Aware Super

ABN 53 226 460 365
Annual Financial Report
For the year ended 30 June 2024

Contents

Directors' Report

The Directors of Aware Super Pty Ltd (the "Trustee"), as trustee for Aware Super (the "Fund"), submit herewith the annual financial report of the Fund and its controlled entities for the financial year ended 30 June 2024. In order to comply with the provisions of the *Corporations Act 2001*, the Directors of the Trustee report as follows:

Principal activities

The principal activities of the Fund during the financial year ended 30 June 2024 were to provide retirement and insurance benefits to its members and their beneficiaries. The Fund has both defined contribution (accumulation and retirement) members and defined benefit members.

There have been no significant changes in the nature of the principal activities of the Fund during the year.

Review of operations

The Fund's performance for the 2023/24 financial year reflects a continued focus on members, enabled by effective execution of strategic priorities and disciplined management of operations. With more than 1.1 million members across Australia, funds under management (FUM) increased to $176.9 billion as of 30 June 2024 (2023: $159.9 billion).

The Fund's investment options delivered strong returns for the year, with the High Growth Option, the largest option by member investment, achieving a return of 11.02% (2023: 10.7%), and 8.97% p.a. return (2023: 8.48%) over a 10-year period to 31 March 2024.

The Member Outcomes Assessments, which evaluate fees, performance, investment risk services, and operating costs for Accumulation products (MySuper and Choice investment options) and the Retirement Income product, continue to affirm that Aware Super is delivering favourable financial outcomes for members.

During the financial year, Aware successfully executed the following:

- The completion of a multi-year program to implement a new administration platform and operating model, enhancing the digital-first member experience and streamlining administration operations.
- The launch of My Retirement Planner, a digital tool that empowers members to create personalised retirement projections.
- The establishment of the first international office in London, as part of the strategy to access major developed markets in the UK and Europe, thereby extending investment management capabilities in international property, infrastructure, and private equity markets.
- The completion of the risk management uplift program to further enhance the three lines of accountability (3LoA) operating model to elevate Aware Super's risk management and governance practices.

Financial performance

The operating result after income tax expense for the year ended 30 June 2024 was an operating profit of $15.0 billion (2023: $13.7 billion). Following the allocation of benefits to defined contribution and defined benefit member accounts of $15.0 billion (2023: $13.0 billion), which included adjusting for timing differences between financial reporting and unit pricing, the Fund recorded a statutory operating loss of $56 million (2023: operating surplus of $716 million). The results of the operations of the Fund are disclosed in the Consolidated Income Statement.

Directors’ Report (continued)

Review of operations (continued)

Environmental, social and governance

It is increasingly important that environmental, social and governance (ESG) considerations are taken into account in decision making, and that reporting entities uphold their ESG claims and commitments. ESG considerations are part of Aware Super’s operational and investment decision making. This includes an integrated approach to assess and monitor ESG risks and opportunities across the fund’s portfolio throughout the life of an investment, from the initial investment due diligence and selection until disposal. Further details can be found in the Responsible Investment Report 2024, available on aware.com.au.

Aware Super also uses a risk-based approach to manage modern slavery risk, including annual assessments of the supply chain, operations, and investments. During the year, this capability was enhanced by further training to enable staff to identify and report instances of modern slavery and ensure compliance with our Modern Slavery Policy.

Climate Change

Climate change represents a significant long-term risk to the Fund’s investment portfolio and its operations. The Fund continues its commitment to responsible and sustainable practices through responsible investment and by operating as a responsible corporate.

Aware Super launched a Climate Change Portfolio Transition Plan (Transition Plan) in 2020 to address the large systemic and structural changes that limit climate change and its impact. This plan was refreshed in 2023. 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 aim to reduce the risk of climate change on the investment portfolio.

During the year, the Fund achieved the following for the business operations of the Fund itself relating to the 2022/23 financial year:

- Climate Active carbon neutral certification
- third-party limited assurance from RSM Australia for scope 1, 2 and 3 emissions

The recertification for the 2023/2024 financial year is in progress.

For more information, please refer to our assurance letter as available on aware.com.au/annualreport.

Operational risk management

The effective management of operational risks within a transformational environment remains a crucial capability for Aware. The organisation maintains agility in responding to the dynamic conditions in which it operates, encompassing the regulatory landscape, strategic decisions, and business practices.

An enterprise-wide Risk Management Framework (RMF) is in place to manage material risks and ensure appropriate levels of oversight are in place.

The RMF identifies the Trustee’s policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee certifies to the Australian Prudential Regulatory Authority (APRA) that adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and the Trustee has satisfied itself as to compliance with the RMF.

Directors' Report (continued)

Review of operations (continued)

Operational risk management (continued)

Financial Crime and Cyber Security

Aware Super is committed to maintaining high ethical and security standards to protect its members. This includes an integrated multi-layered approach to tackle the increasing and evolving threats of cyber, fraud, and financial crime which is guided by enterprise frameworks that align with regulatory requirements and industry best practices.

Comprehensive measures include continuous monitoring, advanced threat detection, robust internal controls, and specialised risk management and response teams. This is bolstered by continuous staff training, member education, and active industry collaboration to combat threats to its members and the industry.

The Fund continued to embed the Fraud Risk Management Framework approved by the Audit, Risk, and Compliance Committee in May 2023. This framework enables the Fund to develop and implement strategies, policies, and controls to appropriately manage different risks that evolve with the operating environment.

Data Privacy

Aware Super is vigilant with our members' personal information and are continually working to improve the ways we protect our members, our information systems and digital platforms.

Enterprise-wide frameworks have been adopted that guide operational processes to maintain members' privacy, protect information, and ensure data quality. These frameworks are consistent with Australian Privacy Principles and regulatory standards

Regulatory Risk

Aware Super's Compliance Management Framework is designed to cultivate an environment of accountability and implement procedures that ensure the services provided to members meet regulatory standards. To support staff in understanding and adhering to compliance obligations, regular training, coaching, and guidance are provided. To keep pace with the constant evolution of the regulatory landscape, change management procedures have been incorporated into operations. This includes monitoring implementation to ensure responses to regulatory changes are effective and timely.

Transformation

To ensure transformation is delivered in a safe and sustainable manner, Aware Super applies a Delivery Framework which considers multiple facets to ensure consistent and effective delivery. These considerations include governance, budgeting, people, risk management, time, and resources.

Directors' Report (continued)

Significant changes in state of affairs

Other than those noted in the Review of Operations, there were no other significant changes in the state of affairs of the Fund during the financial year.

Events since the end of the financial year

Subsequent to the end of the financial year, there were appointments of two new directors:

- Ms E Aulich (appointed on 1 July 2024)
- Ms C McLoughlin, AM (appointed to position of Chair of the Board, from 1 October 2024)

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Future developments

The Fund will continue to operate in accordance with the provisions of the Trust Deed.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests.

Environmental regulations

The Fund has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, those obligations are identified, appropriately addressed and material breaches notified.

The Directors of the Fund have determined that the direct operations of the Fund are not subject to any significant environmental regulations under a Commonwealth, State or Territory law during the financial year.

Directors' Report (continued)

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are disclosed in the table below:

External Auditor's Remuneration	2024 $	2023 $
Other services:		
Strategic advisory services	**-**	555,077
Regulatory and compliance related services	**3,990**	169,459
Information technology services	**-**	188,766
Digital transformation services	**130,949**	120,000
Other consulting services	**28,789**	2,575
Total Other Services Fees	**163,728**	1,035,877

The auditor of the Fund is Deloitte Touche Tohmatsu.

The appointment of the Fund auditor to perform non-audit services is governed by an Audit Independence Policy. The Directors of the Fund are satisfied that the provision of non-audit services provided during the year by the auditor (or by another person or firm on the auditor's behalf) do not compromise the external auditor's independence and are compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The services comply with the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including independence Standards)* issued by the Accounting Professional & Ethical Standards Board. These include not assuming management responsibilities or reviewing or auditing the auditor's own work, and ensuring threats to independence are either eliminated or reduced to an acceptable level.

Auditor's independence declaration

The Auditor's Independence Declaration is included on page 23 of the annual report.

Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/*191, and in accordance with that Corporations Instrument amounts in the Directors' report and the consolidated financial statements are rounded off to the nearest million dollars, unless otherwise indicated.

Directors' Report (continued)

Remuneration Report

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the key management personnel of Aware Super for the financial year ended 30 June 2024. This report has been prepared in accordance with *Corporations Act 2001* and *Corporations Regulation 2M.3.04*. The term "key management personnel" (KMP) refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise) of the Trustee of the Fund. For Aware Super, this includes:

- Directors of Aware Super Pty Ltd, the Trustee of the Fund
- Certain senior executives of Aware Super Pty Ltd who meet the definition of KMP above (collectively the Executive KMP)

The prescribed details for each person covered by this report are detailed below under the following headings:

- Key Management Personnel
- Director Remuneration
- Executive Remuneration
- Key terms of employment contracts

Key management personnel

The Directors of the Trustee and other key management personnel ("Executive KMP") of the Trustee during the financial year were:

Directors of the Trustee:

Name	Status
Ms S Mostyn AC	Independent Director & Chair of the Board (resigned 3 April 2024)
Ms P Carew	Member representative, Australian Nursing and Midwifery Federation (VIC branch)
Ms L Clarke	Employer representative, Victorian Healthcare Association
Mr J Dixon	Member representative, Unions NSW
Ms P Faulkner AO	Employer representative, jointly appointed by Department of Education and Training Victoria and the Victorian Public Sector Commission
Ms J Furlan	Employer representative, NSW Department of Premier and Cabinet & the Treasury, NSW (term ended 9 April 2024)
Mr S Little	Member representative, Unions NSW
Ms A Masiero	Member representative, Australian Education Union (VIC branch) (term ended 30 June 2024)
Mr P Moffitt	Employer representative, NSW Department of Premier and Cabinet & Treasury, NSW
Ms A Nigro	Member representative, Unions NSW
Ms D Picone AO	Employer representative, NSW Department of Premier and Cabinet & Treasury, NSW (appointed 23 May 2024)
Ms R Ramwell	Employer representative, NSW Department of Premier and Cabinet & Treasury, NSW

Subsequent to the end of the financial year, there were appointments of two new directors, Ms E Aulich (Member representative, Australian Education Union (VIC branch) appointed on 1 July 2024) and Ms C McLoughlin, AM (appointed to position of Independent Director and Chair of the Board, from 1 October 2024).

Directors' Report (continued)

Remuneration Report (continued)

Executive KMP:

Name	Position
Ms D Stewart	Chief Executive Officer ('CEO')
Ms J Brennan[1]	Group Executive, Member Engagement, Education & Advice
Ms S Collins	Chief Operating Officer (appointed 15 April 2024)
Ms J Couchman[2]	Chief Risk Officer & Group Executive, Sustainability
Mr R Elliott	Group Executive, Finance, Strategy & Transformation (tenure ended 31 March 2024)
Ms S Forman	Group Executive, Advice (tenure ended 1 July 2024)
Mr D Graham	Chief Investment Officer ('CIO')
Mr S Hill[3]	Group Executive, People and Workplace
Ms K McPhee	Chief of Staff & Group Executive, Advocacy and Communications (appointed as an Executive KMP from 1 February 2024)
Mr I Pendleton	Group Executive, Legal & Company Secretary
Mr S Travis[4]	Group Executive, Member Growth

[1] On 1 April 2024, Ms J Brennan's role title changed from Chief Operating Officer to Group Executive, Member Engagement & Advice resulting in changes to role responsibilities.

[2] On 1 February 2024, Ms J Couchman's role title changed from Chief Risk Officer to Chief Risk Officer & Group Executive, Sustainability.

[3] On 1 February 2024, Mr S Hill's role title changed from Group Executive, People, Workplace and Internal Communications to Group Executive, People and Workplace

[4] On 1 April 2024, Mr S Travis's role responsibilities changed but role title remained the same.

