



ESSSUPER MODERN SLAVERY STATEMENT - 2021

Policy Category: Board

ESSSuper

EMERGENCY SERVICES SUPERANNUATION BOARD

ESSSUPER MODERN SLAVERY STATEMENT

Effective Date 9 December 2021

1. PURPOSE

- 1.1 This statement articulates the Emergency Services Superannuation Board's approach to Modern Slavery risk.

2. SCOPE

- 2.1 ESSSuper is an exempt public sector superannuation scheme, covering Victorian emergency services and state government employees within the state of Victoria.
- 2.2 ESSSuper is required to provide a statement, and to meet the mandatory reporting criteria, under the *Modern Slavery Act 2018 (Cth) (MSA)*.
- 2.3 The Emergency Services Superannuation Board (**ESSB**) has established an internal working group to develop and apply a foundational model, designed to:
- Identify the ESSSuper's exposure to modern slavery in its operations and supply chains;
 - Educate staff and suppliers to recognise potential risks and apply mitigation strategies and practices; and
 - Increase awareness of modern slavery in ESSSuper's business activities.

3. POLICY TYPE

- 3.1 This is a Board Policy and Statement.

4. STATEMENT

Background

- 4.1 Since 1924, ESSSuper and its preceding funds have acted as trustees on behalf of the Victorian Government, its employer agencies and their employees. These organisations have administered the State's complex statutory defined benefit superannuation funds and obligations and, in addition to this, they administer the ESSSuper Accumulation Plan.
- 4.2 Our members are active or retired public servants and their spouses who provide essential services to the community. They include Victoria Police, Fire Rescue Victoria, Ambulance Victoria, State schools and State Government employees.
- 4.3 Our mission is to help members achieve their superannuation and retirement goals, while meeting stakeholder responsibilities. With more than 128,000 members holding over \$35 billion in defined benefit and accumulation assets (as at 30 June 2021), we're one of Australia's largest super funds. This means we're well placed to accomplish that mission for the next 100 years.
- 4.4 ESSSuper's participating employers include:
- Victoria Police
 - Fire Rescue Victoria
 - Country Fire Authority
 - Ambulance Victoria
 - Transfield
 - Metro Trains Melbourne

- Department of Education & Training
- Department of Human Services
- Department of Justice
- Department of Primary Industries
- Department of Sustainability & Environment
- Vic Roads

- 4.5 ESSSuper aims to help its members grow their superannuation savings to achieve the retirement income that matches their lifestyle goals. To achieve this, ESSSuper provides options, information and advice to ensure members can make the best choices to meet their retirement goals.
- 4.6 ESSSuper is administered under the laws of the State of Victoria (including the *Emergency Services Superannuation Act 1986*, the *State Superannuation Act 1988*, the *State Employees Retirement Benefits Act 1979* and the *Transport Superannuation Act 1988*).

Structure and Values

- 4.7 ESSSuper (Emergency Services & State Super) is the registered business name of the Emergency Services Superannuation Board (the **Board**) (ABN 28 161 296 741).
- 4.8 The Board manages and administers the Emergency Services Superannuation Scheme and all other administered schemes (the **Fund**) (ABN 85 894 637 037).
- 4.9 The Fund is governed by the *Emergency Services Superannuation Act 1986 (Vic)* and provides benefits for current and former Victorian emergency services employees, certain public sector employees and their partners.
- 4.10 ESSSuper has over 100 employees all of whom are based in Australia and all of whom have or will be provided with MSA awareness training. The Fund recognises the contribution each employee makes to the organisation and has identified four fundamental values expected of every staff member, which are based upon Accountability, Trust, Collaboration and Courage.



- 4.11 In addition to staff, the business had over 200 suppliers in the 2020-21 financial year. These are fund managers, investment advisors and specialist service providers directly associated with the superannuation industry. These service providers are expected to meet the labour and employment standards of the MSA, irrespective of whether their individual business is required to comply with this legislation.

