

# FY2022 COMPLIANCE REPORT: AIST Governance Code

**Fund name:**

CareSuper

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<b>Requirement</b>	<b>Compliance level</b> Please select one:	<b>Explanation &amp; evidence (pls copy in links and/or supply documents)</b>	<b>List changes made in FY2022</b>	<b>Planned improvement activities</b>
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<p>1.1 A profit-to-member superannuation Board must:</p> <ul style="list-style-type: none"> <li>conduct all appropriate enquiries to ensure that nominees have the appropriate skills and experience before appointing a person as a trustee director;</li> <li>for the appointment of representative directors in particular, this includes engagement with sponsoring organisations.</li> </ul>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>The Board Appointment, Renewal and Removal Policy outlines the process involved in appointing a new Director. With any vacancy, the Governance &amp; Remuneration Committee will advise the Board of any skills and attributes that would enhance the operation of the Board having regard to the Board skills matrix and Board review outcomes.</p> <p>The process for the appointment of representative Directors includes writing to the nominating organisation (as well as conducting a face to face/virtual meeting with the organisation) inviting one or more nominations for the vacancy and documenting Board requirements including:</p> <ul style="list-style-type: none"> <li>- indication of the skills and experience the Board specifically needs to complement those of the existing Directors;</li> <li>- minimum requirements for Directors in terms of attributes and qualities;</li> <li>- outline of the minimum standards expected from Directors</li> <li>- confirmation that CareSuper will not appoint a person who holds an existing Directorship or other office with another public offer super fund;</li> <li>- request for a resume;</li> <li>- summary of the duties and responsibilities of a trustee; and</li> <li>- Board's policy on equal gender representation.</li> </ul> <p>The next step in the process is to review applications and conduct interviews by the Chair/Deputy Chair plus one other Director of the same Member/Employer class as the vacancy.</p> <p>If successful at the interview, the Company Secretary or Office of the CEO sends documents to the candidate for completion including:</p> <ul style="list-style-type: none"> <li>- Consent to Act;</li> <li>- Attestation (incorporating professional development matrix to assess current skills and experience);</li> <li>- Copy of Fit &amp; Proper Policy; and</li> <li>- Police Check form.</li> </ul> <p>Once all of the completed forms are returned, an assessment</p>	<p>Formalisation regarding how Board Chair Committees are nominated and selected.</p>	

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<p>1.2 A profit-to-member superannuation fund must have a written agreement with each trustee director and senior executive setting out the terms of their appointment.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>Agreements were prepared for all existing Directors in December 2017. Each new Director is provided with an agreement shortly after they have been formally appointed by the Board. The director must sign it and return a copy to the Company Secretary or Office of the CEO. The agreements contain:</p> <ul style="list-style-type: none"> <li>- Term of appointment for Directors;</li> <li>- renewal terms for Directors;</li> <li>- relationship with the Company (non executive Director and not an employee);</li> <li>- vacation of office circumstances;</li> <li>- remuneration (Director fees, superannuation);</li> <li>- expenses and reimbursement;</li> <li>- expectations (time commitment, Board meetings, Board committees, company information and policies, confidentiality, education and training, performance assessment);</li> <li>- responsibilities and duties (responsibilities, disclosure of conflicts and material personal interests);</li> <li>- powers; and</li> <li>- meetings (Board quorum and voting, appointment of alternate director, access to company books and financial records, access to the company secretary, deed of access and indemnity).</li> </ul> <p>Senior Executives sign an employment contract before joining CareSuper.</p>		

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<p>1.3 The fund's company secretary is accountable directly to the Board, through the Chair, on all matters concerning effective Board operations and must provide every assistance to the Board to fulfil their obligations in acting in the best interests of members. The Chief Executive Officer must not be the company secretary.</p>	<p> <input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply                 </p>	<p>The Company Secretary is Samuel Horskins. Sam was appointed as the Company Secretary on 28 February 2022. Sam's other role is Chief Financial Officer. The Company Secretary is accountable directly to the Board, through the Chair.</p>	<p>Belinda Ray ceased as Company Secretary on 28 February 2022</p>	<p>Following the organisational review at CareSuper, a new role of Head of Governance and Compliance has been created. It is intended that this person will be the Company Secretary. The person in their substantive role will report to the Chief Risk Officer and as Company Secretary, will be directly accountable to the Board.</p>

