



# Modern Slavery Statement

IOOF Holdings Limited  
Year ending 30 June 2021

# A statement from our CEO

This is a joint Modern Slavery Statement under section 14 of the Modern Slavery Act 2018 (Cth) made by IOOF Holdings Ltd (ABN 49 100 103 722) on behalf of itself and the following subsidiary companies:

- IOOF Investment Management Limited (ABN 53 006 695 021);
- IOOF Holdings Ltd (ABN 49 100 103 722);
- IOOF Investment Services Ltd (ABN 80 007 350 405);
- IOOF Service Co Pty Ltd (ABN 99 074 572 919);
- MLC Asset Management Services Limited (ABN 38 055 638 474)<sup>1</sup>;
- MLC Investments Limited (ABN 30 002 641 661)<sup>1</sup>;
- MLC Wealth Limited (ABN 97 091 514 264)<sup>1</sup>;
- NULIS Nominees (Australia) Ltd (ABN 80 008 515 633)<sup>1</sup>;
- Oasis Asset Management Limited (ABN 68 090 906 371); and
- OnePath Custodians Pty Limited (ABN 12 008 508 496).

These are collectively referred to as 'IOOF' in this Statement.

IOOF is submitting this Statement for the period 1 July 2020 to 30 June 2021. This statement has been prepared in consultation with senior executives, division representatives and external industry experts.

The Board of Directors of IOOF has reviewed and approved this statement on behalf of itself and the other reporting entities covered by the Statement. I hereby authorise the Statement to be signed in my capacity as CEO.



**Renato Mota**

Chief Executive Officer, IOOF

<sup>1</sup> These entities have been included as Reporting Entities for the purposes of this joint Modern Slavery Statement for the last month of the FY20-21 reporting period. The entities will be included in IOOF's Modern Slavery statement for the full FY21-22 Reporting Period



## Our commitment to combating Modern Slavery

**IOOF is committed to combating Modern Slavery issues.**

By proactively addressing these issues, IOOF intends to raise awareness in the community that supporting Modern Slavery practices either directly or indirectly is abhorrent and does not align with our business core values or culture.

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# Corporate Governance

**IOOF is committed to upholding good corporate governance practices. Our corporate governance policies and practices are reviewed annually and are continually updated to reflect industry best practice.**

The IOOF Group is committed to the highest standards of conduct and ethical behaviour in all our business activities, and to promoting and supporting a culture of honest and ethical behaviours, corporate compliance and good corporate governance.

IOOF's Code of Conduct (Code), sets out the expected values and standards of behaviour applicable to all IOOF employees and is linked to our purpose – understand me, look after me, secure my future.

The Code in conjunction with other IOOF policies is designed to support ethical behaviour and to support our business in selecting professional and reputable suppliers and service providers.

Our procedures also mandate regular reviews of our suppliers to ensure that they meet IOOF's standards on an ongoing basis.

The key IOOF policies related to these issues are:

- Whistle-Blower Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Conflicts of Interest Policy;
- Outsourcing Policy;
- Modern Slavery Policy; and
- Enterprise Risk Management Policy.

IOOF has a Modern Slavery intranet page that provides a wealth of information regarding Modern Slavery, our obligations, the current Modern Slavery environment within Australia as well as links to IOOF's Modern Slavery Statement, policies and procedures. The Procurement team is responsible for maintaining the contents of the intranet page.

IOOF has commenced the establishment of a new Environmental, Social and Governance (ESG) team, which will sit within the Corporate and Marketing business unit. The ESG team will focus on non-financial performance indicators designed to address IOOF's approach towards responsible investment, conflict of interest, sustainability, our impact on society and the environment, as well as other ethical (human rights) and corporate governance considerations.

The ESG team is positioned to manage ESG policies and standards, including the Modern Slavery policy, and to drive improvements and effectiveness in this space.