Director Remuneration

The Board Chair is appointed by the Board. All other Directors of the Trustee are appointed by Member Entities (Australian Education Union Victoria, Unions NSW, Australian Nursing and Midwifery Federation (VIC branch) and Employer Entities (the Secretary of the New South Wales Treasury jointly with the Secretary of the Premier's Department, Victorian Healthcare Association, Victorian Public Sector Commission jointly with Department of Education and Training Victoria). All Director appointments are based on meeting Aware Super's Fit and Proper Policy requirements and are remunerated based on their responsibilities, with no performance-based pay or retirement allowances. Director remuneration is determined based on an appropriate benchmarking review conducted by an independent remuneration consultant.

All Directors receive a board role fee and fees for chairing or participating on board committees. The Board Chair also receives a fee for chairing the board. These fees are inclusive of superannuation.

Fees are reviewed regularly by the board taking into account comparable roles from similar organisations to Aware Super and market data provided by the board's independent remuneration consultant. The current base fees were reviewed with effect from 15 November 2023.

The maximum annual aggregate directors' fee pool limit is $2,829,486 and was approved by the Trustee's board on 22 September 2023.

All directors enter into a service agreement with the Trustee in the form of a letter of appointment. The letter summarises the terms of the director's appointment, including length of term, remuneration and board policies relevant to the office of director.

Directors' Report (continued)

Remuneration Report (continued)

Director Remuneration (continued)

The remuneration of the Directors of the Trustee in relation to services provided to the Fund for the financial year ending 30 June 2024 is as follows:

Directors of the Trustee	Year	Short-term employee benefits	Post employment benefits	Total $
		Director fees $	Superannuation $	
S Mostyn AC[1]	2024	182,137	20,035	202,172
P Carew	2024	122,669	13,493	136,162
L Clarke[2]	2024	91,246	10,037	101,283
J Dixon	2024	107,580	11,834	119,414
P Faulkner AO	2024	112,290	12,340	124,630
J Furlan[3]	2024	94,946	10,444	105,390
S Little[2]	2024	97,744	10,751	108,495
A Masiero[4]	2024	99,218	10,914	110,132
P Moffitt	2024	116,313	12,794	129,107
A Nigro[2]	2024	105,503	11,605	117,108
D Picone AO[5]	2024	7,822	860	8,682
R Ramwell[6]	2024	160,524	17,658	178,182
		1,297,992	**142,765**	**1,440,757**

[1] Amounts in the table are from 1 July 2023 until 3 April 2024 when Ms S Mostyn AC resigned as a Director.

[2] Directors' fees are payable to the Directors' appointing entities on the instruction of the Director.

[3] Amounts in the table are from 1 July 2023 until 9 April 2024 when Ms J Furlan's term as a Director ended.

[4] Amounts are from 1 July 2023 until 30 June 2024 when Ms A Masiero's term as a Director ended.

[5] Amounts are from 23 May 2024 when Ms D Picone AO commenced as Director.

[6] Ms R Ramwell was appointed Interim Board Chair following the resignation of Ms S Mostyn AC. Payments to Ms Ramwell reflect the additional fees associated with this appointment.

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration

Aware Super's Group Remuneration Policy states 'we want to pay people fairly, equitably, and competitively in the relative markets in which they work or from which we hire'. To ensure that Group Executives are remunerated fairly and competitively, independent remuneration advisors are engaged to complete a benchmarking analysis for the Group Executive roles. In order to reflect the appropriate talent market in which we operate, benchmarking is conducted against comparable roles in similar organisations across the superannuation sector and also in the broader commercial Financial Services industry. Our remuneration position reflects an appropriate balance of competitiveness and alignment to member expectations.

All Executive KMP participate in the Annual Performance and Remuneration Review consistent with all other employees. The People, Remuneration and Governance Committee provides oversight over the remuneration of the Executives KMP and provides remuneration recommendations to the Aware Super Board for approval.

Executive KMP participate in Aware Super's Variable Remuneration plans. Variable remuneration is awarded based on the achievement of Fund (investment) performance, meeting the requirements of the Risk, Financial & Values gateways, individual risk outcomes and achievement of objectives and key results. All variable remuneration awarded to the CEO and other Executive KMP are subject to Board approval, and the Board retains the discretion to adjust the performance-based components of remuneration including forfeiture of deferred remuneration or clawback of any paid performance-based remuneration.

Elements of Remuneration

(a) Fixed annual remuneration

Fixed remuneration comprises base salary and superannuation. The target benchmark for Fixed remuneration is the market median.

(b) Variable remuneration

For an Executive KMP to be eligible for any variable remuneration they must meet the requirements of the Risk, Values and Financial gateways.

The metrics used to determine the variable remuneration outcomes are based on Individual and Shared Performance Objectives (detailed on page 12) and Fund Performance (detailed on page 13).

Directors’ Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

(b) Variable remuneration (continued)

These measures ensure variable remuneration is directly aligned to members’ interests. The CIO role has a higher weighting toward Fund performance measures than the other Executive KMP as shown below.

CEO & Executives KMP Scorecard Structure Financial Year 2024		
Gateways	Executives must meet minimum requirements across Values, Risk, and Financial measures to be eligible to receive Variable Remuneration	
Performance Objectives Related to Variable Remuneration	**CEO & Executives excluding CIO**	**CIO**
Fund Performance[1]	25.00%	40.00%
Aware Super Enterprise Scorecard[2]	18.75%	15.00%
Leadership[3]	11.25%	9.00%
Risk[4]	7.50%	6.00%
Individual Objective & Key Results (OKRs)[5]	37.50%	30.00%
TOTAL	**100%**	**100%**

[1] Fund Performance Metrics are detailed in the next table.

[2] The Aware Super Enterprise Scorecard applies to all Executive KMP and covers a range of shared objectives that align to Aware Super’s strategic objectives for the financial year. For the financial year ending 30 June 2024, these shared objectives were net flows (i.e. inflow and outflow of funds under management), total funds under management, members accessing help (e.g. from a Financial Planner), member satisfaction and employee engagement, with clear metrics aligned to each of these objectives so that performance could be accurately assessed.

[3] The Leadership objective includes metrics that relate to Aware Super’s Values, Culture, Leadership behaviours and Sustainable Employee Engagement.

[4] The Risk goal promotes strong risk management driving an uplift in risk and compliance across Aware Super.

[5] Individual Objectives and Key Results (OKRs) are set for each Executive KMP for the financial year and are based on the Executive’s role and strategic results for the year. OKRs are aligned to Aware Super’s overall strategic initiatives.

Directors’ Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

(b) Variable remuneration (continued)

Fund Performance is measured by an investment metric which, for the purposes of our variable remuneration calculations for the financial year ending 30 June 2024, is comprised of the performance outcomes as summarised in the table below:

Option	Weight	Metric	Outcome Determination	Performance Period[1]
Growth (My Super) Option	$1/6^{th}$	Absolute Return vs CPI + Objective	Position between CPI + 2.75% and CPI + 4.75%	1, 3 & 5 years weighted as 30%, 30%, and 40% respectively
Balanced Growth (Pension) Option	$1/6^{th}$	Absolute Return vs CPI + Objective	Position between CPI + 2.50% and CPI + 4.50%	
Growth (My Super) Option	$1/6^{th}$	Peer Relative Ranking (SuperRatings survey)[2]	Position between Third Quartile and Top 5 or Top 10	
Growth (Pension) Option	$1/6^{th}$	Peer Relative Ranking (SuperRatings survey)	Position between Third Quartile and Top Quartile	
Balanced Growth (Pension) Option	$1/6^{th}$ [3]	Drawdowns greater than 2% (vs drawdown of median fund in survey)	Capital drawdown position between +/- 10% of median fund drawdown	1 year
Lifecycle (My Super) Options[4]	$1/6^{th}$	Returns vs APRA SAA benchmark returns[5]	Relative return against SAA Benchmark returns	8 years

The Fund Performance outcome for the financial year ending 30 June 2024 was 65.96%.

[1] The Performance Period is the period over which the metric within each Option is assessed.

[2] This is the SuperRatings MySuper index.

[3] If there is not a capital drawdown of greater than 2%, this component will have a 0% weighting with other components increased to 20%.

[4] The Lifecycle Options include the High Growth, Growth and Balanced Growth Accumulation Options.

[5] SAA is Strategic Asset Allocation.

Directors’ Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

(b) Variable remuneration (continued)

Variable remuneration is awarded in cash with a portion deferred. The deferred proportion and vesting period are aligned to the Prudential Standard CPS 511 *Remuneration* (CPS 511) (“Deferred Incentive”) from the Australian Prudential Regulatory Authority (APRA). This is:

Level	Deferred percentage	Vesting period (inclusive of the performance period)
Chief Executive Officer (CEO)	60%	6 years, vesting on a pro-rata basis after 4 years
Other Executive KMP	40%	5 years, vesting on a pro-rata basis after 4 years

Vesting Period for financial year ending 30 June 2024

Vesting is the process by which a person becomes the legal owner of the variable remuneration. Vesting starts at the beginning of each performance period. For example, for the CEO, the deferrals from the FY24 performance period (1 July 2023 - 30 June 2024), will be due to fully vest on 30 June 2029 (six years later). However, in accordance with APRA’s CPS 511, vesting can commence on a pro-rata basis after four years, that is one third of the deferral amount would be paid post 30 June 2027, one third of the deferral amount would be paid post 30 June 2028, and one third would be paid post 30 June 2029, provided that there are no unresolved risk matters and eligibility requirements are met.

Illustrations of how the vesting works is below:

Illustration for CEO

Financial Year	FY24	FY25	FY26	FY27	FY28	FY29
Performance Period	Cash & Deferral Payment					
1 Jul 23 - 30 Jun 24	40% of awarded VR paid out in cash; 60% will be deferred					
1 Jul 24 - 30 Jun 25		No payment from FY24 deferrals				
1 Jul 25 - 30 Jun 26			No payment from FY24 deferrals			
1 Jul 26 - 30 Jun 27				33% of deferral from FY24 will vest and be paid in cash		
1 Jul 27 - 30 Jun 28					33% of deferral from FY24 will vest and be paid in cash	
1 Jul 28 - 30 Jun 29						33% of deferral from FY24 will vest and be paid in cash

Illustration for other Exec KMPs

Financial year	FY24	FY25	FY26	FY27	FY28
Performance period	Cash & Deferral Payment Year				
1 Jul 23 - 30 Jun 24	60% of awarded VR paid out in cash; 40% will be deferred				
1 Jul 24 - 30 Jun 25		No payment from FY24 deferrals			
1 Jul 25 - 30 Jun 26			No payment from FY24 deferrals		
1 Jul 26 - 30 Jun 27				50% of deferral from FY24 will vest and be paid in cash	
1 Jul 27 - 30 Jun 28					50% of deferral from FY24 will vest and be paid in cash

In years prior to the financial year ending 2024, the vesting period for Executive KMP including the CEO was 3 years (inclusive of the performance period).

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

(b) Variable remuneration (continued)

Adjustment of Deferral

In accordance with the Deferral Terms and Conditions defined in Aware Super's Variable Remuneration plans, the deferred incentives that are payable this financial year are increased or decreased based on the performance of Aware Super's Growth Option over the relevant period prior to payment. This seeks to align the deferral payments with member outcomes over the corresponding period. For deferred payments for the financial year ending 30 June 2024, deferred incentive amounts have increased, based on the performance of Aware Super's Growth option as follows:

- By 20.21% for deferred payments from the financial year ending 30 June 2022.
- By 9.62% for deferred payments from the financial year ending 30 June 2023.

Refer to the Adjustment to prior years' deferral in the Executive Remuneration table on page 16.

Forfeiture of Deferral

Deferral will be forfeited prior to payment if:

- A KMP leaves and commences employment at a 'Defined' direct competitor within a defined period. Aware Super's People, Remuneration and Governance Committee approve the 'Defined" competitor list and the defined period.
- The Board applies discretion under Aware Super's Remuneration Adjustment Framework to adjust or reduce deferral down to zero. This is for material, significant or extraordinary risk events that have led to significant adverse outcomes for members, beneficiaries, counterparties or employees of Aware Super, based on the severity of the risk or conduct outcome.
- A consequence has been applied to a KMP through performance management and conduct management processes, and this adjustment has been approved by Aware Super Board.

