

Modern Slavery Statement

For the year to 30 June 2021

Joint statement prepared by PostSuper Pty Ltd as trustee of the Australia Post Superannuation Scheme (APSS) for itself and on behalf of Private Syndicate Pty Ltd as trustee for the Alternative Investment Private Syndicate (AIPS)



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Purpose and scope of the Statement

This Modern Slavery Statement (Statement) has been prepared by PostSuper Pty Ltd (PostSuper or Trustee) as trustee of the Australia Post Superannuation Scheme (APSS) ABN 85 064 225 841 under the *Modern Slavery Act 2018* (Cth) (Act). This Statement has been prepared for the twelve-month period to 30 June 2021.

This Statement is a Joint Statement by PostSuper on behalf of itself and Private Syndicate Pty Ltd (Private Syndicate) as trustee of the Alternative Investment Private Syndicate (AIPS) which was a controlled entity of PostSuper and also a reporting entity for the purposes of the Act for the year ended 30 June 2021 (reporting period).

This Statement relates to the operations and suppliers of the APSS and indirectly the AIPS and was prepared in consultation with AIPS. It was approved by the PostSuper Board of Directors on 26 November 2021 as the principal governing body of the APSS and also the higher entity that ultimately controls the AIPS as defined under the Act. The consultation process, the internal drafting approach and the approval process is outlined in the section titled *Consultation*.

Identifying the Reporting Entities

APSS

The APSS is an employer-sponsored superannuation fund established to provide benefits for current and former employees of Australia Post (and associated employers) and for the spouses of current and former employees. It is not a public offer fund and operates as a not for profit fund.

The major purpose of the APSS is to achieve and maintain financial security in retirement for its members. The APSS's design addresses this purpose by providing Australia Post employees who are members of the APSS (and the employees of associated employers) with defined benefits and offering a range of retirement savings choices for all members.

As the trustee of the APSS, PostSuper has a fiduciary duty to protect the financial interests of APSS members and must comply with relevant laws, regulations and standards and other regulatory requirements.

AIPS

The AIPS is a special purpose investment fund set up to make and hold investments in private equity on behalf of the APSS in accordance with APSS's investment strategy. The AIPS does not have any employees or internal business operations and Private Syndicate is the trustee.

Other entities

As described on page 4, the investment structure of the APSS includes two entities in addition to the AIPS, being Private Syndicate (US) Inc. and the Private Markets Trading Trust. Neither Private Syndicate (US) Inc. nor the Private Markets Trading Trust are reporting entities as defined under the Act.

Structure, operations and supply chains of the reporting entities

Structure and operations

The Trustee determines the operating model that supports the administration of the benefits and the provision of services to APSS members. All activities relating to the day to day management of the APSS have been outsourced by the Trustee to Australia Post as its key delegate (Key Delegate) or to other third-party service providers.

Under this operating model, Australia Post has employed an internal management team (APSS Management) to perform and oversee certain business activities required for the ongoing administration of the APSS.

APSS Management comprises a dedicated team of approximately 15 superannuation professionals with skills and experience in member services and administration, governance, investments, finance and operations. Australia Post provides APSS Management with broad organisational support in areas such as human resources, information technology and office services. APSS Management work in Australia Post's corporate head office in Melbourne.

The Trustee oversees the actions of APSS Management and the implementation of board decisions and policies. Service providers report to the Trustee on statutory responsibilities (such as audit matters) and to APSS Management on all other matters.

The APSS's primary business activities comprise:

- administration of APSS member benefits and provision of member services;
- safekeeping of APSS assets;
- investing APSS assets in accordance with the APSS's investment strategy; and
- maintaining governance structures and operating frameworks to comply with all relevant laws and regulations.

The AIPS serves as an investment fund to facilitate the execution of the APSS's investment strategy and the APSS is the sole unitholder. The AIPS does not have business operations or a direct supply chain and services provided to Private Syndicate and the AIPS (primarily investment management and administration) and Private Syndicate (US) Inc. are procured from and through the APSS.

APSS's supply chain

The supply chain that supports the APSS's primary business activities is described below.

