



INDUSTRY SUPER HOLDINGS

Industry Super Holdings Pty Ltd

Modern Slavery Statement FY21

Introduction

This Modern Slavery Statement relates to Industry Super Holdings Pty Ltd (ISH) and is prepared under the requirements of the Modern Slavery Act 2018 (Cth) (Act). ISH is the parent of and wholly owns subsidiaries including IFM Investors Pty Ltd (IFM), Industry Funds Services Ltd (IFS), Industry Super Australia Pty Ltd (ISA) and The New Daily Pty Ltd (The New Daily).

This Statement is approved and endorsed by the ISH Board of Directors as its principal governing body.

Background – About ISH Group

Owned by 22 industry super funds, ISH owns four subsidiaries; IFM Investors, Industry Funds Services, Industry Super Australia and The New Daily. Each of the subsidiaries plays an important role and delivers a range of services, encompassing investment management across multiple asset classes, financial advice, managing relevant marketing campaigns and providing an online news platform. The entity structure of ISH is outlined in Appendix A.

IFM

IFM was established more than 25 years ago with the aim to protect and grow the long-term retirement savings of working people.

Owned by a group of Australian superannuation funds, the organisation has AU\$172bn under management as of 30 June 2021. IFM prioritises the interests of its more than 550 like-minded investors worldwide by focusing on assets that combine excellent long-term risk/reward characteristics with broad economic and social benefits to the community.

As a signatory to The United Nations-supported Principles for Responsible Investment, IFM actively engages on environmental, social and governance (ESG) issues with the companies in which it invests with the aim of enhancing their net performance while minimising investment risk.

IFS

IFS endeavors to complement Industry Super Funds by providing trusted, fee-for-service financial advice, supporting members to recover unpaid super entitlements and provide consulting services for industry funds and members.

ISA

Established over 15 years ago, ISA manages ventures on behalf of Industry Super Funds, upholding the objective to maximise the retirement savings of industry super members. ISA projects include the Industry Super Funds marketing campaign, which has the goal of raising awareness to members

of benefits and issues that can undermine their savings. ISA also performs public relations and government relations on behalf of participating funds and entities.

The New Daily

Established in 2013, The New Daily is a source of national news provided free for everyone. Information and news stories are delivered by journalists and editors in the country, reporting the most recent news in national and state politics, sports, health, finance, entertainment, lifestyle and weather. The New Daily aims to provide fair and unbiased coverage to its audience.

Supply Chain

IFM has published its own separate Modern Slavery Statement given that it meets the eligibility requirements for a reporting entity.

Although IFS, ISA and The New Daily do not individually qualify for the reporting requirements they are committed to supporting the legislation and endeavor to reduce modern slavery risks in their supply chain. ISH is committed to preventing acts of modern slavery in its operations and supply chain. This Statement acknowledges and respects the different action and goals of its entities.

IFM

IFM is a global fund manager with global offices in Melbourne, Sydney, Tokyo, Hong Kong, Seoul, London, Zurich, Berlin, New York and Amsterdam. Investment professionals are employed across the four asset classes of Debt, Listed Equities, Infrastructure and Private Equity with total funds managed as of 30 June 2021 of AU\$172 bn.

The breakdown of Funds for each asset class is set out below:

- Debt Investment (AU\$51.4bn);
- Listed Equities (AU\$45.3bn);
- Infrastructure (AU\$74bn); and
- Private Equity (AU\$1.0bn).

IFM's four asset classes are supported by specialist teams in Commercial, External Relations, Finance, Global Relationship Group, Operations, People and Culture and Risk and Compliance. IFM has a total combined workforce of approximately 600 employees globally, all working to protect and grow the long-term retirement savings of members.

As a global organisation, IFM engages with a range of worldwide goods and services vendors to support its operations.

Details of IFM's supply chain spend for FY21 was represented as:

- AU\$98.4m of spend on goods and services;
- 735 suppliers, many of which were one-off suppliers; and
- 12 spend categories.

Of IFM's total spend, only 1.7% was spent on goods and the remaining 98.3% on services, including services that produced a capital output. The high proportion of spend on services is consistent with

the changes associated with remote working conditions over the past year, as well as the knowledge-based nature of the organisation.

IFS

To conduct business IFS engages a number of external suppliers to assist in achieving its goal and supporting Industry Super Funds. These external services include:

- Information technology and software services;
- Custody;
- Internal and External audit;
- HR & Payroll; and
- Investment research.

IFS continues to review its supply chain, noting that most vendors operate within Australia but ensuring that the complexity of supply chains these vendors are involved with in other countries is understood.

