



INDUSTRY SUPER HOLDINGS

## **Industry Super Holdings Pty. Ltd.**

### **Modern Slavery Statement FY22**

#### **Introduction**

This Modern Slavery Statement relates to Industry Super Holdings Pty. Ltd. (ISH) and is prepared under the requirements of the Modern Slavery Act 2018 (Cth) (Act). ISH is the parent of and wholly owns subsidiaries including IFM Investors Pty Ltd (IFM), Industry Funds Services Ltd (IFS), Industry Super Australia Pty Ltd (ISA) and The New Daily Pty Ltd (The New Daily).

ISH is committed to preventing acts of modern slavery in its operations and supply chain. As a reporting entity under the Modern Slavery Act 2018 (Cth) (Act), IFM has published its own separate Modern Slavery Statement. Although IFS, ISA and The New Daily do not qualify individually as reporting entities, they are committed to supporting the legislation and taking appropriate action to manage modern slavery risks in their supply chain. This Statement acknowledges and respects the differing activities and goals of its entities.

This Statement is approved by the ISH Board of Directors as its principal governing body.

#### **Background – About ISH Group**

Owned by 19 industry super funds as at 30 June 2022, ISH owns four subsidiaries; IFM, IFS, ISA and The New Daily. Through these subsidiaries a range of services is delivered, including investment management across multiple asset classes, financial advice, managing relevant marketing campaigns and providing an online news platform. The entity structure of ISH is outlined in Appendix A.

#### **IFM**

IFM was established more than 25 years ago with the aim to protect and grow the long-term retirement savings of working people. Today, IFM invests on behalf of institutions worldwide – including pension, superannuation and sovereign wealth funds, universities, insurers, endowment funds and foundations - that collectively represent the interests of 120 million working people worldwide. IFM invests strategically through investment portfolios that align to the long-term interests of its investors, and that generate social and economic benefits for the wider community.

IFM has AU\$199bn under management as of 30 June 2022. IFM's distinct ownership structure enables it to prioritise the interests of more than 600 like-minded investors.

As a signatory to The United Nations-supported Principles for Responsible Investment, IFM actively engages on environmental, social and governance (ESG) issues with the companies in which it invests. IFM's approach to responsible investment is also closely aligned to the United Nations Global Compact which supports a set of core principles in areas including human rights and labour standards. Alignment with these principles and standards supports IFM in enhancing investment performance without being at the expense of community, environment, or market integrity.

## IFS

IFS endeavors to complement Industry Super Funds by providing trusted, fee-for-service financial advice, supporting members to recover unpaid super entitlements and provide consulting services for industry funds and members.

## ISA

Established over 15 years ago, ISA manages ventures on behalf of Industry Super Funds, upholding the objective to maximise the retirement savings of industry super members. ISA projects include the Industry Super Funds marketing campaign, which has the goal of raising awareness to members of benefits and issues that can undermine their savings. ISA also performs public relations and government relations on behalf of participating funds and entities.

## The New Daily

Established in 2013, The New Daily is a source of national news provided free for everyone. Information and news stories are delivered by journalists and editors in the country, reporting the most recent news in national and state politics, sports, health, finance, entertainment, lifestyle and weather. The New Daily aims to provide fair and unbiased coverage to its audience. Publishing of The New Daily is outsourced to Motion Publishing, who are responsible for the administration operation and publication of the digital news service.

## **Supply Chain**

### IFM

Operating globally from offices in Melbourne, Sydney, London, Berlin, Zurich, Amsterdam, New York, Hong Kong, Seoul, and Tokyo, IFM manages investments across infrastructure (equity and debt), diversified credit, listed equities and private equity assets. Investment professionals are employed across the four asset classes of Debt, Listed Equities, Infrastructure and Private Equity with total funds managed as of 30 June 2022 of AU\$199bn.

