

# 2020

## QSuper Modern Slavery Statement

1 July 2019 – 30 June 2020

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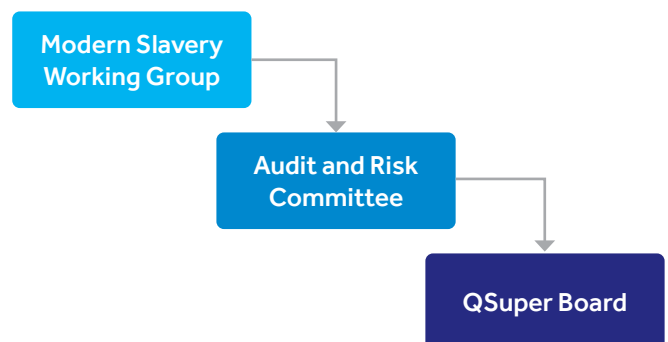
## Introduction

This statement has been prepared by the QSuper Board on behalf of the QSuper Group<sup>1</sup> to comply with the *Modern Slavery Act 2018* (Cth), which came into effect on 1 January 2019. It sets out the QSuper Group's actions to identify and address modern slavery risks in our business and supply chains over the financial year 1 July 2019 to 30 June 2020.

## QSuper Group approach

A cross divisional and multi-disciplinary Modern Slavery Working Group was established to design and implement foundational activities to identify, manage and address modern slavery risk within the QSuper Group.

The approach and activities have been approved in accordance with the following governance framework:



<sup>1</sup> When we say 'we', 'us', 'our', 'QSuper', or the 'QSuper Group' we are referring to the QSuper Board, and the entities (which are ultimately owned by the QSuper Board as trustee for QSuper) consisting of QSuper Limited (ABN 50 125 248 286), QInvest Limited (ABN 35 063 511 580), One QSuper Pty Limited (ABN 90 601 938 774), QInsure Limited (ABN 79 607 345 853), and QSuper Asset Management Pty Ltd (ABN 67 608 694 471), unless the context we are using it in suggests otherwise.

# Background and structure

## About the QSuper Board and QSuper

The QSuper Board is a trustee entity responsible for administering one of Australia’s largest profit-for-member superannuation funds. For more than 100 years, QSuper has been putting members’ interests first.

The QSuper Fund currently has more than 600,000 members and approximately \$125 billion in funds under administration.<sup>2</sup> The QSuper Group employs some 1,400 people and engages contractors on an as needed basis.

The QSuper Board was established in accordance with the *Superannuation (State Public Sector) Act 1990* and holds a Registrable Superannuation Entity (RSE) Licence.<sup>3</sup>

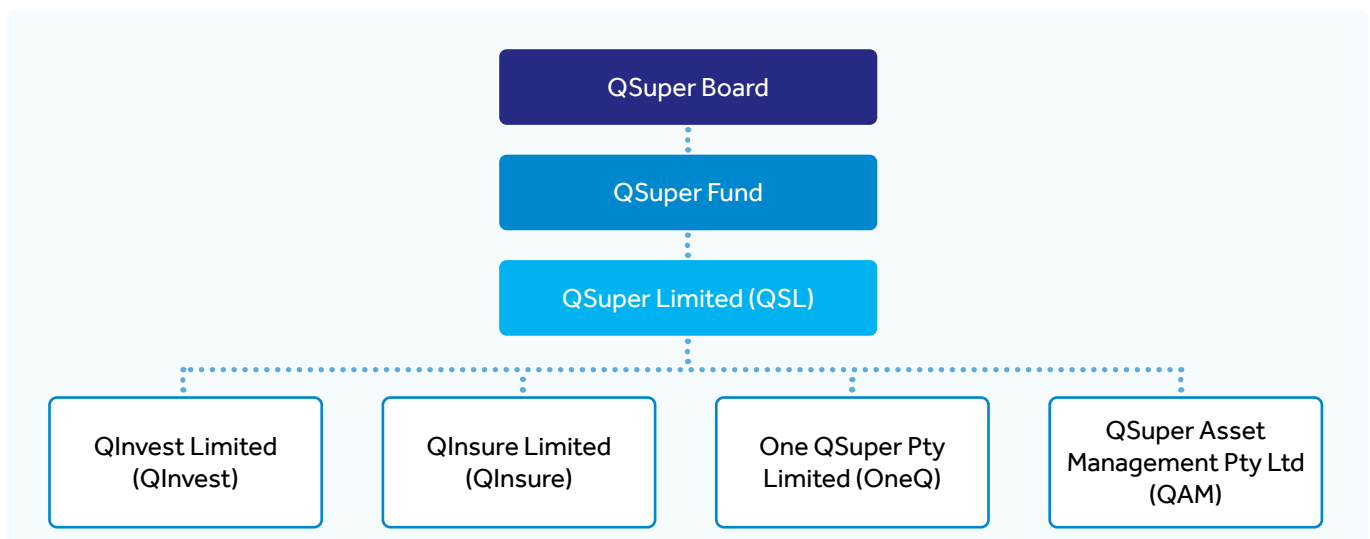
The QSuper Board has invested in a number of wholly-owned entities to provide and/or procure goods and services, human resources, advice, insurance and investment services, as shown in the diagram below.