Benefits administration, member services and insurance

A core component of the APSS's business activities is to administer the superannuation benefits of its members. This includes maintaining member accounts, accepting contributions from members and the employer sponsor, processing switches and exits and publishing communication materials such as periodic statements and newsletters. The Trustee, through Australia Post as its key delegate, has outsourced the provision of benefits administration and member services to a specialist superannuation benefits administrator.

As part of the superannuation benefits offered to APSS members, insurance is made available by the Trustee, with insurance entitlements underwritten by a global insurer.

Safekeeping of APSS assets

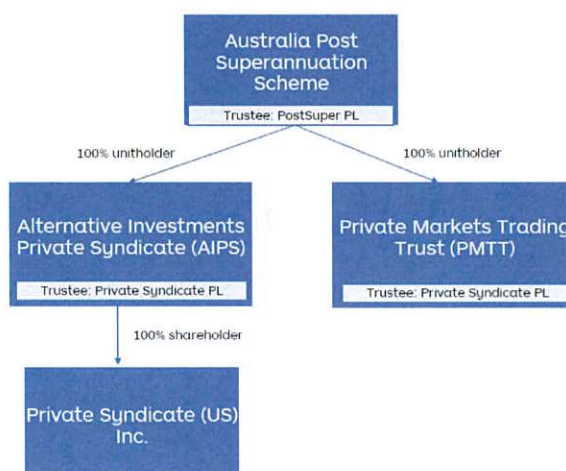
The Trustee has outsourced all the activities relating to the safekeeping of fund assets to a global custodian. The services provided by the custodian includes accounting and tax, asset valuation, processing of corporate actions and investment reporting. The custodian's supply chain comprises operational capability in Australia and overseas.

Investment of APSS assets

The investment of APSS assets has been outsourced to specialist third party investment managers. The services provided by the investment managers include investment research, portfolio management, investment operations and client service and reporting. The selection and ongoing oversight of investment managers is supported by advice from specialist investment advisers.

The assets of the APSS are invested into five broad asset classes – public market equity, private equity, real assets (including listed and unlisted real estate and infrastructure investments), alternative credit, bonds and cash, with investments in both Australian and overseas markets.

The Trustee has delegated the decision to make investments in underlying assets to investment managers and neither the Trustee nor Australia Post retain any internal direct investment management functions. The APSS maintains and controls several investment vehicles to facilitate the APSS's investment strategy (see below).



As stated above, AIPS is a special purpose fund established to make and hold private equity investments. Similarly, the Private Markets Trading Trust (PMTT) was established to hold certain private equity investments although the fund is currently dormant and is in the process of being wound up.

Private Syndicate (US) Inc. is controlled by AIPS and is a special purpose company incorporated in the United States (US) to hold private equity investments in the US. Private Syndicate (US) does not have employees or internal operations. It outsources custody and investment management services and engages professional advisers to perform legal, tax and auditing functions. Oversight of these advisers is undertaken by APSS Management.

The Trustee has engaged and consulted these entities on modern slavery matters. The consultation process is summarised in the section *Consultation* below.

Governance of the APSS

Professional advisers with expertise in actuarial science, audit (external and internal), tax, risk management and law have been engaged to assist the Trustee and Australia Post to ensure there are sound governance arrangements in place to run the APSS and its controlled entities and to ensure the Trustee is able to comply with its statutory and other regulatory obligations.

Risks of modern slavery practices in the reporting entities' operations and supply chain

The Trustee acknowledges that modern slavery risks may be present in:

- the underlying companies the APSS and AIPS has invested in and their extended supply chains; and
- the operations and supply chain of service providers that PostSuper and Australia Post have selected to assist in the ongoing administration of the APSS.

From an investment perspective, the Trustee considers that in addition to financial risks, companies are also subject to risks relating to environmental, social and governance (ESG) factors, all of which can affect investment performance and that inadequate management of these risks can result in regulatory penalties, brand and reputational damage, valuation impairment and/or loss of revenue. Modern slavery is one of several ESG risks that the Trustee is aware of, and it has developed an ESG policy and framework which requires it to consider modern slavery risks when making investment decisions.

