

Modern slavery and human trafficking statement 2020

This statement outlines the actions taken by Commonwealth Bank Officers Superannuation Corporation Pty Limited (trustee) to identify and mitigate slavery in our operations, supply chain and investments over the financial year ending 30 June 2020 (FY20). This statement has been prepared to comply with reporting requirements of the *Modern Slavery Act 2018 (Cth)*.

Introduction

Respect for human rights is a key component of how we undertake our role as the trustee of Commonwealth Bank Group Super (the fund). We have respect for the human rights of all people involved in the running of the fund. We expect that service providers will identify, manage, monitor and redress any adverse impacts on human rights, as it relates to modern slavery, in the supply of services to the fund.

During FY20, our first reportable period under the *Modern Slavery Act 2018 (MSA)* we have focused on:

- raising awareness about MSA requirements with our board and with people involved in managing the fund
- increasing our understanding of modern slavery risks across our operations, investments and direct suppliers
- embedding considerations of modern slavery risks in our on-boarding processes for new suppliers
- embedding contractual obligations in relation to modern slavery risks in all our supplier contracts
- commencing engagement with investment managers where our investments are in asset classes with inherently high modern slavery risk.
- creating a modern slavery program with clear short and medium-term priorities.

Our disclosure in this statement is guided by the MSA's mandatory criteria for modern slavery statements, with a focus on:

- identification of modern slavery risks in our operations, supply chains and investments
- mitigation actions for modern slavery risks
- assessment of the effectiveness of these actions.

About us

The fund is a non-public offer super fund that operates on a profits-to-members basis. It is an employer-sponsored fund, established to provide super and retirement benefits for employees (including former employees) of the Commonwealth Bank Group (the Group) and their spouses. Commonwealth Bank of Australia (CBA) is the principal employer of the fund.

The fund was established in 1916 and provides both defined benefit and accumulation benefits. It has grown to look after more than 72,000 members and pensioners and around \$12 billion of savings on their behalf, making us one of the largest corporate super funds in Australia.

As the trustee, our responsibilities include administering the fund on behalf of members, pensioners and beneficiaries, and investing the assets of the fund.

Our exposure

Given the nature and locations of our operations, service providers and investment exposures, we recognise that we are at risk of both direct and indirect exposure to modern slavery impacts, particularly via our investment activities.

Accordingly, we seek to understand our impacts and exercise influence to manage and mitigate where possible, including through engagement with our service providers.

In this statement we refer to 'modern slavery' as defined by the MSA, which covers the most serious forms of exploitation including human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

Our commitment

We are committed to identifying, managing and mitigating the risks of modern slavery in our business operations, investments and supply chains in line with the MSA.



Find out more or log in at oursuperfund.com.au



Accumulate Plus & Retirement Access:
Call: **1800 023 928** 8am–7pm, Mon–Fri
Email: oursuperfund@cba.com.au
Post: GPO Box 4758, Sydney NSW 2001



Defined Benefits:
Call: **1800 135 970** 8am–7pm, Mon–Fri
Email: via oursuperfund.com.au/login
Post: GPO Box 4303, Melbourne VIC 3001

Assessment of potential modern slavery risks

This statement covers the activities of the trustee, the fund and its controlled entities¹. These controlled entities are not operating businesses and are used solely to facilitate investment in specific infrastructure assets.

The trustee took steps to make the controlled entities aware of the preparation of this statement and its proposed coverage.

Operations

Our fund offers superannuation and retirement pension benefits through our Accumulate Plus and Retirement Access products, and our Defined Benefit divisions. Accumulate Plus includes our approved MySuper option, and also offers insurance cover to eligible members.

The trustee is charged with administering the fund on behalf of members and beneficiaries and investing the assets of the fund. The trustee board comprises nine directors, all of whom serve in a non-executive capacity. The board has three independent directors, three member-elected directors and three employer-appointed directors.

Supply chain management

Under its current structure, the trustee does not employ any staff, as it undertakes its business activities through outsourced arrangements. The outsourced services include:

- executive management and trustee administration provided through CBA
- member administration, insurance and financial advice
- investment management, administration, custodial and asset consultancy
- taxation, accounting and actuarial
- legal and audit.

The majority of our suppliers, including investment managers are based in Australia. Each supplier also has its own suppliers, which form part of our supply chain.

Our key supplier relationships are available on our website, oursuperfund.com.au/fundinfo.

All service providers are subject to a due diligence assessment process prior to appointment. Outsourcing agreements are in place with each service provider, including monitoring to assess performance and service delivery.

We look to engage with suppliers, including investment managers, in a collaborative manner and strive to build long-term relationships by working in an open and honest manner. This approach underpins how we work and communicate with suppliers and investment managers to address modern slavery risks.

Investments

The fund's assets are managed by over 25 external investment managers, in either unit trusts or discrete mandates. The fund is invested across asset classes including Australian and international shares, bonds, cash, property and infrastructure.