ISA

ISA engages with vendors who assist with providing professional services – including research, consulting, marketing and travel. The majority of these suppliers are based in Australia, however, the ISA understands further tiers may operate in countries with greater risk.

The New Daily

The New Daily does not engage with many vendors and therefore has a limited supply chain. The online publication is outsourced and the third party that The New Daily works with is continually monitored.

The Risks of Modern Slavery in Supply Chain

IFM

As a responsible asset manager, IFM is committed to understanding, identifying and mitigating modern slavery risks in its business operations and supply chain, and investments. An independent assessment of modern slavery risks across IFM's operations and investments was undertaken in FY20 by FairSupply. It provided a foundation for ongoing knowledge and understanding of the issue to support a continued focus on building risk management and mitigation activities.

Modern slavery risks in IFM's investments

The insights gathered from the independent risk assessment undertaken on IFM's investment portfolios continues to inform the ongoing management of modern slavery risk in portfolio companies.

IFM focuses on engaging with their privately held portfolio companies where a higher risk of modern slavery has been determined based on location, industry, supporting industries and spend. The

industries with more significant exposure include iron and steel manufacturing, oil and gas mining, construction, air travel and transportation and wholesale trade.

This analysis also highlighted areas of significant exposure where investment spend was relatively low, however, risk was heightened in other areas, including business services (energy, gas and water distribution); supporting and auxiliary transport services (cargo transportation, travel agency and supporting services) and pipeline services.

It is recognised that certain privately held assets in Australia will be required to report under the Australian Modern Slavery Act 2018 (Cth). As at the date of this Statement, it is confirmed that the entities captured under the legislation are aware of their reporting obligations. This will assist in understanding their processes for addressing modern slavery risks in their supply chains.

Modern slavery risks in IFM's operations

An annual review on spend was conducted to determine IFM's risk profile against the analysis provided by the independent advisor in FY20. The identified risk profile has not materially changed over this financial year. Indeed, some risks have decreased with reductions in the use of industries such as hotels and various facilities maintenance services, such as cleaning. Where spend has increased, it has been in lower risk areas such as Software as a Service (SaaS) and professional services.

IFM only made one direct purchase of product that was manufactured in a higher risk category and country (a promotional backpack for internal use). Before placing the order, their Procurement and People and Culture teams undertook an evidence based assessment of the supplier and their supply chain. The assessment encompassed the manufacturing site and use of materials, employment practices, and their bespoke policies and processes. This was a materially different assessment to what IFM have undertaken historically, demonstrating IFM's willingness to exclude non-compliant suppliers from the opportunity and make a selection decision that was not price driven.

ISH, IFS, ISA and The New Daily

Risk assessment analysis of supply chains conducted by IFM helped guide the risk assessment of ISH and its other entities. Risk assessed was also deemed to be low as the vendor profile in these entities were either the same or similar to those evaluated by IFM. Each entity has identified that they engage with Australian vendors with low risk of modern slavery but understand there may be further risk in further tiers.

Actions taken to Address Modern Slavery in FY21

In taking action to reduce and manage modern slavery risks in its supply chain, ISH understands that it must evolve its practices based on the best practices developed by research and data. IFM, IFS, ISA and The New Daily hold a unified approach and work in partnership together to implement these improving industry practices.

IFM

IFM continues to evolve goals and approaches to reducing modern slavery in its operations and investment. The steps below were taken in the past financial year.

Learning and training

Over the last 12 months, IFM has focused on educating employees about modern slavery risks to enhance the capabilities of key team members involved in operations and portfolio supply chains. A tailored training program was developed for teams in Private Equity and Infrastructure, aimed to equip company directors with an understanding of the indicators of modern slavery risk in their assets. During FY21 a 'Learning Café' was provided for all employees which focussed on raising awareness and understanding of modern slavery and its impact on people and investment.

Supply chain management

External risk assessment continues to inform how key vulnerabilities are mapped, identified and addressed in IFM's supply chain. There has been a continued build-out of a centre-led procurement function and IFM's sourcing processes now include more values-based evaluation criteria. This includes issues relating to modern slavery, the environment, sustainability and governance, with all being included in the mandatory criteria that preclude suppliers from bidding for work with IFM without demonstrated capability in these areas.

Collaboration and engagement

IFM continues to work together with like-minded businesses, investors and stakeholders to evolve its understanding of the issue of modern slavery, with a goal to reduce the risk and occurrence of modern slavery in its business, supply chain and investments. Collaboration with industry peers occurred in FY20 through initiatives such as Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC).

