

## Aware Super Pty Ltd BOARD CHARTER

1. This Charter outlines the role, responsibilities, composition and operation of the Board of Aware Super Pty Ltd (**Trustee**), in its corporate capacity and as trustee of Aware Super (**Fund**).
2. The Trustee is the parent company of the Aware Super Group and the trustee of the Fund. Where the responsibilities of the Board under this Board Charter relate to the Fund, the Trustee has an obligation in its capacity as trustee to carry out those responsibilities on behalf of the Fund.
3. For the purpose of this Charter, a reference to the **Aware Super Group** means:
  - a. the Trustee and each of its wholly owned entities;
  - b. a managed fund, regulated superannuation fund, or trust whose trustee or responsible entity is the Trustee or its wholly owned entity; and
  - c. an entity (including a fund, unit trust or corporation) which is wholly owned by an entity specified in paragraph (b) above, including Aware Financial Services Australia Limited (ACN 003 742 756),

but does not include any entities that are (or hold) investments of the Fund to which members have exposure.

### The Board and overview of its role

4. The Board is ultimately responsible for the sound and prudent management of the Trustee's business operations, with the objective of protecting and enhancing the interests of the Fund's members.
5. The Board is responsible for the overall governance and strategic direction of the Trustee.
6. The Board will oversee that an effective corporate governance structure operates in the Trustee. The Trustee's corporate governance culture and its way of doing business, including leadership by the Board and senior executives, is critical to the continuing success of the Trustee and the Fund.
7. The Board is responsible for overseeing that risk is properly managed, in the interests of the Fund's members.
8. The Board and Directors will be available to meet with APRA on request.
9. The Board must provide auditors and the actuary with the opportunity to raise matters directly with the Board.
10. In discharging its responsibilities, the Board should act at all times:
  - a. in a manner designed to maximise long term value for members of the Fund;
  - b. in accordance with the duties and obligations imposed by the Trustee's constitution, its policies and the Fund's trust deed;
  - c. in a manner that maintains and continues the good name and reputation of the Trustee and the Fund; and

- d. in accordance with prudential requirements.

## Functions of the Board

11. The Board's functions include but are not limited to:

- a. providing leadership for the Aware Super Group;
- b. defining the Trustee's purpose and setting its strategies, budgets, business plans and values;
- c. overseeing the Trustee's strategies to support the achievement of member outcomes and the sound and prudent management of the Trustee's business operations;
- d. reviewing performance against strategy on an annual basis in line with the APRA Prudential Standards;
- e. monitoring financial, operational and investment performance;
- f. reviewing and approving the significant frameworks and policies of the Fund (as identified in Schedule 1) and any changes to these frameworks and policies;
- g. overseeing the Fund's compliance with material statutory and regulatory requirements;
- h. approving the Trustee's codes of conduct to promote a culture of acting lawfully, ethically and responsibly;
- i. satisfying itself that the Trustee has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- j. satisfying itself that the Trustee's remuneration framework, is aligned with applicable regulatory requirements, the Fund's purpose, values, strategic objectives and risk appetite;
- k. monitoring and supervising the Fund's operational risk management framework, including the Fund's business continuity arrangements, the approval, removal and management of the Fund's service provider arrangements, and the approval of critical operations and tolerance levels for a failure of critical operations;
- l. overseeing management in its implementation of the Trustee's strategic objectives, its role in instilling Trustee's values and performance generally;
- m. overseeing the governance, strategy, risk management and performance of the Aware Super Group with respect to material sustainability and ESG risks and opportunities;
- n. monitoring performance of senior management of the Aware Super Group (being the Chief Executive Officer and the other members of the Executive team) (**Senior Management**);
- o. setting measurable objectives for achieving gender and other forms of diversity in the composition of the Trustee's Board, Senior Management and workforce generally;
- p. on behalf of the Trustee in its corporate capacity, approving major borrowing and debt arrangements, any significant transaction or capital expenditure and the issue of any shares, options, equity instruments or other securities in the Trustee;

- q. approving mergers relating to the Aware Super Group;
- r. approving significant projects;
- s. satisfying itself that an appropriate framework exists for relevant information to be reported to the Board by management;
- t. whenever required, challenging management and holding it to account;
- u. reviewing operating information to understand the financial position and performance of the Trustee;
- v. overseeing that the Trustee acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- w. monitoring the effectiveness of, and approving changes to, internal governance arrangements, including delegated authorities, and overseeing that there are appropriate resources available to Senior Management; and
- x. overseeing the implementation of the complaints framework.

