

# MODERN SLAVERY STATEMENT

FINANCIAL YEAR END 2020

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# NGS SUPER MODERN SLAVERY STATEMENT

FINANCIAL YEAR END 2020

This document comprises the modern slavery statement of NGS Super for the financial year ended 30 June 2020.

## 1. Purpose and background

This document comprises the modern slavery statement of NGS Super (the **Fund**) for the financial year ended 30 June 2020 (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 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 takes a risk-based approach to assessing modern slavery risks.

The Fund considers this focus appropriate as our suppliers and service providers, in addition to the Fund, are developing capabilities to assess and address modern slavery risks in accordance with this novel 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 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.

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 72 staff who work across the Fund's operations including the activities undertaken by the subsidiary companies listed below:

- NGS Financial Services Pty Limited – this company no longer operates having previously held an Australian Financial Services Licence which was voluntarily cancelled by the Fund in early 2020
- 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.

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 relationships<sup>1</sup> domiciled in seven countries (including Australia). These **investment managers** form part of the Fund's supply chain and are listed on the **Fund's website [here](#)**.

Custody of the Fund's assets are held via State Street Australia Limited which has operations in Australia and a number of international jurisdictions as part of a global group of companies.

The Fund's bank accounts are held with Westpac.

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 a number of 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.

The Fund's supply chain also extends to support services including but not limited to:

- website and digital support provided by Luminary who have operations in Australia and Indonesia and
- payroll services provided by Frontier who have operations in Australia, India, Malaysia, New Zealand, Philippines, Singapore and the UK.

#### 5. Risks of modern slavery practices in the operations and supply chains of the reporting entity

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 and
- Fraud and Corruption Control Policy.

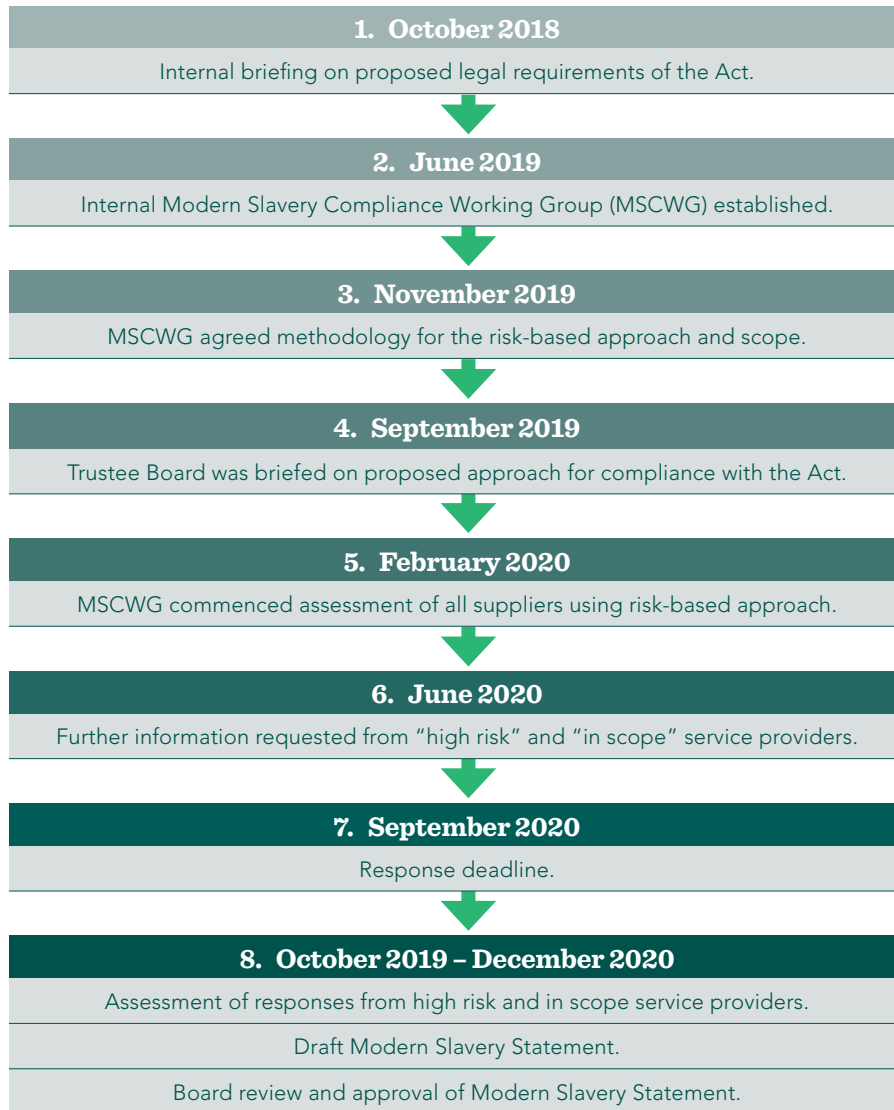
The Fund's internal processes and procedures include, but are not limited to:

- 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 focus on the following areas when conducting due diligence and risk assessments:
  - 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.

<sup>1</sup> The Fund may have more than one relationship with a single investment manager.

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

The Fund has been preparing for the release of its first modern slavery statement since October 2018. The journey to date is illustrated below:



### A note on the Fund's investment processes

NGS Super's investment portfolio totals approximately \$11.7 billion 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 here](#).

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 portfolio<sup>2</sup> 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 here](#).

<sup>2</sup> Portfolio means international and Australian equities.

**Additional assessment completed considering commencement of the Act**

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 tier one 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 material<sup>3</sup> to the operation of the Fund. High risk and material service providers are hereafter referred to as “in scope” service providers.

