

Modern Slavery Statement

Financial Year end 2023

This statement was approved by the Board of Directors of NGS Super Pty Ltd in their capacity as principle governing body of NGS Super Pty Ltd on 5 December 2023.

NGS Super Modern Slavery Statement

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Dr Geoffrey Newcombe
Chair of the Board and
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1. Purpose and Background

This document comprises the modern slavery statement of NGS Super (the **Fund**) for the financial year ended 30 June 2023 (the **Statement**). It reports on the risks of modern slavery in the operations and supply chains of the Fund and its entities, the actions taken to assess and address those risks, and how the Fund assesses the effectiveness of those actions. The Statement specifically responds to each of the seven mandatory criteria as described in the Modern Slavery Act 2018 (the **Act**).

Modern slavery includes eight types of serious exploitation as defined under the Act: trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services. Each type of exploitation is further defined under the Act.

2. Scope

The Fund takes a risk-based approach to assessing modern slavery risks. The Statement focuses on tier one (direct) suppliers and service providers in assessing and addressing modern slavery risks in the Fund's operations and supply chains.

The Fund considers this focus appropriate as our suppliers and service providers, in addition to the Fund, are continuing to develop capabilities to assess and address modern slavery risks in accordance with this maturing reporting regime. Specifically, as an asset owner who primarily uses external investment managers to manage Fund assets, it will take time for the Fund's investment managers to develop and refine the capabilities to properly identify and assess modern slavery risks in our underlying assets on a look-through basis. The Fund therefore considers its investment managers as tier one suppliers under this Statement. The same rationale applies to our other suppliers and service providers. The Fund expects to build on this Statement both in substance and quality as part of a process of continuous improvement.

Over the past year, the Fund has also included a review of the listed equities holdings against key human rights ESG screens (through a third party ESG data service). This approach allows the Fund to raise key issues with investment managers in accordance with the Fund's Active Ownership and Engagement Policy.

Notwithstanding the Fund's commitment to continuous improvement, the Fund recognises the flexibility provided to reporting entities under the Act in terms of how it reports on modern slavery risks (including the form of this Statement) and the particular actions undertaken by the Fund to address those risks.

3. Reporting entity

NGS Super (ABN 73 549 180 515) is the reporting entity for the purposes of this Statement.



4. Reporting entity structure, operations and supply chains

NGS Super (also referred to as the Fund) is an Australian registered superannuation entity. NGS Super Pty Limited (ABN 46 003 491 487) is the trustee of NGS Super and has its registered address at Level 4, 14 Martin Place Sydney. The Board of Directors of NGS Super govern the Fund's operations.

NGS Super provides superannuation products and services including investment management, administration and financial advice for and on behalf of its members. In pursuit of these activities the Fund's operations also include several support functions including marketing and communication, finance, governance, risk and compliance services and human resources.

NGS Super Pty Limited employs 100 staff who work across the Fund's operations including the activities undertaken by the subsidiary companies listed below.

- NGS Financial Planning Pty Limited – is the corporate authorised representative of Guideway Financial Services Pty Limited for the provision of licenced financial advice
- Select Office Pty Limited is the trustee of a number of underlying property trusts which hold assets forming part of the Fund's investments, and
- Select Core Property Pty Limited is the trustee of a number of underlying property trusts which hold assets forming part of the Fund's investments.

Service providers have been appointed by the Fund to assist in the delivery of the Fund's products and services. The Fund has entered into agreements with each of its service providers which govern the nature and scope of the services provided.

Supply Chain – Operations and Service Provider

The Fund has utilised the 2023 Global Slavery Index data published by the Walkfree Foundation when assessing modern slavery risk in the operations and supply chains. That data identified the following industries as being at a higher of incidents of Modern Slavery:

- Electronics, Equipment, Instruments and Components
- Food Products
- Textiles, Apparel and Luxury Goods
- Agriculture
- Mining and resource extraction.

Australia was found to be at a high risk of Modern Slavery exposure in the first three categories when it came to imports.