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<p>1.4 Profit-to-member superannuation funds must have a written diversity policy, appropriate to the circumstances of the fund, which sets out clear and measurable objectives and provides for annual reporting to the Board and members. This policy must establish objectives concerning gender balance as a minimum, with other forms of diversity considered by the fund as appropriate. Objectives must relate to processes, which may, but do not necessarily, include targets for participation at Board and management levels, to ensure that the fund taps the broadest talent pool and is responsive to the needs of all its members.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>CareSuper has a Diversity and Inclusion Policy, which was most recently reviewed and approved by the Governance &amp; Remuneration Committee in March 2022 with the next biennial review to occur in 2024. Diversity is defined in the policy as including characteristics such as age, caring responsibilities, cultural identity, disability, gender expression and identity, ethnicity, education, family/relationship status, sexual orientation, religious beliefs, and/or socio-economic background. Diversity also encompasses the many ways people differ in terms of their education, life experience, location, personality, ways of thinking, and work experience.</p> <p>Gender diversity is reported to the Governance &amp; Remuneration Committee each year including:</p> <ul style="list-style-type: none"> <li>- Diversity in Leadership</li> <li>- Remuneration</li> <li>- Promotions and Transfers</li> <li>- Gender balance by Department</li> <li>- Diversity in Tenure</li> <li>- Diversity in Age</li> <li>- Diversity in new hires</li> <li>- Diversity in turnover</li> <li>- Flexibility</li> <li>- WGEA Reporting</li> <li>- Cultural Diversity</li> <li>- Mental Health and Wellbeing</li> </ul>		

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<p>1.5 In accordance with SPS510, profit-to-member superannuation funds must have:</p> <ul style="list-style-type: none"> <li>• annual procedures to evaluate the performance of the Board;</li> <li>• annual procedures to evaluate individual trustee directors.</li> </ul> <p>The fund must:</p> <ul style="list-style-type: none"> <li>• disclose a summary of those procedures and;</li> <li>• confirm annually that the performance evaluations were undertaken during the reporting period.</li> </ul>	<p><input checked="" type="checkbox"/> Full</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund's Fit &amp; Proper Policy outlines the ongoing assessment of individual Directors. It notes that each Responsible Person and the Board as a whole is reviewed on an annual basis (via a self-assessment) to ensure continued compliance with the definition of being deemed Fit &amp; Proper. The annual self-assessment is reviewed by the Risk and Compliance Team and reported to the Governance &amp; Remuneration Committee and then to the Board. The key skill areas that the Board has identified include:</p> <ul style="list-style-type: none"> <li>- Key Director attributes; and</li> <li>- Key skills.</li> </ul> <p>The Board Charter outlines the annual Board evaluation process. It states that an independent, external review of Board performance is conducted on a biennial basis and on an internal basis in alternate years. The outcomes from the Board evaluation processes are discussed at a Board Meeting within 3 months of the performance assessments being conducted and may also result in one-on-one meetings between the Chair and individual Directors. The Board Charter is available on the Fund's website:  <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a></p> <p>The collective results of the individual Director skills assessments are disclosed on the public website under "Board skills" as well as confirmation of the annual Board performance review under "Board Performance". Refer to <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a></p>		

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1.6 The Board of a profit-to-member superannuation fund must have a documented process for evaluating the performance of the senior management. The fund should disclose whether such a performance evaluation was undertaken during the reporting period.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The process for reviewing the performance of Senior Managers is outlined in the Appointment &amp; Removal of Senior Managers Policy. The process includes annual performance review and planning undertaken by the CEO for the Executive Team and by the Board Chair for the CEO. Each Executive is required to have an annual performance development plan with documented KPIs and training to be undertaken.</p> <p>Disclosure of an annual performance review is disclosed on the website in the paragraph prior to the Executive Team bios. Refer to <a href="https://www.caresuper.com.au/why-caresuper/about-us/our-people/executive-team">https://www.caresuper.com.au/why-caresuper/about-us/our-people/executive-team</a></p>		

