

Sunsuper Group

Modern Slavery Statement

2020

Contents

1.0 Introduction	2
1.1 Our structure, operations and supply chains	2
1.2 Risks of modern slavery in Sunsuper Group operations and supply chains	3
2.0 Assessing and mitigating modern slavery risk	3
2.1 Investment management	4
2.2 Investment management actions undertaken	5
2.3 Superannuation administration actions undertaken	5
3.0 Measuring effectiveness	7
4.0 Looking forward	8

1.0 Introduction

This statement, pursuant to the *Modern Slavery Act 2018* (Cth) (the Act), outlines the actions taken by the Sunsuper Group to assess and address modern slavery risks in our operations and supply chain.

The statement is made on behalf of the Sunsuper Group, including Sunsuper Pty Ltd (ABN 88 010 720 840, AFSL No 228975), the Trustee of the Superannuation Fund (ABN 98 503 137 921) and the following related bodies corporate:

- Precision Administration Services Pty Ltd (ABN 47 098 977 667, AFSL No. 246 604)
- Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818, AFSL No. 227867)
- Sunsuper Infrastructure Trust 3 (ABN 60 798 062 849)
- Sunsuper Pooled Superannuation Trust (ABN 14 732 571 880)

All entities within the Sunsuper Group utilise the same policies and processes and have shared suppliers. As a result, a joint statement has been prepared for the Sunsuper Group entities outlined above, to provide a single, consolidated view on the matters prescribed by the Act.

The directors of all entities listed above were consulted on the combined group joint statement, noting that not all entities within the Group met the compulsory reporting criteria and therefore some entities have voluntarily reported.

As the controlling entity within the group, Sunsuper Pty Ltd will sign the Sunsuper Group Modern Slavery Statement. All entities in the group have had the opportunity to review, update and approve the Sunsuper Group Modern Slavery Statement prior to its release.

This is the Sunsuper Group's first Modern Slavery Statement and covers the reporting period 1 July 2019 to 30 June 2020.

1.1 Our structure, operations and supply chains

The Sunsuper Superannuation Fund is one of Australia's largest super funds with 1.4 million members, and, as at 30 June 2020, \$69.4 billion in funds under management.

As a profit-for-members fund, our customers sit at the heart of everything we do. We have no shareholders to pay and profits are returned to members through lower administration fees, product innovation and enhanced services.

We also help more than 150,000 businesses across the country manage their employees' retirement savings through a range of products and services designed to make managing super efficient.

Our purpose is to "inspire and empower Australians to fulfil their retirement dreams". It's our reason for being and motivates us to deliver great customer service by helping members grow their super through award-winning products, strong long-term investment returns and lower administration fees.

The Sunsuper Superannuation Fund is structured as a trust and managed by a board of trustees. The following table provides an overview of the key activities of the entities within the Sunsuper Group:

Entity	Description
Sunsuper Pty Ltd	Trustee of Sunsuper Superannuation Fund and Sunsuper Pooled Superannuation Trust
Sunsuper Superannuation Fund	Superannuation fund
Sunsuper Pooled Superannuation Trust	An investment vehicle supporting the overall investment strategy of the fund
Sunsuper Infrastructure Trust 3	An investment vehicle supporting the infrastructure investment strategy of the fund
Precision Administration Services Pty Ltd (PAS)	Wholly owned (via its Custodian) by Sunsuper Pty Ltd as Trustee of the Sunsuper Superannuation Fund. Provides administrative services to the fund
Sunsuper Financial Services Pty Ltd	Wholly owned (via its Custodian) by Sunsuper Pty Ltd as Trustee of the Sunsuper Superannuation Fund. Provides financial advice to members and employers, and actuarial consulting services to defined benefit funds held within the Fund and external parties.

Table 1: Entity Structure Listing

The registered office for all entities within the group is 30 Little Cribb Street, Milton Qld 4064.

The Sunsuper Group, through the Sunsuper Superannuation Fund and PAS, employs over 1,200 staff either directly or indirectly through agencies where contractors are required to meet business requirements. The majority of direct staff are employed through PAS via a collective industrial instrument.

Service agreements exist with other entities in the Group so either the Sunsuper Superannuation Fund or PAS can provide services.

