

# Modern Slavery Statement

For the year to 30 June 2020

Prepared by PostSuper Pty Ltd as trustee of the Australia Post Superannuation Scheme



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## About the APSS

This modern slavery statement has been prepared by PostSuper Pty Ltd (PostSuper or Trustee) as trustee of the Australia Post Superannuation Scheme (APSS). This statement has been prepared for the twelve month period to 30 June 2020.

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.

PostSuper is the trustee of the APSS and 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.

## The APSS's Modern Slavery Position

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

- the underlying companies the APSS has invested in and their extended supply chains; and
- the operations and supply chain of service providers the Trustee 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 has a preference for managers that maintain and apply policies and frameworks that consider ESG factors as part of investment decisions.

The Trustee also understands that Australia Post, the key delegate it has contracted with to manage the day-to-day affairs of the APSS, has a zero tolerance of modern slavery in its operations and its extended supply chain and that Australia Post 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.

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

## 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 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 within 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.

## 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.

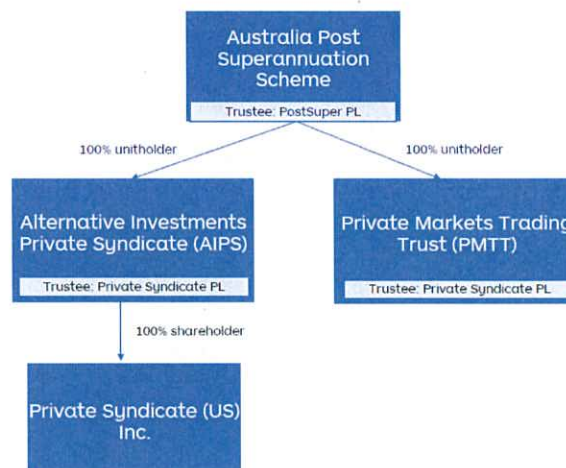


## Investment of APSS assets

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 decision to make investments in underlying assets has been delegated 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), and the Trustee has engaged and consulted these entities on modern slavery matters.



## 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 and to ensure the Trustee is able to comply with its statutory obligations.

## APSS 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.

## **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 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>.

## **APSS Operations and Supply Chain**

### **Modern slavery risks in our operations and supply chain**

Modern slavery risks with the APSS and Australia Post's direct employee base are limited because each of the 15 employees within the APSS Management team has been engaged and paid in a manner consistent with relevant workplace law. Over the course of FY20, Australia Post also undertook the following measures to strengthen its ability to protect against modern slavery:

- established a coordinated program to manage workforce compliance;
- enhanced controls in place to review and audit workforce engagements; and
- provided education on workplace laws to extended workforce partners.

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

[https://auspost.com.au/content/dam/auspost\\_corp/media/documents/australia-post-modern-slavery-statement.pdf](https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-modern-slavery-statement.pdf).

Given the APSS's operating model includes outsourcing core business activities to specialist third party service providers (in addition to its delegation to Australia Post and 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 Australia Post and the APSS's broader group of third-party service providers include:

- recruitment and hiring practices for direct employees and their extended workforce; and
- procurement practices in their extended supply chains.

### **How we address modern slavery risk in our 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 or vendor code of conduct which will typically comprise:

- detailed vendor due diligence and selection processes;
- detailed monitoring of vendor compliance to workplace laws and regulations;
- drafting of anti-slavery and anti-human trafficking provisions in vendor contracts; and
- reviewing modern slavery statements of prospective and incumbent suppliers and service providers.

### **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 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 and the Trustee will endeavour to work more closely with those service providers to better understand their approach to modern slavery risk management.

## **Assessing the effectiveness of our approach**

The Trustee has recently undertaken 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 has included a review of their modern slavery statements.

The Trustee's review concluded that the APSS's material service providers duly considered modern slavery risks that their businesses are most exposed to, whether that be in procurement practices or investment frameworks of investment managers.

Beyond the current reporting period, the Trustee will continue to develop its assessment of how effective it has been in identifying and addressing modern slavery risks. This will include incorporating measurable key performance indicators about modern slavery risk into its future business plans.

### **Impacts of COVID-19 on modern slavery**

While the Trustee's direct suppliers are considered relatively low risk with regard 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. Therefore, as part of the Trustee's engagement with its direct suppliers, it intends to better understand how their modern slavery risk management was impacted by the pandemic, as well as their plans/actions taken to address this going forward.

## **Next steps**

The Trustee is committed to a continuous improvement approach to managing modern slavery risks over time. Further actions which have been identified to enhance the Trustee's understanding and awareness of modern slavery in its business, and more broadly, include:

- modern slavery training for the Trustee and APSS Management;
- incorporating modern slavery considerations into the Trustee's Outsourcing Policy and procedures;

- deeper engagement with Australia Post on modern slavery issues, particularly in the areas of procurement which Australia Post undertakes on behalf of the Trustee and the APSS;
- ongoing review of the modern slavery statements issued by the Trustee's key service providers, and further engagement with them about how they are identifying and managing the modern slavery risks in their supply chains;
- increasing the awareness of where modern slavery risks may exist within the Trustee's investment portfolio, including across those industry sectors and countries where the risk is heightened; and
- developing a measurable key performance indicator for inclusion in its future business plans.

This statement was approved by the Board of PostSuper Pty Ltd as Trustee of the Australia Post Superannuation Scheme on 5 March 2021.



Bridget Sebire

**Director**  
**PostSuper Pty Ltd**