

Modern Slavery Act Statement

30 June 2021

Introduction

Modern slavery is a term used to describe serious exploitation¹ that impacts men, women and children who are forced to work against their will under threat or who are living in a forced marriage they did not agree to.

The Board, management and employees of TelstraSuper and TelstraSuper Financial Planning believe there is no place for modern slavery in our workplace or supply chains.

We aspire to address this as we interact with all of the companies and contractors in our supply chain.

We are committed to making a difference by addressing the impact of any instances of modern slavery that we identify.

¹ Australian Government Department of Home Affairs, Modern slavery, Overview

This statement is made pursuant to the Modern Slavery Act 2018 (Cth) and constitutes the statement on behalf of Telstra Super Pty Ltd (ABN 86 007 422 522, AFSL 236709) as trustee for the Telstra Superannuation Scheme (ABN 85 502 108 833) and Telstra Super Financial Planning Pty Ltd (ABN 74 097 777 725, AFSL 218705) for the year ended 30 June 2021, and has been approved by the respective Boards.

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Organisational Structure and Operations

The Telstra Superannuation Scheme (**TelstraSuper**) is Australia's largest corporate, profit-to-member superannuation fund with more than AUD \$24 billion combined internal and external funds under management. Fund membership is open to current and former employees of Telstra Corporation Limited including approved employers and their eligible family members and friends. As of 30 June 2021, TelstraSuper controls 12 entities (including TelstraSuper Financial Planning (TSFP)).

Telstra Super Pty Ltd is the Trustee of TelstraSuper (Trustee). The Trustee's board of directors is ultimately responsible for the sound and prudent management of TelstraSuper's business operations.

The board of directors undertakes to perform its duties and exercise its powers in the best interests of the Fund's members and beneficiaries and to act honestly, fairly, diligently and impartially in accordance with TelstraSuper's Constitution, Trust Deed, policies and the relevant law.

The board is assisted in its role by the following committees:

- Investment Committee
- Audit Committee
- Risk Committee
- Governance & Remuneration Committee, and
- Member Experience Committee.

The board and each committee has a charter that sets out its duties and responsibilities.

The board consists of four employer representative directors, four member representative directors and one independent director who acts as Chair.

All employer representative directors are nominated by the principal employer, Telstra Corporation Limited. All member representative directors are nominated by the Australian Council of Trade Unions (ACTU). The independent director is appointed by the board.

TelstraSuper's executive management team is responsible for the day-to-day administration and management of TelstraSuper. All executive managers lead a business unit and are responsible and accountable for specific areas of TelstraSuper's business operations.

TelstraSuper employs approximately 250 people across Australia.

TSFP is wholly owned by TelstraSuper and has been engaged to provide financial planning services to TelstraSuper members and their eligible family members.

TSFP employs approximately 70 people across Australia and is governed through its own board of directors and related committees. The TSFP Management team is responsible for the day-to-day implementation of TSFP's activities.

The Trustee has also established special purpose investment vehicles (SPVs) in the form of Trusts (the Trusts). A trustee has been appointed to each Trust to facilitate the Fund's investment into external investments within the broader investment market. While none of the SPVs meet the reporting requirements, they are deemed to be controlled entities of TelstraSuper and have been included in this statement.

Other than the SPVs and TSFP, there are no other TelstraSuper controlled entities which meet the reporting entity criteria under the *Modern Slavery Act 2018* (Cth).

Organisation Structure



1.1 Operations – Risk Assessment and Due Diligence

Given the industry in which both TelstraSuper and TSFP operate, (Financial Services), and their location, (Australia), it has been deemed both organisations have a low risk of modern slavery.

TelstraSuper and TSFP have policies in place that assist in assessing and addressing modern slavery risks in their respective operations. These include:

A. Employee Code of Conduct and Employee Values

- The principles within the Code of Conduct and Employee Values aim to ensure consistency in acting in the best interest of members, clients and employees.

B. Internal policies including the Employment Policy, Remuneration Policy, Recruitment Policy and Whistleblower Policy

- Internal employment practices are governed by policies that establish working conditions, including fair pay. These policies ensure compliance with all relevant employment legislation, as well as Fair Work and the relevant Modern Awards.
- The Whistleblower Policy gives employees a safe and confidential grievance mechanism to report any suspected modern slavery instances or raise concerns about a supplier.

