

Challenger Limited

Summary of Group Operational Risk Policy

1. Introduction

Challenger Limited's (Challenger) operational risk objectives are to reduce unexpected performance or value variations due to operational risk events to the point where our stakeholders are not materially impacted.

2. Application

The Operational Risk Policy applies to all legal entities and business units as well as all employees and representatives who act for, or on behalf of Challenger.

3. Operational risk management responsibilities

- The Challenger Board and Directors – bear the ultimate responsibility for corporate governance and operational risk management. The Group Risk Committee (GRC) has been established to assist them discharge these responsibilities.
- Audit Function – Internal Audit perform targeted reviews on Operational Risk Management governance, framework and effectiveness of delivery. Aspects of the overall effectiveness of Operational Risk Management may also be covered in the External Audit review cycle and recommendations included in the annual audit reports.
- Risk Management – are responsible for the development of operational risk frameworks, procedures and useful tools. The Risk Team ensure clear risk and control ownership and help Risk Owners define and manage a robust control set. Risk coordinate regular reviews of the risk register, aggregate information and report results to the GRC.
- Risk and Control Owners – are responsible for the ongoing identification and management of operational risks and also to ensure that all of the control activities are adequate. Risk Owners are also required to assess their risks through periodic Risk & Control Self Assessments (RCSA's).

4. Risk management implementation and reporting

The Risk Team facilitates RCSA exercises and reports on the status of the assessment ratings of all operational risks in the risk register. Reporting specifically highlights risks that require improved mitigation and details the action plans in place to achieve this.

5. Training and awareness

The Risk Team are responsible for training Risk Owners to enable them to appropriately manage and mitigate their operational risks. It is then Risk Owner's responsibility to cascade this knowledge and promote strong operational risk practices within their teams. The Risk Team also facilitate the sharing of information and mitigation strategies across Divisions.