12. With the assistance of the Board's People, Remuneration and Governance Committee, the Board is responsible for:

- a. overseeing and ensuring the effective application of the remuneration framework, including approving remuneration policies, processes and practices;
- b. appointing, removing and replacing the Chief Executive Officer;
- c. approving responsible persons for the purposes of APRA Prudential Standard SPS 520 *Fit and Proper*;
- d. endorsing the appointment and replacement of Trustee directors, and approving the appointment of committee members, committee chairs (as recommended by the Chair), committee consultants and directors of licensed Aware Super Group entities (other than the Trustee);
- e. appointing, reviewing the performance of, and replacing the chair of the Board;
- f. evaluating and approving the remuneration arrangements and outcomes of the following individuals, including ensuring that risk outcomes and remuneration adjustments have been considered:
  - i. the Chief Executive Officer, Senior Managers as defined in APRA Prudential Standard SPS 520 *Fit and Proper*, and Accountable Persons for the purposes of the Financial Accountability Regime on an individual basis;
  - ii. individuals with roles defined as Material Risk Takers, Highly Paid Material Risk Takers, Risk and Financial Control Personnel (as defined in APRA Prudential Standard CPS 511 *Remuneration*), on a cohort basis;
  - iii. directors and members of committees (including directors of boards of wholly owned entities) and committee consultants; and

- iv. any other individuals as determined by the People, Remuneration and Governance Committee.
  - g. approving the framework for appointing and replacing representatives to the governing entities of assets directly held by the Trustee or Fund;
  - h. overseeing the organisational capability and mix of skills, experience, expertise and diversity on the Board; and
  - i. reviewing the performance of the Chief Executive Officer against regulatory requirements and guidelines approved by the Board.
13. With the assistance of the Audit, Risk and Compliance Committee, the Board is responsible for:
- a. approving the Trustee's risk management framework (for both financial and non-financial risks) including its risk management strategy, policies, procedures and systems;
  - b. approving the Trustee's risk management strategy and risk appetite statement including determining risk appetite and tolerances;
  - c. reviewing and monitoring the effectiveness of the Trustee's risk management framework, risk management strategy and risk appetite statement;
  - d. forming a view of the risk culture of the organisation, the extent to which that culture supports management to operate consistently within risk appetite and any desirable changes to risk culture;
  - e. approving the Trustee's annual risk management declaration;
  - f. overseeing the Fund holds, and has unfettered access to, financial resources to meet the Operational Risk Financial Reserve (ORFR) target amount;
  - g. overseeing actuary arrangements including actuary appointments and the annual actuarial review of the Fund;
  - h. overseeing the integrity of the Trustee's accounting and corporate reporting systems;
  - i. reviewing and approving the Fund's and Trustee's financial statements and reports;
  - j. overseeing the Fund's and Trustee's financial reporting, which, without limitation, includes:
    - i. reviewing the suitability of the Fund's and Trustee's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
    - ii. assessing significant estimates and judgements in financial reports;
    - iii. assessing information from external auditors to ensure the quality of financial reports; and
    - iv. determining whether the financial and associated non-financial statements should be signed based on the Audit, Risk and Compliance Committee's assessment of them;
  - k. overseeing the Trustee's financial controls and systems; and

- l. overseeing the Fund's and Trustee's external audit arrangements and auditor independence, including appointment and replacement of the external auditor.

14. With the assistance of the Investment Committee, the Board is responsible for:

- a. approving the Fund's investment philosophy and beliefs;
- b. approving the Fund's investment strategic plan and accompanying investment-related budgets;
- c. approving material changes to the investment governance framework to manage investments to meet the Trustee's obligations to members;
- d. approving investment objective, performance benchmark, strategic asset allocation and ranges and growth/income split, Standard Risk Measure, and MySuper Lifecycle return targets for each of the Fund's investment options;
- e. monitoring investment performance against the Fund's objectives; and
- f. approving any significant transactions on behalf of the Fund that are not delegated to the Investment Committee.

15. With the assistance of the Member Services Committee, the Board is responsible for:

- a. approving changes to products or services for Fund members;
- b. approving an insurance management framework that reflects the risk associated with making available insured benefits that are appropriate to the size, business mix and complexity of the Fund's operations;
- c. overseeing brand and marketing strategies and strategic alliances; and
- d. overseeing Fund administration matters.

16. The Board is responsible for the establishment, implementation and oversight of the Fund's governance framework. The governance framework must include:

- a. Board policies on
  - i. voting rights and procedures for the decisions of the Board;
  - ii. the size and composition of the Board and any Board committees;
  - iii. Board renewal (including details of how the Board intends to renew itself in order to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise);
  - iv. the nomination, appointment and removal of directors (including defined director terms in office and maximum tenure periods, and other requirements set out in the Prudential Standards);
- b. Trustee policies on:
  - i. managing risks relating to fitness and propriety of responsible persons; and
  - ii. management of conflicts; and
- c. a review process to ensure that the governance framework remains effective.

