

Governance Report
2022

There for our members



How we report

Our purpose is to be a force for good in super and retirement, shaping the best outcomes for our members, their families and communities, and our industry.

Our 2021–22 Annual Report is only one of the many ways in which we live up to this purpose by communicating to our members and other stakeholders on our performance during the year, key outcomes achieved and our outlook for the future.

Our annual reporting documents include:



Annual Report 2022



Aware Super Product Performance Report 2022



VicSuper Product Performance Report 2022



Governance Report 2022

Additional report



Responsible Investment Report 2022

Important information and disclaimer

Prepared and issued by Aware Super Pty Ltd ABN 11 118 202 672, AFSL 293340, the trustee of Aware Super ABN 53 226 460 365. Unique Superannuation Identifier (USI) 53 226 460 365 001, MySuper Authorisation Numbers 53 226 460 365 073 and 53 226 460 365 954. When members receive advice, they receive it under our financial planning business, Aware Financial Services Australia Limited ABN 86 003 742 756 AFSL No. 238430. Aware Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) is wholly owned by Aware Super.

Issued November 2022.

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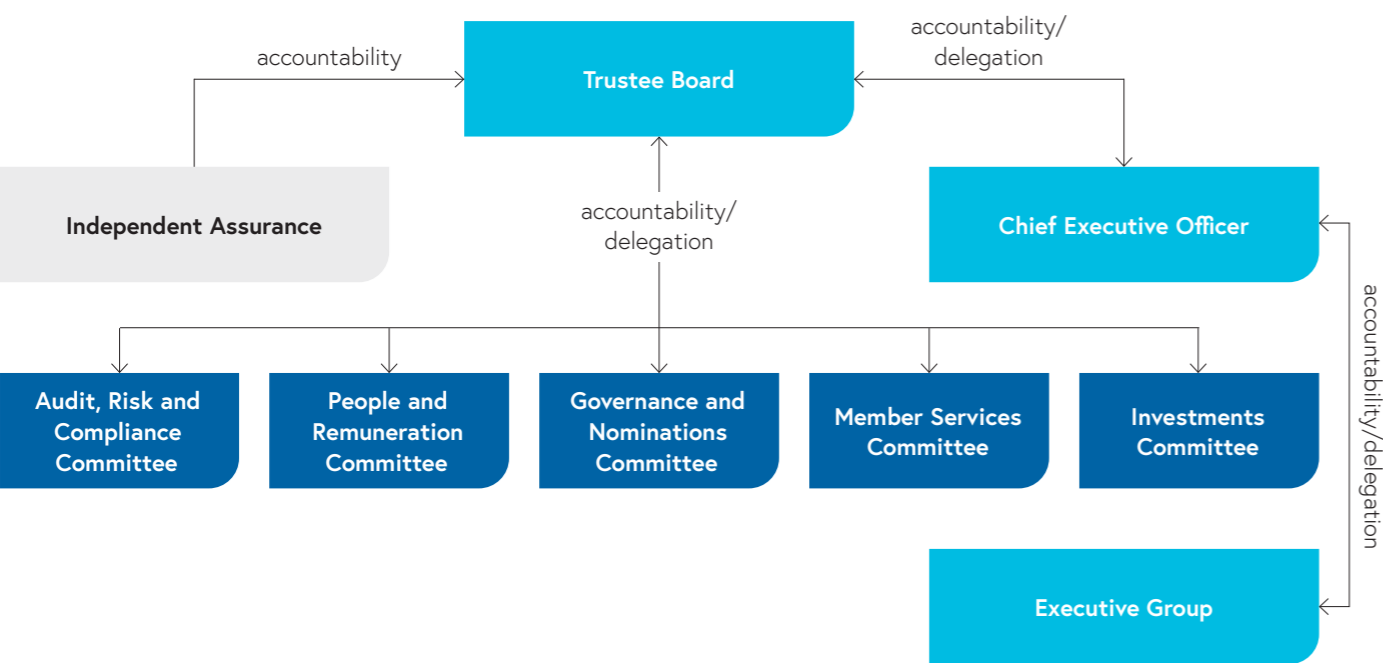
Pursuing opportunities and managing risks

We'd love your feedback on our report

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Governance

A strong risk culture and supporting capabilities are essential for delivering on our strategic objectives. We are a profit-for-members organisation – everything we do is for our members. Our governance framework guides and oversees how we drive the best outcomes for members.



