

# Modern Slavery Statement

For the period 1 July 2019 to 30 June 2020



# About us

We've been the fund for people who value community since 1992. We're now one of Australia's largest funds and we're continuing to grow. Further to our merger with VicSuper at the end of the reporting period, we now manage more than \$120 billion in savings for more than 1 million members throughout Australia.

Operating on a bigger scale allows us to offer security and benefits through competitive fees, value-for-money insurance rates, and financial advice. So while we've changed in size, we've stayed true to our philosophy of putting members first.

Our aim is to help every member achieve the retirement they want and deserve. Our values and priorities will always come back to that single purpose.

On 14 September 2020, we changed our name from First State Super to Aware Super. Our new name celebrates and honours the extraordinary Australians who are our members. It demonstrates our ongoing commitment to action and impact – for our members, their communities, and the world we live in. The VicSuper brand continues to sit alongside Aware Super.

## Our values and how we work

Our Values and our Code of Conduct set the expectation for how everyone who works for, or on behalf of, Aware Super should behave and conduct our business.

At Aware Super, it is both what we say and how we behave that define us, and if we are to be true to our guiding philosophy of Members First, we need consistency in the way we interact with our members, suppliers and stakeholders, and with each other throughout the organisation.

Members First behaviour is underpinned by our core values of:

**Deliver honourably** – we are united, trusted and operate with integrity. We take ownership and focus on delivering high quality outcomes;

**Care deeply** – we care deeply about our people, members and stakeholders. We are inclusive, open and transparent;

**Lead bravely** – we step forward, we continuously improve. We focus on efficiency and simplicity in everything we do.

## Doing well for you and good for all

Our new name echoes the strengths of our past and reflects our purpose to be a force for good in superannuation, retirement and advice, driving better outcomes for our members, their families and communities. As a fund, we've always been aware. So while our name may have changed, our commitment to members has not – we won't compromise when it comes to doing well for members and good for all.

## Our Code of Conduct

Our Code of Conduct sets the ground rules for how all our people are expected to behave and interact with each other and our members, suppliers, community and stakeholders. The Code provides guidance for ethical decision-making and a framework for resolving challenges as they arise.

All our people are responsible for knowing and following the policy requirements that apply to their jobs and for reporting any suspected breaches of law or our Code. Our executives and managers are accountable for creating and fostering a work environment that encourages ethical behaviour and compliance. Employees are encouraged to discuss any such issues with the Chair, the Chief Executive Officer (CEO), their managers or their peers as appropriate.

This modern slavery statement is jointly prepared and issued by Aware Super Pty Ltd ABN 11 118 202 672 ("Trustee") as Trustee for Aware Super ABN 53 226 460 365 ("Fund"), Aware Financial Services Australia Limited ABN 86 003 742 756 ("Aware Financial Services") and FSSSP Financial Services Pty Limited ABN 99 612 452 598 ("FSSSP"). This modern slavery statement also includes reporting from the Fund's controlled entities. These entities are set out in Appendix A. The Fund, Trustee, Aware Financial Services and FSSSP are referred to throughout the document as 'Aware Super', 'We', 'us' or 'Our'.

As the Fund, Aware Financial Services and FSSSP use the same policies and processes, operate in the financial services sectors and have many shared suppliers, this statement provides a single, consolidated description of actions to address modern slavery risks. Aware Financial Services' reporting in this statement is voluntary and it has not submitted this statement to the Australian Border Force.

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# Foreword

Modern slavery occurs in every region of the world. The International Labour Organisation (ILO) estimated that on any given day in 2016 there were 40.3 million victims of modern slavery globally. Of those, 24.9 million people were estimated to be victims of forced labour, including 16 million in the private economy.