The breakdown of Funds for each asset class is set out below:

- Debt Investment (AU\$64.5bn);
- Listed Equities (AU\$39,6bn);
- Infrastructure (AU\$93.7bn); and
- Private Equity (AU\$1.2bn).

IFM's four asset classes are supported by specialist teams in Commercial, External Relations, Finance, Global Relationship Group, Operations, People and Culture and Risk and Compliance. IFM has a total combined workforce of approximately 700 employees globally, all working to protect and grow the long-term retirement savings of members.

As a global organisation, IFM's operations are supported by goods and services vendors with an expansive geographical footprint. Despite continued Covid-related interruption of IFM's onsite activities and travel restrictions preventing face-to-face interactions, the spend on goods, and services in particular, continued to grow in FY22. IFM's spend for FY22 totalled approximately

AU\$116.8M across more than 750 suppliers - many of whom are new and/or one-off providers – and across multiple spend categories. The growth in spend has largely been in the professional services category, reflecting some complex asset purchases that required expert consulting support, and internal consulting projects that support IFM’s management of efficient growth. IFM anticipates its expenditure will continue to grow, including in higher risk categories, as a result of changing business requirements.

## IFS

To conduct business IFS engages a number of external suppliers to assist in achieving its goal and supporting Industry Super Funds. These external services include:

- Information technology and software services;
- Custody;
- Internal and External audit; and
- HR & Payroll.

IFS continues to review its supply chain, noting that most vendors operate within Australia but ensuring that the complexity of supply chains these vendors are involved with in other countries is understood.

## ISA

ISA engages with vendors who assist with providing professional services – including research, consulting, marketing, and travel. The majority of these suppliers are Australian based and low risk. However, the ISA understands further tiers may operate in countries with greater risk.

## The New Daily

The New Daily does not engage with many vendors and therefore has a limited supply chain. The online publication is outsourced to Motion Publishing, and the third party that The New Daily works with is continually monitored.

Motion Publishing confirms that it has no modern slavery in the business and staff are employed against the appropriate Fair Work Award or Enterprise Agreement.

## **The Risks of Modern Slavery in Supply Chain**

### IFM

As a responsible employer and asset manager, IFM is committed to identifying, assessing, and mitigating modern slavery risks and impacts in its operational supply chain and that of its investments. In FY22, IFM continued its risk management activity with reference to the initial modern slavery risk assessment undertaken for it in FY20 by a third-party human rights advisory group, together with in-house knowledge and insights into its key suppliers and investments.

### *Modern slavery risks in IFM's investments*

The outputs from the initial independent risk assessment on IFM's investment portfolios as well as in-house insights continue to inform the ongoing management of modern slavery risk in its portfolio companies.

IFM's assessment of industries with more significant exposure remains unchanged and is focused on iron and steel manufacturing, oil and gas mining, construction, air travel and transportation and wholesale trade, as well as business services (energy, gas, and water distribution); supporting and auxiliary transport services (cargo transportation, travel agency and supporting services); and pipeline services. IFM continues to seek and take opportunities to engage with companies across each asset class and to apply a risk-based lens to investment decision-making and management.

### *Modern slavery risks in IFM's operations*

IFM continues to assess its supply chain via due diligence on new suppliers and ongoing assessment of existing suppliers. Each year IFM reviews its expenditure to determine its risk profile against the analysis provided by the independent advisor in FY20 and there has been no material change to the level of risk associated with its operational supply chain over this financial year. IFM's travel and attendance at its offices has increased over the past twelve months, which has increased its risk profile, although not materially. IFM has continued to use the same suppliers as previously and has increased the information requests it puts to these suppliers in an effort to scrutinise and monitor them more effectively. As IFM aims to move towards a more business-as-usual environment, acknowledging that this will happen at different speeds across its global offices, IFM will continue to increase its monitoring of suppliers and purchasing decisions. IFM's supplier selection decisions will continue to utilise broad criteria that support IFM's desire to be a leader in managing its ESG obligations, including modern slavery.