We have a robust governance framework in place with effective policies and procedures to guide our business practices. This framework ensures we provide our members with confidence in our ability to manage their savings and deliver their best retirement outcomes.

Aware Super's 2020–21 financial year compliance report on the Australian Institute of Superannuation Trustees (AIST) Governance Code was approved by the board and submitted to the AIST in September 2021. The report found that no gaps were identified from the previous year's report and Aware Super had fully complied with the governance requirements.

A refreshed Director Code of Conduct and Ethics was approved by the Governance and Nominations Committee and then the board in September 2021. For the Director Code of Conduct and Ethics, see:

[aware.com.au/governance](https://www.aware.com.au/governance)

Updates have also been made to Aware Super's Conflicts of Interest Policy and Procedures. For a summary of the renewed Conflicts of Interest Policy, see:

[aware.com.au/governance](https://www.aware.com.au/governance)

Decision making

The Aware Super board is accountable as the governing body of our fund. It has oversight of our long-term strategic direction and financial objectives, it monitors our compliance with all regulatory requirements and ensures we operate with integrity. While the board can delegate certain responsibilities to various board committees, management and service providers, it has ultimate responsibility for the sound and prudent governance of our fund's business operations.

When making decisions, exercising and delegating its powers and responsibilities, the board acts in accordance with the trustee's constitution, Board Charter, Director Code of Conduct and Ethics and fund policies.

Board composition

During the reporting period, our board consisted of 15 directors who are appointed using an equal representation model:

- seven directors who were appointed by member appointing entities,
- seven employer directors who were appointed by employers, and
- one independent director, who is also Chair of the board.

For biographies and information about our directors, see

[aware.com.au/board](https://www.aware.com.au/board)

Due to business needs arising from the VicSuper merger, the board resolved effective 30 June 2020 to temporarily increase its number of directors to 15 for a period of no more than two years. The board also agreed in 2020

that the future reduced board should be 11 directors.

The board re-size was approved in March 2022, effective 1 July 2022. The reduced size of 11 directors is consistent with regulatory guidance, peer organisations and Aware Super's size and complexity.

From 1 July 2022 the board composition is as follows:

Fund Employment Entity:

- The Secretary of the New South Wales Treasury jointly with the Director General of the Department of Premier and Cabinet in respect of the appointment of three Employer Representative Directors,
- Victorian Healthcare Association in respect of the appointment of one Employer Representative Director, and

- Victorian Public Sector Commission jointly with the Department of Education and Training Victoria in respect of one Employer Representative Director.

Fund Member Entity:

- Unions NSW in respect of the appointment of three Member Representative Directors,
- Australian Nursing and Midwifery Federation (Victorian Branch) in respect of the appointment of one Member Representative Director, and
- Australian Education Union Victoria in respect of the appointment of one Member Representative Director.

We also have one independent director.

The information below reflects the board as at 30 June 2022. Members who left the board on that date are indicated below.

Neil Cochrane	Independent Director and Chair of the board, appointed by other directors	
Travis Bates	Director, member representative, appointed by Community and Public Sector Union	●
Gabrielle Bell	Director, employer representative, appointed by the Victorian Public Sector Commission	●
Glenn Bunney	Director, employer representative, appointed by Leading Age Services Australia	●
Pip Carew	Director, member representative, appointed by the Australian Nursing and Midwifery Federation	
John Dixon	Director, member representative, appointed by Unions NSW	
Patricia Faulkner AO	Director, employer representative, appointed by the Department of Education and Training	
Jocelyn Furlan	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury	
Antoinette Masiero	Director, member representative, appointed by the Australian Education Union, Victorian Branch	
Mark Morey	Director, member representative, appointed by Unions NSW	
Angela Nigro	Director, member representative, appointed by the Health Services Union ¹	
Philip Moffit	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury	
Roslyn Ramwell	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury	
Naomi Steer	Director, member representative, appointed by Unions NSW	●
Tom Symondson	Director, employer representative, appointed by the Victorian Healthcare Association	