Supply chains

- 4.12 ESSSuper's primary supply chains relate to the administration of account balances and the investment of employer and member contributions. Service providers are mostly based in Australia and operate under contracts that meet the Victorian Government's procurement requirements, which include social as well as financial targets.
- 4.13 Additionally, ESSSuper is required to comply with Victorian Government social procurement directives regarding the organisation's use of its buying power to generate social value above and beyond the value of the goods, services or construction being procured. This closely aligns with the MSA approach to social and community awareness in its activities and operations.
- 4.14 All investments undertaken by ESSSuper are made in accordance with the Board's investment goals, the *Borrowing and Investment Powers Act 1987* and the Victorian Treasurer's Prudential Statement investment guidelines.
- 4.15 Investment responsibilities for the defined benefit assets were transferred to the Victorian Funds Management Corporation (**VFMC**) on 1 July 2006. As at 30 June 2021, the amount managed by VFMC is \$27.8b. However, the Board retains investment responsibilities for the accumulation assets and is responsible for setting investment objectives for both the accumulation and defined benefit assets.
- 4.16 For defined benefit assets, the Board has a framework for setting investment objectives which involves an external advisor and VFMC.
- 4.17 Accumulation fund assets are managed by an internal Investments team supported by specialist service providers. External specialist investment managers (**Investment Managers**) are contracted to manage ESSSuper's investments in line with the guidelines set by the Investment Committee. The performance for individual Investment Managers, asset classes and products are measured against agreed performance benchmarks and monitored and reported to the Investment Committee and Board. As at 30 June 2021, the amount managed by Investment Managers is \$7.8b.
- 4.18 ESSSuper acknowledges the importance of environmental, social and governance (**ESG**) factors and that they have the potential to affect the financial performance of investments. Accordingly, the Fund observes the principles for responsible investing to integrate the consideration of these factors with the investment process.

Environmental	Social	Governance
Climate Change	Management of labour relations	Company Board composition
Pollution	Workplace health and safety	Executive remuneration
Sustainable real estate	Supply chain management	Proxy voting
Cleantech energy	Workplace diversity	Conflict of Interest

- 4.19 ESSSuper's responsible investment approach seeks to integrate the analysis of ESG risks and opportunities through our broader investment processes. The Fund also seeks to maximise alignment with the companies we invest in by voting on company resolutions and promoting responsible investment through collaboration on responsible investment initiatives with our peers and industry bodies.
- 4.20 ESSSuper is a signatory to the United Nation's supported Principles for Responsible Investment (**PRI**) initiative, the Investor Group for Climate Change and CDP (previously known as the Carbon Disclosure Project).

4.21 The PRI are a voluntary and aspirational set of investment principles that provide a framework for possible actions for incorporating ESG issues into practice. As a signatory to the PRI the Fund aspires to incorporate the principles-based framework into its investment decision-making process. The PRI principles include:

- Incorporate ESG issues into investment analysis and decision-making processes;
- Be active owners and incorporate ESG issues into ownership policies and practice;
- Seek appropriate disclosure on ESG issues from invested entities;
- Promote acceptance and implementation of the Principles within the investment industry;
- Work together to enhance the effectiveness of implementing the PRI principles; and
- Report activities and progress towards implementing the Principles.

Supply chain: risk assessment and due diligence

4.22 In consideration of the MSA, ESSSuper has undertaken an examination of the risk characteristics of its suppliers, with a focus on areas of known vulnerability and risk exposure. This has been supplemented by questionnaires to key suppliers. This approach follows the principles used in the UK Civil Service supply chain guide.