The Fund operates solely in Australia and provides investment services to Australian citizens. To deliver investment services to its clients the Fund uses various service providers to support its operations. The majority of our suppliers are Australian based. Where suppliers are

overseas based or operated in international jurisdictions, country specific risks were also considered. Suppliers were also assessed against the risk profiles of the respective industries in which they operated, with minimal exposure to the higher risk industries being identified. The Funds service providers can be categorised as follows:

- Material service providers – investment managers
- Material service providers – non-investment managers
- Non-material service providers.

Material service providers - Investment managers

The Fund's investment management operations include both passive and active investments across a range of asset classes. These are managed by 85 investment manager relationships¹ domiciled in nine countries (Australia, China, Hong Kong, India, Luxembourg, Netherlands, New Zealand, United Kingdom and United States). These investment managers which form part of the Fund's supply chain and are listed at this link [Investment managers](#)

Material service providers – Non-investment managers

The Fund's non-investment manager material supply chain includes but are not limited to:

- Administration services
- Adviser
- Investment consultants
- Auditors
- Banking services
- Custodian
- Insurer
- Professional liability insurance
- IT Services.

The key superannuation services provided to Fund members that have outsourced arrangements are:

- Custody of the Fund's assets are held via State Street Australia Limited which has operations in Australia and multiple international jurisdictions as part of a global group of companies
- Administration also forms a critical part of the Fund's supply chain. The Fund has appointed Mercer (Outsourcing) Australia Pty Ltd as its administrator, who has operations in Australia as well as multiple international jurisdictions as part of a global group of companies
- In terms of the provision of financial advice, the Fund's supply chain includes Guideway Financial Services Pty Limited who have operations based in Australia.

A list of material non-investment service providers is listed at this link [Regulatory disclosures](#)

1. The Fund may have more than one relationship with a single investment manager.

Non-material service providers

These are several other companies that provide non-material services to the Fund to support operations. These include but are not limited to:

- Issuers of Term deposit investments
- Property services
- Legal advice
- Marketing consulting services
- Asset consultants
- Payroll services
- Office cleaning services
- Project management services.

Please note that while most of these services are Australian based there are some service providers with operations overseas including in: Indonesia, India, Malaysia, New Zealand, Philippines, Singapore and the UK.

The risk-based approach adopted applied a dollar threshold to the non-material service providers. Those suppliers that had expenditure less than the threshold were deemed to be ancillary services to the operation of the Fund and out of scope for the annual assessment outlined in section 6.

5. The risks of modern slavery practices in the operations and supply chains of the reporting entity

Modern slavery risks can manifest themselves in NGS Super's operations and supply chain in a variety of ways. These include:

- Directly held or externally managed investments in assets where modern slavery risks are higher
- Using third party service providers with high modern slavery risks due industry, geographic or company specific factors.

These risks are the same for NGS Super and its subsidiaries.

NGS Super's commitment to human rights is supported by policies and processes that identify, assess and mitigate risks of modern slavery. These include, but are not limited to the following:

- Responsible Investment Policy
- Operational Due Diligence Framework
- Ethical Behaviour Policy - Employee Code of Conduct
- Conflicts Management Framework and Policy
- Outsourcing Policy
- Remuneration Policy
- Anti-Money Laundering and Counter-Terrorism Financing Policy
- Whistleblower Policy
- Risk Management Framework

- Fraud and Corruption Control Policy
- Discrimination, Bullying and Harassment Policy
- Mental Health Policy
- HR and Corporate Policy.

The Fund's internal processes and procedures include, but are not limited to:

- Monitoring and review of the effectiveness of relevant internal policies and how these have been implemented across our business areas.
- Maintenance of a Risk Management Framework that requires undertaking regular risk and operational due diligence assessments on existing and proposed service providers.
- Being aware of certain factors that impact the risks of modern slavery and as such focus on these areas when conducting due diligence and risk assessments. These factors include:
 - certain sector and industry risks that may have high modern slavery risks because of their characteristics, products and processes
 - certain products and services that may have high modern slavery risks because of the way they are produced, provided or used
 - geographic risks as some countries may have higher risks of modern slavery, due to poor governance, weak rule of law, conflict, migration flows and socioeconomic factors like poverty, and
 - certain entities that have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.