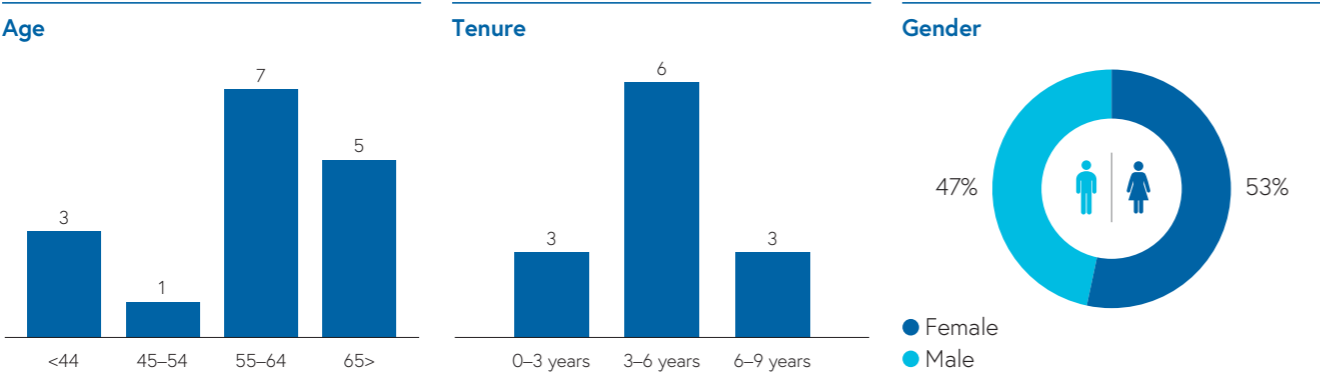
● Members who left the board on 30 June 2022.

¹ Effective 1 July 2022, the appointing entity changed to Unions NSW. HSU was the appointing entity during the reporting period to 30 June 2022.

Governance (continued)

Board diversity and tenure

We're committed to seeking greater board diversity to support effective decision making and governance. The board had three key diversity targets during the financial year. For gender, the target was for gender balance to be achieved by a board composition with a minimum of 40% women, 40% men and 20% unallocated to allow flexibility for board renewal. The board also set the target of having representation in the board across all tenure and age diversity groups. Achievements against these targets for the reporting period are outlined below.



Board nominations and appointments

The processes relating to the nomination, appointment and removal of directors (including tenure terms), are set out in the trustee's constitution and our Board Renewal and Fit and Proper Policies. Board directors are appointed by nominating entities to represent our members and employers. Each director must meet the requirements of our Fit and Proper Policy, which outlines the skills and attributes the appointed directors must have. We use an external recruitment agency when recruiting independent directors.

For more information about the remuneration of our board and executive team, see:

[aware.com.au/policies](https://www.aware.com.au/policies)

Board committees

The table below presents each committee, its members and the topics that were a key focus for each committee in the 2021-22 financial year.

The table below presents each committee, its members and key focus areas. For the details on the meeting attendance, see:

[aware.com.au/policies](https://www.aware.com.au/policies)

