

# **MODERN SLAVERY STATEMENT FY 2020**

Media Super Limited (**Trustee**) is the trustee of Media Super (**Fund** or **Media Super**). This is our first Modern Slavery Statement under the Commonwealth *Modern Slavery Act 2018* (**Modern Slavery Act**) and covers the activities of the Trustee and Media Super for year ending 30 June 2020 (**FY20**).

## Summary

During FY20 we have focused on understanding the requirements of the Modern Slavery Act, assessing our risk exposures, and taking steps internally and with targeted vendors to manage risks. The following were our key actions in FY20:

- Training for key staff and the Trustee Board
- Establishing a Modern Slavery Program and Action Plan
- Conducting a modern slavery risk assessment across operations, investments and first tier suppliers
- Commencing engagement with investment managers in high risk asset classes.

The Trustee acknowledges its responsibility and that of the Fund under the Modern Slavery Act and is committed to the continuous work necessary to reduce the risk of modern slavery and human trafficking in our operations and supply chain. In addition, the Trustee will take steps to seek to ensure transparency within its own organisation and with suppliers of goods and services with whom it contracts in relation to the prevention of modern slavery and human trafficking. Planned steps for the Modern Slavery Program in the future will also take into account any merger of the Fund in FY21.

## Our Structure, Operations and Supply Chain

### Structure

The Fund is a public offer industry superannuation fund for print, media, entertainment and arts, and broader creative industries. The Fund became known as Media Super in 2008 when Print Super and JUST Super merged. Both Print and JUST Super were established in 1987 and were part of the first wave of industry super funds set up after the government introduced a mandatory 3% super contribution requirement into workplace awards.

As an industry fund, the Fund is run only to benefit members. The Fund invests back into member industries and partners with key industry organisations to support professional development and education programs, create opportunities for emerging and established talent, celebrate excellence and help our partners build vibrant, robust sectors.

At the end of FY20 the Fund has more than 70,000 members and approximately \$6 billion in total assets under management.

### Operations

The Fund offers super, insurance and pension benefits (including our MySuper approved product). In addition, we provide access to a range of financial advice services with licensed financial advisers who are authorised to provide financial product advice by an external third party licensee. We also provide online tools to help members understand how much income they may need in retirement.

The Trustee (and the Fund) is domiciled in Australia and our headquarters are in Melbourne. The Trustee holds a Registrable Superannuation Entity (RSE) Licence from the Australian Prudential Regulation Authority (APRA) and an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investment Commission (ASIC).

The Trustee Board governs the Fund and is responsible for the prudent management of the Fund, ensuring that it operates the Fund in the best interests of members and complies with all relevant legal requirements.

The Trustee Board is made up of an equal number of employer and employee representatives and includes one independent director. The Trustee Board's Audit & Risk Committee is responsible for overseeing the Modern Slavery Program and making recommendations to the Trustee Board as required. The Trustee Board will remain accountable for the Modern Slavery Program and this Statement.

The day-to-day management of the Fund is delegated to the CEO and employees of the Fund and includes communications and marketing, member and employer services, administration and oversight of investments, risk management and compliance and managing service providers (suppliers). The Trustee currently employs 34 employees and one contractor all of whom are based in Australia.

## **Our Suppliers**

We utilise the products and services of 180 direct suppliers (including investment managers). Most of our Tier 1 suppliers and contractors (i.e. those with whom we have a direct contractual relationship) are located in Australia. Our key suppliers include such suppliers as our administrator, custodian, investment managers and legal firms. Further details of these suppliers are available in the FY20 annual report published on our website. All key suppliers are engaged through contracts, subject to written and agreed upon terms and conditions. The majority of our supplier relationships are stable and long term.

Material service providers and other selected service providers, including all investment managers, are subject to a due diligence assessment process prior to appointment. Outsourcing agreements are in place with these service providers including monitoring to assess performance and service delivery. Many of our non-key suppliers are in categories such as commercial services and supplies, financial and professional services and IT.

We recognise this year that COVID-19 has impacted our members and suppliers, on this the Fund enacted measures to ensure that the Fund continued to operate as usual for the benefit of members. The Fund also focussed on the health and safety of Media Super members, employers and Fund staff.

We also recognise that some of our suppliers were facing significant challenges during COVID-19 and this supported a closer supplier working relationships at times.

## **Our Investments**

Our investment portfolio includes investments in all major asset classes, including Australian and International Equities, Fixed Interest, Real Assets and Alternatives. We work with approximately 40 investment managers to manage investments via unit trusts and discrete mandates. Our investments span most countries around the world and throughout most sectors of the economy.

At Media Super, we believe a sustainable approach to investing can have a positive long-term impact on the value of our investments, as well as the broader practices of the companies we invest in. We have integrated Environmental, Social and Governance (**ESG**) considerations into our investment beliefs, which guide how we invest our members money. We are committed to the principles of active ownership and supported in this by our membership of the Australian Council of Superannuation Investors (**ACSI**).

## Risk Assessment

Modern slavery involves the most serious forms of exploitation. The Modern Slavery Act defines modern slavery as including trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour means situations where children are subjected to slavery or similar practices or engaged in hazardous work.

### Approach to assessing risk

We employed a third party expert (Mercer Consulting (Australia)) to develop a risk assessment methodology to help us assess risks of modern slavery in our operations and supply chains, including investments. The approach adopted focused predominantly on the potential risks to people of modern slavery rather than risks to the Fund or the Trustee, and considered the potential risks that may possibly cause, contribute and/or be directly linked to modern slavery practices.