C. Mandatory training requirements

- All employees are required to complete mandatory compliance training as part of their onboarding as well as on an ongoing basis (generally once every two years). Modules that have relevance to the Act include:
 - Modern Slavery Awareness
 - Anti-Money Laundering and Counter Terrorism Financing
 - Whistleblower Policy
 - Equal Employment Opportunity
 - Fraud and Corruption Awareness and Prevention
 - Risk Management Awareness

1.2 TelstraSuper Financial Planning

Many of the policies and procedures are consistent between TelstraSuper and TSFP. TSFP adheres to the activities as outlined within this statement with the exception of TelstraSuper's investment processes. These are unique to the Trustee's activities as they relate to managing the investments of the scheme.

1.3 TelstraSuper Special Purpose Vehicles (SPVs)

The trustees of each of these SPVs are assessed in line with the supply chain principles applied to all vendors, as outlined in Section 3 of this statement.

1.4 Responding to COVID-19

TelstraSuper and TSFP understand that the COVID-19 pandemic has increased the vulnerability of their employees. Both organisations have sought to support and understand the stresses and strains COVID-19 has brought about and have created ways they can all support each other. Management has sought regular feedback from employees regarding their wellbeing to identify potential risks and ensure corrective actions are in place. These actions will continue going forward.

TelstraSuper's investment portfolio spans Australian and international equity markets, property, infrastructure, fixed income, foreign currency, and private market investments. The investment portfolio is invested in more than 30 countries in a broad range of sectors including energy, IT, materials, financial services, property, healthcare and telecommunications.

Further information on the approach to investing is set out **on the website**.

TelstraSuper considers investment management part of its operations and supply chain and has mandates with external investment managers to manage approximately 80% of our investment portfolio. These external investment managers are considered part of the supply chain. TelstraSuper manages a portion of its Australian equities, cash, fixed income, property, infrastructure and derivatives internally. This internal investment management activity is considered part of the operations.

2.1 Risk Assessment and Due Diligence

TelstraSuper's fundamental objective is to enhance responsibly the financial security of members in retirement. TelstraSuper incorporates best practice Environmental, Social and Governance (ESG) considerations in all aspects of its investment process. The Fund seeks to support the development of a more sustainable global economy and the attainment of the Paris Agreement goals on climate change. As a long-term investor, the Fund believes it has an obligation to act as stewards of the assets in which it invests and behaves as active owners to promote good ESG practices. TelstraSuper is a signatory to the Australian Asset Owner Stewardship Code and has **published a statement** outlining its approach. TelstraSuper publishes a **Sustainable Investment Bulletin** on its activities twice a year.

TelstraSuper's **Sustainable Investment Policy** applies to all the assets in which the Fund invests, whether this is via portfolios run by TelstraSuper Investment Management or by external managers. Management endeavours to ensure that investment mandates, incentive structures and monitoring frameworks are established in a manner consistent with this Policy. TelstraSuper has processes in place to assess and monitor how potential or existing managers are addressing ESG factors, including modern slavery risk within their investment process.

Once appointed, external investment managers are required to incorporate ESG considerations into their research, security selection, and ongoing monitoring processes. This includes assessing human rights and modern slavery considerations. As the direct security selection and asset class portfolio management functions are outsourced to these external investment managers, manager selection and monitoring processes are integral to the achievement of investment goals and objectives.

It is recognised that the importance of ESG integration, and the assessment of human rights and modern slavery risks, can vary by asset class and style of investment management. All asset classes have a manager selection and review process which involves:

- Requesting and reviewing a manager's adopted policies which may include, among other things, ESG, modern slavery and conduct policies
- Incorporating ESG questions into TelstraSuper's Investment Due Diligence questionnaires
- Completion of a modern slavery questionnaire to identify processes, geographic and industry risks
- Factoring ESG considerations into the manager evaluation process and the appointment decision.

Incumbent managers are reviewed periodically for performance and compliance with Investment Management Agreement (IMA) terms including ESG risk assessment and integration in the investment process.