While there is no globally agreed definition of 'modern slavery', the term is widely used to cover a range of practices that use coercion, threats, violence or the abuse of power to exploit and deprive people of their freedom. The Commonwealth's Modern Slavery Act<sup>1</sup>, identifies the following practices as being types of modern slavery:

- trafficking in persons,
- slavery,
- servitude,
- forced marriage,
- forced labour,
- debt bondage,
- deceptive recruiting for labour or services, and
- the worst forms of child labour (situations where children are subjected to slavery or similar practices or engaged in hazardous work).

The Walk Free Foundation's 2018 Global Slavery Index estimates that in 2018 there were 15,000 people living in Australia in modern slavery. There is also an unquantifiable number of modern slavery victims working in the supply chains of Australian companies around the world.

Aware Super believes that respect for human rights is strongly associated with value chain resilience and a stable business operating environment. In parallel, Aware Super is increasingly aware of and concerned about the significant operational, financial, legal, and reputational risks portfolio companies might face when they fail to manage human rights risks. These business risks include potential project delays and cancellations, lawsuits and other legal risks such as noncompliance with emerging human rights-related regulations, scrutiny from national-level grievance mechanisms such as OECD National Contact Points (NCPs), significant fines, productivity and recruitment challenges, and negative press coverage. Aware Super is mindful of the need to assess and act upon longer-term risks such as human rights risks in making and managing investments on behalf of our members.

At the same time, Aware Super, along with other institutional investors is now more exposed to human rights risks than ever. This is a result of, for example, the rapid expansion of investment capital and shareholder corporate ownership structures in recent decades, the increasing globalization of business and investment accompanied by the expansion of investment value chains to countries far from where investors are headquartered, and the rapid development of technology exposing individuals and societies to new and previously unforeseen risks.

As an organisation and as an institutional investor, we have a responsibility to respect human rights in line with the UN Guiding Principles on Business and Human Rights. These UN Guiding Principles were unanimously endorsed by the United Nations (UN) Human Rights Council in 2011 and represent the authoritative global framework for addressing business impacts on human rights. The framework clarifies the respective duties and responsibilities of governments and businesses in tackling human rights risks related to business activities.

Aware Super has an obligation to produce a modern slavery statement under the Commonwealth's Modern Slavery Act 2018. Our modern slavery statement is the first step in what will be a yearly assessment of our operations (including investments) and supply chains to identify our exposure to modern slavery risk. In this context, we recognise that risk means the potential that Aware Super will cause, contribute to, or be directly linked to modern slavery through our operations and supply chains. While the reputational risk or financial risk to Aware Super intersects with risk to people in the context of modern slavery reporting, it is a secondary consideration. This year we have focussed on major suppliers that we have analysed as presenting the most risk, and our investment managers. In future we will expand our approach.

<sup>1</sup> Modern Slavery Act 2018 (Cth)

# Organisational structure, operations and supply chains

Aware Super comprises a public offer superannuation fund and a financial planning business domiciled in Australia, employing over 1,500 staff in 48 locations throughout Australia and supporting over a million members.

Our head office is located at Level 28, 388 George Street, Sydney and we have significant offices in Melbourne, Brisbane and Perth.

## Structure

As a superannuation fund, the Fund is structured as a trust. The Trustee is an Australian proprietary company. Aware Financial Services is an Australian public company which is wholly owned by the trust, FSS Product Services Trust.

The controlled entities of the Fund are set out in Appendix A to this statement. These controlled entities typically are passive entities set up for the holding of various investments of the Fund and do not have physical operations. Given the nature of these types of entities, Aware Super's policies and procedures typically govern these entities.

## Brand names

Aware Super operates under the brand 'Aware Super' and 'VicSuper'. Prior to September 2020, Aware Super operated under two brands, 'First State Super' and 'StatePlus'.

## Supply Chain

Aware Super has a vast range of supply chains globally, most have headquarters in Australia, United States of America, United Kingdom and across Europe.

A large proportion of engagements are covered across 1 to 3-year contractual engagements where we procure services and or products. Strategic or bespoke solutions are typically longer-term commitments. In general, we find most of our supplier base tend to be a minimum of 1-year engagements.