Payments of deferral may also be suspended until a later date where there is an ongoing investigation into potential misconduct.

Directors’ Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

The below table details performance-based (variable) remuneration awarded and forfeited based on the satisfaction of the performance metrics and service conditions of each KMP of the Fund in the current financial year and includes details of deferrals granted:

Executives	Total Variable Remuneration FY24			Unvested Deferrals				Prior Year Deferrals which vested in FY24[9] $
	Total Opportunity $	Awarded %	Forfeited %	Financial Year Award Granted[6]	Unvested Deferrals[7] $	Weighting	Vesting Date[8]	
D Stewart	880,000	82.1%	17.9%	FY23	158,202	100%	1 Jul 25	106,922
				FY24	433,567	33.33%	1 Jul 27	
						33.33%	1 Jul 28	
						33.33%	1 Jul 29	
J Brennan[1]	320,885	82.1%	17.9%	FY23	92,776	100%	1 Jul 25	63,759
				FY24	105,398	50%	1 Jul 27	
						50%	1 Jul 28	
S Collins[2]	Not eligible for variable remuneration in this financial year.							
J Couchman	192,000	72.7%	27.3%	FY23	51,014	100%	1 Jul 25	32,614
				FY24	55,864	50%	1 Jul 27	
						50%	1 Jul 28	
R Elliott[3]	217,538	54.0%	46.0%	FY23	67,265	100%	1 Jul 25	48,858
				FY24	47,065	50%	1 Jul 27	
						50%	1 Jul 28	
S Forman	238,864	72.7%	27.3%	FY23	63,877	100%	1 Jul 25	49,005
				FY24	69,500	50%	1 Jul 27	
						50%	1 Jul 28	
D Graham	1,107,960	71.4%	28.6%	FY23	258,464	100%	1 Jul 25	247,363
				FY24	316,363	50%	1 Jul 27	
						50%	1 Jul 28	

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

The below table details performance-based (variable) remuneration awarded and forfeited based on the satisfaction of the performance metrics and service conditions of each KMP of the Fund in the current financial year and includes details of deferrals granted:

Table continued

Executives	Total Variable Remuneration FY24			Unvested Deferrals				Prior Year Deferrals which vested in FY24[9] $
	Total Opportunity $	Awarded %	Forfeited %	Financial Year Award Granted[6]	Unvested Deferrals[7] $	Weighting	Vesting Date[8]	
S Hill	244,296	63.4%	36.6%	FY23	56,652	100%	1 Jul 25	50,124
				FY24	61,919	50%	1 Jul 27	
						50%	1 Jul 28	
K McPhee[4]	111,377	63.4%	36.6%	FY24	28,230	50%	1 Jul 27	13,964
						50%	1 Jul 28	
I Pendleton	224,849	72.7%	27.3%	FY23	60,112	100%	1 Jul 25	46,116
				FY24	65,422	50%	1 Jul 27	
						50%	1 Jul 28	
S Travis[5]	320,885	72.7%	27.3%	FY23	66,748	100%	1 Jul 25	37,028
				FY24	93,365	50%	1 Jul 27	
						50%	1 Jul 28	

Notes

[1] Change in variable remuneration opportunity for Ms J Brennan from 50% of Fixed Remuneration to 60% of Fixed Remuneration effective 1 April 2024, to reflect the increase in her new role and responsibilities. Total opportunity in this table reflects the actual prorated opportunities in this financial year.

[2] Ms S Collins joined Aware Super on 15 April 2024 and is not eligible for variable remuneration in this financial year.

[3] Mr R Elliott left Aware Super on 31 March 2024, and the total variable remuneration opportunity in the table is prorated for the period 1 July 2023 to 31 March 2024.

[4] Change in variable remuneration opportunity for Ms K McPhee from 20% of Fixed Remuneration to 50% of Fixed Remuneration effective 1 February 2024, aligned to her promotion to a Group Executive. Total opportunity in this table reflects the actual prorated opportunities in this financial year.

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

<u>Notes continued</u>

[5] Change in variable remuneration opportunity for Mr S Travis from 50% of Fixed Remuneration to 60% of Fixed Remuneration effective 1 April 2024, to reflect the increased responsibilities in his role. Total opportunity in this table reflects the actual prorated opportunities in this financial year.

[6] The Financial Year Award granted relates to the performance period for which the awards were granted.

[7] The minimum value of the deferred variable remuneration that is yet to vest is nil. Vesting refers to the meaning in APRA's Prudential Standard CPS 511 which is the process by which a person becomes the legal owner of the variable remuneration. From an accounting perspective, awards are fully expensed in the year of service when payment is deferred.

[8] This is the vesting date for deferral which is aligned to APRA's Prudential Standard CPS 511 Deferral Obligations. Payments of deferrals are subject to Board approval which occurs after the vesting date.

[9] This is the actual deferred portion of variable remuneration granted in the financial year 2022 for all Executives other than Ms K McPhee, where the actual deferred amount relates to the financial year 2023.

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

The below table details Executive KMP statutory remuneration determined in accordance with Australian Accounting Standards, prepared on accrual basis.

Executives (Financial Year 2024)	Short-term employee benefits					Post-employment	Long-term employee benefits			Termin-ation benefits	Total[8]
	Base Remuneration	Movement in Annual Leave Provision	Variable Remuneration (Cash)	Non-monetary benefits[4]	Other[5]	Superann-uation	FY24 Deferred Variable Remuneration[6]	Adjustment to prior years' deferral[7]	Long service leave		
	$	$	$	$	$	$	$	$	$	$	$
D Stewart	1,072,602	50,886	289,045	20,419	-	27,399	433,567	21,609	24,201	-	1,939,728
J Brennan	582,600	(7,530)	158,098	-	-	27,399	105,398	12,887	13,489	-	892,341
S Collins [1]	127,182	10,188	-	1,740	35,000	6,850	-	n/a	264	-	181,224
J Couchman	612,601	46,855	83,797	-	-	27,399	55,864	6,592	11,278	-	844,386
R Elliott [2]	414,527	(62,351)	70,598	-	-	21,771	47,065	9,875	-	444,053	945,538
S Forman	450,328	16,554	104,250	-	-	27,399	69,500	9,904	23,670	-	701,605
D Graham	895,901	(10,864)	474,544	-	-	27,399	316,363	49,993	23,197	-	1,776,533
S Hill	461,192	3,692	92,879	-	-	27,399	61,919	10,131	12,286	-	669,498
K McPhee [3]	131,917	(1,317)	42,345	-	6,000	11,416	28,230	1,344	17,793	-	237,728
I Pendleton	422,299	(19,212)	98,134	-	-	27,399	65,422	9,321	11,311	-	614,674
S Travis	582,601	22,155	140,048	-	-	27,399	93,365	7,484	6,229	-	879,281
Total	**5,753,750**	**49,056**	**1,553,738**	**22,159**	**41,000**	**259,229**	**1,276,693**	**139,140**	**143,718**	**444,053**	**9,682,536**

Notes

[1] Amounts in the table are from 15 April 2024 until 30 June 2024 when Ms S Collins was appointed in the role.

[2] Amounts in the table are from the period 1 July 2023 until 31 March 2024 when Mr R Elliott's role ceased.

[3] Amounts in the table are from the period 1 February 2024 until 30 June 2024 when Ms K McPhee was appointed in the role.

[4] Relates to the provision of a car parking space for Ms D Stewart and Ms S Collins.

Directors' Report (continued)

Remuneration Report (continued)

Executive Remuneration (continued)

Notes continued

[5] Relates to one-off payments received in financial year ending 30 June 2024. Ms S Collins received a commencement award and Ms McPhee received a one-off transition payment as part of the transition to new executive remuneration arrangements under CPS511.

[6] This relates to deferral granted in financial year ending 30 June 2024, which will be paid in 2027, 2028 and 2029 for the CEO and in 2027 and 2028 for the other Executives, subject to deferral conditions being met.

[7] The adjustment to prior years' deferral reflects the change in value of the Growth Option. This is a 20.21% increase for deferrals from financial year 2022, other than Ms K McPhee whose deferral from financial year 2023 that was increased by 9.62%.

[8] Some components of remuneration in the above table are non-cash based, and therefore the total does not represent the actual cash received

Directors’ Report (continued)

Remuneration Report (continued)

Key terms of employment contracts

During the current financial year, the following new contracts for services were negotiated between the Fund and a member of the Executive KMP:

Component	K McPhee	S Collins
Fixed remuneration (incl. superannuation) $	344,000	625,000
Contract duration	Permanent	Permanent
Contract start date	01/02/2024	15/04/2024
Notice by the individual	3 months	3 months
One-off payments awarded in FY24 $	6,000	35,000
Variable remuneration target opportunity %	25%	25%
Variable remuneration max opportunity %	50%	50%
Variable remuneration target opportunity $	86,000	156,250
Variable remuneration max opportunity $	172,000	312,500

Directors' Report (continued)

This Directors' report is signed in accordance with a resolution of directors of the Trustee made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Director
Aware Super Pty Ltd

Director
Aware Super Pty Ltd

Signed at 388 George Street, Sydney this 18 September 2024.

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

18 September 2024

Board of Directors
Aware Super Pty Ltd
As trustee for Aware Super
Level 28
388 George Street
Sydney NSW 2000

Auditor's Independence Declaration to the trustee of Aware Super

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Aware Super Pty Ltd as trustee for Aware Super.

As lead audit partner for the audit of the financial report of Aware Super for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Frances Borg

Frances Borg
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000
Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the RSE Licensee and members of Aware Super

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aware Super (the "RSE"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, the consolidated statement of changes of member benefits, the consolidated statement of changes in equity/reserves and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Aware Super is in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Aware Super's consolidated financial position as at 30 June 2024 and of its consolidated financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the RSE, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Aware Super's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The Director's are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Corporation Act 2001. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of financial report that gives a true and fair view are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial report, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report, or if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 21 of the Director's Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Aware Super, for the year ended 30 June 2024, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The Directors of the are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300C of the Corporations Act 2021. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Frances Borg

Frances Borg
Partner
Chartered Accountants
Sydney, 18 September 2024

Directors’ Declaration
For the year ended 30 June 2024

The Directors of Aware Super Pty Ltd (the “Trustee”), as trustee for the Aware Super (the “Fund”), declare that:

(a) in the Directors’ opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

(b) in the Directors’ opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the consolidated financial position and consolidated performance of the Fund.

