breach. The Chair answered this question by noting that:

- Challenger adopts a continuous improvement approach to information security management and uses a range of technologies and security activities to minimise the likelihood and impact of a cyber incident. This includes:
 - advanced endpoint threat detection and response software;
 - activities such as regular penetration testing to test our ability to resist an attack; and
 - routine simulations with the Challenger Limited Board, Leadership Team and Crisis Management Team to test their preparedness to respond to a cyber security incident and identify areas for improvement.
- All employees undertake mandatory cyber security training each year and awareness programs are regularly included in employee communications.
- No material cyber security breaches were experienced during FY23.

The moderator advised the Chair that there were no further questions.

Item 4 – Closing

The Chair thanked members for their attendance and declared the meeting closed at 12:32pm AEDT.



Margaret Kennedy
Chair of board of directors of the Trustee

Date: 15 December 2023