We procure a vast range of goods and services to support Aware Super's operations, which includes, but is not limited to;

- Technology Products (including software, hardware, PaaS, SaaS and associated maintenance)
- Business applications ( including bespoke business solutions, government and industry subscriptions)
- Services ( including administration, managed, professional, cleaning, marketing and digital, legal, financial, catering, postal, advisory)
- Workplace ( including commercial leasing, stationery, perishables, utilities)

The services procured are across Aware Super, while a large portion of spend and services are technology natured.

More information on Aware Super's material suppliers can be found on website at [aware.com.au/servicepartners](https://aware.com.au/servicepartners)

## Operations

Aware Super's operations include:

- Issuing superannuation products
- Providing financial advice
- Making financial investments

## Investments

Given our purpose, we have a large investment portfolio for the benefit of our members. Our investment portfolio spans Australian and international equity markets, property, infrastructure and private equity investments. We invest in more than 30 countries. We have investments across a number of sectors including energy, IT, material, financial services property, healthcare and telecommunications. Further information on our approach to investing is set out in our Annual Report and Product Disclosure Statements. We have mandates with external investment managers to manage 90% of our investment activity.

We have also sought to understand geographic and sector risk in relation to our investments. In the first instance we have done this by comparing our investments with geographies or sectors known to be of greater risk. We have focused on our investments in high risk geographies and high risk sectors. Where we have investments in those high risk geographies or sectors, we believe the risk to people may be greater. We have also asked our investment managers to report back to us with the relevant information on our externally managed investments. We will report on our progress annually.

# Risks of modern slavery practices in our operations and supply chains

At Aware Super, we take the risk of modern slavery seriously and we are determined that we will not play a role in perpetuating modern slavery. Nonetheless, sadly forced labour and related practices likely exist in the operations or supply chains of most businesses and in every region of the world.

## Corporate

We have identified areas of greatest risk in our operations and supply chains. Research suggests that high risk areas for financial services businesses' supply chains include IT procurement, logistics and property, and building services such as facilities management, utilities, cleaning, waste management and security and print and promotional goods. Accordingly, we have focused on these areas.

A questionnaire has been designed by Aware Super to help us understand if our suppliers are using high risk regions for the supply or sourcing of goods. Using the responses received from suppliers, we measured the perceived inherent risk and then assessed a residual risk. We have also mapped the location of suppliers. Aware Super did not capture supplier's source countries outside of high-risk regions for this reporting period, although Aware Super will consider capturing this in future reporting periods.

We are conscious that there could be risks of modern slavery present in our supply chain, specifically related to the supply chains of our technology electronics suppliers. In order to manage these risks, we only work with reputable technology suppliers and brands. We have also completed assessments on these organisations in order to have a level of transparency and comfort around policies and controls that they have incorporated into their organisation. The longer-term view is to then extend this reporting into their supply chains.

A secondary targeted assessment was done on organisations that could be deemed as high risk, such as organisations that may hire migrant labour. While we conducted the assessment of these organisations, this was deemed lower risk than initially thought, as our operations are Australian-based and use Australian-based labour hire companies.

## Investments

We have also mapped our investment portfolio to establish a baseline for identifying risk. We have approximately \$120 billion of investments, across numerous countries and sectors. In some instances, we hold as little as 0.0001% and as great as 100% of the investment. Across high-risk geographies and high-risk sectors we recognise that the risk of modern slavery is generally greater and we are therefore prioritising our action accordingly. We will report back next year on our progress. As our investee companies' reporting improves over time, we expect to have further insight on risk identification.

Human rights risk analysis forms part of our process for integration of environment, social and governance factors in our investment process. Our risk processes include analysis by sector and geography, using a wide variety of resources, such as external research and indices. We have also sent all of our external fund managers a questionnaire relating to how they identify modern slavery risk in their investment process and through a risk assessment process identified managers considered to be high, medium or low risk depending on their responses. We will prioritise engagement and work with our 'high risk' managers initially. We are planning further work to identify whether our assessment processes can be further enhanced to assess modern slavery risk more specifically, and how we can extend these processes into our investment supply chain.