6. Actions taken to assess and address risks, including due diligence and remediation processes

The modern slavery risk assessment is an ongoing assessment process undertaken for all service providers. This process begins during the procurement process and will only conclude once the service provider has been offboarded.

The Fund continues using the following assessment processes:

- a. Undertaking risk assessments and due diligence reviews for prospective service providers. This includes ESG Due Diligence review and Operational Due Diligence review
- b. Ongoing annual assessment of all suppliers using risk-based approach
 - i. Further information requested from "high risk" and "in scope" service providers
 - ii. Assessment of responses from "high risk" and "in scope" service providers
 - iii. Assessment of modern slavery risk across our listed equity universe
- c. Drafting an updated modern slavery Statement
- d. Ongoing remediation and engagement with service providers as required.

Ongoing annual assessment – Risk-based approach

Directly in response to the requirements under the Act, the Fund developed a risk-based methodology ("the risk-based approach") to holistically complete a risk assessment of all the Fund's material service providers and a targeted review of non-material service providers.

The risk-based approach assessed each of the Fund's service providers for risk of modern slavery by taking their industry and main country of operation into consideration assigning a low, medium or high-risk rating. This allows the Fund to focus efforts on high-risk service providers, or service providers deemed material² to the operation of the Fund. High risk and material service providers are hereafter referred to as "in scope" service providers.

Remediation process

With regards to remediation, NGS Super has a grievance mechanism being the Whistle Blower Policy. This policy enables individuals to make disclosures of improper conduct (including modern slavery allegations). This policy is open to current and former NGS Super employees, their families and dependants and other persons associated with NGS Super and its related entities. As part of this, staff may request specific service providers to be included in our annual assessment if they indicate concerns.

How modern slavery risk is captured in the Fund's investment process

NGS Super's investment portfolio totals approximately \$14.1 billion³ in funds under management. The Fund has a robust initial and ongoing investment due diligence process for reviewing appointed investment managers' ability to integrate environmental, social and governance (ESG) considerations into their investment decision and monitoring processes. Much time is spent to ensure investment managers take ESG risks into account and respond to them appropriately. Human rights abuses are captured within the 'social' category of ESG. You can read more about the Fund's overarching Responsible Investment Policy *on the Fund's website*.

Active ownership and engagement is key to being a responsible investor and is something the Fund is very active in pursuing. Where an ESG issue is discovered with a company in which the Fund invests, there is an expectation that investment managers engage with the company to obtain satisfactory resolution. The Fund also has its own Active Ownership and Engagement Policy, complete with set objectives that it uses to independently engage with these companies on these issues. Human rights are one of the Fund's *critical* engagement priorities – a *critical* engagement is the highest priority of engagement. In practice, where the Fund is alerted to a company that has a human rights issue, the Fund will independently and/or collaboratively engage to effect remediation and change. The Fund can independently screen the portfolio⁴ through a third party ESG data service to flag companies with ESG issues. We are also active members of the Australian Council of Superannuation Investors who run a very robust collaborative Australian equities engagement program and have also appointed Hermes EOS to assist the Fund with international engagements. You can read more about our Active Ownership and Engagement Policy *on the Fund's website*.

2. Senior Management have the delegation to determine if a service provider is material for the purposes of the risk-based approach.

3. Funds under management as at 30 June 2023

4. Portfolio means listed equities.

7. Assessing the effectiveness of these actions

Results of annual assessment of service providers

The 2023 risk-based approach revealed the following:

Supplier industry statistics

- None of our suppliers were deemed as operating in high-risk industries
- Three suppliers were deemed as operating in medium risk industries Two service providers were operating IT Consulting and other related services. One service provider operated in Interactive Media and Services.

Country of operation statistics

- Four suppliers operated out of a country with a high risk of modern slavery (India and China). Both India and China were previously categorised as medium risk countries but have now been downgraded to high-risk countries based on O23 data released by Walkfree
- Based on the same data referred to above, in terms of vulnerability of the country's population to fall victim to modern slavery:
 - seven suppliers were deemed low to medium-risk (Luxembourg and New Zealand)
 - three suppliers were deemed high risk (operating out of China and India).