4.23 The types of goods and services procured by ESSSuper are:

Type	Purpose
Administrative services	Administration system services, risk and compliance, call centre
Technology	Hardware (PCs, printers, servers) and software (security, operating system licensing)
Service Contracts	Fund Managers, Data, Telecoms
Workplace	Building lease, cleaning contract, office equipment
Professional Services	Internal audit, investment advisory, legal, taxation
Marketing	Marketing analytics, seminar venues
Labour hire	Consultants
Other	Accommodation, travel, incidentals

4.24 As a foundation process in the identification of modern slavery, ESSSuper focused on its procurement practices and suppliers. Procurement practices at ESSSuper comply with Victorian Government Purchasing Board standards and guidelines.

4.25 Contracts were initially reviewed relative to known categories of at-risk groups to allow efforts to be directed to the areas where the most risk or uncertainty was identified. The criteria in the following table were applied to each supplier with a final score calculated to indicate potential risk. Higher scores indicated a larger number of risk factors compared to other ESSSuper suppliers. Those suppliers with higher scores would warrant further investigation, however this did not explicitly imply any breach occurred.

Groups	At risk group examples
Industry Type	Textile production, electronics manufacture, cleaning services
Supplier location	As per Global Slavery Index
Commodity type	Garments, electronics
Nature of workforce	Low skilled, low paid, seasonal workers, in isolated locations, vulnerable to exploitation
Supplier operating condition	Inadequate labour laws, absence of grievance mechanisms or worker organizations and workers' representatives
Supply chain model	Sub-contracted workers, complex supply chains, complex employment relations with reliance on agency
Labour hire	Consultants
Other	Accommodation, travel, incidentals

Ref: UK Civil Service: Tackling Modern Slavery in Government Supply Chains

Effectiveness of actions to assess and address modern slavery risks

- 4.26 The review did not identify any occurrences of modern slavery and all suppliers were identified as low risk. The use of questionnaires and their responses helped to explain the approach taken by individual suppliers.
- 4.27 Overall, these results confirmed the working group's initial assessment of the MSA risk as low.

Future commitments

- 4.28 In 2021-22 the focus will be on:
- Embedding the MSA requirements into contracts with the development of a standard supplier clause;
 - Staff training and awareness of MSA;
 - Development of incident management and remediation strategies through incorporation of Modern Slavery risks into the ESSSuper Enterprise Risk Register
- 4.29 Continuous improvement will be undertaken that promotes good management, environmental, social and governance principles and investment practices.

5. REVIEW

- 5.1 This statement has been prepared for the period 1 July 2020 to 30 June 2021 to comply with the requirements of the *Modern Slavery Act 2018* (Cth).
- 5.2 This statement will be reviewed annually.

6. ACCOUNTABLE OWNER

- 6.1 General Manager Legal, Risk and Compliance.

This statement was approved by the Emergency Services Superannuation Board, as Trustee of the Emergency Services Superannuation Scheme (ESSSuper), at its meeting on 9 December 2021.

A handwritten signature in black ink, reading "Joan Fitzpatrick". The signature is written in a cursive, flowing style.

Joan Fitzpatrick
President
Emergency Services Superannuation Board
December 2021

APPENDIX 1

This statement was prepared to meet the mandatory reporting criteria set out in the MSA.

The table below identifies where each criterion is disclosed with the different sections of this statement.

Modern Slavery Act Criteria	Modern Slavery Act Statement 2021
Identify the reporting entity	<ul style="list-style-type: none"> Structure and values (pg. 3)
Describe the reporting entity's structure, operations and supply chains	<ul style="list-style-type: none"> Structure and values (pg. 3) Supply chains (pg. 3)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	<ul style="list-style-type: none"> Supply chain: risk assessment and due diligence (pg. 5)
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	<ul style="list-style-type: none"> Supply chain: risk assessment and due diligence (pg. 5)
Describe how the reporting entity assesses the effectiveness of these actions	<ul style="list-style-type: none"> Effectiveness of actions to assess and address modern slavery risks (pg. 6) Future commitments (pg. 6)
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	N/A
Provide any other relevant information	<ul style="list-style-type: none"> Introduction (pg. 2) Background (pg. 2) Future commitments (pg. 6)