Signed in accordance with resolution of the Directors of the Trustee made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors of the Trustee

Director
Aware Super Pty Ltd

Director
Aware Super Pty Ltd

Signed at 388 George Street, Sydney, 18th day of September 2024

Consolidated Statement of Financial Position

as at 30 June 2024

	Note	2024 $'m	2023 $'m
Assets			
Cash and cash equivalents	**3(a)**	**662**	591
Receivables	**3(b)**	**935**	1,064
Financial assets	**4**	**180,190**	161,604
Investment in service entities	**6**	**36**	25
Other assets		**258**	267
Current tax receivable	**7(d)**	**-**	297
Total assets		**182,081**	163,848
Liabilities			
Payables	**8**	**845**	634
Financial liabilities	**4**	**51**	197
Income tax payable	**7(d)**	**419**	-
Deferred tax liabilities	**7(e)**	**2,498**	1,645
Total liabilities excluding member benefits		**3,813**	2,476
Net assets available for member benefits		**178,268**	161,372
Defined contribution member liabilities	**11**	**175,946**	158,930
Defined benefit member liabilities	**12**	**940**	1,004
Total member liabilities		**176,886**	159,934
Net assets		**1,382**	1,438
Equity			
Reserves		**1,297**	1,421
Defined benefit surplus	**12**	**85**	17
Total equity		**1,382**	1,438

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Income Statement

For the year ended 30 June 2024

	Note	2024 $'m	2023 $'m
Investment revenue			
Interest		**1,083**	1,039
Dividends		**2,923**	3,053
Distributions from unit trusts		**1,638**	2,060
Changes in fair value of investments	**9(a)**	**11,143**	9,013
Other income		**82**	109
Total revenue		**16,869**	15,274
Investment expenses	**9(b)**	**(495)**	(483)
Administration expenses	**9(c)**	**(323)**	(326)
Total expenses		**(818)**	(809)
Operating results before income tax expense		**16,051**	14,465
Income tax (expense)	**7(a)**	**(1,064)**	(769)
Operating results after income tax expense		**14,987**	13,696
Net (benefits) allocated to defined contribution member accounts		**(15,014)**	(12,868)
Net change in defined benefit member benefits		**(29)**	(112)
Operating results		**(56)**	716

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Member Benefits

For the year ended 30 June 2024

	Defined contribution (DC) member benefits $'m	Defined benefit (DB) member benefits $'m	Totals $'m
Opening balances as at 1 July 2022	144,111	981	145,092
Employer contributions	7,558	(3)	7,555
Member contributions	3,140	4	3,144
Movement in unallocated contributions	69	-	69
Transfers from other superannuation funds	2,784	1	2,785
Superannuation co-contributions	31	-	31
Income tax on contributions	(1,114)	(1)	(1,115)
Net after tax contributions	12,468	1	12,469
Benefit payments to members or beneficiaries	(9,761)	(90)	(9,851)
Insurance premiums charged to members' accounts	(722)	-	(722)
Financial advice fees deducted from members' accounts	(34)	-	(34)
Net benefit allocated to members	12,868	-	12,868
Net change in defined benefit member benefits	-	112	112
Closing balances as at 30 June 2023	158,930	1,004	159,934
Opening balances as at 1 July 2023	**158,930**	**1,004**	**159,934**
Employer contributions	**8,252**	**5**	**8,257**
Member contributions	**3,091**	**3**	**3,094**
Movement in unallocated contributions	**(30)**	**-**	**(30)**
Transfers from other superannuation funds	**3,177**	**-**	**3,177**
Superannuation co-contributions	**29**	**-**	**29**
Income tax on contributions	**(1,225)**	**(1)**	**(1,226)**
Net after tax contributions	**13,294**	**7**	**13,301**
Benefit payments to members or beneficiaries	**(10,591)**	**(72)**	**(10,663)**
Insurance premiums charged to members' accounts	**(689)**	**-**	**(689)**
Financial advice fees deducted from members' accounts	**(40)**	**-**	**(40)**
Transfer of members from defined benefit to defined contribution	**28**	**(28)**	**-**
Net benefit allocated to members	**15,014**	**-**	**15,014**
Net change in defined benefit member benefits	**-**	**29**	**29**
Closing balances as at 30 June 2024	**175,946**	**940**	**176,886**

The above consolidated statement of changes in member benefits should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Investment reserve[1]	Operational risk financial requirement reserve[2]	Insurance reserve[3]	Administra-tion reserve[4]	Total reserves	Defined benefit surplus/ (deficit)	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Opening balances as at 1 July 2022	(162)	363	12	401	614	108	722
Operating result	730	34	-	43	807	(91)	716
Reserves transfers	-	2	-	(2)	-	-	-
Closing balances as at 30 June 2023	568	399	12	442	1,421	17	1,438
Opening balances as at 1 July 2023	**568**	**399**	**12**	**442**	**1,421**	**17**	**1,438**
Operating result	**(244)**	**36**	**1**	**83**	**(124)**	**68**	**(56)**
Reserve transfers	**(21)**	**6**	**-**	**15**	**-**	**-**	**-**
Closing balances as at 30 June 2024	**303**	**441**	**13**	**540**	**1,297**	**85**	**1,382**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2024

Reserves

The Trustee maintains reserves in the Fund for the benefit of members. The Consolidated Statement of Changes in Equity outlines the details of movements of each reserve.

(1) Investment reserve

The Investment reserve is an unallocated reserve being the difference between the statutory financial result and the cumulative amount of investment income (net of investment expenses and investment tax timing differences) allocated to members' accounts, after any transfers to Operational risk financial requirement reserve, Insurance reserve, and Administration reserve.

(2) Operational risk financial requirement reserve

The Operational risk financial requirement (ORFR) reserve is an unallocated reserve, held separately to the unitised assets of the Fund to maintain adequate financial resources to address potential losses arising from operational risks. The reserve may be used by the Trustee in accordance with the requirements of Superannuation Prudential Standard 114 Operational risk financial requirement and the Fund's Operational risk financial requirement reserving policy. The Trustee has assessed a reserve of approximately 0.25% of funds under management as being appropriate for the Fund. The ORFR reserve is funded from the Administration reserve. The movement in the reserve includes funding, investment returns, and remediation payments to members. The ORFR reserve is invested broadly in line with the asset allocation of the financial assets of the Fund.

(3) Insurance reserve

The Insurance reserve is an unallocated reserve which comprises the receipt of profit share and/or premium adjustment amounts from the Fund's group life insurers less the use of these amounts to reduce premiums for relevant members. The Insurance reserve is invested in cash and cash equivalents.

(4) Administration reserve

The Administration reserve is an unallocated reserve held separately to the unitised assets of the Fund for use by the Trustee in accordance with the Trust Deed. It is funded by administration fees charged to members and funds the operations of the Trustee office, which may include investment in enhancing member services, expanding the product range or expenditure to achieve operational efficiencies. The reserve may also be used to reinstate the Operational risk financial requirement Reserve following a loss or meet any trustee fees charged by Aware Super Pty Limited in its capacity as the trustee of the Fund. The Administration Reserve is invested across cash or cash equivalents and the Balanced option.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 $'m	2023 $'m
Cash flows from operating activities			
Interest income received		**1,111**	995
Dividend and distribution income received		**4,525**	5,068
Other investment income received		**70**	169
Death and disability proceeds received		**607**	520
Investment expenses paid		**(496)**	(485)
Administration expenses paid		**(312)**	(370)
Insurance premiums paid		**(689)**	(740)
Financial planning fees paid		**(40)**	(34)
Income tax received/(paid)		**339**	(245)
Net inflows from operating activities	**15**	**5,115**	4,878
Cash flows from investing activities			
Purchase of investments		**(64,603)**	(43,282)
Proceeds from sale of investments		**57,369**	35,926
Net outflows from investing activities		**(7,234)**	(7,356)
Cash flows from financing activities			
Contributions received		**14,519**	13,591
Tax paid on contributions received		**(1,061)**	(849)
Benefits paid		**(11,268)**	(10,362)
Net inflows from financing activities		**2,190**	2,380
Net Increase/(decrease) in cash held		**71**	(98)
Cash at the beginning of the financial year		**591**	689
Cash at the end of the financial year		**662**	591

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1. Description of the Fund

Aware Super (ABN 53 226 460 365) (the Fund) is both a defined contribution and a defined benefit superannuation fund constituted by the Trust Deed dated 19 February 1999 (as amended). Aware Super Pty Ltd (ABN 11 118 202 672) (the Trustee) is the trustee of the Fund. The Fund provides superannuation benefits (including income streams), and insurance benefits (where applicable) to members and their dependants or beneficiaries.

State Street Australia Limited (State Street) is the custodian of all the Fund's investment assets and associated liquid assets.

The Fund is party to a Group Resources Agreements with Aware Super Services Pty Ltd effective from 1 July 2019 and VicSuper Pty Ltd effective from 1 July 2020 (terminated 31 March 2023). Under the agreement, Aware Super Services Pty Ltd acts as the employing entity for the Aware Super entities (excluding Aware Super UK) and provides personnel to these entities to enable them to undertake their business activities. Personnel of Aware Super UK are employed directly by that entity.

The principal place of business of the Fund is Level 28, 388 George Street Sydney, NSW, 2000.

1.1 Administrator and Custodian of the Fund

The custody and administration of the Fund were performed by the following entities for the year ended 30 June 2024:

Period	Division	Administration of Fund	Custodian
1 July 2023 to 3 November 2023	Heritage StatePlus Retirement Fund	First State Super Product Services Trust	State Street Australia Limited
	Aware Super (excluding Heritage StatePlus Retirement Fund)	Self-administered	State Street Australia Limited
4 November 2023 to 30 June 2024	Aware Super (whole of fund)	Self-administered	State Street Australia Limited

The administrators of the Fund are the custodian of the Fund's bank accounts that manage the processing of contributions, maintaining member records, and paying benefits.

2. Basis of preparation and accounting policies

2.1 Basis of Preparation and Statement of Compliance

These financial statements are general-purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Interpretations, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and *Corporations Regulations 2001* and the provisions of the Fund's Trust Deed.

These financial statements cover the Fund as a consolidated entity. For the purpose of preparing the consolidated financial statements, the Fund is a profit to members (i.e. not-for-profit) entity.

The consolidated statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

The consolidated financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Where necessary, comparative figures have been reclassified to conform to the changes in presentation made in the consolidated financial statements.

The consolidated financial statements are prepared on the going concern basis.

The consolidated financial statements were authorised for issue by the Directors on 18th day of September 2024.

2.2 Presentation currency and rounding

These consolidated financial statements are presented in the Australian currency, the Fund's functional currency.

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest million dollars, unless otherwise indicated.

2.3 Use of judgement and estimates

In the application of Accounting Standards, management is required to make judgments, estimates and assumptions about the fair market values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Valuation of the Fund's investment assets identified as Level 3 fair value (measurements that uses unobservable inputs) requires significant area of judgement and estimate. These are based on the independent valuer's recommendations and fund manager statements. However when a significant disconnect is observed between the current market conditions and the last valuation, the Trustee has the flexibility under the valuation policy to revalue assets when there is observable information that would indicate a potential change in valuation. This is subject to internal controls and governance oversight, with the objective of ensuring member equity.

The Fund's consolidated financial instruments are mostly at quoted market prices. However, where quoted market prices are not available, certain financial instruments are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, these are validated and periodically reviewed by experienced valuers. Refer to Note 4 for details.

2.4 Material accounting policies

Accounting policies that summarise the classification, recognition and measurement basis of the consolidated financial statement line items and that are relevant to the understanding of the consolidated financial statements are provided throughout the Notes. These policies have been consistently applied for the years presented, unless otherwise stated.

2. Basis of Preparation and accounting policies (continued)

2.5 New Standards and Interpretations adopted during the year

The Fund has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023. The adoption has not had significant financial or disclosure impact on these consolidated financial statements but may affect the accounting for future transactions or arrangements:

- *AASB 1056 Superannuation Entities (December 2023)*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

These amendments did not have a material impact on the consolidated financial statements of the Fund for the year ended 30 June 2024.

Other amendments made to existing standards or legislation

Effective for annual reporting periods starting on or after 1 July 2023, registrable superannuation funds, approved deposit funds, and pooled superannuation trusts that are subject to amendments made to the *Corporations Act 2001* by the *Treasury Laws Amendment (2002 Measures No.4) Act 2022* are required to prepare and lodge financial reports for each financial year with Australian Securities and Investments Commission (ASIC) within three months after the end of the financial year.

Accordingly, the Fund has prepared an annual report, consisting of consolidated financial statements, directors' report (including an audited remuneration report) and has made this report with the attached auditor's report and auditor's independence declaration publicly available on the entity's website.

2.6 Accounting Standards and Interpretations issued, but not yet effective

At the date of authorisation of the consolidated financial statements, the following Standards and Interpretations which are expected to be relevant to the Fund were in issue but not yet effective for the 30 June 2024 reporting period. The Trustee anticipates the adoption of these Standards will not have a material impact on the consolidated financial report of the Fund.

