



INDUSTRY SUPER HOLDINGS

Industry Super Holdings Pty Ltd Modern Slavery Statement

Introduction

This Modern Slavery Statement (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 Investors), Industry Funds Services Ltd (Industry Funds Services), Industry Super Australia Pty Ltd (Industry Super Australia) and The New Daily Pty Ltd (The New Daily).

We have sought to disclose the steps taken during the reporting period 1 July 2019 to 30 June 2020 (FY20) to identify, manage and prevent acts of modern slavery from occurring within our businesses and supply chains. It is recognised that there is an ongoing opportunity to continually improve our practices, build awareness of modern slavery risks within our business and to contribute to broader initiatives to end modern slavery in all its forms.

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

The Hon. Greg Combet AM,
ISH Chair, March 2021

Background – About ISH Group

ISH is owned by 26 profit to member industry superannuation funds – and, itself, wholly owns subsidiaries including IFM Investors, Industry Funds Services, Industry Super Australia and The New Daily. Collectively, these entities deliver differing but complementary services, from diversified investment management, providing financial advice and recovering unpaid super to protect members' entitlements, managing collective marketing campaigns and research, and providing on-line news and financial literacy services. An organisation chart setting out the entities covered by this Statement is at [Appendix A](#).

IFM Investors – IFM Investors was established more than 25 years ago by a group of Australian industry superannuation funds to protect and grow the long-term retirement savings of their members by investing in nation-building infrastructure and private equity. Aligned with the objectives of its founders, it prioritises the interests of investors by focusing on investments that seek to deliver strong net returns over the long term.

IFM Investors' investment strategy today centres on the ownership and operation of critical community infrastructure, and holdings in four asset classes – Infrastructure, Debt, Listed Equities and Private Equity. As of July 2020, it invests on behalf of more than 470 like-minded institutions worldwide, including pension, superannuation and sovereign wealth funds, universities, insurers, endowment funds and foundations. The \$158 billion¹ entrusted to IFM Investors by these investors incorporates the retirement savings of more than 30 million working people worldwide.

¹ Figures as at 30 June 2020

Industry Funds Services (IFS) – IFS has been partnering with industry super funds for over 25 years to help their members achieve a secure retirement. IFS’ primary activities include:

- Trusted, fee-for-service financial advice that gives members peace of mind;
- Recovering unpaid super to protect members entitlements;
- Insurance brokerage and consulting solutions for industry funds and members.

Industry Super Australia (ISA) – ISA was established in 2006 and manages collective programs on behalf of the 15 Industry SuperFunds, with the objective of maximising the retirement savings of five million industry super members. ISA’s most well-known collective program is the Industry SuperFunds marketing campaign, which provides information about superannuation and the benefits of membership of participating funds. ISA also performs public relations and government relations on behalf of participating funds and entities. ISA’s programs also serve to protect members’ interests by raising awareness of issues that can undermine their savings; like not receiving super contributions or being mis-sold unsuitable financial products that are not in their interests.

The New Daily – is an online, free, Australian news website established in 2013 and is a vehicle to provide news and improve financial literacy of readers.

Supply Chain

ISH Group’s expenditure includes categories such as travel and related expenses, and professional services, however, the consolidated activities of our wholly owned entities – notably the investment activities of IFM Investors – require an assessment of our supply and value chains. In so doing, IFM has prepared its own Modern Slavery Statement.

Whilst not individually captured by the reporting requirements of the Act, IFS, ISA and The New Daily, in supporting the legislation are committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain and seek to impose the same higher standards on suppliers. Each of ISH’s wholly owned entities have their own approach which we endorse as appropriate for their stage of maturity and spend profile.

IFM Investors

IFM Investors has offices in Melbourne, Sydney, London, Berlin, Zurich, New York, Hong Kong, Seoul and Tokyo. IFM Investors employs more than 170 investment professionals across our global network and these teams are supported by dedicated Commercial, Operations, Finance, People & Culture, External Relations and Global Relationship specialists, for a total combined workforce of 519 staff worldwide².

There are over 30 million superannuation and fund members represented by over 470 institutional investors which have investments being managed by IFM Investors. As at 30 June 2020, the A\$158.7B funds under management were invested across the following four asset classes:

- Debt Investments (A\$60.5bn);
- Listed Equities (A\$32.5bn);
- Infrastructure (A\$64.6bn); and
- Private Equity (A\$1.1bn)

² Figures as at 30 June 2020.