### ISH, IFS, ISA and The New Daily

In FY21, the modern slavery risks in the supply chains of ISH and its other entities was deemed to be low. Given that the nature and profile of suppliers to these entities has not substantively changed in FY22, the risk level is deemed to be consistent with last year. Each entity has identified that they predominantly engage with Australian vendors with low risk of modern slavery but understand there may be further risk in further tiers.

## **Actions taken to Address Modern Slavery in FY22**

In taking action to reduce and manage modern slavery risks in its supply chain, ISH understands that it must continually review and evolve its response based on the industry good practice. IFM, IFS, ISA and The New Daily continue to seek collaboration opportunities to ensure the adoption of an appropriate, unified, and enhanced approach to modern slavery risk management.

### IFM

A key focus for FY22 was understanding IFM's current modern slavery response from a peer benchmarking perspective as well as where IFM stood on the continuum of compliance to best practice. IFM is committed to continuous improvement and will be looking to action the recommendations arising from its gap analysis and benchmarking exercise to make further progress on the way it approaches modern slavery risk management across its business.

Other actions taken in FY22 in relation to modern slavery risk management include:

- **Building capability** - Development of a Modern Slavery guidance note for asset-level directors, prepared in collaboration with a third-party specialist provider.
- **Building capability** - A key area of focus this year was delivering mandatory training to global IFM employees who have a relevant role and a unique opportunity to drive greater change through board level positions in IFM's global Infrastructure and private equity businesses.
- **Supply chain management** - IFM has updated its procurement sourcing tools and templates and is incorporating modern slavery considerations within its developing social procurement strategy. This has led to a broader set of metrics for reviewing supplier performance beyond simply the cost and quality of the goods and services.
- **Supply chain management** – Beyond the inclusion of the refined tools and templates, the application of responsible sourcing selection criteria and improved supplier performance management, IFM has:
  - Established a contract management system to enable improved monitoring of its vendors and ensuring procurement personnel are aware of all new vendors;
  - Commenced quarterly updates to supplier monitoring via sanctions lists, which improves visibility of potential vulnerabilities in IFM's supply chain; and
  - Continued to amend contracts with certain suppliers in its supplier community regarded as having higher risk, to include clauses that specifically address modern slavery legislative requirements.
- **Collaboration and engagement** – IFM's participation in Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) continues. IAST APAC is an investor-led initiative convened to promote effective action among companies to find, fix and prevent modern slavery, labour exploitation and human trafficking in their value chains. Through this network IFM has led engagement with a large retailer as well as taking advantage of additional peer learning and knowledge-sharing opportunities.

### ISH, IFS, ISA and The New Daily

The following steps were taken in order to improve the understanding of modern slavery risk in each entities supply chains and enhance the ability to identify and address modern slavery risks.

- ISH, IFS, ISA and The New Daily continued to work closely with IFM to understand supply chain risk, best practice approaches and key learnings from the last financial year. Collaboration was identified as the best tool across entities to ensure the best possible approach was taken in conducting business.
- The boards of the IFS Group received and reviewed periodic reports from the IFS's Audit, Risk and Compliance Committee (ARCC) in relation to the IFS Group's performance and risks in relation to human rights and modern slavery.
- ISA has amended its standard contractual terms to include a Modern Slavery provision that requires service providers to abide by the provisions of the Modern Slavery Act and notification provisions if there is reasonable suspicion or belief that a supply chain constituent may be in breach of the Act.
- Prior to issuing contracts, ISA ensured to conduct detailed supply chain analysis of enterprises to develop an understanding of their origin and potential modern slavery risks.

All entities engaged by ISA are Australian based and provide their services from Australia. ISA requires suppliers to inform them if work performed on their behalf is outsourced.

- ISA provided employees with internal training regarding the social and legal obligations on modern slavery through presentations made within staff meetings.
- The New Daily signed a publishing agreement requiring publishers to abide by relevant commonwealth and state laws and regulations and government codes of practice.