*In 2022, Modern Slavery will be managed under the IOOF ESG team with Modern Slavery related information accessible on IOOF's ESG intranet site.*

# Structure, Operations and Supply Chain

**IOOF has been helping Australians secure their financial future since 1846. During that time, IOOF has grown to become a leading provider of quality financial services.**

As an ASX top 200 company, and with more than \$450 billion in funds under management, administration and advice (as at 30 June 2021), IOOF currently provide services to more than 2.2 million clients around Australia.

IOOF is one of the largest financial services groups in the industry, with a forward focus on putting our clients first to deliver on our purpose of **‘understand me, look after me, secure my future’**.

IOOF provides advisers and their clients with the following services:

- financial advice through our extensive network of financial advisers;
- platform management and administration for advisers, their clients and employers in Australia;
- investment management solutions to suit a wide range of investor needs; and
- trustee services including compensation trusts and estate planning.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

IOOF distributes products and services via various channels, including directly, in person and online, or via financial advisers. The IOOF Group is made up of several leading brands that provide financial advice and estate and trustee services, namely:

- Australian Executor Trustees Limited (ABN 84 007 869 794);
- Bridges Financial Services Pty Ltd (ABN 60 003 474 977);
- Consultum Financial Advisers Pty Ltd (ABN 65 006 373 995);
- Financial Services Partners (ABN 15 089 512 587);
- Lonsdale Financial Group Ltd (ABN 76 006 637 225);
- Millennium 3 Financial Services Pty Ltd (ABN 61 094 529 987);
- RI Advice Group Pty Ltd (ABN 23 001 774 125); and
- Shadforth Financial Group Limited (ABN 27 127 508 472).

As announced on 31 August 2020, the NAB Group agreed to sell MLC entities<sup>1</sup> to IOOF Holdings Ltd. The MLC entities remained

part of the NAB Group until completion of the acquisition on 31 May 2021. These entities have been included as Reporting Entities for the purposes of this joint Modern Slavery Statement for the last month of the FY20-21 reporting period. The entities will be included in IOOF’s Modern Slavery statement for the full FY21-22 Reporting Period.

IOOF also operates an established registered charitable foundation, the IOOF Foundation (ABN 68 505 198 156), that operates as a Trust. In the FY20–21 Reporting Period, the IOOF Foundation continued its commitment to creating opportunities for disadvantaged families, youth and the elderly by investing in initiatives that improve quality of life and help others achieve their potential to contribute within the community.

IOOF strives to provide the best outcomes for our clients and believe that success only comes from caring about people, providing outstanding service and demonstrating consistent performance.

In response to the Modern Slavery Act 2018 (Cth) reporting obligations, IOOF re-engaged external subject matter experts 460degrees for a second year to identify IOOF suppliers and identify any Modern Slavery risks in IOOF’s operations and supply chain. This was intended to build on the first year’s assessment and Modern Slavery Compliance Program initiated by IOOF.

The assessment of IOOF’s supply chain included a review of all external payments made by the group. A final list of suppliers was developed for Year 2 and comprised 938 suppliers who were identified to have been paid by IOOF during the 2020-21 financial year.