In 2021 most of TelstraSuper's incumbent managers completed a modern slavery questionnaire to provide an understanding of how they assess the risk of modern slavery in their own operations and investment processes.

Key insights from the survey included:

- 34% of external managers have published a Modern Slavery Statement;
- All managers include modern slavery risk in standard ESG assessments and Supplier Codes of Conduct or Procurement Policies; and
- Almost all managers have provided their employees and investment professionals with modern slavery training.

Future developments we expect to see include:

- An increasing number of published Modern Slavery Statements; and
- Improvements in the modern slavery assessment frameworks with more in-depth analysis on high risk sectors exposed to risks in production, supply chains and geographic locations.

During 2021 TelstraSuper's internal Australian equities management team continued to assess human rights and modern slavery risks as part of investment decision making. To undertake this assessment, TelstraSuper used a range of tools to evaluate the portfolios from an ESG perspective. Information sources include specialist ESG research providers, commissioned analysis from responsible investment specialists and peer networks.

TelstraSuper undertook direct engagement with several of the largest portfolio companies across the automotive, agriculture and metal recycling industries to understand how these companies identify and manage the risk of modern slavery in their own operations and supply chains.

These companies and sectors were chosen due to their geographic diversity of supply and reliance on casual labour. TelstraSuper will continue to assess the portfolio and identify future companies for engagement prioritisation.

Collaborative approach to engagement with Australian companies on modern slavery

TelstraSuper is an active member of the Australian Council of Superannuation Investors (ACSI) which has provided a strong, collective voice on ESG issues on behalf of its members for almost 20 years. ACSI's members include 36 Australian and international asset owners and institutional investors which collectively own an average of 10% of every ASX 200 company.

ACSI conducts a year-round engagement program with company boards on material ESG issues and pursues a priority work program. ACSI's priority themes include workforce issues, incorporating modern slavery and supply chains. It has adopted a risk-based approach, using both sectoral and geographic exposures of ASX-listed companies, to derive a list of priority companies in respect of modern slavery.

ACSI seeks greater transparency from companies on how they are managing these risks, including disclosure of incidents, investigations and outcomes so investors can evaluate the appropriateness of their approach and influence change where necessary. In July 2021 ACSI published its **review on modern slavery reporting practices of the ASX 200²**.

² https://acsi.org.au/wp-content/uploads/2021/07/ACSI_ModernSlavery_July2021.pdf

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Supply Chain

TelstraSuper and TSFP engaged directly with approximately 300 suppliers. Around 80% of the total spend was with 22 suppliers, excluding TelstraSuper's investment managers.

Details of TelstraSuper's material suppliers are published on the TelstraSuper [website](#).

3.1 Risk Assessment and Due Diligence

TelstraSuper and TSFP have taken a risk-based approach to identify areas of greatest risk in their operations and supply chains. Both organisations are guided³ by external research that suggests high risk areas include IT hardware, logistics and building services such as facilities management, utilities, cleaning, waste management and security, and print and promotional goods.

TelstraSuper's largest category of spending is on Professional Services (consulting and advisory) which are predominantly provided in Australia. Offshoring requires pre-approval from the prudential regulator, APRA.

TelstraSuper and TSFP's supplier due diligence considers and assesses suppliers that support the businesses against a range of factors including sector, geography and business complexity. This is used to further develop and target the modern slavery policies, procedures and practices of both organisations.

Initially a risk assessment of the supplier is undertaken as part of the supplier selection. The supplier is reviewed through the life of the contract using a supplier questionnaire and documentary reviews.

The supplier questionnaire looks at:

- A. Business information – including corporate structure, financial strength, capability and industry relationships.
- B. Business plans and certification – including business roadmaps, business continuity planning and disaster recovery planning, response to modern slavery, bribery and corruption.
- C. Data management and security – including data sovereignty, security controls and penetration testing and data breach management.

The Supplier Governance Framework launched in the previous reporting period is supporting the ongoing management of Material⁴ and 'strategic' suppliers. It has introduced processes designed to identify and assess potential risk areas in the supply chain. Risks are monitored and mitigated accordingly, ensuring whistle-blowers who identify any non-compliance with such systems and processes are protected.