Committee	Members during the year to 30 June 2022	Key focus areas
Remuneration and HR Committee (now called People and Remuneration Committee)	Tom Symondson (Chair) Pip Carew John Dixon Jocelyn Furlan Antoinette Masiero	<ul style="list-style-type: none">• Remuneration – board, executive and staff variable remuneration• Aware Super's new Enterprise Agreement• CPS511 and FAR preparations• Workplace health and safety, including working flexibility and returning to the office• Engagement survey results
Governance and Nominations Committee	Neil Cochrane (Chair) Patricia Faulkner Mark Morey Naomi Steer Tom Symondson	<ul style="list-style-type: none">• Board re-sizing• Chair succession planning and assisting the board on matters relating to the appointment of any Aware Super director• Aware Super staff on investee company boards• Stakeholder engagement principles• Appointments to direct assets
Member Services Committee	Jocelyn Furlan (Chair) Travis Bates Pip Carew Rod Harty Mark Morey Naomi Steer	<ul style="list-style-type: none">• Police Blue Ribbon Insurance (PBRI) renewal• External Financial Adviser (EFA) strategy• Catalyst program• Regulated disclosure – annual report, product disclosure statement, due diligence process• Design and distribution obligations• Approval of Aware Super's target market determinations
Audit, Risk and Compliance Committee	Roslyn Ramwell (Chair) Travis Bates Gabrielle Bell Glenn Bunney John Dixon Antoinette Masiero Angela Nigro	<ul style="list-style-type: none">• Accounting, financial, taxation and actuarial processes and practices for the Aware Group• Oversight of material risks, ensuring appropriate internal operating controls and other risk management systems are in place and operating effectively• Oversight of the three lines of accountability assurance arrangements• Implementation of new breach reporting regime as a result of new Regulatory Guide 78 – Breach Reporting• Oversight of the newly created Risk key performance indicator to assess each executive across common risk factors• Oversight of internal and external audit functions
Investments Committee	Phillip Moffitt (Chair) Gabrielle Bell Glenn Bunney Neil Cochrane David Dixon John Dixon	<ul style="list-style-type: none">• Investment governance• Annual review of delegations for decision making at each level of governance (e.g. board, Investments Committee and management)• Improving the internal investment capability of Aware Super to ensure the fund is well positioned to deliver the outcomes our members' needs

Governance (continued)

Professional indemnity insurance

As required by law, the trustee acts in our members' best interests (particularly our members' best financial interests) and ensures our fund, trustee, directors and officers of the trustee are covered by professional indemnity insurance.

The trustee holds all our fund's assets.

Reviewing board and executive performance

The board annually assesses the performance of its committees and the performance of individual directors. As part of this process, the board reviews director performance against the director skills matrix and evaluates the performance of each committee

against charter requirements. The Chair conducts the performance reviews for each director. During the reporting period, we conducted the annual performance evaluation of each member of our executive team.

At least once every three years the board's review is undertaken by an independent consultant to maintain objectivity.

Board skills matrix

As a result of the annual performance review for the reporting period, our board has collectively determined that during the reporting period our directors had the necessary skills, experience and diversity required to manage our fund. The skills matrix demonstrates our board's key competencies during the

reporting period (measured against the criteria of member outcomes; leadership; financial acumen; risk management; strategic and commercial acumen; investment; technology and digital; governance and regulation; operational; products, services and experience; and people and conduct).

Annually, each director has the opportunity to develop a training plan that addresses development areas identified in the performance evaluation process. Note the below data includes information from 14 of the 15 directors appointed during the reporting period. One outgoing director did not complete the annual skills matrix review. The graphs presented do not include feedback from that director.

Skills matrix

● Novice ● Competent ● Highly competent ● Expert

Skill/experience	Description	Board composition in relation to skill
Member outcomes	The director has an ability to: <ul style="list-style-type: none">understand the needs of members and how to enhance their experience and outcomes, andfoster a strong member focused culture in a complex business.	
Leadership	The director has experience in: <ul style="list-style-type: none">performing at a senior level in an organisation of significant size, andoverseeing the delivery of superior results and complex projects, and leading through periods of change.	
Financial acumen	The director has an understanding of: <ul style="list-style-type: none">financial statements and reporting, including relevant accounting standards and taxation requirements,drivers of financial performance for the business,budgeting and forecasting processes,internal and external audit scopes and audit reporting, andvaluation methodology and drivers of value.	
Risk management	The director has an ability to: <ul style="list-style-type: none">anticipate, evaluate and oversee risks that could impact the business across each key area of operations,set and oversee sound risk management frameworks,foster a strong risk culture, andoversee compliance risks and regulatory relationships.	

