



Modern slavery statement

2020/21

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Introduction

At Vision Super, we pride ourselves on being a fund that invests and operates responsibly for the environment and our community. Our responsible investment practices strongly support diversity and respect internationally proclaimed human rights and ethical labour practices.

Environmental, social and governance (ESG) factors are not only embedded within our beliefs but are analysed as part of our internal processes and governance due diligence assessment framework of the Fund.

Vision Super recognises that prosperity of the economy and the wellbeing of our members depend on a healthy environment, social cohesion and good governance within our operations, supply chains and the companies in which we invest.

Vision Super supports efforts to end modern slavery. We believe that businesses and companies have a key role to play in tackling this issue by strengthening the protections in their own supply chains.

Explaining modern slavery

Modern slavery is an extreme form of human rights exploitation commonly used to refer to several coercive labour practices. These include forced labour, human trafficking, debt bondage, forced marriage and the exploitation of child labour. Worldwide, 40 million people are estimated to be trapped in modern slavery: One in four of them is children; almost three quarters (71%) are women and girls, 15.4 million in forced marriage and 24.9 million in forced labour.

Forced labour is often hidden deep down in the supply chains, which means it can be difficult to detect. These estimates are sourced from the International Labour Organization. For more details, please refer to their website: www.ilo.org/global/topics/forced-labour/policy-areas/statistics/lang--en/index.htm

Modern slavery is a widespread, criminal activity that has a significant economic impact globally. It is estimated that forced labour generates US\$150 billion (A\$220.5 billion) in profits annually. Playing into this exploitation are a growing number of global migrants in search of prosperity, more complex supply chains (brought about by globalisation) and weak enforcement by regulators.

Poor, vulnerable and low-skilled workers, as well as migrant workers, are at high risk of human trafficking. However, it's not an issue limited to certain geographies or sectors. Modern slavery is a global systemic issue – and virtually all industries have risks, although some pose a higher risk than others. The ongoing Covid-19 pandemic has brought additional challenges in evaluating supply chain risks.

For more information please refer to the Global Slavery Index at: www.globallslaveryindex.org/2018/findings/global-findings/

Vision Super overview

Vision Super Pty Ltd (RSE L0000239; ABN 50082924561) (VSPL) is the trustee company and Administrator of the Local Authorities Superannuation Fund (LASF) (ABN 24496637884) and is domiciled in Australia located at Level 15, 360 Collins Street, Melbourne.

Vision Super has a long history as a superannuation fund and has been providing superannuation and retirement services to local government authorities and related industries including water, libraries, cemeteries, crematoria and community services for nearly 75 years. Today, Vision Super has around 85,000 member accounts, around 100 employees and approximately \$A12.4 billion in assets under management as at 31 August 2021. The Fund also provides pensions to members within both the accumulation and defined benefit sections of the Fund.

Here to help

Telephone 1300 300 820 (8:30am to 5:00pm)

Monday – Friday (not including Victorian public holidays)