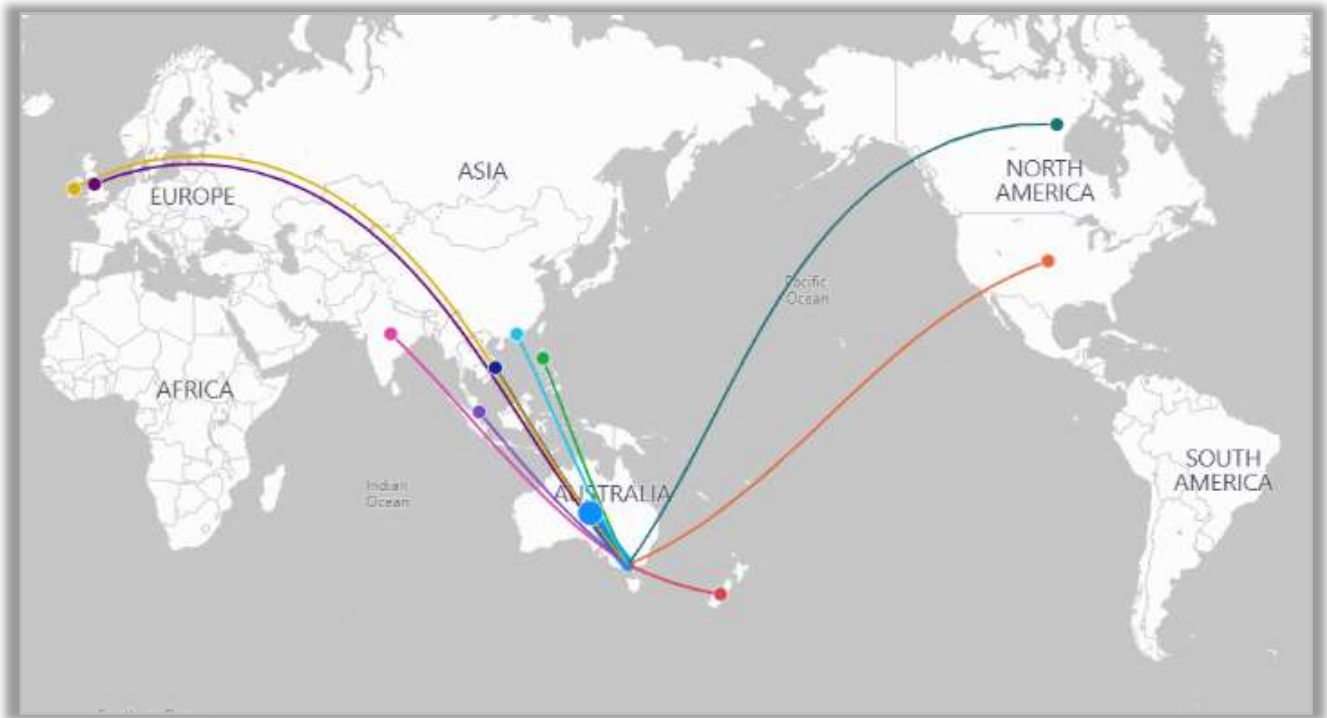
IOOF’s suppliers are primarily service based, with 93 per cent of IOOF’s suppliers based in Australia. This includes scientific, technical services and IT (18%), professional consulting, management advisory and legal (17%), financial and insurance services sector (15%), administration and support services (11%), information, media and telecommunication (6%) and rental, hire and real estate services (6%). Other smaller segments make up about 5% of IOOF’s supplier list.

<sup>1</sup> MLC Asset Management Services Limited, MLC Investments Limited, NULIS Nominees (Australia) Ltd and MLC Wealth Limited

### Supply Chain – Global Distribution

Non-Australian suppliers are distributed across the United Kingdom (4%), North Americas (1.5%) and Asia (0.5%).

Global supply chain map showing the distribution of our suppliers across the globe



# Operational and Supply Chain Risks

Given the nature of IOOF's business, the risk of Modern Slavery practices occurring within our business operations is assessed as low.

## Risk Profile

IOOF's low risk profile is based on our business being in a low-risk sector, combined with our operations being Australia-based. However, we recognise the possibility exists that we have indirect exposure to Modern Slavery practices within our supply chain.

As majority of our Australia-based suppliers have a lower inherent risk of Modern Slavery practices, the risk within our supply chain is also assessed as low.

IOOF also has indirect exposure to the potential risk of Modern Slavery practices via investments made by fund managers appointed to invest on behalf of our multi-manager funds. This risk is heightened where the business ultimately receiving the capital from IOOF is domiciled in a high-risk jurisdiction or where it is involved in an industry known to have a high risk of Modern Slavery practices.

In our previous reporting year, the questionnaire allowed IOOF to establish a benchmark for our suppliers' practices and to determine if there were any heightened Modern Slavery risks within our supply chain and business operations.

For the FY20-21 Reporting Period, IOOF conducted a detailed Modern Slavery risk assessment across our supply chain and operations. The approach to the use of the questionnaire was matured, and an improved risk-based methodology was applied.