Skill/experience	Description	Board composition in relation to skill
Strategic and commercial acumen	The director has an ability to: <ul style="list-style-type: none">identify and critically assess strategic opportunities and threats to the business,develop and set strategic objectives that support achieving member outcomes,oversee strategy execution using commercial judgment, andset and monitor annual business plans with a focus on key initiatives, financial soundness, risks and key performance indicators.	
Investment	The director has knowledge of: <ul style="list-style-type: none">processes for formulating investment beliefs, strategy and objectives,asset classes (including performance and risks associated with investing in particular asset classes),portfolio construction and asset allocation,investment management practices including responsible investing,implementation and risk management, including legal, tax, financial, fees, governance and investment structures, andeconomic factors and the impact on investment markets.	
Technology and digital	The director has an understanding of: <ul style="list-style-type: none">effective technology strategies in a complex business,digital transformation and innovation,information security and data governance,implementation of infrastructure, network and cloud technologies, andIT supplier performance management.	
Governance and regulation	The director has an understanding of: <ul style="list-style-type: none">the governance, regulatory and legal framework applicable to superannuation and financial advice,key obligations of the Superannuation Industry (Supervision) Act, Corporations Act, prudential standards and trust law,best practice in corporate governance,responsibilities, duties and regulatory standards applicable to a trustee director, andthe legal and operational requirements of a successor fund transfer or merger.	
Operational	The director has an understanding of: <ul style="list-style-type: none">the operational aspects of the business, including scheme administration, custody, advice and complaints resolution (internal dispute resolution and external dispute resolution arrangements), andoutsource provider management.	
Products, services and experience	The director has an understanding of: <ul style="list-style-type: none">superannuation products and services including advice,life insurance product design, benefits and pricing,brand and marketing strategies, anddigital engagement.	
People and conduct	The director has an understanding of: <ul style="list-style-type: none">remuneration frameworks that attract and retain high calibre staff,industrial relations and various employment models, including individual contracts and collective agreements,organisational design, effectiveness and development,building workforce capability,conduct risk management, andpromoting a safe, diverse and inclusive workplace.	

Board remuneration

Our directors have the skills, experience and responsibilities required to govern our fund and are remunerated accordingly. An independent remuneration consultant conducts a benchmark review to determine the appropriate level of director remuneration.

For more information about the remuneration of our board and executive team, see: [aware.com.au/policies](https://www.aware.com.au/policies)

Stakeholder engagement

The table below lists the different stakeholders Aware Super engages with, the most common ways of engagement and the most important topics we engage them on.

Stakeholder	How we engage with them	Key topics we engage them on
Members	We held our Annual Member Meeting virtually at the end of 2021. More than 480 of our members attended.	Members had an opportunity to ask relevant questions about the fund and its performance from our directors and senior managers of the trustee.
Board	Ordinary methods of communication (in person meetings, email).	<p>The Company Secretary reports to and is directly accountable to the board on all matters concerning board operations.</p> <p>The Company Secretary assists the board in fulfilling its obligations. The Secretariat function assists with preparation of board and committee meetings, minute taking, travel and accommodation bookings, as well as liaising with the board to ensure Fit and Proper (SPS520) requirements are fulfilled.</p>
Executive	Ordinary methods of communication (in person meetings, email).	Secretariat liaises with relevant members of the executive regarding committee meetings relevant to the particular executive's core function/relevant areas of responsibility, as well as liaising with the executive to ensure Fit and Proper (SPS520) requirements are fulfilled.
Regulators: APRA ASIC ATO AUSTRAC	We hold regular meetings with our key regulators to discuss specific issues relevant to us and the industry more broadly. We also report regularly as required throughout the year.	<ul style="list-style-type: none"> Regulatory reporting to APRA, ASIC and AUSTRAC as required throughout the year Significant matter reporting to ASIC and APRA Quarterly meetings to discuss significant activity within the fund with APRA and ASIC SMR reporting to AUSTRAC
Industry associations: ACSI AIST ASFA	<p>We work with AIST and ASFA on key policy reforms and advocacy.</p> <p>We have worked on submissions with AIST on portfolio holdings and Superannuation Prudential Guide 530.</p>	<ul style="list-style-type: none"> Superannuation and advice policy changes Empower/wellbeing series Payroll efficiencies Legislation change Impacts of stapling/choice Portfolio holding disclosure SPG 530
Federal Government	We take a non-partisan approach to engagement with Federal Government stakeholders at the political and departmental level, discussing key issues that are anchored by our strategy and aligned to what our external stakeholders are interested in.	<ul style="list-style-type: none"> Superannuation policy and regulatory changes Financial advice Gender equity Housing affordability