## Reporting entities and structure

The QSuper Board (as trustee) owns QSuper Limited (QSL), which provides procurement and investment services to the QSuper Board and holds the QSuper Board’s interest in other wholly-owned investments.

QSL owns QInsure Limited (QInsure), QInvest Limited (QInvest), One QSuper Pty Limited (OneQ) and QSuper Asset Management Pty Ltd (QAM), whose activities are:

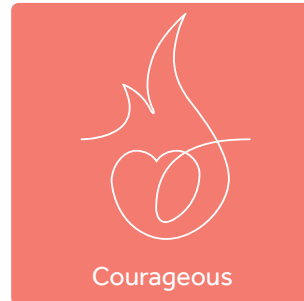
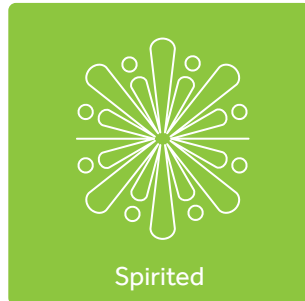
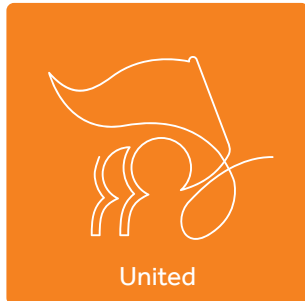
- QInvest provides financial planning services.
- OneQ provides labour hire services to the other QSuper Group entities.
- QAM provides investment services to the QSuper Board.
- QInsure provides death and total permanent disability (TPD) and income protection cover under a group life insurance policy to the QSuper Board.



<sup>2</sup> Funds under administration as at 31 December 2020. Net assets include the retirement funds managed by QSuper and employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. <sup>3</sup> The QSuper Board’s RSE Licence number is L0003391.

# Our values

Our members are at the heart of everything we do and our values are at the heart of our organisation. Our values help define us, underpin the way we behave, and differentiate us to drive performance, reputation and build on our heritage and position for the future. Our values are embedded and integrated in all of our processes and practices.



# Governance and policies

The QSuper Group is committed to a high standard in corporate governance, compliance and ethical behaviour. It has established a governance structure that ensures there is a clearly defined and transparent framework guiding the management and operation of the QSuper Group. As part of this, the QSuper Group has established principles, policies and procedures which enable management and staff to meet high standards of professionalism, accountability and integrity, and lay the foundation for QSuper's response to address modern slavery. An overview of some of the policies in our framework is shown below:

## Code of Conduct

[Diversity and Inclusion Policy](#)

[Incident and Breach Reporting Policies](#)

[Procurement Policy](#)

[Recruitment and Selection Policy](#)

## Risk Management Frameworks

[Whistleblower Protection Policy](#)

[Workplace Behaviour Policy](#)

[Workplace Complaints Procedure](#)

[Work Health and Safety Policy](#)

# Operations and supply chain

## Services provided by the QSuper Group

The QSuper Group's primary focus is to provide superannuation-related services to members in Australia. During the reporting period, the QSuper Group operated from offices based in Brisbane, Cairns, Gold Coast, Rockhampton, Sunshine Coast, Toowoomba and Townsville. The core services undertaken by the QSuper Group include:

- Superannuation and investments
- Insurance
- Financial advice.

Each of these services is described in further detail below.

## Superannuation

The QSuper Fund is one of the oldest and largest superannuation funds in Australia and is a profit-for-members fund. The QSuper Fund consists of Accumulation, Income and Defined Benefit accounts.