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<p>2.1 The Board of a profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>Have a committee responsible for Board renewal that has at least three members;</li> <li>The committee must have a charter that is publicly disclosed and;</li> <li>It should meet at least annually.</li> </ul> <p>For each reporting period the fund must:</p> <ul style="list-style-type: none"> <li>disclose the members of the Board renewal committee and;</li> <li>attendance records for any meetings during that period.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Board Committee delegated with the responsibility of Board renewal is the Governance &amp; Remuneration Committee (GRC). The GRC has four Committee members.</p> <p>The Charter of the GRC outlines the responsibility and is publicly disclosed on the website. Refer to <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a>. The Charter is reviewed annually by GRC and then put to the Board for approval.</p> <p>The GRC meets at least quarterly each year. The calendar of meetings is set in prior year. For example, the meetings for 2023 are currently being determined to allow all Committee members to plan accordingly.</p> <p>The website disclosure includes the members of the Governance &amp; Remuneration Committee and meeting attendance over the past two years. Refer to "Board and Committee Attendance" under <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a></p> <p>The Compliance &amp; Risk Team is responsible for ensuring the disclosure of meeting attendance on the public website by the annual deadline.</p>		

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<p>2.2 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>Maintain a matrix showing the skills, relevant experience and diversity the Board currently has and acknowledge gaps it is looking to fill in order to effectively fulfil its strategic plan.</li> <li>It must disclose annually a representation of the existing collective skills, experience and diversity of the Board.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Each Director and Senior Manager is required to complete an annual attestation of relevant skills. The assessment of skills is performed at the Governance &amp; Remuneration Committee along with identification of skill gaps.</p> <p>The skills assessment for Directors is disclosed on the fund's website under "Board skills and performance"  <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a>.</p>		
<p>2.3 In disclosing the names of its directors, a profit-to-member superannuation fund must identify for each director whether they are a member representative, an employer representative or a non-representative member. In each instance, the name of the nominating body must also be publicly disclosed.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The website includes details of all Directors, whether they are member or employer Directors and if applicable the nominating body. Refer to  <a href="https://www.caresuper.com.au/why-caresuper/about-us/our-people/board">https://www.caresuper.com.au/why-caresuper/about-us/our-people/board</a></p>		

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<p>2.4 The voting rights of all trustee directors on the Board must:</p> <ul style="list-style-type: none"> <li>• Be equal, regardless of their status as a member or employer representative director, or non-representative director.</li> <li>• The voting majority for any Board decision should be no less than two-thirds of all trustee directors.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>All Directors hold equal shares (6 shares each valued at \$1) and have equal voting rights at meetings (one vote each).</p> <p>While most, if not all, decisions have been made unanimously, the Constitution stipulates that decisions will be made with at least a 2/3rd majority.</p>		

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<p>2.5 The Chair of a profit-to-member superannuation fund Board must:</p> <ul style="list-style-type: none"> <li>• Be appointed by the Board, and</li> <li>• Must satisfy all the requirements of skill and experience identified in the fund’s skills matrix for the role of Chair.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Terry Wetherall was appointed by the Board as Chair at a Board meeting held on 27 March 2018, and held that position until 31 March 2022. Linda Scott was appointed by the Board as Chair on 1 April 2022. This appointment had been determined in May 2021.</p> <p>Both the current and former Chairs satisfy all of the requirements of skill and experience identified in the skills matrix and the Position Description for the Chair.</p> <p>For the year ended 30 June 2022, the skills assessment matrix includes specific skills for the Board Chair and Deputy Chair including:</p> <ul style="list-style-type: none"> <li>- Leadership</li> <li>- Facilitate effective functioning of the Board</li> <li>- Engagement</li> <li>- Working relationship with the CEO</li> <li>- Personal traits</li> <li>- People skills</li> <li>- Collaborative</li> <li>- Emotional Intelligence</li> </ul>	<p>Change of Board Chair from Terry Wetherall to Linda Scott.</p>	
<p>2.6 The CEO must not be a director of the fund.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The CEO of CareSuper, Julie Lander is not a Director of the Fund.</p>		