The fund also invests directly in two Australian shopping centres and local and international infrastructure investments that span both operations and supply chain. The management of these assets has been outsourced to specialist managers.

Identification and management of modern slavery risks

Improving awareness around modern slavery for our people

We believe training and awareness among people involved in running the fund is a critical component of assisting them to understand and identify modern slavery risks and for the trustee to identify modern slavery risks within the supply chain. To address this, we have taken a number of steps including providing training for the executive and trustee management and the board, and deploying a modern slavery e-learning module.

Inherent risk assessment

We employed a third party expert to develop a risk assessment methodology to help us identify risks of modern slavery in our operations, supply chains and investment portfolio and activities. The approach we adopted focused predominantly on the potential risks to people of modern slavery, and considered the potential risks that the trustee may cause, contribute to and/or be directly linked to modern slavery practices.

The assessment identified and described the inherent risk of modern slavery attached to direct suppliers and investment managers, and indirect suppliers such as our unit trust investment managers. This involved looking at the primary country in which each supplier and investment manager operates and the labour-related risks associated with their industry.

In addition, all suppliers were asked to complete a questionnaire about their structure, operations and actions in relation to modern slavery risks, with responses forming part of the risk assessment process.

Based on this assessment we determined that the majority of our suppliers and investment managers operate in industries with high entry barriers (e.g. requiring trained professional staff) and operate mostly in Australia or other countries that are rated low for prevalence of modern slavery as per the Global Slavery Index².

An additional risk assessment was conducted on the investment portfolio of each of the fund's investment managers at the asset class level, using the same industry and country risk factors applied to suppliers and managers

¹ Refer to Note 9(d) on page 24 in our Financial Report for year ending 30 June 2020, available from oursuperfund.com.au/fundinfo. Note 9(d) contains both associated and controlled entities; controlled entities are those listed where the fund has more than 50% ownership. These controlled entities do not meet the revenue threshold for reporting entities under the Act.

² Walk Free Foundation's Global Slavery Index 2018.

in the supply chain risk assessment (refer above). The risk assessment identified managers with investments in high-risk asset classes. These included listed international shares, property and infrastructure.

In addition, dedicated risk assessments were conducted on our directly-owned property and infrastructure assets. The assessments considered the operational and supply chain risk of these assets through the lens of country and industry risk factors. None of these assets were identified as high risk assets.

The trustee will continue to prioritise its engagement with investment managers that manage investments in high-risk asset classes in FY21.

Our progress over FY20

Mitigating actions (addressing risk)

We developed a modern slavery program and action plan for continually improving our response to modern slavery risks over the next three years.

Focusing on our supply chain, we updated our processes for on-boarding new suppliers, including investment managers to include modern slavery considerations. New and renewed supplier contracts were also updated to include a modern slavery clause with obligations on the supplier.

A modern slavery risk identification and assessment was conducted across our operations and supply chain, including our investment activities, following which our investment and compliance teams commenced engagement with investment managers especially in high-risk asset classes to better understand their risk exposure and existing risk controls. The outcome of these engagements will guide what further steps the trustee will take.

Assessing effectiveness

FY20 focused on building the foundations for identifying, assessing and addressing modern slavery risks, recognising that this is a process of continuous improvement. Guided by our three-year action plan, we will undertake further work in future years to enhance arrangements for identifying, assessing and addressing modern slavery risks in our operations and supply chain, including investments.

For FY20, the effectiveness of our mitigation actions are considered through:

- **Collaboration:** The executive and trustee management team, comprising investments, risk and compliance, effectively guided and aligned implementation of the FY20 modern slavery program and action plan. This

group also engaged with external parties including service providers and subject matter experts.

- **Education and awareness:** Modern slavery awareness training was provided to the trustee board and all executive and trustee management.
- **Processes:** Processes were updated to include modern slavery considerations when on-boarding and managing suppliers including contract obligations.
- **Coverage, receptiveness and response:** Analysing our risk assessment results allowed the trustee to gain better understanding of modern slavery risks in its supply chain and investments and identify the highest risk areas. This enabled the trustee to target the highest risks asset classes within the investment portfolio and commence a phased, risk-based approach to engaging with the investment managers managing the high risk asset classes.

Next steps

Our program of work is iterative and we will continue to build on the foundations of work we have conducted in FY20.

Our priorities for the next reportable period are to:

- integrate modern slavery in our Environmental, Social, and Governance (ESG) policy and approach
- finalise re-negotiation of existing contracts to include modern slavery clauses.

Our medium-term priorities over the next 18 months to three years are to:

- further expand our risk assessment approach in the area of supply chain and investment portfolios, as guided by initial risk assessment results
- engage further with investment managers, in particular identified in high-risk asset classes
- undertake a review of policies and update where necessary.

This statement will be updated annually.

This statement was endorsed by the trustee board on 7 December 2020.



Rosemary Vilgan, Trustee Chair



Find out more or log in at oursuperfund.com.au



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