The Sunsuper Group has two primary business functions, being (1) investment management and (2) superannuation administration. The Group's supply chain includes services provided by external fund managers who oversee investment management activities and consultants who provide a range of advisory services. The Group's operations include internal investment management.

Sunsuper's investments span a range of countries and regions, in both developed and emerging markets. You can find out more about Sunsuper's investment options, including geographic allocation, in our *Investment Report*, available at sunsuper.com.au/investments/performance/reports

In order to successfully operate the entities within the Group and provide superannuation administration services, external suppliers are required. The Group's supply chain has complex supplier relationships, ranging from large international companies who supply IT infrastructure,

services and equipment through to stationery suppliers.

More information on Sunsuper's key suppliers, including our external fund managers, can be found in our 2019-20 *Annual report*, available at sunsuper.com.au/annual-reports

1.2 Risks of modern slavery in Sunsuper Group operations and supply chains

The Sunsuper Group recognises that modern slavery risks may be present in our operations and supply chains. Sunsuper has identified the risk that it may be directly linked to modern slavery practices through its investment activities, where the investee engages in modern slavery practices. We have examined the underlying listed equity portfolio companies (our 'Tier 2' suppliers) aided by data provided by our ESG service provider. We have identified that companies in the agriculture, fashion and electronic industries represent a higher risk of modern and child slavery.

Sunsuper has also identified the risk that it may be directly linked to modern slavery practices through a business relationship with an entity within its direct or extended supply chain. We continue to refine the risk assessment of our supply chain, recognising that the level of risk is influenced by factors such as the type of product and service, sector and industry, geographical location and specific entity risk. We have assessed that the products or services we procure within the categories of information technology supplies, cleaning services and promotional merchandise present an elevated risk of modern slavery.

2.0 Assessing and mitigating modern slavery risk

The diversity and scale of the Sunsuper Group's investment management activities and the supply chain utilised in its superannuation administration operations may expose the Group to modern slavery risks. The modern slavery risk in our operations and supply chain is assessed and managed within our established corporate governance framework.

Sunsuper is a strong advocate of good corporate governance, not only within its own operations but within those of its external service providers. The Sunsuper Board oversees the Group's actions in addressing modern slavery risks. There are a number of Group policies relevant to modern slavery that underpin this governance framework. These include our:

- Code of Conduct and Ethics policy,
- Procurement Policy,
- Whistleblower Policy; and
- Environmental, Social and Governance (ESG) Policy.

Please refer to our corporate website at sunsuper.com.au/governance-and-reporting for further information on our approach to corporate governance.

2.1 Investment management

Sunsuper has diversified asset portfolios that may have exposure to various asset classes including listed shares, private equity, fixed income securities, property, infrastructure, cash, currencies and derivatives. These investments are predominantly managed by third party professional investment managers. Through these investments, particularly within the listed shares asset class, Sunsuper has direct and indirect interests in many thousands of companies and entities worldwide.

To best protect and manage our investments for the long term we require our investment managers to consider environmental, social and governance (ESG) risks, impacts,

and opportunities in their investment decision-making process. We believe that taking these ESG matters into consideration is consistent with better investment outcomes and has the ancillary benefit of contributing to a better future for our members. Research has shown that all other things being equal, entities that best manage ESG factors are more likely to be financially sustainable over the long term.

The below graphic outlines some of the most material ESG risks facing Sunsuper's investment portfolio and includes 'slavery and child labour'.



Sunsuper has integrated modern slavery risk analysis into its existing ESG risk management processes. We engage directly with many of our largest holdings - some of which are the nation's largest employers with the largest supply chains, and we consider the outcomes of this engagement when determining how to vote at the companies' Annual General Meetings.

The Sunsuper Group is committed to being an active owner on behalf of our members. We believe that engaging directly with company directors and voting on resolutions

at annual general meetings where we consider appropriate and effective is not only our fiduciary duty but can also be a source of value creation by protecting and enhancing shareholder value. We use our influence to encourage companies to manage and disclose risks that relate to a range of environmental, social and governance factors.

For further information see our 2019-20 *Responsible Investment Report* at sunsuper.com.au/investments/how-we-invest/responsible-investing

2.2 Investment management actions undertaken

In our first year of dedicated action to combat modern slavery risks, we have prioritised an assessment of the maturity of human rights diligence and monitoring within our external fund managers who form our 'Tier 1' suppliers. A questionnaire was administered to fund managers, which allowed us to establish a baseline understanding of how human rights risks are assessed and monitored within our fund managers' processes. The survey results have also provided an opportunity to elevate our collective efforts by sharing best practices with firms that are lagging in this regard.