Given the differing nature, size and value of these investments and underlying assets, it is recognised that the level of influence and engagement IFM Investors can leverage may differ.

In FY20, IFM Investors' procurement activities represented:

- A\$98m of spend on goods and services;
- 748 suppliers, many of which were one-off suppliers;
- Eleven spend categories; and
- 99 sub-categories – those spend areas that are a sub-set of the parent category, for example under travel, sub-categories are airlines, hotels, hire car, train, taxi.

Of IFM Investors' spend, 8.5 per cent was spend on goods and the remaining 91.5 per cent on services, including services that produced a capital output. This is consistent with IFM Investors being a knowledge company rather than a producer of goods.

IFS

During the reporting period, IFS has undertaken a first level review of its supply chain.

IFS utilises a number of external service providers to assist in delivering services to industry funds and their members. These external service providers perform the following services:

- Fund administration
- Information Technology and software services
- Custody
- Internal and External Audit
- HR & Payroll
- Investment research

All providers are based within Australia, although it is noted that further tiers of the supply chain may engage goods and/or services in other countries.

ISA

ISA's expenditure is concentrated on suppliers providing professional services – including travel and events management, consulting, research, marketing and media – with the majority of these suppliers being based in Australia. It is noted that further tiers of their supply chain may engage goods and/or services in other countries.

The New Daily

The New Daily has a limited supply chain and outsources its online publication. The third party partner with whom The New Daily works closely has been assessed for its own supply chain, including policies and processes.

The risks of modern slavery in our supply chains

IFM Investors

IFM Investors recognise that in order to effectively identify, assess and address modern slavery risks, it is important to understand the full extent of the supply chains of those companies that are procured from and invested in. In FY20, they took steps to go beyond a view of our Tier 1 suppliers and investments and understand the extent of these supply chains to enhance our understanding of the modern slavery risks

therein. This was particularly important given that the direct supply chain is largely with service companies located in the same countries as their offices.

Recognising that the mapping of supply chains and undertaking this comprehensive risk assessment is a complex and lengthy process, in June 2020 IFM Investors engaged a third party advisor to support this work. The advisor's proprietary system mapped global trade flow data linked to recognised global standards to proactively identify risk areas and target the risk assessment. This work identified and examined modern slavery risks by targeting a supplier's industry, supporting industries and the geographies of those industries to produce an approximate supply chain for their suppliers and directly-held Private Equity, Infrastructure and Australian listed equities investments.

In analysing the output, attention was focused on the top three tiers of the supply chain, being that any risks at these levels are likely to be those that we have the potential to cause, contribute to or be able to influence. The independent work provided evidence that risk was at its highest in the first three tiers as those tiers represented the most significant inputs to the end goods and services.

In IFM Investors' operations

Despite the potential for risk in all supply chains, companies supporting business travel, property (specifically office fit-outs) and IT hardware represented the greatest cumulative modern slavery risks. The risks associated with these categories is largely driven by the industries and suppliers that feed them. For example, some international hotels were assigned a proportionately higher risk rating than other suppliers due to their location (being in a country with poor human rights records), industries that support those hotels (such as manufactured in-room items coming from high risk countries) and supporting services (such as cleaning services with higher levels of migrant workers and lower average wages).

By extending the assessment beyond the first tier, which indicated a very low level of risk of modern slavery, it enabled a better understanding of the broader supply chain risk. This will drive a higher level of continuing due diligence and will support building superior continuous improvement opportunities. The supplier selection from a recent and significant purchase of promotional material, had a detailed assessment of the policies each respondent had, their supplier selection processes, where their manufacturing occurred and results of ESG audits that the suppliers themselves had undertaken on their suppliers.

In IFM Investors' Investments

Based on the risk assessment undertaken, those entities with higher risks of modern slavery were identified as being in Australian and Global Infrastructure. The associated industries include oil & gas storage and transportation, marine ports, communications, utilities, airports and transportation infrastructure. It is recognised that the predominant factors driving the modern slavery risk for these investments are the key supporting industries in the top three tiers of the supply chain, and the geographies of operation.

The output of the detailed risk mapping exercise has enabled IFM Investors to identify and prioritise those investments where there are elevated modern slavery risks. This will inform an ongoing program of work, where to seek to understand, monitor and support assets to respond to identified risks.