We are committed to taking action to address modern slavery risk. The action we are taking is set in the next section.

# Assessing Aware Super's modern slavery risk

The following aspects of our governance framework are also relevant to our commitment to human rights:

- Our Code of Conduct requires each person working for the Fund to respect and work to uphold human rights.
- Our employee training covers the identification of human rights-related risk and how employees can report suspected breaches of our requirements.
- Employees are encouraged to use our employee hotline, which allows anonymous disclosure.
- Reports from our employee hotline are collated and reported to the board.

## Corporate

A project was established in order to create a baseline of suppliers that we could target and actively track. An extract of our accounts payable data against suppliers was cleansed and assessed against types of services that each organisation provides to Aware Super. Suppliers were then categorised into Tiers, where Tier 1 (typically material suppliers) and Tier 2 were identified. This was used to target the first level of assessment conducted.

The approach taken by Aware Super was to ensure that our material suppliers were assessed in the first instance to identify and target any potential high-risk suppliers.

Once categorised we applied an inherent rating based on information on the organisation, type of services provided, location of services, plans to offshore and any negative media that we could locate on modern slavery risks against suppliers.

A survey was created that was sent out to all Tier 1 and Tier 2 targeted suppliers with specific questions around:

- type of services or manufacturing;
- if supplier outsources or manufactures within any high-risk countries listed in order to provide service or product;
- the type of policies that were in place targeting modern slavery in their supply chain;
- training provided to employees on modern slavery and human trafficking in supply chains;
- types of due diligence that the organisation places on their supply chain to address modern slavery;
- any offshore activities to any countries not listed as high risk.

Once the responses were received, we ran feedback through a tool created in order to provide a residual rating against suppliers. A rating of red, amber, green has been created based on scoring for easier categorisation. Information about the services provided was also captured and held centrally.

Any "red rated" residual ratings that we have identified, will feed into our risk management system to allocate to a business owner and make the business aware of the potential modern slavery risks identified

If a red rated supplier is identified, our Procurement team will work with the supplier and business owner in order to get a clear understanding of the supplier's processes and what strategy the supplier has to eliminate any modern slavery risks within their organisation. Aware Super should be able to gain comfort in continuing to do business with a supplier, and or educate a supplier where possible and assess if there are identified controls in place. An ongoing assessment will be required for a decision on the ongoing relationship with a supplier if modern slavery is a concern.

Out of 900 suppliers, we have run 99 suppliers through the process. We have also continued this process in a business as usual function as we on-board new suppliers. We will continue to do a retrospective assessment on our current supply base in order to target an additional 30 current suppliers in the next annual reporting period.

An ongoing review has been established to re-assess suppliers. Frequency will be based on the supplier tier and will occur as an annual or biannual assessment.

## Investments

In our investment activity, due diligence policies and processes have been put in place to require thorough assessment prior to investing. The Fund's controlled entities which hold the Fund's investments are subject to these same policies and procedures. We have also undertaken a review of our existing managers in line with this due diligence process and will monitor our investments managers as required and based on their responses.

We are signatories to the Australian Asset Owner Stewardship Code. We disclose against the provisions of the Code, which includes providing an overview of how we discharge our stewardship responsibilities, links to our policies, and our approach to engagement with our investee companies.

Our investment portfolio includes investments in equities across the world. In respect of Australian equities, we are members of the Australian Council of Superannuation Investors (ACSI). ACSI undertakes a year-round program of research, engagement, advocacy and voting advice in relation to companies in the ASX300. ACSI seeks to influence companies through constructive engagement with their boards about material ESG issues, with the aim of promoting long term shareholder value and minimising risk. ACSI encourages listed companies to consider their practices as they relate to human rights, including actively engaging with employees, customers, supply chains and other relevant stakeholders to understand and assess human-rights impacts. ACSI's engagement program includes human rights in supply chains and sustainability reporting disclosure.