## Questionnaire

IOOF used **6Clicks**, an automated risk and compliance operating system to disseminate the risk assessment questionnaire to all suppliers.

The **6Clicks** tool collated all supplier responses to assist in identifying potential risks.

*IOOF used an industry-recognised risk management software platform to send an online questionnaire to our 620 suppliers.*

The list of Year 2 suppliers comprised 938 suppliers who were identified to have been paid by IOOF during the 2020-21 financial year.

The number of initial suppliers dropped significantly from Year 1 to Year 2, from 2095 to 938 suppliers. The reduction is attributed to IOOF's ongoing implementation of Know Your Supplier (KYS) initiatives, including improved data quality and optimisation of our supplier base.

318 of the 938 suppliers were further excluded from the assessment. These suppliers were excluded because they either did not meet the definition of a supplier or they were suppliers who received under \$1,000 for the Reporting Period and were not in a high-risk industry. It was determined IOOF had 620 suppliers that should be assessed further for Modern Slavery risks.

The questionnaire was sent to all 620 in-scope suppliers.

A series of communications to all suppliers was also provided throughout this phase to highlight the reason why IOOF was implementing the questionnaire and the importance of providing a response.

Suppliers had three weeks to complete the questionnaire.



## Survey Results

IOOF acknowledgment of the existence of a risk indicator does not necessarily indicate Modern Slavery activity within a supplier. In most cases, there were multiple indicators that raised suspicion of potential Modern Slavery concern.

Responses to IOOF’s questionnaire did not identify any red flag breaches (suppliers who have had a record of any previous adverse association to Modern Slavery).

The overall response rate for the 2021 questionnaire was 30%, which is lower than last years’ response rate of 34.5%. The 460degree team attributes the lower response rate to reduced time for information collection and follow up with suppliers compared to the previous year. There were also 18 suppliers who refused to complete the questionnaire.



All suppliers were risk ranked using risk-based methodology and a risk register developed.

57 suppliers were assessed as extreme risk, 302 suppliers deemed as high risk, 186 suppliers that were medium risk and 101 suppliers deemed to be low-negligible risk.



Suppliers ranked as extreme to high risk does not necessarily mean they are involved in Modern Slavery practices; but rather additional information on this supplier needs to be gathered to reduce the risk rating.

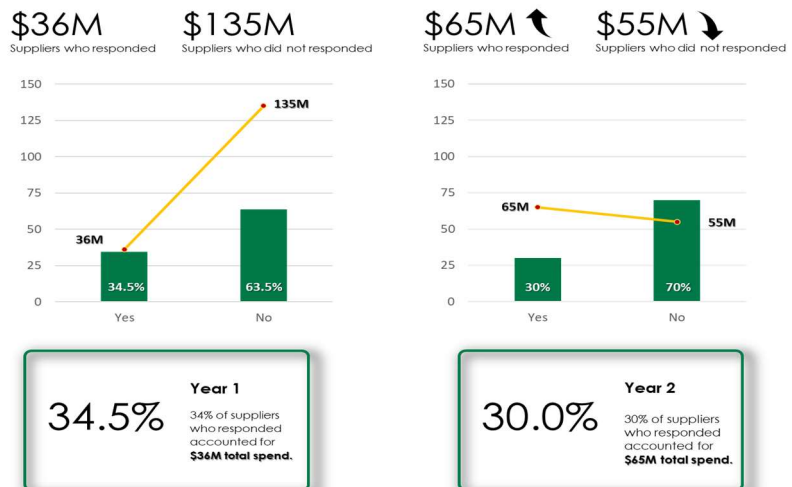
*The assessment of suppliers falling into Extreme Risk or High Risk is a consequence of the suppliers either refusing or failing to respond to the questionnaire, which supports our desire to push an assurance approach.*

Suppliers who did not respond were assessed as high to extreme risk in most cases. It is important to note that this does not necessarily mean these suppliers are involved in Modern Slavery.