email memberservices@visionsuper.com.au

visit www.visionsuper.com.au

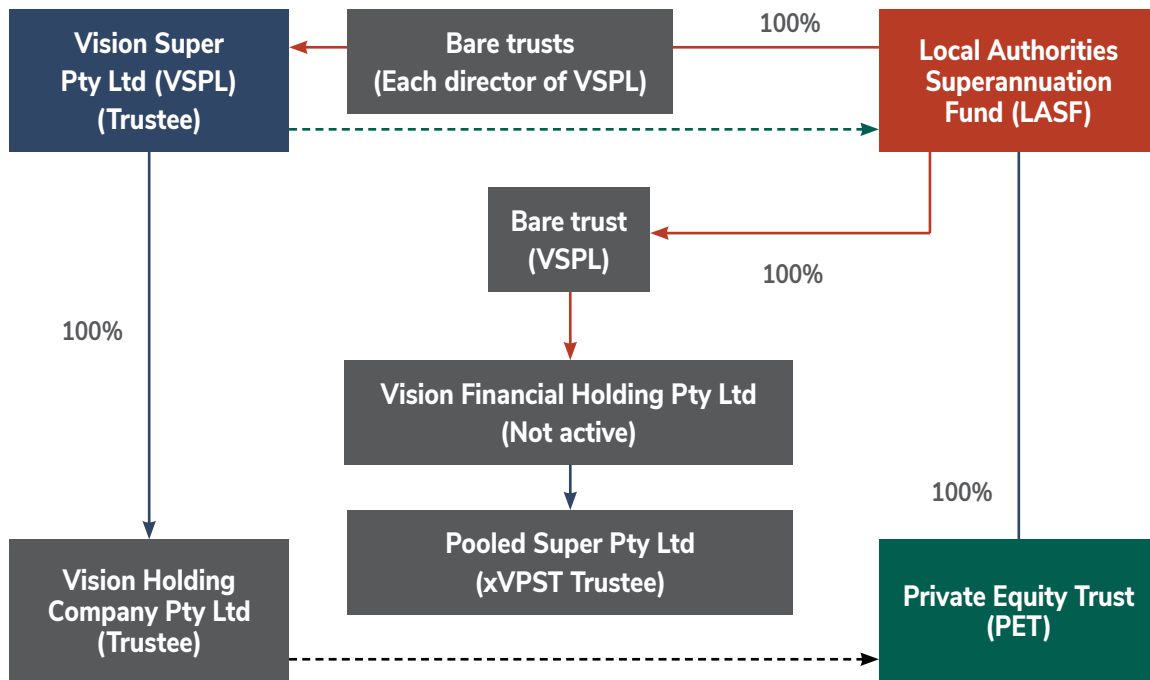
write PO Box 18041, Collins Street East, VIC 8003

ABN 50 082 924 561 AFSL 225054

RSE L0000239 USI 24496637884020

Fund organisational structure

Vision Super Pty Ltd (VSPL) is 100% owned by Local Authorities Superannuation Fund (LASF) and ownership of shares for Directors are beneficially held by LASF and so are part of a corporate group as a result. There are no controllers who directly or indirectly exercise control through the capacity to determine decisions about financial and operating policies.



More information can be located at www.visionsuper.com.au/about/fund-details/

The services we provide

Our main business is the investment of members' funds for the benefit of members in their retirement. For more information about our services, which include superannuation products, retirement products, insurance and financial planning please see our website www.visionsuper.com.au/about

For details of our Directors and executive team, please see www.visionsuper.com.au/about/directors-and-executives/

We do not own or control any other entities.

Supply chains and risk assessment process

Vision Super has a range of products and services that underpin the operations of the Fund. Some of these are provided by external parties, including investment services, master custody arrangements, information technology vendors and products, building facilities management, human resources, marketing and merchandise, office equipment and other financial service providers. These services are guided by the Fund's procurement and outsourcing policies, which outline the fundamental frameworks to ensure effective controls and processes around these activities.

Due diligence

Vision Super addresses modern slavery risks through due diligence and remediation processes that aim to ensure we identify, prevent, mitigate and account for actual and potential adverse human rights impacts in operations and supply chain processes.

The due diligence process focuses on:

- > Identifying and assessing actual and potential human rights impacts (ie new screening and enhanced due diligence on new fund managers and third-party service providers)
- > Integrating findings across the organisation and taking appropriate and measured steps to address impacts (ie internal training or introducing processes for internal reporting)
- > Tracking progress to check whether impacts are being addressed (ie annual questionnaires sent to third-party service providers and fund managers on modern slavery risks)
- > Publicly communicating actions via the Modern slavery statement, the annual report or the Vision Super public website.

Vision Super is aware that some areas within the Fund's supply chain may have some exposure to modern slavery risk, and as we understand the issues better going forward, will take appropriate steps to reduce these risks.

Processes in place

Vision Super's Modern Slavery Working Group meets on a regular basis to evaluate the Fund's outsourced business supply chains and risks of being exposed to modern slavery. The working group determined that potential modern slavery risk within our external investment portfolios required in-depth analysis and evaluation, along with a risk assessment of information technology vendors, building management and marketing merchandise.

Management has progressively undertaken work across the Fund's material outsourced investment management agreements, by including a modern slavery clause in line with the Modern Slavery Act 2018 (Cth).

The clause has been rolled out into side letters for any new investments, including commitments to pooled fund/trust arrangements.

The clause aims to address the fund manager's business operations, to ensure they have adequate processes and operations concerning the risk of modern slavery practices and supply chains for the portfolio they manage. This will assist the Trustee with due diligence/evaluation and reporting.