We have identified that our investments in high risk jurisdictions and sectors have a greater risk of modern slavery. Accordingly, we have prioritised these investments and investment managers investing in these high risks areas for further action. We have identified a program of engagement with fund managers and investee companies, so we can further understand the level of risk, and identify any action required.

In respect of international equities, Hermes Eos is our engagement provider. Hermes Eos currently have an engagement theme focussed on Human and Labour Rights. Human and labour rights underpin a company's wider corporate culture, business ethics and enterprise risk management, which affect a company's reputation and the ability to create and preserve value over the long term. Changes in regulations and government policies, such as the UK Modern Slavery Act and the Dutch child labour due diligence law have set new minimum levels of obligation for companies to identify and report how they manage these risks. In addition, the UN Guiding Principles on Business and Human Rights set out international guidelines covering the identification of salient human rights in company operations and supply chains and the range of actions to consider in order to respect and, where necessary remedy, human rights abuses.

Hermes Eos on our behalf engage on critical human rights issues including eradicating forced labour and child labour in supply chains, promoting access to medicine and nutrition, and protecting the rights of indigenous people. Ignoring such issues

can lead to financial, reputational and legal risks for companies, and in the worst cases can limit a company's social licence to operate.

No sector's supply chain or geography can be considered safe, although some are riskier than others, such as consumer goods, agriculture and fishing, construction, logistics and hospitality. Migrant workers are particularly vulnerable to exploitation, even in mature economies.

In recent years investors have gone beyond simply expecting companies to disclose their human rights policy. Now they are seeking more robust due diligence and assessment in line with the UN Guiding Principles on Business and Human Rights.

These require companies to do more than meet minimum legal standards, through the consideration of all salient human rights connected to their business and supply chain. Hermes Eos also use the UN Sustainable Development Goals (SDGs) as a framework to engage with companies and policymakers in areas such as access to medicine and nutrition, inequality, decent work and strong institutions.

We will continue to assess the effectiveness of our actions and from there, identify future actions for prioritisation. Further information on how we assess the effectiveness of our actions is set out below. We intend to focus on embedding our standards consistently across our operations and supply chains, as well as improving our ability to identify, manage, address and remediate modern slavery risks and impacts.

## Assessing the effectiveness of actions

At Aware Super, we recognise that it will take time and effort globally to address modern slavery. Change will be incremental, largely driven by an increased awareness of the issue. We are committed to taking action to ensure that we are managing our risks and influencing our supply chains to address the issue.

We regularly assess the effectiveness of our engagement activities (including those of our controlled entities, where relevant) and, in accordance with our engagement framework consider whether escalation is appropriate. Escalation may include using our voting rights at company AGMs relating to human rights or divestment. Our Exclusion Framework will be utilised should divestment be contemplated.

All employees receive Code of Conduct training upon appointment and we ask all continuing employees to review our Code of Conduct regularly. We monitor compliance with this training requirement. We also encourage staff to report any concerns through our employee hotline. Reports from the employee hotline are aggregated and reported to the board.

Our compliance and internal audit function undertakes regular reviews of our policies and will incorporate our compliance with the Modern Slavery Act into its program. Our internal audit team reports directly to the Risk Committee.

Our current activity is focused on assessing modern slavery risk and our frameworks to address risk. From there, we intend to identify further relevant actions which we anticipate may include incorporating relevant indicators in KPIs, partnering with NGOs and ensuring all our supply contracts include appropriate modern slavery clauses.

# Consultation with the Fund's controlled entities

In preparing this modern slavery statement, relevant directors and officers of all the entities making the statement were consulted and provided with an opportunity to review the statement prior to its approval. We will also be providing our modern slavery statement to our controlled entities for their review.