Stakeholder	How we engage with them	Key topics we engage them on
State Governments	We take a non-partisan approach to engagement with State Government stakeholders at the political and departmental level, discussing key issues that are anchored by our strategy and aligned to what our external stakeholders are interested in.	<ul style="list-style-type: none"> Gender equity Investment opportunities Housing affordability Supporting our key worker members
Insurers	<p>The Insurance team has a documented insurer engagement model that outlines the architecture of regular forums and reports supporting effective relationship management and oversight. This document contains meeting charters for six separate meeting forums that are held on a regular basis with our on-risk insurance providers covering operational and service monitoring. More details of three additional strategic planning meetings held one to two times per year with more senior management across the two organisations are also included in the document.</p>	<p>A fortnightly forum is held to review aged and grey claims.</p> <p>Monthly forums are held to:</p> <ul style="list-style-type: none"> monitor service level agreement adherence monitor internal and external disputes monitor and improve member outcomes. <p>A quarterly forum is held to monitor digital services level obligations. Combined Mercer/TAL/Aware Super meetings are held on an as-needs basis to monitor and improve efficiency between administrator, insurer and fund.</p> <p>A portfolio monitoring forum is held every half year to review the fund's claims experience, along with a half-day strategy check-in forum with senior insurer stakeholders. On an annual basis, our on-risk insurers complete an insurer questionnaire and a group of senior stakeholders meet to review the insurer's response. An annual strategy and planning day is also held with C-suite participants from the insurer and Aware Super.</p>
Employers	<ul style="list-style-type: none"> Individual employer meetings – in person and virtual Employer webinars Employer round table discussions – in person and virtual 	<ul style="list-style-type: none"> Financial education for their employees Retirement preparedness of their employees Superannuation legislation updates Administration of superannuation e.g. clearing house Employee joining process Insurance risk categories
Unions	<ul style="list-style-type: none"> Virtual panels Conferences Break out chat rooms 	<ul style="list-style-type: none"> How to access help (advice) Top five tips Importance of taking action Gender gap Beneficiaries

Pursuing opportunities and managing risks

Managing our risks and pursuing opportunities ensures we can deliver on our strategy and delivers value for our members. The material risks and opportunities for the fund are detailed below, with a description of how we’re responding to each.

Strategic risks and opportunities

Opportunity	Description of the opportunity	Our response
Member outcomes	The opportunity to deliver enhanced member outcomes consistent with our purpose, vision and values, ably supported by our people, processes and systems.	Following the StatePlus integration and mergers with VicSuper and WA Super, Aware Super has been working to reduce costs through operational efficiencies, such as a fund-wide rationalisation of systems, products and processes, while building our new operating models and digital capability. This increase in scale supports the reduction in fees charged to our members, while simultaneously providing a simpler and more consistent member experience.
Strong investment returns	The opportunity to deliver positive financial outcomes for members, while managing investment risks, such as volatility.	<p>We understand the importance of delivering strong and sustained investment performance. We meet our members' needs by providing competitive net returns, supported by a robust investment and risk governance approach.</p> <p>Although global markets have fallen over the past six months, our portfolios have been relatively resilient compared to the headline market falls. Our unlisted assets have performed well for the year, providing diversification benefits to the portfolio.</p> <p>As at 30 June 2022, the Aware Super MySuper Lifecycle High Growth and our VicSuper FutureSaver Growth options returned 7.9% p.a. and 6.5% p.a. respectively over 5 years¹.</p>
Responsible ownership	The impact of environmental, social and governance (ESG) issues on our ability to achieve investment and strategic objectives. The opportunity is to exceed our members' expectations, be trusted to do well and help future proof our investment portfolio through decarbonisation measures.	<p>Our approach to responsible investing and consideration of ESG risks and opportunities is available on our website and is supported by our overarching policy. In 2020 we committed to achieving net zero by 2050 in our investment portfolio. Some of our accomplishments relating to climate change include investing approximately \$260m in green bonds and achieving an emissions intensity reduction of 45% across our listed equities portfolio.</p> <p>We produced our second Modern Slavery Statement as well as our inaugural Stewardship Report and Destination Net Zero Report. To review the reports, see: aware.com.au/reports</p>
Affordable and accessible help for our members	As Australia's population ages, inflation and interest rates rise, and economic conditions remain uncertain, the demand for personalised help from members is high, especially those who are approaching or enjoying their retirements. At the same time, many members are finding it challenging to access the affordable help they need.	Through the sustainable delivery of relevant, affordable and accessible help offers, we're committed to providing the best help for members as they navigate the often confusing and complex path to retirement. We're continuing to expand our range of help offers to enhance the ways we support members through general advice (including webinars), intra-fund advice (including through digital channels) through to comprehensive advice and affordable scaled advice on common questions.
Consolidation and competition	The Your Future, Your Super reforms, including stapling (where super accounts follow employees when they change employment unless they opt to change) have accelerated the pace of consolidation in the industry and intensified competition for members.	In November 2021, we completed the merger with the Victorian Independent Schools Superannuation Fund (VISSF). The merger reflects the strong alignment between the values of VISSF and Aware Super. We're now the largest super provider for the primary and secondary education sector in Australia.