The risk assessment identified and described the inherent risk of modern slavery across our operations, supply chain and investment activities, using a combination of industry-related risk factors (including sector, product and services related risks) and country risk factors. This involved looking at the country in which each supplier and investment manager operated and the labour related risks associated with their industry and its supply chain.

We applied this 'risk factor' approach consistently to our direct operations and to all of our direct suppliers with whom the Fund has a direct contractual relationship, including investment managers (Tier 1 suppliers). Our investment activities were assessed at the asset class level based on country and global industry risk factors (examples of high risk asset classes are international shares, and global property and infrastructure). All managers in high risk asset classes were engaged with around modern slavery policies and assessments.

The supply chain assessment assigned a risk rating to each individual supplier based on the supplier's primary country (of operations or service delivery) and industry. Just as in the investments risk assessment, independent research was used to identify those countries and industries with the greatest modern slavery risks.

### Risk assessment results

Our initial analysis of inherent risk in our suppliers and investment managers indicate that modern slavery is likely to exist to varying degrees in our supply chain (e.g. building and maintenance services) and investments (e.g. the emerging market equity asset class).

- The assessment identified some areas with no or low risk, for example, operational activities that are directly undertaken by Trustee's employees.
- Within our supply chain, most suppliers operate in Australia or other low risk countries, and in professional industries with low labour-related risk. However, we recognize that many of our suppliers source products and services from overseas, and some local suppliers are in more labour intensive industries. Based on this we have identified some categories for engagement in the future.
- Within our investment activities, our risk assessment identified certain asset classes as high risk (e.g. emerging market equity). We identified investment managers in these asset classes as priority for engagement in this reportable period.

**INVESTMENTS CASE STUDY: responding to our highest risks:**

- In the investment portfolio, we risk assessed all asset classes and sub asset classes (total 25), capturing all of our 40 or so external investment managers. Eleven asset classes were identified as high risk, capturing 38 investment funds, across 21 high risk managers.
- The Trustee used these results to commence its engagement with these managers by sending a tailored due diligence questionnaire (DDQ) to better understand the manager's approach to addressing modern slavery risks.
- We received and reviewed responses from all of these managers, and plan to follow up in the next reporting period on improvement opportunities, where identified.
- Further engagement will be prioritised based on the nature and extent of risk, the strength of the manager's response and the leverage the Trustee has with the manager.

**Addressing Risk**

Our approach to addressing modern slavery risks in FY20 has focused on conducting awareness training for the Trustee Board and key staff, undertaking a risk assessment and engaging with investment managers in high risk asset classes.

We are committed to continual improvement of our approach over time and have established a three year roadmap (in a form of a Modern Slavery Program and Action Plan) for how we intend to improve our response to modern slavery risks in the short and medium term.

Regarding our Australia equities holdings, we are members of the Australian Council of Superannuation Investors (ACSI). As a member of ACSI we have supported and benefited from activities they have undertaken on behalf of members, including direct company engagement on modern slavery and human rights, in relation to the ASX 300.

Furthermore, the Trustee has in place a whistleblowing policy and procedures and is committed to creating and maintaining an open working environment in which employees, directors and service providers are able to raise concerns regarding actual or suspected unethical, unlawful or undesirable conduct.

**Effectiveness Review**

In this first reporting period we have adopted the following measures to assess the effectiveness of our actions to both assess and address modern slavery risks:

- Key Performance Indicators (KPIs) –the Action Plan for this year included KPIs and we measure our actions against these.
- Stakeholder Questionnaire –a detailed questionnaire was completed with input from key stakeholders reflecting on the effectiveness of the actions taken to assess and address modern slavery risks.

We used the above measures to consider the effectiveness of our key activities, including:

- We raised awareness of modern slavery and how it intersects with Media Super's activities by undertaking Board and key staff training.
- We focused our due diligence efforts over the next three years by establishing a structured Modern Slavery Program and Action Plan.
- We increased our understanding of modern slavery risks across our operations, supply chains and investment activities.

- We focused our efforts on our highest risk exposures by using our risk assessment output to commence our engagement with our investment managers in high risk asset classes. We had a high response rate and turnaround time to our tailored due diligence questionnaire (DDQ) issued to these investment managers.

Where the effectiveness review identified areas for possible improvement of the Modern Slavery Program, these enhancements will be built into future years' Programs and Modern Slavery Statements.

## Next Steps


To continually improve our Program, we are planning to undertake the following actions in FY2021:

- Provide further training, where relevant and most useful in managing risk
- Propose further engagement with investment managers identified in high risk asset classes where we hold a meaningful investment allocation and can influence change
- Consider engagement with suppliers in medium risk supplier categories
- Apply the risk assessment approach to new suppliers or other material changes, if applicable
- Undertake a review of policies and processes and update where necessary
- Develop a modern slavery contract clause for potential inclusion in new supplier agreements

We recognise that COVID-19 may increase modern slavery risks and this may impact parts of our operations and supply chains. As part of the actions planned in FY2021, we will also look to assess and better understand the modern slavery risks that may be associated with COVID-19 and how our suppliers are factoring this into their activities to identify, assess and address modern slavery risk. This may also include consulting with business peers, multi-stakeholder groups and updating risk assessments.

This statement has been endorsed by the Board of Media Super Limited.

### Signed:

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**Susan Heaney, Chair**

**Date:** 19/3/2021 | 3:58 PM AEST