Under the ESG policy, the Trustee's Investment Committee will, on an ongoing basis, assess and monitor its appointed investment and fund managers on the extent to which they integrate ESG considerations into their investment decisions.

The Trustee does not prescribe how its investment managers or managed funds should apply ESG considerations, but it prefers managers that maintain and apply policies and frameworks that consider ESG factors as part of their investment decisions.

The Trustee also understands that Australia Post, as the key delegate it has contracted with to manage the day-to-day affairs of the APSS and its controlled entities, has a zero tolerance of modern slavery in its operations and its extended supply chain and seeks to prevent any involvement in modern slavery through the implementation of workforce engagement plans and a supplier code of conduct and by aspiring to maintain a transparent and traceable supply chain. Historically, the Trustee has had limited involvement and oversight of Australia Post's procurement policies and practices, but APSS Management is required to follow them when engaging new suppliers directly.

A list of the APSS's service providers can be found here: <https://www.apss.com.au/about/?page=service-providers>.

Actions taken by PostSuper and Private Syndicate to assess and address the risks of modern slavery

The actions taken by PostSuper and Private Syndicate (to the extent relevant) to assess and address the risks of modern slavery in their respective supply chains are considered under the following headings:

- Investments; and
- Operations and Supply Chain.

Investments

Modern slavery risks in our investments

Through ongoing engagement with the appointed investment managers, the Trustee has identified two elevated areas of modern slavery risk within the APSS's investment portfolio – public market equities and real assets:

- Public market equities – large, global companies across various industry sectors can have long and complex supply chains, some of which will extend to suppliers where there may be limited visibility into the workplace practices. Industry sectors which have been expressly identified by the APSS's public equity investment managers as having potentially higher modern slavery risks include the manufacture of technology hardware and the retail, e-commerce and consumer food and packaged goods sectors.
- Infrastructure companies and REITs – real asset investments such as office buildings and ports are generally capital intensive and can require significant capital investment programs which rely on inputs from the building, construction and raw material industries. The APSS's real assets

investment managers have identified workforces in these industries as potentially being more vulnerable to modern slavery exploitation.

From an AIPS perspective, engagement with the investment managers of the underlying private equity funds did not identify any elevated areas of risk across portfolio holdings. Notwithstanding that, the private equity investment managers confirmed that their investment frameworks incorporated analysis of ESG factors, which includes consideration of broader social matters such as modern slavery, human rights and workplace practices. In relation to modern slavery, APSS Management on behalf of Private Syndicate Pty Ltd as trustee of the AIPS, will continue to monitor the investment managers' modern slavery practices and their progress towards uplifting their capability for identifying and addressing modern slavery issues within their investment portfolios.

How we address modern slavery risk in our investments

As the method of investment implementation differs across asset classes (i.e. investing directly into public markets versus investing into pooled investment vehicles), the way modern slavery risks are identified, assessed and addressed by investment managers will also vary. For example, investment managers with mandates in public equities will undertake ESG research to identify companies which have a poor track record in human rights violations and/or poor workplace and labour standards. This research can form the basis for further engagement with the board and management of those companies. In contrast, private equity fund managers (particularly relevant to AIPS) which have controlling stakes in investee companies can take a more active role in overseeing how modern slavery risks are managed.

Notwithstanding the structure of its underlying investments, the Trustee maintains an ESG policy and monitoring framework to oversee how all ESG risks are managed, including those associated with modern slavery. A copy of the Trustee's ESG policy is available here:

<https://www.apss.com.au/about/?page=policies--reports---rules>.

Operations and Supply Chain

Modern slavery risks in our operations and supply chain

Given the APSS's operating model includes outsourcing core business activities to specialist third party service providers (including to Australia Post which in turn recruits APSS Management), the Trustee acknowledges that its supply chain is deep and complex and can extend outside Australia. Specific modern slavery risks which have been identified by the Trustee, Australia Post and the APSS's broader group of third-party service providers include:

- recruitment and hiring practices by the service providers for direct employees and their extended workforce; and
- procurement practices in the extended supply chains of the Benefits Administrator, the Custodian and professional service providers.