New or revised requirement	Title	Effective Date (as applicable date for Aware Super)
AASB 2022-5	**Amendments to Australian Accounting Standards** *– Lease Liability in a Sale and Leaseback* Amends AASB 16 Leases by adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.	**1 January 2024**
AASB 2023-5	**Amendments to Australian Accounting Standards** *– Lack of Exchangeability* Amends AASB 121 *The Effects of Changes in Foreign Exchange Rates* by adding requirements which help entities to assess whether a currency is exchangeable into another currency and determine the spot exchange rate to use when exchangeability is lacking.	**1 January 2025**

2. Basis of Preparation and accounting policies (continued)

2.6 Accounting Standards and Interpretations issued, but not yet effective (continued)

New or revised requirement	Title	Effective Date (as applicable date for Aware Super)
AASB 2024-2	**Amendments to Australian Accounting Standards** *– Classification and Measurement of Financial Instruments*	**1 January 2026**
AASB 18 (NFP/Super)	**Presentation and Disclosure in Financial Statements** *(Appendix D for not for profit and superannuation entities)*	**1 January 2028**

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations had issued the following standards or interpretations that are not yet issued in Australia by the Australian Standards Board (AASB):

- *Annual Improvements IFRS Accounting Standards – Volume 11 (July 2024).*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*

The Fund does not intend to adopt any of these pronouncements before their effective dates in Australia.

3. Material Accounting Policies and Disclosures

The Fund's accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of underlying transactions or other events is reported.

The accounting policies have been applied in preparing the consolidated financial statements for the year ended 30 June 2024 and the comparative information presented in these consolidated financial statements for the year ended 30 June 2023.

(a) Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value.

	2024 $'m	2023 $'m
Cash and Cash Equivalents	**662**	591

(b) Receivables

Receivables may include amounts for dividends, interest and trust distributions and are measured at fair value. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment.

Investment receivables for investment securities sold and payables for investment securities purchased represent trades that have been contracted for but not yet delivered at reporting date. Trades are recorded on trade date and normally settled within three business days.

3. Material Accounting Policies and Disclosures (continued)

(b) Receivables (continued)

Prepayment for any software as a service arrangement is recognised as an asset and expensed when services are received over the underlying contract term with the supplier.

Other receivables include other prepayments on expenditures incurred to provide future economic benefits, where no intangible asset or other asset is recognised.

	2024 $'m	2023 $'m
Investment receivables (unsettled investments)	**836**	1,013
Prepayments	**36**	8
Other receivables	**63**	43
Total Receivables	**935**	1,064

4. Investments

All recognised assets and liabilities except member liabilities, tax assets and liabilities, insurance assets and liabilities, are measured at fair value at each reporting date.

Financial assets and liabilities

The Fund's investments, including derivatives, of the Fund are recognised at fair value through profit or loss (FVTPL) and changes in the fair value are recognised in the consolidated income statement in the year they occur.

Financial assets and liabilities of the Fund are recognised on the date the Fund becomes party to the contractual provisions of the instrument, that is, at trade date, and changes in the fair value of the financial assets and liabilities are recognised from that date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

Transaction costs, including brokerage and stamp duty, that are incurred to acquire investment securities are recognised in the consolidated income statement as an expense as incurred. Transaction costs associated with direct investments in property and infrastructure, including legal and due diligence fees, are capitalised and recognised as part of the cost of the investment.

The classes of investments are determined based on their nature and characteristics being cash, interest bearing securities, listed securities, unlisted securities, derivatives, and private market credit securities.

Fair value measurement of financial assets and liabilities

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Investments (continued)

Fair value measurement of financial assets and liabilities (continued)

The levels in the fair value hierarchy to which instruments are being classified, are determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within Level 3 of the fair value hierarchy. Valuation techniques and fair value hierarchy of financial assets classes are as follows:

- Level 1: Listed securities, foreign securities quoted on a recognised stock exchange, derivative financial instruments and other interest-bearing securities with price quoted in active markets are stated at market quotations as at the reporting date;
- Level 2: Certain interest-bearing securities and derivative contracts that are not traded on public exchanges. Instead, they are traded through over-the-counter markets or rely on independent pricing services. Unlisted investments that hold listed securities fall under this category. Private credit securities are independently valued using the discounted cash flow model, which reflects market observable inputs and terms.
- Level 3: Unlisted investments in infrastructure, property, private equity and credit income are based on independent valuations. These valuations are primarily prepared using discounted cashflow, income capitalisation or comparable sales methods depending upon the type of asset and asset class.

Valuations performed by independent valuers are reviewed by the Fund's Valuation Committee to confirm that appropriate valuation methodologies were used and that key inputs, assumptions, and judgements made by the valuer are appropriate. All directly held investments that are not traded in an active market (managed internally or externally) are reviewed by the Fund's Valuation Committee, and if required, approve or endorse the adoption of the valuation, within its delegation.

The Audit, Risk and Compliance Committee is provided with regular updates and informed by the Valuation Committee of any material departure from the valuation methodologies and frequencies set in the Valuation Policy. Valuation matters may require the approval or endorsement by the Audit, Risk and Compliance Committee.

Further, the Trustee's Valuation Policy provides that if a price is not at market value (due to illiquidity, suspension, a material event or otherwise), the Trustee may vary the value of the asset in accordance with the internal governance processes for the adjustment as outlined in the Policy. The objective of this process is to preserve equity across member outcomes, regardless of their choices, by mitigating against the risk that in major disruptions the effect of normal delays in the reporting of unlisted asset valuations may be materially amplified.

Financial instruments management

The investments of the Fund are managed by a combination of specialist sector fund managers and the Fund's internal investment team. The specialist sector fund managers are required to invest the assets allocated for management in accordance with the terms of a written investment management agreement. The appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy. Investments of the Fund are managed by external and internal investment managers. The Fund's internal investment team of specialists oversee the externally managed investments and manage a number of direct assets and investment portfolios in-house.

4. Investments (continued)

(a) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable.

30 June 2024	Level 1 $'m	Level 2 $'m	Level 3 $'m	Totals $'m
Investment assets				
Listed securities[1]	**93,148**	**-**	**10**	**93,158**
Cash investments	**1,872**	**-**	**-**	**1,872**
Interest bearing securities[1]	**16,511**	**17,604**	**235**	**34,350**
Private market credit securities	**-**	**2,014**	**-**	**2,014**
Derivative assets	**62**	**925**	**-**	**987**
Unlisted securities[1]	**-**	**4,753**	**43,056**	**47,809**
Total investment assets	**111,593**	**25,296**	**43,301**	**180,190**
Financial liabilities				
Derivative liabilities	**7**	**44**	**-**	**51**
Total financial liabilities	**7**	**44**	**-**	**51**

[1]Certain reclassifications have been made in respect of the amounts reported in the prior year consolidated financial statements to simplify the investment classes. In addition, certain reclassifications have been made in the current year to better reflect characteristics and risks of the investments in the fair value hierarchy.

30 June 2023	Level 1 $'m	Level 2 $'m	Level 3 $'m	Totals $'m
Investment assets				
Listed securities	81,844	-	8	81,852
Cash investments	2,307	-	-	2,307
Interest bearing securities	14,104	15,418	163	29,685
Private market credit securities	-	2,133	-	2,133
Derivative assets	58	417	-	475
Unlisted securities	-	8,796	36,356	45,152
Total investment assets	98,313	26,764	36,527	161,604
Financial liabilities				
Derivative liabilities	16	181	-	197
Total financial liabilities	16	181	-	197

4. Investments (continued)

(b) Derivatives recognised in the consolidated statement of financial position

The following table provides an analysis of derivatives held as at reporting date.

30 June 2024	Level 1 $'m	Level 2 $'m	Level 3 $'m	Totals $'m
Derivative assets				
Futures	**35**	**-**	**-**	**35**
Foreign currency contracts	**-**	**906**	**-**	**906**
Options	**-**	**15**	**-**	**15**
Swaps	**-**	**2**	**-**	**2**
Warrants	**27**	**2**	**-**	**29**
Total derivative assets	**62**	**925**	**-**	**987**
Derivative liabilities				
Futures	**7**	**-**	**-**	**7**
Foreign currency contracts	**-**	**42**	**-**	**42**
Options	**-**	**-**	**-**	**-**
Swaps		**2**	**-**	**2**
Total derivative liabilities	**7**	**44**	**-**	**51**

30 June 2023	Level 1 $'m	Level 2 $'m	Level 3 $'m	Totals $'m
Derivative assets				
Futures	10	-	-	10
Foreign currency contracts	-	399	-	399
Options	-	9	-	9
Swaps	-	1	-	1
Warrants	48	8	-	56
Total derivative assets	58	417	-	475
Derivative liabilities				
Futures	16	-	-	16
Foreign currency contracts	-	178	-	178
Options	-	1	-	1
Swaps	-	2	-	2
Total derivative liabilities	16	181	-	197

4. Investments (continued)

(c) Valuation inputs for level 3 investments

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments.

Asset class	Fair value as at		Valuation technique	Significant unobservable input	Range of inputs	Relationship of unobservable input to fair value
	2024 $'m	2023 $'m				
Infrastructure	**18,540**	14,516	Discounted cash flow	Discount rate	7.65%-18.8% (June 2023: 7.4%-16.6%)	The higher the discount rate, the lower the fair value
Private equity	**10,434**	8,727	Price[1]	Price	-	Higher/(lower) unit price, would increase/(decrease) the fair value
Property	**9,671**	9,920	Discounted cash flow	Capitalisation rate	4.72%-8.25% (June 2023: 3.63%-7.5%)	The higher the capitalisation rate, the lower the fair value
Credit Income	**3,757**	3,193	Price[1]	Price	-	Higher/(lower) unit price, would increase/(decrease) the fair value
Annuities[2]	**654**	-	Discounted cash flow	Mortality rate	0.4%-2.5%	An increase in the mortality improvement assumption will result in an increase in the policy valuation
Interest bearing securities	**235**	163	Redemption price	Price	-	Higher/(lower) price, would increase/(decrease) the fair value
Listed securities	**10**	8	Last quoted price	Share Price	-	-
Total	**43,301**	36,527				

[1] Valuation is provided by external fund manager (NAV statement). Range of unobservable inputs are undisclosed due to the asset class having numerous underlying assets leading to a diverse set of unrelated inputs.

[2] This asset class includes the Challenger Lifetime annuity instrument. This instrument mitigates the Fund's exposure to lifetime pension members. In this arrangement, any actuarial revaluations affecting the defined benefit pension liability is directly offset by the lifetime policy asset cover guaranteed by Challenger (refer to Note 12).

4. Investments (continued)

(d) Reconciliation of Level 3 fair value measurements of financial assets

Level 3 Fair Value Reconciliation	Listed Equities $'m	Interest bearing securities $'m	Unlisted securities $'m	Totals $'m
Balance at 1 July 2022	-	229	31,895	32,124
Purchases	-	-	5,913	5,913
Redemptions/disposals	-	(34)	(1,366)	(1,400)
Transfers into Level 3	8	-	-	8
Transfers out of Level 3	-	-	-	-
Total (losses)/gains in Consolidated Income Statement	-	(32)	(86)	(118)
Balance at 30 June 2023	8	163	36,356	36,527
Balance at 1 July 2023	**8**	**163**	**36,356**	**36,527**
Purchases	**-**	**-**	**6,486**	**6,486**
Redemptions/disposals	**-**	**-**	**(1,431)**	**(1,431)**
Transfers into Level 3[1]	**2**	**195**	**2,198**	**2,395**
Transfers out of Level 3[1]	**-**	**(13)**	**(555)**	**(568)**
Total (losses)/gains in Consolidated Income Statement	**-**	**(110)**	**2**	**(108)**
Balance at 30 June 2024	**10**	**235**	**43,056**	**43,301**

[1] Transfers relating to unlisted securities and interest-bearing securities for June 2024 is due to a reconsideration of the methodology in reviewing the Fund's unlisted investments on a look through basis.

5. Financial Risk Management

Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk, credit risk and liquidity risk. The Fund's risk management and investment policies seek to minimise the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain financial derivative instruments.

The Fund has an Investment Governance Framework (IGF) established by the Trustee. The IGF sets out the Trustee's policies for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and market price risk. The Fund's policies and procedures put in place to mitigate the Fund's exposure to market risk are detailed in the Fund's investment policies and the RMF.

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund undertakes certain investment transactions that are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters. The Fund's overall policy in foreign currency risk management remains unchanged from the previous reporting period.