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<p>2.7 A profit-to-member fund must:</p> <ul style="list-style-type: none"> <li>• Have an induction program for new trustee directors and</li> <li>• Provide appropriate ongoing professional development and training opportunities to continuously enhance their skills and knowledge.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>CareSuper has an induction program for new Trustee Directors which includes:</p> <ul style="list-style-type: none"> <li>- briefing by Board Chair</li> <li>- briefing by Committee Chairs (of relevant Committee/s)</li> <li>- briefings by CEO and all Executives</li> <li>- compulsory attendance at AML/CTF training</li> <li>- compulsory Cyber training (online modules)</li> <li>- compulsory attendance at AIST Trustee Director Course, if not previously completed or has previous superannuation board experience.</li> </ul> <p>Each Director is required to complete at least 30 hours of training each year which is monitored and reported on to the Governance &amp; Remuneration Committee. Training is also held at Board Meetings and Committee Meetings.</p>		
<p>3.1 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>• Have a code of conduct for its Board, senior management and employees.</li> <li>• This code, or a summary of it, must be publicly disclosed.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>CareSuper has a Code of Conduct that is applicable to Board members, employees and contractors.</p> <p>A summary of the Code is disclosed on the Fund's website refer to "Policy documents" at <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a>.</p> <p>Compulsory Code of Conduct training was scheduled for all required to complete the training in the period.</p>		

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<p>4.1 The Board of a profit-to-member superannuation fund must ensure the financial integrity of both the fund and the trustee entity.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Annual Audited Financial Statements of both the Trustee Company and Fund are publically available on the Fund's website.</p> <p>The annual accounts are reviewed by the Compliance, Audit &amp; Risk Management Committee (CARC) and then by the Board. Any external audit findings are included in an Audit Issues Register and tracked at each meeting by the CARC until they have been addressed and concluded.</p>		
<p>4.2 A profit-to-member superannuation fund must ensure due process in all transactions and ensure that any related party transactions are conducted under market conditions with full transparency and disclosure.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Related Party transactions can occur within CareSuper via:</p> <ul style="list-style-type: none"> <li>- Investments in related parties (eg. IFM/ISPT): all investments including investments in related parties are assessed by the Independent Investment Adviser to the Fund (JANA).</li> <li>- use of entities to provide services to the Fund such as IFS: arrangements with these entities are on normal market terms with agreements in place. Services with these providers are reviewed in line with other outsourced service providers.</li> </ul> <p>Related Party disclosures in the Financial Statements include disclosure of Investments in a related party (eg. share ownership) as per the Accounting Standards. In addition to this mandated disclosure, in 2018 CareSuper extended its Related Party disclosure in the financial statements to show any payments made to a Related Party where a CareSuper Director/Senior Manager was also a Director on another entity. Refer to "Financial Information" under <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a></p>		

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<p>4.3 The Board of a profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>Receive an attestation from the fund's CEO* and CFO* that the fund's accounts are a true and accurate reflection of the fund's financial position and that the financial records have been properly maintained, before approving the financial statements.</li> <li>In accordance with SPS510 an independent auditor must be appointed. The auditor must be fit and proper pursuant to SPS520 and must issue their opinion on the financial statements to the trustee and members of the fund.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Annual attestations have been in place since 30 June 2017. These attestations are provided to the Compliance, Audit &amp; Risk Management Committee and Board prior to approving the annual financial statements.</p> <p>As part of the process, attestations are completed by Executives and Senior Managers responsible for items within the financial statements and notes to the accounts.</p> <p>The Independent Auditor of the Trustee Company and the Fund is PwC. The auditor is disclosed on the Fund's website under service providers. Copies of the signed audit reports are attached to the annual financial statements as disclosed on the website under "Outsourced Providers"  <a href="https://www.caresuper.com.au/why-caresuper/about-us/governance">https://www.caresuper.com.au/why-caresuper/about-us/governance</a>.</p>		

\* Titles may differ – please indicate the title of relevant manager/s undertaking attestation.