17. The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities.
18. The Board may delegate consideration of particular matters to a committee of the Board specifically constituted for the relevant purpose and documented in a separate charter.

## **Powers delegated to management**

19. The Board delegates to the Chief Executive Officer the authority and power to manage the Trustee and Aware Super Group, its businesses and day-to-day operations within the authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of their authority and power but remains accountable to the Board for the Trustee's performance and is required to report regularly to the Board (e.g. provide a Chief Executive Officer Report at each Board meeting) on the progress being made by the Trustee's business units.
20. Where proposed activities or transactions exceed any level of authority of the Chief Executive Officer as specified by the Board, the matter will be referred to the Board for its consideration or approval.
21. The Chief Executive Officer's role includes:
  - a. responsibility for the effective leadership of the management team and appointment of the Executive team;
  - b. the implementation of the Trustee's strategic objectives and instilling and reinforcing its values;
  - c. the day-to-day management of the Trustee's operations (including operating within the values, code of conduct, budget and risk appetite set by the Board); and
  - d. oversight of the provision by Senior Management to the Board of accurate, timely and clear information on the Trustee's operations (including, but not limited to, information about the Trustee's and Fund's financial performance, compliance with material laws and regulations and any conduct materially inconsistent with the Trustee's values or code of conduct).
22. The Board may delegate to management to act on behalf of the Board with respect to certain matters, as decided by the Board and documented in a separate document.

## **Board structure and composition**

23. The composition, structure and proceedings of the Board are primarily governed by the Trustee's constitution and the laws governing superannuation funds (including APRA Prudential Standards).
24. The Board will ensure that it has, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to the Trustee's businesses and the Board's duties and responsibilities.
25. Directors must possess at least the minimum standard of fitness and propriety as detailed in the Trustee's Fit and Proper Policy.
26. Directors must possess a proper understanding of and competency to deal with current and emerging issues relevant to the superannuation industry and the Trustee's superannuation

business, including legal and prudential obligations and the risks associated with its business operations.

- 27. A majority of directors must be ordinarily resident in Australia.
- 28. A person cannot be appointed as a director if it would breach a requirement of the APRA Prudential Standards.

## **Appointment and re-election of directors**

- 29. The People, Remuneration and Governance Committee will assess nominations of new directors against the criteria set out in the Fit and Proper Policy to determine whether they are suitable to hold the position of director, including the candidate's background, experience, professional skills, personal qualities and whether their skills and experience will complement the existing Board. The Board will endorse the appointment of new directors with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
- 30. Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to the Trustee, in light of other commitments.
- 31. New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that the Trustee considers relevant to the appointment.
- 32. All directors are appointed for a 3 year term, at the end of which they may be reappointed. Directors may ordinarily serve a total of 3 full terms. Where a director's 9-year anniversary occurs before the completion of the third term the Board Chair with the approval of the directors may request that the director complete the term. The Board, with the agreement of the appointing entity, may resolve to extend the final term of a director by no more than 3 years (beyond the director's 9 year anniversary) if they consider that such an extension is in the best interests of Fund members.

## **Review of Board, committee and individual directors' performance**

- 33. With guidance from the People, Remuneration and Governance Committee, the Board will ensure there are processes in place for assessing, at least annually, the performance of the Board and each director against appropriate measures, and may be assisted by an external consultant where the Board considers this appropriate. The Board's performance will be assessed by an independent external assessor at least once every three years.
- 34. The Board will review the performance evaluations received at least once every two years from each of the Board committees and make recommendations to the committees as necessary.

## **Board Chair**

- 35. The Board Chair will be a director of the Trustee elected by the Board on the recommendation of the People, Remuneration and Governance Committee. The Board Chair must not hold, and must not have held within the previous 3 years, the office of Chief Executive Officer of the Trustee.

36. The Board Chair's role includes:

- a. leading the Board;
- b. facilitating effective contribution of all directors and promoting constructive and respectful relations among the directors and between the Board and management;
- c. approving Board agendas and ensuring adequate time is available for discussion of all agenda items, including strategic issues; and
- d. presiding over meetings of the Board.

## **Company secretary**

37. The Board appoints and removes the company secretary. All directors are to have direct access to the company secretary.

38. The company secretary is responsible for:

- a. the day-to-day operations of the company secretary's office;
- b. advising the board and its committees on governance matters;
- c. ensuring that the Board agenda and Board papers are developed in a timely and effective manner for review and approval by the Chair;
- d. co-ordinating and attending meetings of the Board and members and ensuring that correct procedures are followed; and
- e. drafting and maintaining Board and committee meeting minutes. The company secretary is accountable to the Board through the Board Chair, on all matters to do with proper functioning of the Board.

39. The company secretary together with the guidance of the Board's People, Remuneration and Governance Committee, and the assistance of the Board, shall organise the induction of new directors and facilitate ongoing professional development training for directors.