5. Financial Risk Management (continued)

(a) Market risk (continued)

Foreign currency risk management (continued)

The Fund's total exposure (in Australian dollars) to fluctuations in foreign currency exchange at the reporting date was as follows:

2024	USD $A'm	EUR $A'm	GBP $A'm	HKD $A'm	Others $A'm
Receivables	**90**	**45**	**54**	**18**	**93**
Cash Investments	**566**	**38**	**21**	**12**	**92**
Interest bearing securities	**1,784**	**466**	**331**	**12**	**206**
Private market credit securities	**-**	**-**	**-**	**-**	**183**
Listed securities	**38,985**	**5,768**	**1,930**	**1,054**	**9,059**
Unlisted securities	**7,327**	**2,872**	**1,324**	**-**	**174**
Derivative assets	**654**	**136**	**41**	**2**	**148**
Payables	**-**	**-**	**-**	**-**	**(153)**
Derivative liabilities	**-**	**-**	**-**	**-**	**(46)**
	49,406	**9,325**	**3,701**	**1,098**	**9,756**
Forward exchange contracts	**(30,487)**	**(5,269)**	**(2,617)**	**(116)**	**(5,579)**
Net exposure to foreign exchange risk	**18,919**	**4,056**	**1,084**	**982**	**4,177**

2023	USD $A'm	EUR $A'm	HKD $A'm	JPY $A'm	Others $A'm
Receivables	244	80	26	23	136
Cash investments	566	65	13	20	99
Interest bearing securities	1,657	446	13	38	557
Private market credit securities	-	-	-	-	230
Listed securities	33,515	5,689	1,233	2,113	7,717
Unlisted securities	5,905	2,588	-	-	1,772
Derivative assets	293	33	3	99	39
Payables	(51)	(2)	(1)	(2)	(15)
Derivative liabilities	(89)	(19)	(1)	(12)	(76)
	42,040	8,880	1,286	2,279	10,459
Forward exchange contracts	(25,594)	(4,523)	(162)	(1,230)	(5,683)
Net exposure to foreign exchange risk	16,446	4,357	1,124	1,049	4,776

5. Financial Risk Management (continued)

(a) Market risk (continued)

Foreign currency sensitivity

The following table details the Fund's sensitivity to a 11% (2023: 10%) increase or decrease in the Australian Dollar against the relevant foreign currencies. Management have assessed that 11% is an appropriate sensitivity rate to measure the impact of a possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 11% (2023: 10%) change in foreign currency rates. The analysis assumes all currencies fluctuate in the same direction at the same time. The number is positive when the Australian dollar weakens against the respective currency, causing assets available to pay benefits to increase. Conversely the number is negative when the Australian dollar strengthens causing assets denominated in foreign currencies to fall in value.

Currency Risk	% change in $AUD		Effect on changes in net assets and net assets available to pay benefits	
	2024	2023	2024 $'m	2023 $'m
Currency risk	**11%**	10%	**3,118**	2,770

Interest rate risk management

The Fund's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Fund to cash flow risk, whereas fixed interest rate instruments expose the Fund to fair value interest rate risk. Exposures to interest rate risk are monitored.

2024	Floating interest rate $'m	Fixed interest rate $'m	Non-interest bearing $'m	Totals $'m
Assets				
Cash and cash equivalents	**662**	**-**	**-**	**662**
Cash investment	**1,872**	**-**	**-**	**1,872**
Interest bearing securities	**12,000**	**22,350**	**-**	**34,350**
Private market credit securities	**1,903**	**111**	**-**	**2,014**
Derivative assets	**1**	**28**	**958**	**987**
Derivative liabilities	**-**	**(6)**	**(45)**	**(51)**
Net exposure to interest rate risk	**16,438**	**22,483**	**913**	**39,834**

5. Financial Risk Management (continued)

(a) Market risk (continued)

Interest rate risk management (continued)

2023	Floating interest rate $'m	Fixed interest rate $'m	Non-interest bearing $'m	Totals $'m
Assets				
Cash and cash equivalents	576	-	15	591
Cash Investments	2,307	-	-	2,307
Interest bearing securities	9,971	19,714	-	29,685
Private market credit securities	2,087	46	-	2,133
Derivative assets	-	-	475	475
Derivative liabilities	-	(3)	(194)	(197)
Net exposure to interest rate risk	14,941	19,757	296	34,994

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date. It is assumed that the basis point change occurs as at the reporting date. The interest rate risk sensitivity analysis calculates the impact on the market value of the fixed interest portfolio of a change of 100 basis points term structure in every market in which the fund holds fixed interest securities, based on the duration of the Fund's fixed interest portfolio as at the reporting date. The possible increase or decrease in fixed interest rates of 100 basis points (2023: 100 basis points) are estimated to result in the following impact on the fixed interest portfolio's contribution to the consolidated operating result as illustrated in the following table:

Interest Rate Risk	Change in interest rate		Effect on changes in net assets and net assets available to pay benefits	
	2024 bps	2023 bps	2024 $'m	2023 $'m
Interest rate risk	**+100**	+100	**(1,134)**	(1,013)
	-100	-100	**1,134**	1,013

5. Financial Risk Management (continued)

(a) Market risk (continued)

Market price risks

Market price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund has investments in unit trusts which expose it to price risk. In addition, the Fund holds equity instruments which expose it to equity price risk.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Consolidated Income Statement, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by constructing a diversified portfolio of instruments traded on various markets in accordance with the Fund's investment strategy.

The following table summarises the sensitivity of the Fund's net assets available for member benefits to price risk. The reasonably possible movements in the risk variables have been based on management's assessment, having regard to a number of factors, including historical levels of changes in market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables. The Fund has reviewed the assumptions used to determine its sensitivity to these risks compared to the comparative period as a result of changes in market volatility in the period.

Market Price Risk	Volatility of investment sector returns		Effect on changes in net assets and net assets available to pay benefits	
	2024	2023	2024 $'m	2023 $'m
Listed securities	**16.5%**	16.7%	**15,371**	13,669
Unlisted securities	**7.4%**	7.2%	**3,538**	3,251

(b) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund has counterparty credit procedures in place and the exposure to credit risk is monitored on an ongoing basis in accordance with the Statement of Investment Objectives and Policy.

All of the cash held by the Fund is held by State Street, Westpac Banking Corporation, and Commonwealth Bank of Australia (CBA). The Fund monitors its credit risk by monitoring the credit quality and financial positions of the banks through regular analysis of their financial reports.

Unsettled investment sales are transactions with investment managers that are awaiting settlement and are included in receivables. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The ageing of unsettled trades is monitored.

5. Financial Risk Management (continued)

(b) Credit Risk (continued)

State Street is the custodian of all the Fund's investment assets and associated liquid assets. State Street provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions. From 1 May 2023 onwards, all bank accounts (excluding State Street accounts) and member services are internally administered by the Fund. (Mercer was the custodian for some of the Fund's Commonwealth Bank of Australia (CBA) accounts and performs transactional and accounting services and was also an administrator of member services for the Fund until 30 April 2023.) The credit quality and financial positions of the custodians is monitored through regular analysis of their financial reports.

The Fund participates in securities lending via the agency securities lending programme of its custodian, State Street, whereby the Fund has a principal relationship with the borrower. All loans of securities are subject to collateral backing. The market value of securities on loan at 30 June 2024 was $15,364 million (2023: $12,324 million).

The Fund holds private market credit securities which may not have a third-party credit rating at the security level. For these securities, the Fund assesses the credit risk of the securities, assigning a credit rating to quantify the credit risk using an approach similar to those used by external ratings agencies. The securities are managed on an ongoing basis by the Fund and subject to independent valuation at least semi-annually which includes evaluation by the independent valuer of the assigned credit ratings of a part of the portfolio on a rolling basis. The Fund does not have credit risk exposure exceeding 10% of the total portfolio to any single counterparty.

Except for security lending arrangements and OTC derivatives, the Fund holds no collateral security and has no credit enhancement arrangements for any financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The table below shows the maximum exposure to credit risk at the reporting date. The carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

The Fund's maximum aggregate exposure to credit risk is as follows:

Aggregate Credit Risk Exposure	2024 $'m	2023 $'m
Cash and cash equivalents	**662**	591
Cash Investments	**1,872**	2,307
Interest bearing securities	**34,350**	29,685
Private market credit securities	**2,014**	2,133
Derivative assets	**987**	475
Receivables	**935**	1,064
	40,820	36,255

Counterparty risk on Challenger Life Annuity policy

Most of the risks to the Fund's financial position related to the defined benefits - lifetime pensioners (investment risk, inflation risk and longevity risk) have been transferred to Challenger Life by investing in a Challenger Life annuity buy-in policy from 31 July 2023. The main risk that remains with respect to the annuity buy-in is counterparty risk – the risk that Challenger Life becomes insolvent and another insurance company does not take on the liabilities of the annuity contract. The Trustee analysed counterparty risk in detail as part of the annuity buy-in project and concluded that this risk was relatively small. The policy is valued at $642.6 million as at 30 June 2024 (2023: $619.2 million)

5. Financial Risk Management (continued)

(c) Liquidity risk

The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The Fund allows members to withdraw benefits in accordance with the appropriate requirements and it is therefore exposed to the liquidity risk of meeting members' legitimate withdrawal requests at any time. The majority of the Fund's listed securities and unit trust investments are considered to be readily realisable. The Fund's financial instruments include investments in unlisted investments and private equity which are not traded in an organised market and that generally may be illiquid. As a result, in extraordinary circumstances, there is a risk that the Fund may not be able to liquidate all of these investments at their net market value in order to meet all of its liquidity requirements.

The Fund has a framework in place to manage liquidity risk, this includes a liquidity management plan, setting liquidity parameters, monitoring and stress testing, that considers the following key elements:

1. understanding the drivers behind liquidity needs;
2. setting liquidity parameters;
3. implementing effective investment structures;
4. monitoring liquidity;
5. regularly conducting liquidity stress testing; and
6. maintaining a Liquidity Management Plan.

The strategic asset allocation of each investment option is the main determinant of its overall risk and return characteristics, including its liquidity profile. Hence, Aware Super explicitly considers the liquidity characteristics of each asset class before setting the strategic asset allocations and ranges for the individual investment options offered to members. In setting the liquidity classification for each asset class, Aware Super tailors the liquidity classification to the characteristics of the underlying assets themselves, rather than applying a standardised approach.

It is expected that each investment option would be able to meet its cashflow requirements on a stand-alone basis. Hence, the proportion of illiquid assets held at an investment option level is a key parameter considered in relation to liquidity risk; an increasing proportion of illiquid assets will, by definition, reduce the overall level of liquidity.

Overall, the following principles apply:

- a majority of assets are held in highly liquid securities, many exchange-traded, which can be fully liquidated at short notice if necessary;
- all investment options have a strategic allocation to cash, which is highly liquid, and could be drawn upon to manage cash flow requirements; and
- unlisted securities are regularly reviewed for valuation accuracy.

The Fund has capital commitments in relation to property, private equity and infrastructure investment activities. Note 13 sets out the commitments contracted for at the reporting date but not recognised as liabilities in the tables below.

5. Financial Risk Management (continued)

(c) Liquidity risk (continued)

The following tables summarise the maturity profile of the Fund's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay. The tables include both interest and principal cash flows.

2024	Less than one month $'m	One to twelve months $'m	Over one year $'m	Totals $'m
Defined contribution member liabilities[1]	**175,946**	**-**	**-**	**175,946**
Defined benefit member liabilities[1]	**940**	**-**	**-**	**940**
Payables	**617**	**97**	**-**	**714**
Lease liabilities	**2**	**19**	**133**	**154**
Derivative liabilities	**20**	**31**	**-**	**51**
Total Financial Liabilities	**177,525**	**147**	**133**	**177,805**

[1]Amount is considered less than one month as it is based on the earliest period when a beneficiary may claim their benefit.

2023	Less than one month $'m	One to twelve months $'m	Over one year $'m	Totals $'m
Defined contribution member liabilities[1]	158,930	-	-	158,930
Defined benefit member liabilities[1]	1,004	-	-	1,004
Payables	393	124	-	517
Lease liabilities	2	19	108	129
Derivative liabilities	127	68	2	197
Total Financial Liabilities	160,456	211	110	160,777

[1]Amount is considered less than one month as it is based on the earliest period when a beneficiary may claim their benefit.