## **Focus for the future – FY23 and beyond**

ISH and its subsidiaries will continue to evolve their practices, following the advice of experts and compelling data to improve the approach. A changing global landscape and an evolving understanding of modern slavery risk will continue to shape the actions and procedures employed. Improvements to mitigating modern slavery risks across supply chains is a key focus for ISH and its subsidiaries and it will continue to advance its procedures.

### **IFM**

The gap analysis and benchmarking exercise has enabled IFM to understand its current approach and develop a work plan that is based on priority actions.

Accordingly, in FY23 IFM's focus will be on the following activities:

- Building on its procurement governance framework – including supplier code of conduct, reviewing contract clauses and developing a procurement strategy & policy.
- Introducing a more robust supplier performance management framework in the next financial year which should increase visibility of any ongoing modern slavery risks and implementing an updated supplier code of conduct.
- Reviewing and updating its due diligence tools across asset classes to ensure that modern slavery considerations are appropriately captured.
- Developing quantitative and qualitative metrics to assess the effectiveness of modern slavery risk management.
- Seeking opportunities to engage with assets and portfolio companies in high-risk industries to understand their approach to modern slavery – focusing on encouraging assets to provide access to independent grievance mechanisms.
- Developing tailored modern slavery guidance for investment teams to continue its efforts to enhance capability and tools across the business on and investment lifecycles.

### **ISH, IFS, ISA and The New Daily**

ISH entities will continue to adapt where necessary to best practice solutions addressed in the modern slavery landscape.

- ISH, IFS, ISA, and The New Daily will continue to collaborate and communicate with one another on techniques and approaches that have performed well in identifying and monitoring modern slavery risk.
- IFS will continue to evaluate and follow its modern slavery policy so that any vendor engagement and service provider relationship is evaluated for modern slavery risks in

operation and supply chain. If a risk was identified, it would be addressed and monitored by IFS. IFS will complete periodic reviews of its statement if required.

- ISA will continue to work with service providers to ensure all work within the supply chain is undertaken in a manner that is consistent with relevant legislation and codes of practice. ISA will also continue to provide employees with internal training regarding modern slavery and its risks and obligations.
- The New Daily will continue to monitor publishing agreements to ensure that vendors they engage with are following all relevant Commonwealth and state laws and negotiate for modern slavery requirements to be written into SLAs as supplier contracts are renewed.

## **Effectiveness of actions and continuous improvement**

ISH and its entities are committed to ensuring that the approach to managing modern slavery risk is effective, and it is recognised that continued learning and feedback is crucial to evolving the approach taken by each subsidiary. Collaboration and shared learning will continue to be a key focus to developing practices that will best identify, manage and monitor risks or occurrences of modern slavery. Each will continue to work together to assess and address its approach to modern slavery and evaluate the effectiveness of these actions. Going forward ISH and its entities will:

- Work closely with internal and external stakeholders including investors and suppliers to understand their approach to modern slavery and how these approaches can be integrated and improved.
- Continue to monitor the effectiveness of these approaches by integrating industry knowledge and expert advice into future planning.
- Engage with employees to understand of the effectiveness of the procedures in each company's practices and to identify opportunities for further capability building.

## **Consultation with entities**

This Statement is made by Industry Super Holdings Pty. Ltd., as the parent company of the ISH Group and as an entity required to report under the Act. IFM Investors, IFS, ISA, and The New Daily were involved in the preparation of this Statement.

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This Statement was approved by the board of directors of Industry Super Holdings Pty. Ltd. in their capacity as principal governing body of Industry Super Holdings Pty. Ltd. on 19 December 2022.



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**SIGNED** by The Hon. Greg Combet AM  
Chair, Industry Super Holdings Pty Ltd ACN 119 748 060  
19 December 2022

**Appendix A**