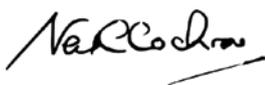
## Other information

Many businesses within our supply chain and operations are continuing to evolve programs to mitigate modern slavery risks. Likewise, Aware Super's own program will continue to evolve focussing on consistent improvement. We have identified the following areas for development over the next 12 months:

- Further engagement with our suppliers based on their responses to our questionnaire to both educate and support our suppliers in developing and refining their approach to exposure of identified modern slavery risks
- Incorporating further controls within our supplier operations processes to ensure that Aware Super and its suppliers enhance the effectiveness of our modern slavery risk assurance program. This includes supply chain mapping of all suppliers that incorporates the country of all operations (not just the country of incorporation) and consideration of supply chains that extend beyond our direct suppliers.
- Continue advocacy work on modern slavery, working with regulators and policy makers, as well as supporting public awareness of the issue.
- Continue work with our investment fund managers in developing and refining their approach to exposure of identified modern slavery risks in our investment portfolio.

## Approval

This statement is made pursuant to section 13(1) of Modern Slavery Act (Commonwealth) 2018. It constitutes the statement of the Trustee as trustee for the Fund and Aware Financial Services for the year ended 30 June 2020 and has been approved by the Board of the Trustee and endorsed by the Board of Aware Financial Services.



**Neil Cochrane**

Chairman

February 2021

# Appendix A:

## Controlled entities of the Fund

| Name                                                                                     | Country of incorporation |
|------------------------------------------------------------------------------------------|--------------------------|
| ACN 084 162 489                                                                          | Australia                |
| Altis Real Estate Trust                                                                  | Australia                |
| ALTRAC Light Rail Holdings 2 Pty Ltd                                                     | Australia                |
| Aware Super Legal Pty Limited                                                            | Australia                |
| Blackbird FSS Co-investment Trust                                                        | Australia                |
| Darby Servtec Energia LP                                                                 | United States of America |
| First State Super Financial Services Pty Ltd                                             | Australia                |
| First State Super FT Real Estate Trust                                                   | Australia                |
| First State Super Holdings Pty Limited                                                   | Australia                |
| FSS "Go Australia" Impact Investment Trust                                               | Australia                |
| FSS Agriculture 1 Pty Limited                                                            | Australia                |
| FSS BAC Airports 1 Pty Ltd                                                               | Australia                |
| FSS Darling Square Trust                                                                 | Australia                |
| FSS Emerging Market Equity Trust                                                         | Australia                |
| FSS Energy Credit Trust                                                                  | Australia                |
| FSS Infrastructure Trust                                                                 | Australia                |
| FSS Multi Family Residential Trust                                                       | Australia                |
| FSS NSW Almond Orchards Trust                                                            | Australia                |
| FSS Private Equity Trust                                                                 | Australia                |
| FSS Product Services Trust (Parent entity of Aware Financial Services Australia Limited) | Australia                |
| FSS Real Estate Trust                                                                    | Australia                |
| FSS Retirement Villages Trust                                                            | Australia                |
| FSS SA Almond Orchards Trust                                                             | Australia                |
| FSS Trustee Services Pty Limited                                                         | Australia                |
| FSS Two Melbourne Quarter Trust                                                          | Australia                |
| FSS Vic Almond Orchards Trust                                                            | Australia                |
| FSSSP Financial Services Pty Limited                                                     | Australia                |
| GO NSW VCLP                                                                              | Australia                |
| Lend Lease Public Infrastructure Investment Company Pty Ltd                              | Australia                |
| Oak Tree Debt Trust                                                                      | Australia                |
| Potentia FSS CoInvestment Trust                                                          | Australia                |
| Quadrant First State Super Trust                                                         | Australia                |
| VicSuper EcoSystem Services Pty Ltd                                                      | Australia                |
| VicSuper Future Farming Landscapes Land Holdings Trust                                   | Australia                |
| VicSuper Future Farming Landscapes Trust                                                 | Australia                |
| VicSuper International Private Equity Trust                                              | Australia                |
| VicSuper Pty Limited                                                                     | Australia                |
| VicSuper QGIF Trust                                                                      | Australia                |



## Contact us

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