In April 2017, the RSE licence was varied to allow non-Queensland Government members to make contributions.

### Accumulation

With an Accumulation account, members can take an active role in how their superannuation is invested by choosing from a broad range of investment options. If members do not make a choice, they are placed into QSuper's default option, QSuper Lifetime.

### Income

QSuper offers an account-based pension product that allows members to use their superannuation funds to provide an income in retirement. The pension is paid until the Income account balance is exhausted.

QSuper also offers a transition to retirement option which allows eligible members to open an Income account and draw an income stream while they are still employed.

### Defined Benefit

The Defined Benefit account was closed to new members on 12 November 2008.

Current members with a Defined Benefit account are able to maintain their existing benefits until they decide to retire, transfer to an Accumulation account or leave their current employment.

## Investment

The QSuper Board's key objective is to help our members achieve their retirement goals. To do this, the QSuper Board offers a number of investment options, each with its own return objective, risk profile and investment strategy.

QSuper investments are managed by selected investment managers, QSL and QSuper's in-house Investments team on behalf of the QSuper Board, with the long-term goal of achieving the best possible outcomes to help meet members' retirement goals. The QSuper Board determines the overall investment objectives and strategy.

QSuper contracts investment managers in various asset classes, sectors, management styles, strategies and geographies under investment mandates. QSuper's expectations of its managers are documented in the mandates and agreed to by both parties. Specific reporting and valuation requirements are included to ensure sufficient information and transparency for ongoing monitoring.

## Sustainable investment

Sustainable investment considers environmental, social and governance (ESG) factors (both risks and opportunities) that can influence QSuper meeting its long-term investment objectives. The QSuper Board considers ESG within a framework focused on providing competitive returns for our members, and has an established set of principles to guide ethical investment decision making. QSuper has integrated sustainable investment practices across its broader investment management framework to manage ESG risk.

The sustainable investment approach seeks to ensure QSuper effectively manages ESG issues in its global investment portfolios in a way that meets member expectations, its fiduciary duty and regulatory direction.

## Our Socially Responsible investment (SRI) option

QSuper provides a Socially Responsible investment option which is invested across a wide range of asset classes designed to address certain environmental and social issues. It also incorporates the environmental, social, and governance (ESG) factors that support many of our investment options.

## What our SRI option invests in

This investment option seeks assets that can demonstrate a positive impact on environment and social issues, such as:



Clean energy



Conservation and the environment



Waste reduction and recycling



Food and water scarcity



Medical and technological innovation



Education



Health care



Green building

It may also invest in other assets that help the total portfolio deliver a positive impact, such as sustainable development bonds/other green bonds, specialised listed global equities, real estate, infrastructure, private equity assets, and other funds.

## What our SRI options avoids

In addition to the ethical principles that apply to many of our investment options, this option will have minimal exposure (if any) to issues that have negative environmental or social impacts, so it will avoid investing in:



Fossil fuels



Gambling



Adult entertainment



Tobacco products



Landmines



Cluster munitions

## Insurance

QInsure is a wholly-owned subsidiary of QSL that provides death and TPD and income protection insurance policies to the QSuper Board. The QSuper Board provides this insurance cover to eligible QSuper members, and insurance premiums are deducted from member accounts accordingly.

## Financial advice

QInvest is a wholly-owned subsidiary of QSL which provides financial advice to QSuper members. During the reporting period, QInvest was authorised to provide general and personal advice regarding:

- Superannuation
- Deposits and payment products
- Government debentures, stocks, or bonds
- Life insurance products
- Managed investment schemes including Investor-Directed Portfolio Services (IDPS)
- Retirement saving accounts
- Securities
- Standard margin lending facilities.

## Internal support functions

Core QSuper Group activities which enable the delivery of superannuation, insurance and financial advice services include:

### Procurement

- Goods
- Services
- Buildings and facilities
- External labour hire.

### Investments

- As a superannuation provider, investments is integral to the operation of the QSuper Group.

### Human Resources

- Employee labour.