In addition to the fund managers we have appointed (our 'Tier 1' suppliers), we have examined the underlying listed equity portfolio companies (our 'Tier 2' suppliers). Our research was aided by data provided by our ESG data service provider. This research identified companies that we consider to have a higher risk of modern and child slavery as a result of their activities and history, or because they have been rated at the low end of the spectrum in terms of supply chain labour. These companies were typically in the agriculture, fashion and electronics industries.

The tobacco industry is one that has high structural risks of child and modern slavery. Sunsuper's tobacco exclusion was instituted in 2013, and therefore members have no exposure to this industry. Other industries considered to have severe structural risks of slavery in their supply chains were in agriculture and chocolate manufacturing.

As a result of the above analysis, 28 companies within the portfolio, representing a total investment of \$185m, were identified as requiring further engagement. Roughly half of these companies had readily accessible statements or policies on modern slavery, especially where they had operations in jurisdictions that had adopted modern slavery disclosure laws. Irrespective, Sunsuper is engaging with these companies to support their progress towards eliminating modern slavery from their operations.

There are two prior instances where risks within the labour supply chain resulted in Sunsuper excluding companies from its investable universe. The first of these companies, an Asian aquaculture firm, has committed to auditing and certifying its supply chain, and to making adjustments to its sourcing. The supply chain audit is expected to be finalised in 2021, at which point the firm may be re-included in Sunsuper's investable universe. The latest independent research on this issue in October 2019 found that sourcing adjustments were being made but were not yet complete.

The second excluded company, a Middle Eastern construction company, has limited disclosure on dealing with modern slavery in the workplace, despite numerous media and NGO reports of poor practices. An independent agency has sought information on its labour practices, however the firm failed to respond. The issues identified earlier that led to the exclusion have not yet been addressed and this company remains excluded from our investable universe.

2.3 Superannuation administration actions undertaken

During the reporting period of FY2020 and continuing into FY2021, the following actions have been taken to improve the Sunsuper Group's capacity to identify and manage modern slavery risks in its supply chain for its administration entities.

1) Risk assessment

In September 2019 the Sunsuper Group conducted a modern slavery risk assessment to understand the likely implications and potential issues the Group may encounter. This assessment resulted in the incorporation of modern slavery risk and controls in the formal risk management framework and led to the development of an action plan which included the below activities.

2) Training and awareness

The directors of each entity in the Sunsuper Group were provided training on the Act. During FY2020 and continuing into FY2021, all employees within the Group responsible for vendor relationships were also provided training on modern slavery awareness. This training will be incorporated into our annual training program.

3) Creation of a Modern Slavery Framework for the Group

The modern slavery framework sets out Sunsuper's and its related entities ("The Sunsuper Group") approach to modern slavery and compliance with the Act. The framework documents how the Sunsuper Group meets regulatory requirements in relation to the Act. The framework sets out that the Boards of each Company/Trustee are ultimately responsible for the Modern Slavery Statement with management responsible for the development and maintenance of the Modern Slavery Framework. All amendments to the framework are subject to approval by the Trustee of Sunsuper Pty Ltd and will be delegated to the Audit, Compliance and Risk Management Committee.



4) New supplier registration process

Effective July 2020, all new suppliers have been requested to provide additional information which will be utilised by the Group in assessing the supplier for modern slavery risks under the Group's Procurement Policy. As part of the new supplier registration process, all new suppliers are asked to provide details of their Modern Slavery Statement.



5) Key procurement policies updated

All suppliers used within the Group are assessed under the Group's Procurement Policy. The Procurement Policy was updated effective December 2020 to improve our due diligence process around new suppliers to include a modern slavery risk assessment. Where a potential new vendor is assessed as high risk, they must advise what they are doing to ensure modern slavery compliance. All existing suppliers of the Group that have been risk assessed as requiring an annual review will be subject to a modern slavery risk assessment. All existing suppliers not requiring annual review will be risk assessed under the new Procurement Policy over the next two years.