Suppliers who refused to respond or did not take part in the questionnaire were classified as Extreme Risk. Remediation activities will commence Q3 FY21-22 with suppliers classified as Extreme and High Risk.

## A Significant Achievement

In Year 2, the total spend by suppliers that responded to IOOF’s questionnaire (\$65M) was higher than the total spend by suppliers who did not respond (\$55M). This is a significant change and increase in spend capture and assessment from the previous year, where \$36M and \$135M was attributed to suppliers that did and did not respond, respectively.



# Risk Improvement Program

IOOF has adopted a risk-based maturity approach to understanding if Modern Slavery practices exist in our operations and supply chain.

## Year 1 Approach & Outcome

In 2020, IOOF completed our Year 1 Modern Slavery analysis and reporting to meet legislative requirements with the support of 460degrees.

The Year 1 approach adopted an assessment framework that focused on identification of risks within IOOF's Tier 1 suppliers using responses to key risk indicators.

Key outcomes from last year's assessment included:

- Identification and mapping of 1,132 Tier 1 suppliers within IOOF's operational and supply chain;
- Identification of the most salient, severe and tractable Modern Slavery risks;
- Assessment of Tier 1 suppliers and business operations via a custom questionnaire that considered Modern Slavery key risk indicators;
- Identification of 2,461 risks as either low, medium or high risks within the supply chain;
- Development of a Modern Slavery risk register for Tier 1 suppliers based on assessment outcomes;
- Remediation conversations and activities with identified suppliers categorised as high risk;
- Creation of a Modern Slavery watchlist register, for suppliers who did not respond to the questionnaire and those suppliers who were remediated but were earmarked for next Reporting Period;
- Recommendations on a Modern Slavery Compliance Program; and
- Development of a five-year maturity plan for compliance to Modern Slavery.

## Risk and Compliance Driven Approach

In undertaking the Year 2 assessment it was evident that IOOF would benefit from an improved maturity assessment framework aligned to the IOOF Risk and Compliance processes. In addition, a high focus on practicable outcomes reflecting IOOF's new business structure is considered important to embed into the day-to-day operations of the business.

Evolution of the Year 1 approach was driven by IOOF's commitment to continuous improvement of our Modern Slavery Compliance Program. Through risk workshops and

data gap analyse, IOOF applied an in-depth, risk-based maturity approach which aligns with IOOF's Enterprise Risk Framework and ISO 31001 Risk Methodology. The elevated approach enables IOOF to focus on the risk of a supplier engaging in Modern Slavery practices.

A phased approach was adopted comprising five phases:

- **Context** – Workshop to identify objectives, key drivers and desired state.
- **Identify and validate** -Identify and validate Tier 1 suppliers for available information including business details, contact details, spend, industry.
- **Communicate and question** – Communication to all suppliers on why IOOF is implementing the process. Ask questions of the supplier via an online survey platform, on how they are managing their Modern Slavery risks.
- **Assess and evaluate** – Assess the suppliers using risk-based methodology, applying probability and consequence of occurrence. Creation of a risk based heatmap applying risk thinking.
- **Review and Respond** – Identify improvements that IOOF can implement to strengthen our Modern Slavery Compliance Program.

## Actions taken over 2020-21

IOOF is committed to improving response rates from our suppliers over the next five years, as well as enhancing our education regarding our operations and supply chains.

In the FY20-21 Reporting Period, with a focus on the improvement stage of our maturity plan, IOOF commenced and delivered on several commitments described below.

### Modern Slavery Policy

IOOF's Modern Slavery Policy (Policy) was published in the FY20–21 Reporting Period. The Policy outlines IOOF's approach to reducing the risk of Modern Slavery practices within our operations and supply chain. As compliance with the Policy is mandatory for all employees, it will also form an important accountability mechanism.

## General awareness training

A Modern Slavery general awareness training module was developed and deployed via IOOF's online HR system, **MyIOOF**. The general awareness training is mandatory for all IOOF employees to complete on an annual basis. The training incorporates the Modern Slavery Policy and provides directions to follow if a suspected or actual case of Modern Slavery is observed.