Capital risk management

The Operating Risk Financial Requirement Reserve has been established in accordance with SPS 114 *Operational Risk Financial Requiremen*t (ORFR), refer Consolidated Statement of Changes in Equity. The purpose of this operational risk financial risk reserve is to provide funding for incidents where material losses may arise from operational risk (as opposed to investment risk) relating to the Fund. The level of reserve is determined by the Trustee based on an assessment of the risks faced by the Fund.

6. Investment in service entities

Consolidation and Investment in Service Entities

The Fund meets the definition of an investment entity within AASB 10 *Consolidated Financial Statements* and is therefore required to measure controlled investments at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* rather than consolidate them.

Notwithstanding the mandatory exception to the consolidation requirement for an investment entity, where the main purpose and activities of controlled entities are to provide investment-related services or activities that relate to the investment entity's investment activities, then the mandatory exception would not apply to such Service subsidiaries. Investment-related services include but are not limited to investment advisory services, investment management, investment support and administration services.

An investment entity is still required to consolidate its Service subsidiaries and apply the requirements of AASB 3 *Business Combinations* when acquiring control of any such subsidiary.

The Fund is required to consolidate First State Super Holdings Pty Ltd (and its subsidiaries), First State Super Product Services Trust and FSSSP Pty Ltd (together, the Service entities). A list of all Service entities and other controlled investments is included under Note 17 to the financial statements.

In consideration of the materiality of the wholly owned Service entities, the Fund accounts for these entities using the equity method rather than consolidating these entities as required by AASB 1056 *Superannuation Entities* and AASB 10 *Consolidated Financial Statements*. The equity method does not in the opinion of the Trustee, impair the fair presentation of the Fund's performance and statement of affairs.

Investment in a service subsidiary is a separate cash generating unit. It is required to be tested for impairment under AASB 136 *Impairment of Assets* (AASB 136) whenever there is an indicator of impairment or at least tested for impairment annually.

7. Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its tax assets and liabilities when due on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or benefit in the Consolidated Income Statement.

Some aspects of tax legislation and rulings require interpretation and necessitate reasonable assumptions or allocations to be made in determining the provision for income taxes. There are some tax calculations made during the

ordinary course of business which may be uncertain if assumptions or allocations are subsequently challenged. Due to its size and the amount of tax paid, the Fund is subject to regular reviews by the Australian Taxation Office. The fund actively monitors and assesses the impacts of those reviews, including making appropriate tax provisions for potential tax exposures. Where the final outcome of a tax authority review is different from the amounts that were initially recorded, such differences may impact the current and deferred tax provisions in the period in which such determination is made.

7. Income Tax (continued)

(a) Income tax expense recognised in the consolidated income statement

	2024 $'m	2023 $'m
Current		
Current income tax (expense)/benefit	**(159)**	423
(Under) provision in previous financial years	**(52)**	(210)
Deferred		
Deferred tax (expense)/benefit relating to temporary differences	**(849)**	(1,099)
(Under)/Over provision in previous financial years	**(4)**	117
Total tax (expense)	**(1,064)**	(769)

(b) Reconciliation of income tax expense to prime facie income tax (expense)/benefit

The prime facie income tax (expense)/benefit on pre-tax changes in net assets reconciles to the income tax (expense)/benefit in the consolidated financial statements as follows:

	2024 $'m	2023 $'m
Operating result before income tax	**16,051**	14,465
Income tax (expense) calculated at 15% (2023: 15%)	**(2,407)**	(2,170)
Non-assessable investment income	**574**	567
Non-deductible expenses	**(168)**	(273)
Exempt pension income	**519**	599
Franking credits and foreign income tax offsets	**414**	515
Other	**60**	86
(Under) provision in prior year	**(56)**	(93)
Total tax (expense)	**(1,064)**	(769)

The tax rate used in the above reconciliation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian taxation law.

7. Income Tax (continued)

(c) Income tax expense recognised in the consolidated statement of changes in members' benefit

	2024 $'m	2023 $'m
Contributions and transfers in recognised in the consolidated statement of changes in members' benefits	**3,165**	2,908
Income tax expense calculated at 15% (2023: 15%)	**(475)**	(436)
Non-assessable contributions	**866**	821
Non-deductible benefits payments	**(1,599)**	(1,477)
Other	**(3)**	(5)
(Under) provision in prior year	**(15)**	(18)
Total tax (expense)	**(1,226)**	(1,115)

	2024 $'m	2023 $'m
Current income tax (expense)	**(1,226)**	(1,113)
Deferred tax (expense) relating to temporary differences	**-**	(2)
Total tax (expense)	**(1,226)**	(1,115)

The tax rate used in the above reconciliation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian taxation law.

(d) Current tax liabilities/asset

	2024 $'m	2023 $'m
Current tax payable/(receivable)	**419**	(297)

7. Income Tax (continued)

(e) Deferred tax balances

The movements in temporary differences during the year were:

Recognised deferred tax assets and liabilities	2022	Charged to income	Transferred in	2023	Charged to income	Transferred in	2024
	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Deferred tax assets							
Unrealised capital losses	**962**	(218)	-	**744**	49	-	**793**
Unrealised forward foreign exchange and other losses	**328**	(180)	-	**148**	1	-	**149**
Administration expenses accrued but not in-curred	**39**	(9)	-	**30**	(2)	-	**28**
Realised capital losses	**-**	69	-	**69**	(69)	-	**-**
Accrued franking credits	**32**	1	-	**33**	(4)	-	**29**
Total deferred tax assets	**1,361**	(337)	**-**	**1,024**	(25)	**-**	**999**
Deferred tax liabilities							
Unrealised capital gains	**2,001**	618	-	**2,619**	752	-	**3,371**
Unrealised forward foreign exchange gains and other gains	**-**	26	-	**26**	77	-	**103**
Accrued income	**23**	1	-	**24**	(1)	-	**23**
Total deferred tax liabilities	**2,024**	645	-	**2,669**	828	-	**3,497**
Net deferred tax liabilities	**663**	982	-	**1,645**	853	-	**2,498**

7. Income Tax (continued)

Potential impact of Australian Taxation Office (ATO) audit

Aware Super has regular interactions with the Australian Taxation Office (ATO) and from time to time, there are various matters under ATO review or audit. In July 2022, the ATO commenced an audit on certain matters. As of the reporting date, the ATO has not provided Aware Super with a position paper indicating that further tax may be payable or any amended tax assessments. Aware Super believes it has acted in accordance with tax legislation and independent advice obtained, and believes the positions in respect of the matters subject to audit are reasonable.

8. Payables

Payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services and are recognised at their nominal value which is equivalent to fair value.

The Fund recognises a benefit to be payable when a member's valid withdrawal notice is received, and it has been approved by the Trustee in accordance with the Fund's Trust Deed. Benefits paid and payable are measured at their nominal values as prescribed by the Fund's Trust Deed.

Benefits payable represent amounts which have not been paid where a valid withdrawal notice has been received.

	2024 $'m	2023 $'m
Investment payables (unsettled investments)	**469**	284
Benefits payable	**63**	56
Lease liabilities	**131**	116
Other payables	**182**	178
Total payables	**845**	634

9. Consolidated Income statement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

Dividend and distribution revenue

Revenue from dividends and distributions is recognised gross of withholding tax in the consolidated income statement within dividends and distributions income when the Fund's right to receive payment is established. If the dividend is not received at reporting date, the balance is reflected in the Consolidated Statement of Financial Position as a receivable.

Changes in fair value of financial instruments

Changes in the fair value of investments are recognised in the consolidated income statement and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

9. Consolidated Income statement (continued)

Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at the reporting date are translated at the exchange rate existing at that date. Exchange differences are recognised in the Consolidated Income Statement in the period in which they arise.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(a) Changes in fair value of investments

	2024 $'m	2023 $'m
Investments held at reporting date:		
Listed securities	**9,670**	9,841
Cash investments	**(8)**	(9)
Interest bearing securities	**179**	(102)
Private market credit securities	**(5)**	(2)
Derivatives	**674**	1,499
Unlisted securities	**156**	15
Total unrealised changes in fair value	**10,666**	11,242
Investments realised during the reporting period:		
Listed securities	**993**	817
Cash investments	**(18)**	27
Interest bearing securities	**30**	28
Private market credit securities	**(3)**	1
Derivatives	**(526)**	(3,035)
Unlisted securities	**1**	(67)
Total realised changes in fair value	**477**	(2,229)
Total changes in fair value of Investments	**11,143**	9,013

9. Consolidated Income statement (continued)

(b) Investment expenses

	2024 $'m	2023 $'m
Investment base fees	**(293)**	(259)
Withholding tax expense	**(125)**	(141)
Investment performance fees	**(15)**	(18)
Transaction costs	**(62)**	(65)
Total investment expenses	**(495)**	(483)

Withholding tax expense represents withholding tax on foreign dividend and distribution income, with the decrease year on year driven by the decrease in foreign dividend and distribution income over the same period.

(c) Administration expenses

	2024 $'m	2023 $'m
Sponsorship and advertising	**(25)**	(21)
Other administration expenses	**(298)**	(305)
Total administration expenses	**(323)**	(326)

10. Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with third-party insurance companies to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurers. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts are recognised in the consolidated statement of changes in members benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim;
- insurance premiums are only paid through the Fund for administrative reasons; and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

11. Defined contribution member liabilities

Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure defined contribution member liabilities. Unit prices are updated on daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within Note 5.

Defined contribution members' liabilities include allocated benefits and unallocated contributions.

Unallocated contributions are contributions received but not yet allocated to specific member accounts or reserves on reporting date.

12. Defined benefit member liabilities

Defined benefit member liabilities are measured as the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

Aware Super has a defined benefit sub-fund, being the Health Super DB Fund, covering members in the Defined Benefit Scheme and the Lifetime Pension Scheme. The Health Super DB Fund was closed to new members from the 1 January 1994, with all new members subsequent to that date joining the defined contribution plan of the Fund.

The Fund engages a qualified independent actuary annually. The appointed independent actuary reports to the Trustee on the status of the defined benefit sub-fund. Where a sub-fund is in, or likely to enter, an unsatisfactory financial position, the report will set out any remedial action and agreed rectification programs.

The Trustee manages liquidity risk by having sufficient liquid funds to meet member pension payments and redemptions within the time frames established by the Trustee and communicated to members. The net assets of the defined benefit sub-fund exceeded the vested benefits as at 30 June 2024 and therefore is in a satisfactory financial position as at the reporting date.

Mercer Consulting (Australia) Pty Ltd is the independent actuary for the Health Super DB fund. The independent actuary has reviewed and considered the rate of contributions for defined benefit members (but excluding members covered by the Challenger Life annuity policy) and expects the sub-fund to maintain a satisfactory financial position over the next three years. The employers are contributing at the amount recommended by the actuary.

Challenger Life Annuity policy

Aware Super entered into an annuity buy-in arrangement with Challenger Life Company Limited ('Challenger') on 25 July 2023, to achieve a de-risking solution for the defined benefit sub-fund. Under the arrangement, Challenger agreed to provide a group lifetime annuity to the value of $619 million that will de-risk the then sub-fund's existing Lifetime Pension Scheme member liabilities from investment, inflation, and longevity risks. The future cash flows for defined benefits members' retirement income are provided by the buy-in provider, Challenger, in exchange for a lump sum paid by Aware Super at the time of acquiring the master annuity as an asset. This group lifetime annuity policy commenced from 31 July 2023.

Members covered by this annuity policy, have liabilities fully matched by the Challenger Life annuity policy. Challenger provides actuarially assessed valuation of the annuity policy on a quarterly basis.

(a) Health Super Defined Benefit Fund

The Fund has no information that would lead it to adjust the factors or assumptions used by the actuary for discount rate, salary adjustment rate, resignations and mortality, which are all unchanged from previous reporting period.

The defined benefit assets and liabilities as reported include the value of the Challenger Life annuity policy as reported by Challenger Life where relevant. The reported valuation covers, Defined Benefit Scheme and Lifetime Pension Scheme (inclusive of members covered by the Challenger Life annuity policy).