## Supply chains

Types of goods and services procured by the QSuper Group include:

Category	Description
Technology	<ul style="list-style-type: none"> <li>Hardware – laptops, printers, phones</li> <li>Software</li> </ul>
Workspace	<ul style="list-style-type: none"> <li>Commercial office leases and building services – cleaning, maintenance, security</li> <li>Furniture – desks, chairs</li> </ul>
Professional services	<ul style="list-style-type: none"> <li>Professional advisor – legal, accounting, actuarial, audit, paraplanning</li> <li>Consulting – project advisory</li> <li>Data subscriptions</li> <li>Professional development and training</li> <li>Custody services</li> </ul>
Marketing and public relations	<ul style="list-style-type: none"> <li>Media and advertising</li> <li>Sponsorships</li> <li>Merchandise</li> <li>Seminar venue hire</li> </ul>
External labour hire	<ul style="list-style-type: none"> <li>Employee backfill</li> <li>Project support</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>Corporate travel</li> <li>Corporate cars</li> </ul>
Other	<ul style="list-style-type: none"> <li>Catering</li> <li>Stationery and office supplies</li> <li>Uniforms</li> </ul>

## Identification and assessment of risk

For the purpose of the QSuper Group's first modern slavery risk assessment, we have focussed on the three internal support functions:

- Procurement
- Investments
- Human resources.

QSuper has clear visibility and direct control over recruitment processes and working environments for employees and human resource activities were therefore considered to present a very low risk of modern slavery. Focus was instead placed on activities relating to procurement and investments. Labour-hire activities carried out by external providers (e.g. recruitment agencies and on-hire organisations) are captured within procurement processes.

During the reporting period, the QSuper Group did not identify any direct instances of modern slavery within its operations and supply chain. However, we identified areas within our Group activities requiring further focus and consideration for future reporting periods.

In this assessment, the QSuper Group focussed on identifying risks in its procurement and investment activities based on industry and geography.

## Procurement – supply chain risk

An assessment was undertaken in relation to procurement suppliers, and identified the suppliers providing goods or services within industries typically considered to be at higher risk of modern slavery, due to the prevalence of human rights issues within these sectors. These include:

- Technology (hardware such as computers, printers and scanners, and software such as mobile banking software, servers and networks for data storage)
- Logistics (transport and accommodation)
- Property and building services (such as facilities management, utilities, cleaning, waste management and security)
- Print and promotional goods (such as clothing and stationery).

Supplier masterfile records indicated that suppliers were based in the following locations:

- Australia
- USA
- UK
- Canada
- Europe (specific countries not indicated).

It was determined that most of these locations are typically considered to have lower prevalence of modern slavery. However, given QSuper does not yet have visibility of where broader supplier operations may be located (for example, we are aware that many Australian consulting firms also have offshore operations), a conservative approach was taken, and the jurisdiction risk for all suppliers was considered medium.

## Investments – operations risk

QSuper invests in a diverse range of asset classes including:

- Cash
- Fixed interest (bonds)
- Real estate
- Equities
- Infrastructure
- Commodities
- Alternative assets.

QSuper implemented a risk-based approach to assess modern slavery risk across the investment portfolio. The assessment focussed on its unlisted asset classes on the basis that QSuper has greater access, visibility and influence when compared to listed markets.

This exercise identified some unlisted infrastructure assets that operate in industries likely to have higher exposure to modern slavery risk on the basis that these industries often involve:

- A workforce that may include a large number of migrant workers
- Regular use of third-party employment agencies for unskilled work
- Potentially poor working conditions
- Assets located in regions that have a heightened presence of human rights issues.

This investigation revealed a subset of assets requiring further detailed analysis in future reporting periods.

# Actions to address risk

The QSuper Group is committed to taking action to address modern slavery risk, and has established a Modern Slavery approach which seeks to support the eradication of modern slavery.

Given modern slavery issues are often hidden deep in organisations' supply chains and operations, it is acknowledged that not all issues can be identified and addressed immediately. Throughout its first reporting period, the QSuper Group has adopted an agile approach, and will introduce, test and refine its modern slavery activities on an ongoing basis, informed by best practice and internal capability developments.

## Establishment of Working Group

The cross-divisional Working Group was established at the start of the reporting period and comprises stakeholders from Risk and Compliance, Legal, Investments, Procurement, and Member Services and Operations.

Throughout the reporting period, the Working Group met monthly and oversaw the design and implementation of activities to address modern slavery risks across the QSuper Group's operations and supply chains.

## Update of policies and procedures

During the first reporting period, the Working Group reviewed and updated a number of QSuper's business policies to include information about modern slavery risks, QSuper's approach and employee responsibilities to mitigate modern slavery in our supply chains and operations.