The 2020 risk-based approach revealed the following.

**Supplier industry statistics**

- None of our suppliers was deemed as operating in high risk industries.
- Eight suppliers were deemed as operating in medium risk industries, all being in the “business support services industry”.

**Country of operation statistics**

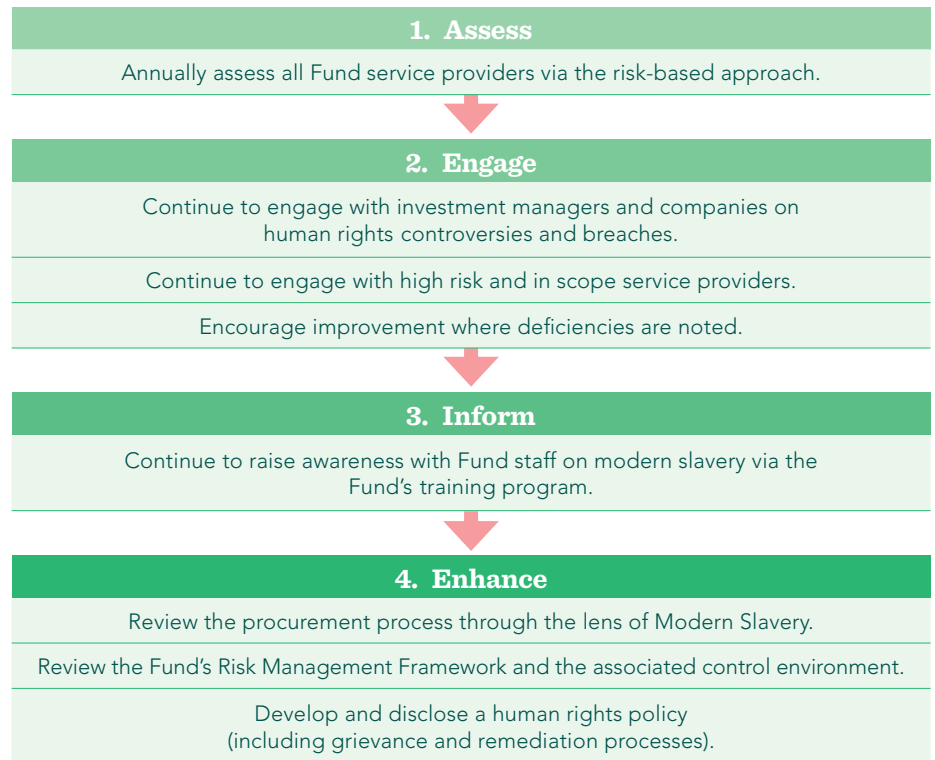
- None of our suppliers was operating out of countries with a high risk of modern slavery.
- One supplier operated out of a country with a medium risk of modern slavery (India).
- In terms of vulnerability of the country’s population to fall victim to modern slavery:
  - no suppliers were deemed high-risk
  - two suppliers were deemed medium risk (operating out of China and India).

Throughout the 2020 calendar year, the Fund assessed a total of 121 service providers through the risk-based approach. This resulted in zero high-risk service providers but 47 in scope service providers, which the Fund further investigated.

This being the first year of the Fund’s modern slavery reporting we focused our investigations on the in scope service providers’ readiness for compliance with the Act.

Over the course of 2021, the Fund has the following goals to further address the risks of modern slavery:

**Goals to further address risks of modern slavery**



As noted in Section 4: Reporting entity structure, operations and supply chains (refer page 4), the Fund’s 72 staff work across the Fund’s four subsidiaries; as a consequence there was no need for separate consultation relating to this criteria.



<sup>3</sup> Senior Management have the delegation to determine if a service provider is material for the purposes of the risk-based approach.

## 7. Assessing the effectiveness of these actions

Specific to the Fund’s investment processes, we assess the effectiveness of our actions as follows:

- 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 human rights 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 tracked<sup>4</sup> through to remediation and future prevention.

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

As this is the first year of modern slavery reporting, the Fund is in the early stages of assessing the effectiveness of the risk-based approach. For year one<sup>5</sup>, the Fund has set the following key performance indicators (KPIs) which will be reported on in next year’s statement. KPIs will be amended from year to year as the Fund’s response to Modern Slavery matures.

KPI	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: a. confirmation the risk-based approach is still adequate b. confirmation of in scope suppliers and c. 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.	<b>Achieved Y/N</b>
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.	<b>Achieved Y/N</b>
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.	<b>Achieved Y/N</b>

## 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 will be enhanced over the next reporting period. 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 becomes more transparent.

<sup>4</sup> Engagement outcomes can take significant time (up to 3 years).

<sup>5</sup> Reporting to 30 June 2020.





## More information?

### Contact us

You can contact us at [ngssuper.com.au/contact-us](https://ngssuper.com.au/contact-us) or call us on **1300 133 177** between 8.00am and 8.00pm (AEST or AEDT), Monday to Friday.

Phone number for callers outside Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address  
GPO Box 4303  
MELBOURNE VIC 3001

### Need help?

If you are thinking about which investment option might be right for you, consider obtaining professional advice for your personal situation.

We offer single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline or
- through our Customer Relationship Managers who may be able to meet you face-to-face.

Further, we offer low-cost tailored advice through NGS Financial Planning on all your financial needs – not just your super.

To make an appointment phone us on **1300 133 177** or complete the [Financial planning enquiry form](#) on our website at [ngssuper.com.au/advice](https://ngssuper.com.au/advice)

### Important information

The information provided in this information sheet is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.



## How to contact us

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