In addition, IOOF developed a Modern Slavery intranet site which provides information regarding Modern Slavery, IOOF's obligations, the current Modern Slavery environment within Australia as well as provides links to our Modern Slavery Statement, our Policy and Procedures.

## Targeted training

Targeted training of employees involved in supplier relationships was planned to occur separately to assist them in identifying risk indicators amongst supplier types, relationships, and scenarios where Modern Slavery risks may occur.

This has been designed to enhance the procurement and due diligence process and where an unsatisfactory Modern Slavery risk is identified with a prospective supplier, IOOF will not look to onboard or engage them. This is currently a work in progress.

## Supplier Consolidation

IOOF has also maintained an ongoing commitment to reducing the number of Tier 1 suppliers that it engages with, recognising the volume of Tier 1 suppliers carries unnecessary risk to IOOF.

IOOF has also commenced transformation in the procurement space in which it aims to put in place improved practices and technology to streamline the engagement and onboarding of suppliers.

## Supplier Risk Register

The risk register developed in the 19-20 reporting year was further reviewed and supplier risks consolidated. The risk register was updated to reflect the risk of a supplier having Modern Slavery risks within their operations. This register will be continually managed and reviewed.

*The procurement team identified numerous common functions across suppliers and managed to consolidate our supplier list from 2,095 to 938.*

# Assessing Effectiveness

To determine the effectiveness of IOOF's Modern Slavery Compliance Program, an annual review will be undertaken and reported on within our Annual Modern Slavery Statement.

The annual review will consider the following:

- the level of supplier engagement against key performance indicators;
- the data quality of supplier information in our procurement system;
- benchmarking of supplier engagement and performance against our peers;
- the number of incidents or breaches relating to the Modern Slavery Policy in the review period;
- stakeholder feedback;
- response rate of suppliers to the annual questionnaire;
- the volume of suppliers engaged to ensure we mitigate risk associated with using numerous suppliers for similar functions;
- ongoing management and Board reporting to report on IOOF's current risk position as it relates to Modern Slavery, the number of supplier questionnaires completed, any refusals, status of remediation activities and details of IOOF's risk register;
- the effectiveness of incident and breach reporting of potential and actual Modern Slavery occurrence(s); and
- the appropriateness and effectiveness of the questions within our procurement and due diligence processes to ensure any potential Modern Slavery risks are identified before onboarding a supplier.

The annual review and assessment undertaken for the Year 2 Reporting Period recognised that while not all areas had progressed, a number of key initiatives and improvements had progressed. The ongoing monitoring and improvements implemented demonstrate that IOOF is taking a risk-based approach to understanding, managing and reducing our supply chain risks.

## Consultation

This Modern Slavery Statement has been approved by the Board of IOOF Holdings Ltd.

In preparing the Modern Slavery Statement, IOOF Holdings Ltd consulted with and received input from representatives across applicable subsidiaries, the IOOF Senior Executive Team and the IOOF Group Enterprise Risk and Compliance Team.

## The Impact of COVID-19

COVID-19 has not materially impacted IOOF's ability to produce our Modern Slavery Statement nor our planned initiatives and actions.

While IOOF acknowledges the social and economic impacts of COVID-19 and the potential to increase the risk of Modern Slavery practices in our supply chain despite no material impact being identified during the assessment process, there may be a latent impact yet to be identified.

IOOF will continue to monitor and engage with our suppliers in respect of any developments that COVID-19 has on their operations.

# Future Steps

IOOF is committed to improving the risk mitigation of our suppliers over the next five years, as well as enhancing our education program regarding our operations and supply chains.

## Improvement Planning

To effectively manage the ongoing responsibility of IOOF’s Modern Slavery Compliance Program, continually improve on commitments and ensure IOOF is truly acting and digging deep into our supply chain operations and investments, IOOF will continue to take a risk-based maturity approach to managing and assessing Modern Slavery risks in our supply chain.