It is recognised that certain Infrastructure assets held in Australia, in particular, are required to separately report under the Act. During the preparation of this Statement, IFM Investors confirmed with these entities that they are aware of their reporting obligations, which will assist in understanding their processes for addressing modern slavery risks in their supply chains.

ISH, IFS, ISA and The New Daily

The supplier risk assessment data and output accessed by IFM Investors and described above was used by ISH and its other entities as a proxy for their corporate expenditure given that the suppliers were either the same, or matched the characteristics of those within IFM Investors' spend profile. This enabled a review of suppliers in the first tier of the supply chain and an assessment to be made of the modern slavery risk profile for each entity, based predominantly on the industry and principal operating locations of these suppliers.

Actions taken to address modern slavery risks

To improve our understanding of and capability to identify and manage modern slavery risks, ISH has collaborated with IFM Investors, IFS, ISA and The New Daily to create a consistent understanding, the sharing of relevant data, particularly in relation to the depth of supply chain risk and support in undertaking risk assessments.

IFM Investors

The following steps were taken during the reporting period to improve IFM Investors' understanding of and capability to identify and manage modern slavery risks:

- In relation to Private Equity and Infrastructure Equity assets owned by IFM Investors, to support appointees to investee company boards, a guidance note has been shared on updates to modern slavery legislation to ensure an understanding from Directors as to legislative requirements and to support the discharging of their responsibilities.
- During the year, IFM Investors implemented a centralised procurement function with a dedicated Procurement Manager. A key metric for the Procurement function has been for the incorporation, consideration and assessment of modern slavery risks in the corporate supply chain - a task which is ongoing.
- Sourcing documents have been updated to request additional, mandatory information that enables a deeper assessment of modern slavery and other risks within current and prospective suppliers.
- Appointment of a third party advisor to support the mapping of the modern slavery risks within IFM Investors' supply chain to the tenth tier. This included the corporate supply chain and that of directly-held Private Equity, Infrastructure and Australian listed equities investments.

IFM Investors have worked to carefully consider immediate actions as well as medium and long-term plans to mitigate modern slavery risks and continue to improve the approach to addressing these risks. The intention is to work with suppliers and investors, and indeed be open to collaborating with partners, investors and shareholders, to build action plans that will assist with reducing risks over time.

IFM Investors has built a program of work that will evolve to remain relevant and proportional to the risks identified. IFM Investors' own modern slavery statement provides more details of its planned actions.

ISH, IFS, ISA and The New Daily

The following steps have been taken to improve our understanding of and capability to identify and manage modern slavery risks:

- Collaboration between ISH, IFM Investors, IFS, ISA and The New Daily to create a consistent understanding, the sharing of relevant data, particularly in relation to the depth of supply chain risk and support in undertaking a tier one risk assessment.

- Desktop research for ISA and The New Daily's key suppliers during the reporting period to determine if there were any known issues or controversies arising in respect of modern slavery in the period.
- The New Daily also reviewed all policies and process for how its principal third party partner identifies and selects its suppliers.
- IFS has created a modern slavery policy so that when entering into and continuing relationships with service providers, IFS will evaluate and ensure that those service providers take appropriate action to identify and address the risks they face in their operations and supply chains relating to modern slavery and that they do not have any human rights violations. This will be supported by a periodic review of IFS's external service providers, including their Modern Slavery Statements (if applicable).

Assessing the effectiveness of actions and continuous improvement

ISH and the entities it owns strive to ensure that the approach we take to managing modern slavery risks is effective and that we continually review, refine and modify our approach as appropriate. The extended approach to risk mapping of IFM Investors' supply chain undertaken in FY20 is an example of how we seek to continually build our understanding of modern slavery risks in our business operations and investment portfolios.

The following activities enable us to assess the effectiveness of, continually refine and develop our approach:

- Review feedback received from external partners and investors on how they manage modern slavery ensuring industry collaboration forms a significant part of our ongoing continuous improvement. We are already connecting with other Australian companies to understand how others are developing their strategies and to assist with the benchmarking of all our own activities.
- Reviewing higher risk suppliers and investments to understand any change of circumstances that may impact on the risk assessment.
- Ensuring we are up to date on guidance relating to modern slavery risk management – within our industry and more broadly.
- Continuing to engage with our employees through presentations and training, which will be continually monitored and updated to ensure it remains relevant and targeted.
- Undertaking further independent risk assessments, as appropriate, to support our continued understanding of risk across the entire supply chain and any changes to risk rating for suppliers and investments

Consultation within and between the entities

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

Appendix A