Risks	Description of the risk	Our response
Transformation risk	<p>Risk of failing to plan and execute organisation-wide initiatives that enable the fund to deliver sustainably and effectively on its strategic objectives. Key transformational initiatives are across:</p> <ul style="list-style-type: none">• competitive environment,• changing member needs,• regulatory oversight and scrutiny,• technological changes, and• Aware Super employees.	The approach to transformation across Aware Super is to ensure safe and sustainable roll out of all programs of work. All programs that fall under the enterprise delivery and transformation framework contemplate multiple elements to ensure consistent and effective delivery, including governance activities, budgeting, people, delivered risk, time and resources. Our largest piece of transformation includes Project Catalyst where we are continuing to develop and implement member servicing solutions and technology to create the next generation of service excellence, taking greater ownership of how we serve our members.
Regulatory risk	Risk of adverse impacts from failing to respond effectively or implement regulatory change or failing to comply with regulation.	We proactively monitor our regulatory environment and have dedicated resources to respond to regulation across its lifecycle. We have dedicated internal resources to operationalise legislative and regulatory changes as they become effective. Areas of specific uplift during the year include enhancements to how we manage incident breach reporting, AML/CTF, anti-bribery and corruption, privacy, whistleblowing and conflicts of interest. In addition, we have enhanced our regulatory affairs resourcing in order to respond to regulatory enquiries and drive a proactive regulatory strategy.
Environmental, social and governance (ESG) – Investments	<p>The impact of environmental, social and governance issues on our ability to achieve investment and strategic objectives.</p> <p>By managing this risk we have the opportunity to exceed our members' expectations, be trusted to do well and help future proof our investment portfolio through decarbonisation measures.</p>	<p>By integrating ESG issues in our portfolios we behave as a responsible owner, not just an investor.</p> <p>As an owner, it's our responsibility to ensure fund managers, boards or company executives act in our interests to provide strong long-term investment returns and good outcomes for our members.</p> <p>We consider ESG issues at many stages – from selecting investments and conducting due diligence on investment managers, to ownership activities like voting shares, company engagement and advocacy, and excluding certain industries.</p> <p>For information about our approach to responsible ownership, see: aware.com.au/responsibleinvestmentreport2022</p>
Environmental, social and governance (ESG) – Corporate	We must ensure we manage the ESG risks and opportunities within our operations.	<p>By integrating ESG issues into our corporate practices we ensure we manage our operations responsibly while upholding our member, employer and stakeholder expectations.</p> <p>Some of the actions we have taken in this space include:</p> <ul style="list-style-type: none">• conducting our annual assessment of our supply chain, operations and investments to identify and mitigate our exposure to modern slavery risk. For more information, see: aware.com.au/modernslavystatement• obtaining our Climate Active carbon neutral certification for our business operations,• implementing our Reflect Reconciliation Action Plan. For information, see: aware.com.au/reconciliationactionplan• refreshing our Employee Code of Conduct, among others.
Advice business model risk	The risk of failing to transform the advice business to one that is sustainable, scalable and has stronger economic performance is valuable to members.	<p>We have implemented several de-risking initiatives, including the decision to transition to a new advice fee service model. Significant analysis has been completed to identify further strategic initiatives and work is continuing to accelerate the path to advice business sustainability and determine the optimal advice model for Aware Super members.</p> <p>Productivity and compliance project workstreams are underway with a strong governance approach and aim to simplify guidance, strengthening controls and improving efficiency.</p>
Climate change risk	Climate change represents a significant long-term risk to the fund's investment portfolio and its operations.	<p>Aware Super launched a Climate Change Portfolio Transition Plan (Transition Plan) in 2020 to address the large systemic and structural changes that limiting the causes and impacts of climate change will require. The Transition Plan is a framework of recommendations and targets focused on short-, medium- and long-term initiatives to achieve net zero emissions by 2050, with the intention of reducing the risk of climate change on the investment portfolio.</p> <p>At an industry level, we'll continue to advocate for policies to support investing in the transition to a low-carbon economy.</p> <p>At a corporate level, we achieved the Climate Active carbon neutral certification for our business operations during the year. This commitment will see us reduce our operational emissions in coming years.</p>