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5.1 A profit-to-member superannuation fund must develop and implement a stakeholder engagement program, for effective disclosure of relevant and material issues. The program must provide opportunities for directors and senior management to communicate directly with stakeholders and for stakeholders to ask questions of them.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	On 3 March 2022, the Fund held an Annual Member Meeting (AMM) in accordance with new requirements. All Directors and Executives were in attendance as well as the Fund auditor. The event was held virtually, and it was partially pre-recorded and partially live for members to ask questions. Some questions were answered during the meeting and all questions were listed and responded to in the minutes which were published.		

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<p>6.1 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>Have a strong risk culture with a Board that provides robust oversight of the fund’s material risks.</li> <li>The risk management framework must explicitly address factors that may erode the fund’s members-first culture.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Fund has a very strong risk culture with oversight of risks by each Committee and the Board. The risk culture is assessed via surveys of the Board and staff.</p> <p>Quarterly 'silver' and an annual 'gold' risk ducks are awarded to staff who display an understanding of risk in their role, identify risks and controls, promote a strong risk culture and understand the importance of risk awareness.</p> <p>A board survey conducted by InSync in late 2021 continued to show high scores for understanding of risks. A staff survey conducted by InSync in late 2021 had two scores of 88% commitment to identifying and managing all types of risks (top decile) for and one of 91% for identifying risks in their roles (not benchmarked).</p> <p>A Comprehensive Review of the Risk Management Framework and risk culture is performed every three years by the Internal Auditor and reported to the CARC.</p> <p>The CareSuper Risk Management Framework has a material risk relating to eroding the fund's members-first culture. The risk appetite set by the Board for this material risk is 'Low'. A copy of the risk register can be provided.</p>	<p>New Chief Risk Officer and two Senior Risk Leads appointed.</p>	<p>We are developing a Risk Program that enhances the risk culture. We are currently recruiting a replacement Head of Risk.</p>

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<p>7.1 A profit-to-member superannuation fund must have policies and practices in place to attract and retain highly competent people, assessed relative to the size, nature and complexity of the fund. These policies and practices must be consistent with its responsibilities for maximising members' retirement outcomes and encouraging and rewarding ethical practices and behaviour.</p>	<p> <input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply                 </p>	<p>CareSuper has a Remuneration Policy which requires benchmarking to the profit-to-member fund sector.</p> <p>Performance reviews are held for all staff each year and include a section on performance/behaviour against the Fund's values.</p>		<p>Following an industry-wide review, CareSuper will introduce Variable Remuneration for its Investment team. This is considered important to attract and retain competent investments staff. The VR program will include an assessment of conduct using CareSuper's values.</p>

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<p>8.1 A profit-to-member superannuation fund must design and manage appropriate investment strategies having regard to member demographics and circumstances during both the accumulation and decumulation phases.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>CareSuper complies with SPS 530 requiring funds to develop appropriate investment strategies.</p> <p>The Fund has a documented an Investment Policy Statement which outlines the Fund's investment objectives and how the Fund formulates, implements, monitors and reviews the strategies aimed at achieving those investment objectives.</p> <p>The Fund also has an Investment Governance Framework (IGF) which encompasses the systems, structures, policies, processes and people involved in addressing the Trustee's responsibilities with regard to investments, including generating returns to meet investment objectives while managing and monitoring identified sources of investment risk.</p> <p>Both of these investment policies are reviewed annually by the Investment Committee and approved by the Board. The Investment strategy is monitored by the Investment Committee. The Board performs an annual review of the Investment Strategy and Asset Allocation including a review of demographics, scenario analysis, liquidity analysis and stress testing.</p>		