Modern slavery risks with APSS Management is limited because each of the 15 employees within the APSS Management team has been engaged and paid by Australia Post in a manner consistent with relevant workplace law. Australia Post has the following measures in place to strengthen its ability to protect against modern slavery in its own workforce:

- a commitment to ensure that every person who works for the Australia Post Group, whether as part of its directly employed or extended workforce, is engaged, paid and treated in accordance with Australian workplace laws;
- controls to ensure compliance with workforce laws, including laws aimed at protecting vulnerable workers;

- workforce compliance forums and governance mechanisms which meet monthly. Key members of Australia Post's Modern Slavery Working Group are also active in workforce compliance, allowing learnings to be shared across business units; and
- mandatory training modules for all staff on commencement, with a refresher every two years which includes topics on Australia Post's Group policies, modern slavery, ethical decision making, incident reporting, whistleblower disclosures.

How Australia Post addresses modern slavery risk in its operations and supply chain

Australia Post has a range of policies which set out its commitment to standards of conduct and behaviour, with its Ethics Policy designed to ensure its people act and work with integrity and comply with the applicable laws, regulations, codes, policies and procedures. This policy also clearly states Australia Post's commitment to protecting the people working in its supply chain against the exploitative practices of modern slavery.

In terms of the extended supply chains of Australia Post and other third-party service providers to the APSS, robust procurement practices are in place to limit modern slavery practices. As part of its procurement requirements, Australia Post, requires its major suppliers to provide it with a Supplier Code of Conduct. The Code sets out minimum expectations of Australia Post's suppliers, including expectations to ensure suppliers do not use any child labour, forced labour or involuntary labour, and operate according to recognised national and/or international standards.

A copy of Australia Post's 2021 modern slavery statement is available here:

https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-modern-slavery-statement.pdf

Elevated areas of modern slavery risks in our operations and supply chain

Given the APSS's third party service providers are predominantly Australian-based and provide professional services, consulting and other highly skilled services, the Trustee considers the risk profile of modern slavery within its business operations and supply chain to be low. However, the Trustee also understands and acknowledges that elevated modern slavery risks may exist deeper in their supply chains through the procurement of office cleaning services, IT hardware and software, consumables, including office supplies, packaging and other office support services.

Through its regular oversight and monitoring activities of key service providers, APSS Management on behalf of the Trustee will continue to understand how those service providers approach and mitigate modern slavery risk management in their supply chains.

Assessing the effectiveness of the reporting entities' actions

During the reporting period, the Trustee undertook a review of the approach adopted by Australia Post and other service providers to address modern slavery risks in their respective operations and supply chains. Where possible, this included a review of their modern slavery statements.

The Trustee's review concluded that the APSS's material service providers had measures in place to identify and address modern slavery risks within their businesses, whether that be in their procurement practices or investment frameworks of investment managers and were aware of their obligations under the *Modern Slavery Act 2018*. The service providers appeared to be committed to undertaking actions that would improve the awareness of modern slavery throughout their organisations and enable them to strengthen their governance frameworks to incorporate modern slavery requirements and risk mitigation practices.

Beyond the current reporting period, the Trustee will continue to focus on the assessment of its effectiveness in identifying and addressing modern slavery risks throughout its supply chain. This will include strengthening its governance and risk frameworks to incorporate modern slavery risk.

2021 Highlights

During the reporting period, PostSuper and Private Syndicate, through the Key Delegate, engaged with a number of its service providers to better understand their awareness of modern slavery risks in their portfolios and the frameworks in place to identify and assess modern slavery risks in the companies they invest in. From those engagements, both reporting entities noted that:

- one of its fund managers had developed a proprietary modern slavery risk assessment framework to quantify and score the riskiness of modern slavery risk in companies, industries and geographies;
- one of its fund managers had reviewed the procurement practices that a major Australian retailer had adopted to select suppliers across its global supply chain;
- one of its fund managers had reviewed, and subsequently divested a holding in a global consumer goods company after it had formed a view after extensive engagement with company management that certain procurement practices were not sustainable;
- that one of its fund managers had updated its view of a country's modern slavery risk and had incorporated that into the country's sovereign risk rating;
- Australia Post developed a remediation approach to improve its readiness to deal appropriately with a potential modern slavery incident, should one arise in its extended workforce or broader supply chain. The approach is consistent with Commonwealth guidance and the remediation plan is based on the UN Guiding Principles, fulfilling the requirement to establish processes by which businesses can remediate, or 'make good' on any adverse impacts on people such as modern slavery; and
- APSS Management attended a modern slavery training workshop developed and conducted by external subject matter experts and received a copy of the training materials.