Both organisations work with their suppliers to assess whether the suppliers are meeting the required standards. Many of the suppliers have processes in place for managing their own risks and are open to working to meet the minimum standards required.

3.2 Contractual obligations

Based upon a risk-based approach, TelstraSuper and TSFP include contractual clauses in new and renewing contracts. These seek warranties from the suppliers that they do not use any form of modern slavery and to notify us, if any is found within their supply chains.

³ Page 17 and 18 of ACSI Report titled "Modern slavery reporting—Guide for investors"

⁴ https://acsi.org.au/wp-content/uploads/2021/07/ACSI_ModernSlavery_July2021.pdf

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Assessing the effectiveness of actions to assess and address modern slavery risks

TelstraSuper and TSFP monitor the effectiveness of the processes and procedures to address the risks that the respective business contributes to, or is directly linked to, modern slavery. This may be through operations and supply chains. Both organisations endeavour to take all necessary steps to ensure that the processes and procedures are appropriate.

Both organisations take a continuous improvement approach to the assessment of modern slavery in their supply chains and will be seeking to enhance the assessment and actions year on year.

TelstraSuper and TSFP are committed to:

- A. Re-assessing the risks of modern slavery in their businesses and supply chains and their approach to such risks on an on-going basis
- B. Reviewing and updating policies for modern slavery considerations
- C. Enhancing staff awareness of modern slavery, and
- D. Identifying standards to assess progress on slavery and human trafficking issues.

Over subsequent reporting periods, both organisations intend to take the findings of these reviews and determine the appropriate measures to further enhance their risk and compliance frameworks.

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Process of consultation

This statement has been prepared by TelstraSuper and TSFP in a collaborative manner and has been approved by both the Trustee and the TSFP board.

TSFP and the Trustee have developed policies and procedures in consultation with each other. This ongoing consultation process will include further enhancement of policies and procedures to identify, assess and address actions that need to be taken with respect to modern slavery issues.

Due to the relationship between the Trustee and the SPVs, a consultation process with the SPVs was not required. The only function of the SPVs is to facilitate external investments, whereas the Trustee retains all control over the decisions of those investments. There are no other entities that are owned or controlled by the Trustee and TSFP.

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Future commitments

Over the next year, both TelstraSuper and TSFP will focus on:

- Continuing to develop the maturity of their supplier due diligence programs and assessing their practices against the requirements of the *Modern Slavery Act 2018* (Cth) to ensure continuous improvement with future modern slavery statements.
- Introducing a Supplier Code of Conduct, and
- Training employees in the investments and procurement areas and contract owners to build awareness and identify modern slavery risk within our supply chains and assets.



Chris Davies
Chief Executive Officer

Appendix 1

This statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act. The table below identifies where each criterion is disclosed within the different sections of the statement.

Modern Slavery Act Criteria	Modern Slavery Act Statement 2021
Identify the reporting entity	<ul style="list-style-type: none"> • Organisation Structure and Operations (pg. 2-3)
Describe the reporting entity's structure, operations and supply chains	<ul style="list-style-type: none"> • Organisation Structure and Operations (pg. 2-3) • Investments (pg. 4) • Supply Chain (pg. 6)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or control	<ul style="list-style-type: none"> • Operations - Risk Assessment and Due Diligence (pg. 3) • Investments - Risk Assessment and Due Diligence (pg. 4) • Supply Chain - Risk Assessment and Due Diligence (pg. 6)
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	<ul style="list-style-type: none"> • Operations - Risk Assessment and Due Diligence (pg. 3) • Investments - Risk Assessment and Due Diligence (pg. 4) • Supply Chain - Risk Assessment and Due Diligence (pg. 6)
Describe how the reporting entity assesses the effectiveness of these actions	<ul style="list-style-type: none"> • Assessing the effectiveness of actions to assess and address modern slavery risks (pg. 7)
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	<ul style="list-style-type: none"> • Process of consultation (pg. 7)
Provide any other relevant information	<ul style="list-style-type: none"> • Introduction (pg. 1) • Future commitments (pg. 7)

Telstra Super Pty Ltd, ABN 86 007 422 522, AFSL 236709, is the trustee of the Telstra Superannuation Scheme ABN 85 502 108 833 (TelstraSuper).
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