This approach enables lowering extreme-high risk suppliers risks to acceptable levels, increasing confidence in the information and then moving into building maturity by adopting assurance programs that focus on the next level supplier.

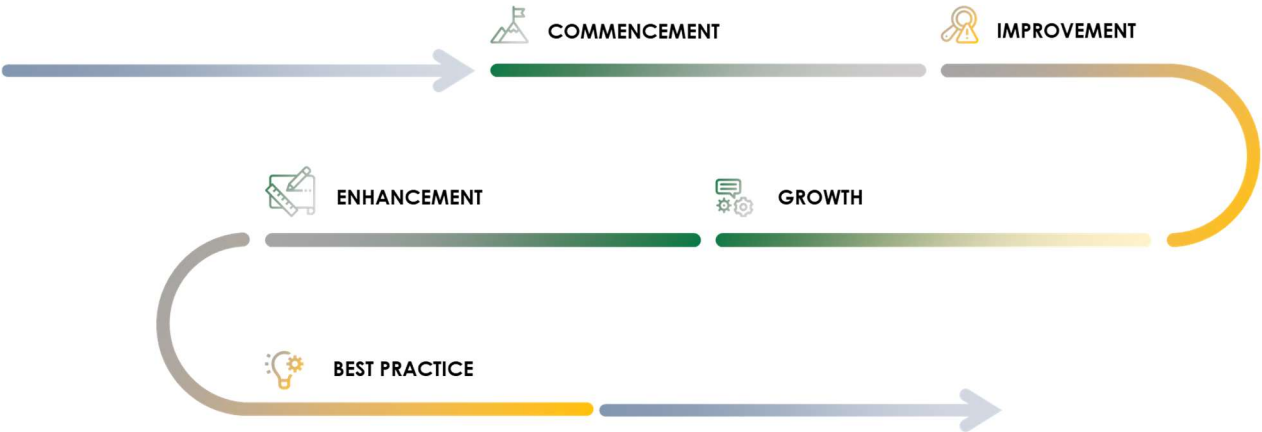
The risk-based maturity approach requires key elements to be implemented and prioritised, of which IOOF began this journey in Year 1.

## Maturity Plan

IOOF has reviewed and realigned our 5-year maturity plan to ensure that we are applying a risk-based maturity approach to understanding and addressing Modern Slavery risks in our supply chain and business operations.

The 5-year maturity plan is practicable and achievable, and places IOOF in a forward leaning posture for achieving our Modern Slavery Compliance Program objectives.

The aim of the plan is to ensure that IOOF continually improves and can meet our commitments in reducing Modern Slavery risks by identifying and taking action where required. It allows for developing better supplier relationships, creating awareness and accountability, and ensuring a mature and receptive compliance culture within the organisation.