1 Source: Aware Super 2022. Past performance is not a reliable indicator of future performance.


Pursuing opportunities and managing risks (continued)

Operational risks

Risks	Description of the risk	Our response
Talent attraction and retention	To attract, develop, retain and support our people in a competitive market; with the right capabilities and expertise to transform our organisation and deliver on our strategy.	To ensure we attract and retain the best talent, we continue to drive activities that support our people by providing a great employee experience, building capabilities for the future, fostering great culture and growing top leaders. We look to ensure our people feel supported (particularly through COVID-19 challenges), invest in their development and careers and promote health, safety and wellbeing.
Challenging economic conditions, geopolitical tensions and cost of living	Economic conditions remain uncertain. The geopolitical tensions and war in Ukraine have created supply chain issues and sent food and energy prices up. Around the world, central banks have acted to try to dampen inflation by increasing interest rates, but this has also added to cost of living pressures.	<p>We understand the importance of delivering strong and sustained investment performance. We meet our members' needs by providing competitive net returns, supported by a robust investment and risk governance approach.</p> <p>Although global markets have fallen over the past six months, our portfolios have been relatively resilient compared to the headline market falls. Our unlisted assets have performed well for the year providing diversification benefits to the portfolio.</p> <p>As at 30 June 2022, the Aware Super MySuper Lifecycle High Growth and our VicSuper FutureSaver Growth options returned 7.9% p.a. and 6.5% p.a. respectively over 5 years¹.</p>
Financial crime and cyber security	The risk of financial crimes impacting our members or organisation include activities such as money laundering, terrorism financing, fraud, bribery and corruption. Cyber crime continues to be a key enabler of offences and includes the targeting of data as a commodity. There has also been an increased vulnerability to family fraud, elder abuse and financial fraud associated with domestic violence. Criminals typically target areas of vulnerabilities, such as weak controls, poor data management or information security, often through cyber attacks.	<p>The superannuation industry continues to be a target of financial crimes due to its large funds under management, low member interaction and increased digitisation.</p> <p>To protect our members' money responsibly, we remain ever vigilant over the landscape and our response includes enhancing our financial crime and cyber security capabilities to counter threats and vulnerabilities.</p>
Data, privacy and identity protection	Inadequate and ineffective IT infrastructure, data management, privacy and information security capabilities that are not aligned to business strategy, not fit for purpose or not managed to expectations.	We are diligent in the management of member data by continually enhancing the handling and storage of member personal information. We have adopted a secure by design methodology where all technology solution designs include identifying and classifying the data that is being handled to determine the relative risk associated with the handling or storage of that information. We ensure appropriate security controls are applied when accessing our digital platforms to protect members' personal and identity information. Our operational processes are governed by our Group Privacy Management, Information Security and Data Governance frameworks, which are aligned to the Australian Privacy Principles, information security frameworks, regulatory standards and good industry practices.

1 Source: Aware Super 2022. Past performance is not a reliable indicator of future performance.

Recognition and awards



We'd love your feedback on our report

Let us know your thoughts on the content of our annual report by emailing us:

 corporate.responsibility@aware.com.au

Canstar^{1,2}



Chant West^{3,6}



Money magazine⁵



Rainmaker



SuperRatings⁴



- 1 The Canstar 2022 Outstanding Value Award was received in March 2022 for the Aware Superannuation Fund.

2 The 2022 Canstar Most Satisfied Customer – Superannuation was received in May 2022.

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