Documents updated included:

- QSuper Risk Management Strategy
- Procurement Policy.



### Training and awareness

Employee awareness activities were undertaken and collateral was developed to support ongoing training activities within the QSuper Group.

### Third party engagement and due diligence

The QSuper Group incorporated a pro-forma modern slavery clause into its standard procurement contract templates and seeks to negotiate the inclusion of the modern slavery clause in relation to all procurement engagements. QSuper's Investments team intends to include the modern slavery clause in future contract renegotiations with investment managers.

A Modern Slavery Questionnaire and Modern Slavery Attestation have been developed and issued to selected suppliers for completion in the first instance. In the future, these documents will form part of our general sourcing activities.

QSuper also developed an investments-related due diligence questionnaire which is intended to be issued to all investment managers in the reporting period ending 30 June 2021.

### Incident management and remediation

The Working Group will continue to report any actual or suspected instances of modern slavery identified within

QSuper's supply chains or operations in QSuper's incident management system, in accordance with the Incident and Breach Reporting Policy.

Alternatively, modern slavery matters may also be raised using the externally managed QSuper Group Whistleblower Hotline. The Whistleblower Protection Policy applies to matters reported using the Whistleblower Hotline.

The development of a Modern Slavery Policy is planned for the 2020-21 financial year and will specifically address the remediation governance framework.

### Engagement with industry

The members of the Working Group participated in peer and industry forums, and referred to a broad range of resources to better understand industry expectations and practices in managing modern slavery risk. This consultation included attendance at industry and professional body forums and training provided by the Australian Council of Superannuation Investors, Chartered Institute of Procurement and Supply, and Institute of Chartered Accountants of Australia.

Additionally, QSuper engaged an external adviser to assess the effectiveness of its modern slavery approach to date, and assist QSuper to develop its future modern slavery program and activities.

## Assessing effectiveness of actions

The QSuper Group is continuing to develop its monitoring and reporting approach. At this stage, the Working Group retains responsibility for continuing to monitor the suitability of actions on an ongoing basis.

During the reporting period for the financial year ending 30 June 2020, the Working Group specifically undertook the following activities designed to measure the effectiveness of our approach:

- Provided submissions (information papers) to key QSuper governance bodies as well as the QSuper Board on the modern slavery activities both undertaken and proposed. These papers were submitted to the QSuper Board, Audit & Risk Committee, Investments Committee as well as the QInsure Board.
- Monthly reporting to the Working Group (through a standing meeting agenda item) to consider escalated modern slavery matters.

- Established key performance indicators allowing the QSuper Group to measure the effectiveness of its approach. These indicators include applicable metrics related to:
  - QSuper's engagement with suppliers and investment managers
  - QSuper's internal training and awareness activities
  - Identification of incidents through QSuper's incident management framework.

### Impact of COVID

COVID impacted the ability for QSuper to deliver modern slavery mitigation training. This issue was addressed by:

- Delivering tailored training to select internal stakeholders virtually
- Developing and publishing an internal training document for key stakeholders.

# Towards the future

The QSuper Group intends to take a continuous improvement approach to its modern slavery mitigation activities, and anticipates measures will continue to evolve as our modern slavery understanding and capability matures. In the upcoming reporting periods, QSuper will:

- Obtain and review due diligence questionnaires from suppliers and investment managers
- Conduct deep dive due diligence on targeted investment assets
- Set a three-year modern slavery approach
- Finalise QSuper's Modern Slavery policy
- Continue to deliver internal modern slavery training
- Investigate and resolve any raised incidents of suspected modern slavery.

## Approval of statement and consultation with reporting entities

This statement has been approved by the QSuper Board on 25 March 2021. The QSuper Board is a constitutional corporation established under the *Superannuation (State Public Sector) Act 1990*. The nine individual trustees are also appointed as directors of QSL and QInvest.

QInsure is a registered life insurer under the *Life Insurance Act 1995* (Cth) and has a separate Board comprising independent directors. QSuper has consulted with QInsure on the QSuper Group's approach to address the risks of modern slavery in its operations and supply chains. QSuper also provided this statement to the QInsure Board prior to its submission to the Australian Border Force.

## Signed

This statement has been prepared for the period 1 July 2019 to 30 June 2020 to comply with the requirements of the *Modern Slavery Act 2018* (Cth).



**Don Luke**

Chair of the QSuper Board





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