Consultation

As explained above, APSS Management, through its role as the Trustee's Key Delegate, undertakes administration functions and provides oversight of third-party service providers who provide day to day management activities for PostSuper, Private Syndicate and Private Syndicate US Inc. because none of these entities have their own employees or internal operations (see further detail in *Structure and Operations*). In this capacity, APSS Management has engaged with the directors of Private Syndicate and Private Syndicate US during the reporting period by reporting on the engagement it has had with the fund managers and general partners of the private market investments.

A copy of the draft of this Statement was provided to the individual directors of Private Syndicate in its capacity as the trustee of AIPS, being a reporting entity. In that capacity, the directors considered and subsequently endorsed this Statement.

Other relevant actions

Impacts of Covid-19 on modern slavery

While the Trustee's direct suppliers are considered relatively low risk in relation to modern slavery, the Trustee acknowledges that the Covid-19 pandemic is likely to have made identifying and addressing modern slavery risk more difficult. This would be the case for both the Trustee's direct suppliers and its broader supply chain. Over the course of 2021, the Trustee considered the potential vulnerabilities associated with Covid-19 pandemic and noted that a number of suppliers had developed plans and safeguards to uphold high standards in their workplaces to minimise the likelihood of modern slavery.

Next steps

In March 2021, the Trustee announced to its members that it had entered into a non-binding Heads of Agreement with Sunsuper to explore a merger with Sunsuper by way of a successor fund transfer. Detailed planning is underway to implement a merger in 2022.


In the meantime, PostSuper remains committed to a continuous improvement approach to manage modern slavery risks over time. Whilst further training and engagement with investment managers about their modern slavery practices is anticipated (including the review of their modern slavery statements), PostSuper expects that its modern slavery work program will be largely directed at reviewing the ESG and modern slavery capability of the successor fund it expects to merge with in 2022. The scope of the Trustee's review is expected to include a review of the successor fund's:

- modern slavery statement and other relevant ESG policy documentation;
- modern slavery training program;
- vendor selection and procurement practices; and
- review frameworks in place to identify modern slavery risks within the business operations and supply chains of their suppliers of products and services.

If the merger proceeds as planned, Australia Post will continue as the employer sponsor and will enter into a number of agreements with the successor fund. Those agreements will need to meet Australia Post's Supplier Code of Conduct which as outlined above, sets minimum expectations of Australia Post's suppliers, including expectations to ensure suppliers do not use any child labour, forced labour or involuntary labour, and operate according to recognised national and/or international standards.

Approval

This modern slavery statement was approved by Board of PostSuper Pty Ltd as Trustee of the Australia Post Superannuation Scheme, the principal governing body of the APSS and the higher entity in relation to AIPS as those terms are defined by the Modern Slavery Act 2018, on 26 November 2021.



Bridget Sebire

**Director
PostSuper Pty Ltd**

This modern slavery statement is signed by a responsible member of PostSuper Pty Ltd as Trustee for the Australia Post Superannuation Scheme as defined by the Modern Slavery Act 2018.

Appendix

This statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act 2018. The table below identifies where each criterion is disclosed within the different sections of the statement.

Mandatory criteria for modern slavery statements	Reference in 2021 Joint Statement
Identify the reporting entity	Page 2
Describe the structure, operations and supply chains of the reporting entity	Page 2
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	Page 4
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	Page 5
Describe how the reporting entity assesses the effectiveness of such actions	Page 7
Describe the process of consultation with: <ul style="list-style-type: none"> - any entities that the reporting entity owns or controls; and - in the case of a reporting entity covered by a statement under section 14 of the Act — the entity giving the statement 	Page 8
Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	Page 8