Integration

IFM continues to embed ESG considerations, including modern slavery into investment decision making processes. This is inclusive of Listed Equities engagements and proxy voting activities. IFM believes that proactive company engagement and voting is critical to encouraging responsible management of ESG risks and opportunities.

ISH, IFS, ISA and The New Daily

The following steps were taken in order to improve the understanding of modern slavery risk in each entities supply chains and enhance the ability to identify and address modern slavery risks.

- ISH, IFS, ISA and The New Daily worked closely with IFM to understand supply chain risk, best practice approaches and key learnings from the last financial year. Collaboration was identified as the best tool across entities to ensure the best possible approach was taken in conducting business.
- IFS conducted evaluations of modern slavery risks in new suppliers accompanied by periodic reviews of existing suppliers as per their modern slavery policy.
- ISA has amended its standard contractual terms to include a Modern Slavery provision that requires service providers to abide by the provisions of the Modern Slavery Act and notification provisions if there is reasonable suspicion or belief that a supply chain constituent may be in breach of the Act.

- The New Daily signed a new publishing agreement, this includes requiring publishers to abide by relevant commonwealth and state laws and regulations and government codes of practice.

Focus for the future – FY22 and beyond

ISH and its subsidiaries will continue to evolve their practices, following the advice of experts and compelling data to improve the approach. A changing global landscape and an evolving understanding of modern slavery risk will continue to shape the actions and procedures employed. Improvements to mitigating modern slavery risks across supply chains is a key focus for ISH and its subsidiaries and it will continue to advance its procedures.

IFM

IFM continues to engage with industry professionals and leading experts on the best approaches to improve practices when reducing modern slavery risks. Building from last year's actions, IFM will continue activities in these key areas:

- *Learning and training*: Tailored training modules will be made widely available to employees across IFM to build a greater awareness and understanding of modern slavery to increase our capability to identify and remediate incidents;
- *Supply Chain Management*: Continued refinement of tracking and reporting systems of investment life-cycles to ensure risks can be identified and tracked. Robust risk assessment tools are to be developed and integrated into IFM's procedures;
- *Collaboration and engagement*: Continue to evolve engagement with companies across IFM's investment portfolio as well as with like-minded investors and stakeholders where there can be collective action; and
- *Integration*: Advance on action planned in 2021 to conduct a review of due diligence processes and documentation across all asset classes to incorporate modern slavery risks, as well as continuing escalation pathways and life cycle monitoring.

ISH, IFS, ISA and The New Daily

ISH entities will continue to adapt where necessary to best practice solutions addressed in the modern slavery landscape.

- ISH, IFS, ISA and The New Daily will continue to collaborate and communicate with one another on techniques and approaches that have performed well in identifying and monitoring modern slavery risk.
- IFS will continue to evaluate and follow its modern slavery policy so that any vendor engagement and service provider relationship is evaluated for modern slavery risks in operation and supply chain. If a risk was identified it would be addressed and monitored by IFS. IFS will complete periodic reviews of its statement if required.
- ISA will continue to work with service providers to ensure all work within the supply chain is undertaken in a manner that is consistent with relevant legislation and codes of practice.
- The New Daily will continue to monitor publishing agreements to ensure that vendors they engage with are following all relevant Commonwealth and state laws.

Effectiveness of actions and continuous improvement

ISH and its entities will continue to progress its approach to managing modern slavery risk. This involves collaborating and working together to improve practices that will best identify, manage and monitor risks or occurrences of modern slavery. Reviews and best practices identified by leading experts will be crucial in developing the approach taken by each subsidiary. Each will continue to work together to assess and address its approach to modern slavery and evaluate the effectiveness of these actions.

- The risk assessment conducted on IFM's supply chain indicated low risk in the supply chain which helped identify this same low risk in the supply chains of ISH, IFS, ISA and The New Daily. This was imperative in addressing the scale of the approach required and the appropriate actions to be taken.
- Work closely with investors, vendors and external partners to understand their approach to modern slavery and how, as an industry, these approaches can be improved. A unified response will help to understand areas for improvement and how practices can become more effective.
- Continue to monitor the effectiveness of these approaches by integrating industry knowledge and expert advice into future planning.
- Engage with employees to gain an understanding of the effectiveness of the procedures in various company practices.

Consultation with entities

This Statement is made by Industry Super Holdings Pty Ltd. The ISH Board, representing ISH, as the parent company of the ISH Group and as an entity required to report under the Act, has approved this Statement. IFM Investors, IFS, ISA and The New Daily were involved in the preparation of this Statement.



The Hon. Greg Combet AM
Chair
Industry Super Holdings Pty Ltd
7 December 2021

Appendix A