6) Supplier contract clauses

From March 2020, Sunsuper's standard contracts for new suppliers and renewing contracts with existing suppliers were updated to incorporate additional clauses on compliance with modern slavery legislation. For contracts where these clauses are included, suppliers are required to notify us if they become aware of any modern slavery incidents, complaints or allegations occurring in their business or own supply chains.

Given the vast number of direct suppliers within the Group's supply chain, it has not been possible to perform a specific modern slavery risk assessment for all suppliers within the first year of reporting. Key suppliers identified during the initial risk assessment process have been reviewed and where required/available copies of the modern slavery statements have been reviewed. No issues have been identified during this process. As this is the first year of implementation of the Act, many suppliers are currently developing their own frameworks and statements. In future years we expect the review process to expand as more suppliers consider the implications of the Act on their businesses and supply chains.

In FY2021, we will continue to develop and refine our risk assessment of our supply chain, recognising that the level of risk is influenced by factors such as the industry sector and geographic location of the vendor. This ongoing assessment process will assist with the prioritisation of the high-risk first-tier suppliers who will be subject to review and where necessary require additional due diligence.

3.0 Measuring effectiveness

The Sunsuper Group will assess the effectiveness of the actions described in this Statement to address modern slavery risks using the following mechanisms:

1) Key actions tracked

The key actions described in this statement to assess and mitigate modern slavery risks will be monitored and progress reported at Board and Audit Compliance and Risk Management Committee meetings.

Key performance indicators (KPIs) will be used to measure progress made in our response to mitigate modern slavery risks including:

- % of key management team members trained in modern slavery awareness,
- # and % of new or renewed contracts containing modern slavery clauses, and
- # and % of existing suppliers reviewed and discussions held around modern slavery compliance.



2) Process and policy reviews

Key processes and policies outlined in this statement will be reviewed and assessed on an annual basis. Data drawn from the measurements that we have put in place will help inform and refine our key modern slavery policies, such as our Procurement Policy.



3) Grievance reporting

All grievances reported will be reviewed, including an analysis of any trends from the grievance data.



4) Investment Management Review and Monitoring

Sunsuper is committed to continuing to extend the timeseries of data received from our external fund managers (Tier 1 suppliers) around the monitoring of human rights risks. We will, where appropriate, share our learnings with our managers and maintain a dialogue so that they may improve their approach to managing modern slavery risk.

Sunsuper will continue to engage with listed equity investment companies (Tier 2 suppliers) identified as requiring additional review and focus. We will review the identification process and update the focus list of companies most at risk of having modern slavery within their supply chains. We will continue to encourage these companies to take actions and report on modern slavery in order to ameliorate this risk.

4.0 Looking forward

The Sunsuper Group is committed to identifying and remedying modern slavery risks in our operations and supply chains.

Looking ahead, we plan to progress the following actions in FY2021 and beyond:

- Commit to the ongoing delivery of a broad training program for our staff and directors to increase their understanding and awareness of modern slavery risks in our operations and supply chain.
- Ongoing risk assessment of our supply chain and engagement with more suppliers in the highest risk profile groupings to more deeply assess exposure to modern slavery practices.
- Develop and document a supplier code of conduct.
- Refine our grievance mechanism process.
- Continue to evolve our performance metrics to monitor the effectiveness of our actions.

This Statement was approved by the principal governing body for the Sunsuper Group, being the Board of Directors of Sunsuper Pty Ltd on the 11th February 2021.

Signed for and on behalf of the Board of Sunsuper Pty Ltd



Andrew Fraser

Chair



what dreams are made of

☎ **13 11 84** (+61 7 3121 0700 when overseas)

✉ GPO Box 2924 Brisbane QLD 4001

🖱 [sunsuper.com.au](https://www.sunsuper.com.au)

Sunsuper Pty Ltd
ABN 88 010 720 840
AFSL No. 228975

Sunsuper Superannuation Fund
ABN 98 503 137 921
Unique Super Identifier (USI) 98 503 137 921 001

MySuper Authorisation 98 503 137 921 996

This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is general advice and does not take into account any particular person's objectives, financial situation or needs. Because of this, before acting on any advice, you should consider its appropriateness, having regard to your own particular objectives, financial situation and needs. You should obtain and consider the Product Disclosure Statement (PDS) before making any decision about whether to acquire or continue to hold the product. The PDS is available online at [sunsuper.com.au/pds](https://www.sunsuper.com.au/pds) or by contacting us on **13 11 84**.