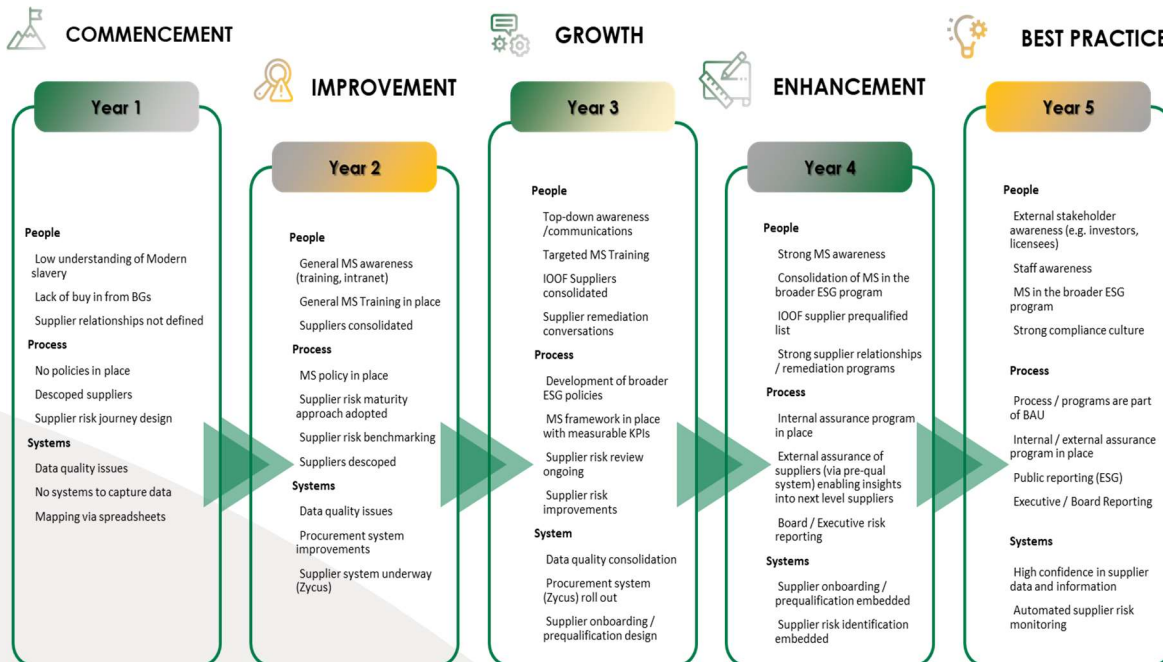
## 5-year Plan

In the FY21-22 reporting period, IOOF will focus on the growth stage of our maturity plan, and is committed to:

- taking a multi-tiered risk-based approach to understanding and assessing Modern Slavery risks;
- improving Modern Slavery awareness including a top-down communications approach to engagement that focuses our stance in combatting Modern Slavery, our current requirements and expectations of employees;
- engaging with suppliers deemed to be high risk, to improve data quality and embed improvement activities with the aim of decreasing their risk profile;

- uplift of the procurement function to streamline supplier engagement along with implementing the procurement tool;
- developing a number of procedures that provide ethical purchasing standards and minimum requirements for onboarding suppliers; and

By taking these proactive steps and engaging in the next phases of the Modern Slavery journey, IOOF will continue to strengthen our risk and compliance culture and position us to be a leader in combating Modern Slavery risks within in our supply chain.



# Appendix

## Modern Slavery Act 2018 (CTH) – Statement Annexure

The below table demonstrates where IOOF's Modern Slavery Statement addresses each of the mandatory criteria set out in section 16 of Modern Slavery Act 2018.

Matter	Section in the report
Identify the reporting entity for the purpose of the Modern Slavery Act 2018 (Cth)	<ul style="list-style-type: none"> <li>• CEO Statement</li> </ul>
Describe the structure, operations and supply chains of the reporting entity	<ul style="list-style-type: none"> <li>• Structure, Operations and Supply Chain</li> <li>• Risk Profile</li> </ul>
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	<ul style="list-style-type: none"> <li>• Operational and Supply Chain Risks</li> </ul>
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	<ul style="list-style-type: none"> <li>• Risk Improvement Program</li> <li>• Operational and Supply Chain Risks</li> <li>• Year 1 Approach &amp; Outcome</li> <li>• Risk and Compliance Driven Approach</li> <li>• Actions taken over 2020-21</li> </ul>
Describe how the reporting entity assesses the effectiveness of such actions	<ul style="list-style-type: none"> <li>• Assessing Effectiveness</li> </ul>
Describe the process of consultation with: <ol style="list-style-type: none"> <li>1. any entities that the reporting entity owns or controls</li> <li>2. in the case of a reporting entity covered by a statement under section 14—the entity giving the statement</li> </ol>	<ul style="list-style-type: none"> <li>• Consultation</li> </ul>
Any other information that the reporting entity, or the entity giving the statement, considers relevant	<ul style="list-style-type: none"> <li>• All sections</li> </ul>
COVID-19 impacts	<ul style="list-style-type: none"> <li>• Risk Profile</li> <li>• The Impact of COVID-19</li> </ul>