Throughout the 2023 financial year, the Fund assessed 131 service providers through the risk-based approach. No instances of modern slavery were detected.

As part of our review of our listed equities universe, two stocks were identified as having exposures to modern slavery risks. Both stocks will be added to our active engagement lists for the coming year. A copy of our active engagement policy can be found [here](#).

Specific to the Fund's investment processes, we assess the effectiveness of our actions by:

- The Fund's staff have regular meetings with appointed investment managers to ensure they are investing in accordance with the agreed investment strategy, including integration of ESG factors. Should there be any concerns, this is raised with the Investment Committee and appropriate action will be taken
- Twice yearly, the Fund receives reporting from investment managers on the number of engagements conducted relating to human rights issues and if available, the outcomes of these engagements
- When the Fund learns of a modern slavery controversy within the investment portfolio:
 - investment managers that hold the company are contacted to ensure they are taking appropriate action, and the Fund seeks to arrange an independent engagement meeting on the issue and the progress of engagement is tracked⁵ through to remediation and future prevention.

The Fund regularly publishes engagement reports which can be found on the Active Ownership and Engagement section of [the Fund's website](#).

Key Performance Indicators

This year was the fourth year of modern slavery reporting and the Fund set the following key performance indicators (KPIs) which have all been achieved. KPIs will be amended from year to year as the Fund's response to modern slavery matures.

KPI previously set for 2023	Measure
Senior Management will review the Fund's approach to modern slavery by 30 June each year to ensure it is fit for purpose. The review will involve: <ol style="list-style-type: none"> Confirmation the risk-based approach is still adequate Confirmation of in scope suppliers, and Confirmation of the contents of the questionnaire sent to in scope service providers, ensuring it meets industry trends for assessing the risk of modern slavery. 	2023 - Achieved Review of approach conducted by Senior Management.
Regularly update the specialist data used in the Fund's risk-based approach to ensure accuracy when assessing each of the Fund's service providers' industry, population and country risks.	2023 - Achieved Updated data used in assessment where available.
Participate in modern slavery working groups or other relevant forums to gain further insights and thematic trends to better inform the Fund's questionnaires sent to in scope suppliers and to be consistent with the Fund's commitment to continuous improvement.	2023 - Achieved Staff attended relevant forums and compliance training sessions.

Given the maturity of our processes, the Fund has set new KPIs for the coming year that focus more on managing the risk of modern slavery that supports our Statement.

KPI set for 2024
Review internal policies through the lens of modern slavery and uplift policies as deemed appropriate.
Raise employee awareness of modern slavery risks through training.
Engage with service providers to improve consideration and reporting of modern slavery risks where necessary.
Continually review the landscape and consider areas for improvement.

5. Engagement outcomes can take significant time (up to 3 years).

8. Process of consultation with any entities the reporting entity owns or controls

This Statement is made by NGS Super Pty Limited. In preparing this modern slavery statement, relevant directors and officers of all the entities making the Statement were consulted and provided with an opportunity to review the Statement prior to its approval.

9. Other relevant information

The maturity of the controls and evaluation of processes to review the risks of modern slavery in the supply chain of service providers continues to be enhanced. A greater level of oversight and discussion with service providers and their supply chain is expected as the maturity of modern slavery risks become known and disclosure of these risks become more transparent.

10. Appendix 1 Modern Slavery Act Mandatory Reporting Criteria

This Statement was prepared to meet the mandatory reporting criteria set out under the Australian Modern Slavery Act (2018). The table below identifies where each criterion is addressed in this Statement.

Reporting Criteria	Section
1. Identify the entity.	Section 3
2. Describe the reporting entity's structure, operations and supply chain.	Section 4
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns and controls.	Section 5
4. Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.	Section 6
5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.	Section 7
6. Describe the process of consultation and any entities the reporting entity owns or controls.	Section 8
7. Any other relevant information.	Section 9



Need more information? Contact us

You can contact us at ngssuper.com.au/contact-us

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