## **Meetings and keeping directors informed**

40. The Board will meet regularly on such number of occasions each year as the Board deems appropriate. The Trustee's constitution sets out and governs the procedure for director meetings.

41. Board papers are distributed, where possible, within a reasonable period of time before each meeting.

42. New directors are to be briefed on their roles and responsibilities and the minutes and papers of Board and committee meetings will be made available to them.

43. Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment. This is to include briefings by Senior Management and external consultants from time to time.

## **Independence of the Board**

44. All Directors are to exercise independent judgement in decision-making.



45. Directors will be entitled to:

- a. access members of management at any time (via the company secretary) to request relevant and additional information and to seek explanations but should seek to minimise any disruption to the operations of the Company in doing so;
- b. have access to auditors without management present to request additional information and seek explanations; and
- c. subject to obtaining the necessary approval set out below, seek independent professional advice, which is to be at the Trustee's expense.

## **Access to independent advice**

46. Directors may obtain independent professional advice at the Trustee's expense on matters arising in the course of their Board and committee duties, after obtaining the Board Chair's approval (or if the request for advice is from the Chair, approval from the Audit, Risk and Compliance Committee Chair is required). Whenever practicable, the advice must be commissioned in the joint names of the director and the Trustee, and where appropriate a copy of any such advice should be provided to and for the benefit of the entire Board. The other directors must be advised if the Board Chair's approval (or the Audit, Risk and Compliance Committee Chair's approval, where applicable) is withheld.

## **Conflict of interest**

47. Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Trustee and will advise the company secretary of all directorships or executive positions held in other companies.
48. If a potential material conflict of interest or conflict of duty arises, the director concerned will advise the Board Chair prior to any Board meeting at which the conflicted matter is to be discussed. The director will not be present or participate in the Board meeting while the relevant matter is considered unless the other directors approve that director's participation in the deliberation and voting on the relevant issue in accordance with the procedure set out in the Conflicts of Interest Policy. Any potential conflict must be recorded in the Board minutes.

## **Board committees**

49. The Board has established the following committees:

- a. Audit, Risk and Compliance Committee;
- b. Investment Committee;
- c. People, Remuneration and Governance Committee; and
- d. Member Services Committee.

50. Each committee has a charter approved by the Board which sets out its role, responsibilities, authorities and membership. The committees operated by the Board are to consider and determine the matters for which they are responsible in accordance with their charter. All committees must report regularly to the Board.

51. When appointing and removing members of each committee with the assistance of the People, Remuneration and Governance Committee, the Board will take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.
52. The Board may establish other committees as and when required. The Board or its committees may further delegate specific functions or authorities to other groups or sub-committees. Wherever specific responsibilities are delegated, the Board or committee must ensure adequate communication of this authority and oversight of its execution.

## **Confidentiality**

53. All proceedings of the Board, including Board papers, presentations and other information provided to the Board, must be kept confidential except as required by law or as agreed by the Board.

## **Code of Conduct**

54. The Trustee has an Employee Code of Conduct and Ethics and Director Code of Conduct and Ethics which set out the ways in which the Trustee conducts its business and guides the behaviour of everyone in the Trustee (including, employees, contractors and directors).

## **Review**

55. The Board will review this Board Charter biennially or as often as it considers necessary.

## Schedule 1 - Charters, Frameworks and Policies Approved by the Board

Acquisition of Service Providers - Principles
Administration Reserve Policy
Audit Risk and Compliance Committee Charter
Board Charter
Board Renewal Policy
Business Resilience Policy and Framework (formerly Business Continuity Management Policy)
Claims Review Committee Charters
Code of Conduct and Ethics for Directors
Code of Conduct for Employees
Conflicts Management Policy
Delegated Authorities Manual
External Appointments Policy
Fit and Proper Policy
Governance Framework
Insurance Management Framework
Insurance Reserve Policy
Insurance Strategy
Investment Committee Charter
Investment Governance Framework (Trustee)
Member Services Committee Charter
Modern Slavery Statement (Public)
NED Ecosystem Policy and Procedure
Operational Risk Financial Reserve Policy
Outsourcing Policy
People, Remuneration and Governance Committee Charter
Reconciliation Action Plan
Remuneration Adjustment Framework
Remuneration Policy
Risk Appetite Statement
Risk Management Framework
Risk Management Strategy

Tax Governance Framework (formerly Tax Policy)
Training Policy - Responsible Persons
Trustee Fee Policy

## Revision History

Version	Reason for amendment	Date approved	Approving Committee/Board
1	New Board Charter	23 September 2021	Aware Super Board
2	Updated Charter in preparation for regulatory changes CPS 511	21 June 2023	Aware Super Board
3	Updated Charter for review of latest legal/regulatory updates and updates to operating model	4 December 2024	Aware Super Board