The summary financial position of the Health Super DB Fund, a sub-fund of Aware Super, is per the table below:

Accrued Benefits	2024 $'m	2023 $'m
Net assets available to pay defined benefits as at 30 June	**1,025**	1,021
Accrued benefits – Defined benefits as at 30 June	**940**	1,004
Defined benefits surplus	**85**	17

12. Defined benefit member liabilities (continued)

(a) Health Super Defined Benefit Fund (continued)

Vested Benefits	2024 $'m	2023 $'m
Net assets available to pay defined benefits as at 30 June	**1,025**	1,021
Vested benefits – Defined benefits as at 30 June	**941**	1,005
Surplus of net assets over vested benefits	**84**	16
Vested Benefits Index at 30 June	**108.9%**	101.6%

(b) VISSF Defined Benefit Funds

VISSF defined benefit fund wound up in the comparative financial year, on 31 March 2023.

13. Commitments for Expenditure

The Fund has capital commitments in relation to investment commitments and other commitments as below. Commitments contracted for at the reporting date but not recognised as liabilities are as follows:

Expenditure Commitments	2024 $'m	2023 $'m
Investment commitments		
Property, private equity and infrastructure	**5,355**	4,592
Other commitments		
Administration platform system	-	5
	5,355	4,597

Other commitments relate to a new member administration platform that the Fund entered into in the comparative financial year. During the financial year, these commitments have been fully recognised in the consolidated statement of financial position and therefore the commitment attributable to Aware Super is nil as at 30 June 2024 (2023: $5 million).

14. Contingent Liabilities

The Fund has contingent liabilities under subscription agreements with controlled entities as follows:

Contingent Liabilities	2024 $'m	2023 $'m
Property, private equity and infrastructure	**298**	197

The agreements are only activated in the event a controlled entity is unable to repay its borrowings and allows the controlled entity to compel the Fund to subscribe for sufficient equity to repay its borrowings.

As at 30 June 2024, if the agreements are activated the maximum amount that the Fund may be compelled to subscribe for was $298 million (2023: $197 million), based on total facility of $4,058 million (2023: $3,629 million).

14. Contingent Liabilities (continued)

Trustee Fee

Under the Trust Deed, the Trustee may determine and charge a fee, to be retained for the Trustee's own purposes, for any of the duties or services that the Trustee performs in its capacity as trustee of the Fund. The use of this fee power is governed by a Trustee Fee Policy which determines that a fee may only be charged where the Trustee has incurred a relevant cost that it has not otherwise received compensation for. This fee is expected to be funded from the administration reserve of the Fund. The maximum fees that may be charged in a financial year is reviewed annually and was capped at $42 million (exclusive of GST) for the financial year ended 30 June 2024 (2023: $42 million). For the year ended 30 June 2024, no trustee fees were charged by the Trustee to the Fund (2023: no fees charged).

15. Notes to the Cash Flow Statement

Reconciliation of net inflows from operating activities to operating results after income tax.

	2024 $'m	2023 $'m
Operating results after income tax	**14,987**	13,696
Changes in fair value of investments	**(11,143)**	(9,013)
Death and disability proceeds received	**607**	520
Insurance premiums paid	**(689)**	(722)
Financial planning fees paid	**(40)**	(34)
(Increase) in receivables	**(34)**	(3)
Decrease/(increase) in other assets	**9**	(58)
Increase/(decrease) in payables	**15**	(32)
Increase/(decrease) in provision for net deferred tax liabilities	**853**	985
Increase/(decrease) in provision for tax	**550**	(461)
Net inflows of cash from operating activities	**5,115**	4,878

16. Related Parties

The Trustee of the Aware Super is Aware Super Pty Ltd (ABN 11 118 202 672).

16. Related Parties (continued)

The key management personnel compensation in relation to services to the Fund is as follows:

KMP Compensation	2024 $	2023 $
Short-term employee benefits, non-executive Directors' and Executives' Salaries	**8,717,695**	8,280,905
Post-employment benefits, superannuation contributions made on behalf of non-executive Directors and Executives	**401,994**	361,298
Other long-term employee benefits, long service leave expenses for Executives	**1,559,551**	1,036,278
Termination benefits	**444,053**	41,121
Total Compensation	**11,123,293**	9,719,602

The fees or salaries provided to Directors include superannuation fund contributions and fees received for acting as a Director or a member of a committee. The change in total compensation in the 2023/24 financial year as compared to the previous year is driven by adjustments to remuneration as a result of external benchmarking, fund performance, and an increase in termination expenses.

The membership terms and conditions for those Directors and Executives who are members of the Fund are the same as those available to other members of the Fund.

Where any of the Trustee's Directors are directors, consultants or executive officers of, or otherwise related to, an entity with which the Fund transacts, those transactions are conducted on an arms-length basis, under normal commercial terms and conditions. The Trustee regularly updates its Conflicts Registers and ensures any conflicting interest is appropriately managed by, for example, the conflicted Director declaring their interest to the meeting, the Director being requested not to participate in the discussion, or the Director absenting himself or herself from the discussion.

The Trustee is reimbursed by the Fund, on a cost recovery basis, for the remuneration paid to Directors. Details of transactions between the Fund and its Trustee are set out below:

Aware Super Pty Ltd	2024 $	2023 $
Reimbursement to the Trustee for the remuneration paid to Directors	**1,539,385**	1,527,786
Amounts owed to the Trustee	**(127,838)**	(78,215)

Aware Super Pty Ltd is the trustee of the Fund, a related party, which is not part of the Fund.

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the current or prior periods for bad or doubtful debts owed by related parties.

Balances and transactions between the Fund and its controlled Service entities, which are related parties, have been eliminated on consolidation on net basis through profit and loss, rather than a line-by-line basis of elimination and are not disclosed in this note for financial year end 30 June 2024 and for the comparative financial year end 30 June 2023.

17. Controlled Entities

The Fund is an investment entity and therefore except for Service subsidiaries[1] which are consolidated using the equity method, the Fund does not consolidate controlled entities which are carried at fair value.

Further details of the Fund's directly held controlled entities, and both directly and indirectly held Service entities are shown in the table below.

		Equity holding		Commitments for expenditure	
Name	Country of incorporation	2024 %	2023 %	2024 $'m	2023 $'m
Altis Real Estate Trust	Australia	**100**	100	**-**	-
ALTRAC Light Rail Holdings 2 Pty Ltd	Australia	**100**	100	**-**	-
Aware Financial Services Australia Ltd [1]	Australia	**100**	100	**-**	-
Aware Real Estate Management	Australia	**99.9**	99.9	**-**	-
Aware Super Clean Energy Trust	Australia	**100**	100	**-**	-
Aware Super Custodial Services Pty Ltd	Australia	**100**	100	**-**	-
Aware Super ELG Finco Pty Ltd	Australia	**100**	100	**-**	-
Aware Super Intermodal Terminal Company Pty Ltd	Australia	**100**	100	**-**	-
Aware Super ITC Platform Trust	Australia	**100**	100	**189**	-
Aware Super Legal Pty Ltd [1]	Australia	**100**	100	**-**	-
Aware Super Private Equity Trust	Australia	**100**	100	**-**	-
Aware Super Property Holdings II Australia Pty Ltd	Australia	**100**	100	**-**	-
Aware Super Services Pty Limited [1]	Australia	**100**	100	**-**	-
Aware Super Social Infrastructure Investment Company Pty Ltd	Australia	**100**	100	**-**	-
Aware Super UK Ltd [1]	United Kingdom	**100**	100	**-**	-
Birdwood DG Pty Ltd	Australia	**77**	77	**271**	318

[1] Service subsidiary

17. Controlled Entities (continued)

		Equity holding		Commitments for expenditure	
Name	Country of incorporation	2024 %	2023 %	2024 $'m	2023 $'m
Exemplar Health (SCUH) Holdings 3 Pty Ltd	Australia	**100**	100	**-**	**-**
Exemplar Health (SCUH) Holdings 4 Pty Ltd	Australia	**100**	100	**-**	**-**
First State Super Holdings Pty Ltd [1]	Australia	**100**	100	**-**	**-**
First State Super Private Equity Trust	Australia	**100**	100	**-**	**-**
First State Super Product and Administration Services Pty Ltd [1]	Australia	**100**	100	**-**	**-**
FSS Agriculture 1 Pty Ltd	Australia	**100**	100	**-**	**-**
FSS BAC Airports 1 Pty Ltd	Australia	**100**	100	**-**	-
FSS Darling Square Trust	Australia	**100**	100	**-**	-
FSS Energy Credit Trust	Australia	**100**	100	**524**	-
FSS Infrastructure Trust	Australia	**100**	100	**-**	-
FSS Liberty Trust	Australia	**100**	100	**-**	-
FSS Multi Family Residential Trust	Australia	**100**	100	**202**	-
FSS NSW Almond Orchards Trust	Australia	**100**	100	**-**	-
FSS Product Services Trust [1, 2]	Australia	**100**	100	**-**	-
FSS Real Estate Trust	Australia	**100**	100	**-**	-
FSS Retirement Villages Trust	Australia	**100**	100	**132**	-
FSS SA Almond Orchards Trust	Australia	**100**	100	**-**	-

[1] Service subsidiary

[2] Parent entity of Aware Financial Services Australia Limited

17. Controlled Entities (continued)

		Equity holding		Commitments for expenditure	
Name	Country of incorporation	2024 %	2023 %	2024 $'m	2023 $'m
FSS Two Melbourne Quarter Trust	Australia	**100**	100	**-**	-
FSS Vic Almond Orchards Trust	Australia	**100**	100	**-**	-
FSSSP Financial Services Pty Limited [1]	Australia	**100**	100	**-**	-
Golden NA Co-Invest Blocker 1 LLC	United States of America	**100**	100	**-**	-
Oak Tree Debt Trust	Australia	**100**	100	**-**	-
Odyssey Fund 8 Bare trust 2018	Australia	**100**	100	**-**	-
V.I.S. Nominees Pty Limited[1]	Australia	**100**	100	**-**	-
VicSuper Ecosystem Services Pty Ltd [1]	Australia	**100**	100	**-**	-
VicSuper Future Farming Landscapes Land Holdings Trust	Australia	**100**	100	**-**	-
VicSuper Future Farming Landscapes Trust	Australia	**100**	100	**-**	-
VicSuper International Private Equity Trust	Australia	**100**	100	**-**	-
VicSuper Pty Limited [1]	Australia	**100**	100	**-**	-
Western Property Trust No. 2	Australia	**100**	100	**-**	-
WA Local Government Superannuation Plan Pty Ltd[1]	Australia	**100**	100	**-**	-

[1] Service subsidiary

In addition to the above, the Fund also has 14 controlled entities as at the reporting date which acted as the trustee for some of the above entities. These 14 controlled entities had nominal carrying value. There were no transactions during the financial year between the trustees for the controlled entities and the Fund or Aware Super Pty Limited.

18. Remuneration of External Auditors

External Auditor's Remuneration	2024 $	2023 $
External audit report in relation to Financial Statements and Compliance:		
Aware Super Pty Ltd	**17,740**	16,800
Aware Super	**923,656**	841,750
Total Audit Fees	**941,396**	858,550
Other services:		
Strategic advisory services	**-**	555,077
Regulatory and compliance related services	**3,990**	169,459
Information technology services	**-**	188,766
Digital transformation services	**130,949**	120,000
Other consulting services	**28,789**	2,575
Total Other Services Fees	**163,728**	1,035,877

Audit services for the years ended 30 June 2024 and 30 June 2023 were provided by Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu and Aware Super have appropriate procedures in place for the pre-approval of non-audit services and Deloitte have confirmed they have met the independence requirements of the Corporations Act with respect to the conduct of the financial statement external audit.

19. Subsequent Events

Subsequent to the end of the financial year, there were appointment of new directors:

- Ms E Aulich (appointed on 1 July 2024)
- Ms C McLoughlin, AM (appointed to position of Chair of the Board, from 1 October 2024)

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

End of audited financial report