This year, we also updated the Fund's Environmental, Social and Governance (ESG) policy to include considerations of modern slavery risk.

Investments

External fund managers

As part of our agenda for meetings with external fund managers, we include an update on progress and enhancements they have made with respect to modern slavery risk assessment and supply chains within their processes and frameworks.

This year we sent our external fund managers a follow up detailed questionnaire to help us evaluate and assess modern slavery risk on a manager-by-manager basis, and update us on progress they have made since our last modern slavery risk assessment. Our external fund managers all acknowledged that in the first instance, they were not aware of any current cases of modern slavery within their operational supply chains and investment activities.

In assessing the responses, management used a sector-by-sector approach to identify 'leaders', so we can use those examples with 'laggards' that have been identified in ongoing fund manager dialogue and as part of our internal sector reviews.

We performed a risk assessment ranking the Fund's investment portfolios in equities, debt, property, infrastructure (and to a lesser extent investments in private markets) as no risk; low risk; medium risk or high risk. In re-performing this assessment, it was determined that a good number of our external fund managers continue to enhance their overall frameworks, including additional policies and procedures related to monitoring of practices in their supply chains and in their mandated investment portfolios.

Some managers have applied a similar legal agreement that extends to their third-party vendors to account for the Prohibition on Human Trafficking and Modern Slavery regulations. We also identified that some managers have developed a tailored training program to equip key management and Directors with an understanding of the indicators of modern slavery risk. Other key additions to process have focused on improvement to how incidents if found, are reported and escalated internally, while others have more recently formed a modern slavery/human rights working group, which generally includes members of their investments team.

Some of our Australian based fund managers have identified that a number of ASX smaller cap listed companies have limited reporting on modern slavery risk and as such, have made a concerted effort to encourage them to improve their disclosures.

Our assessment has also identified that for some fund managers, there has been no underlying change to their approach to modern slavery risk, and other groups have only made minor updates to their modern slavery risk frameworks. A minority are not a reporting entity under any current legislation. Some of these managers have policies in place which support the identification, assessment and mitigation of risks relating to modern slavery and human trafficking, while others have indicated that they will be producing a modern slavery statement and have policies that support or reference modern slavery, including ethical sourcing and some adoption of the UN Guidelines on Human Rights, whistle blower provisions and codes of conduct.

The rating system also determined that we had more holdings exposed to some form of risk to modern slavery for our offshore portfolios in equities, debt, alternative debt, global real estate investment trusts and to a lesser extent, private equity.

We continue to have a dialogue with the minority of fund managers that do not have any policy with respect to the Modern Slavery Act.

Another aspect of the assessment identified managers operating in either high-risk jurisdictions or sectors, namely for offshore emerging markets and some developed markets for equities, debt, and alternative debt portfolios.

Property and infrastructure portfolios

Vision Super's property portfolios are managed by Australian fund managers and our evaluation has determined that these assets are generally lower risk in terms of the segments they are invested in (office, industrial and retail). This year we again wrote to our property investment managers to assess the risks of cleaning services using exploited labour, and have ascertained that the managers remain accredited through the Cleaning Accountability Framework (CAF). Our own office manager is also a signatory to the CAF. We believe that our property managers generally have strong approach to embedding modern slavery considerations into their operations, systems and processes.

Our infrastructure exposures also integrate modern slavery risk assessment and are subject to ongoing refinement and improvement. All direct assets required to report on a suite of ESG indicators on an annual basis, with additional requirements on modern slavery risk management to be included in the annual reporting.

Information technology and merchandise

The Fund's information technology vendors and marketing merchandise vendors were also reviewed, and were determined to continue to be in a low risk category within our supply chains.

Remediation

Where Vision Super identifies that we have caused or contributed to adverse impacts such as modern slavery, we will cooperate in the remediation of the impact. Where possible, Vision Super will also strive to use our leverage with the third-party service providers and fund managers that caused the impact to prevent or mitigate the harm and its recurrence. Where this is not successful, Vision Super will review and consider ending business relationships with the entity that caused the impact.

Vision Super has in place a robust grievance process (both internally and externally) that addresses a range of adverse human rights impacts, including modern slavery. This sits alongside other internal policies and processes that enable concerns to be identified and/or addressed. Vision Super will annually review these grievance processes to ensure they remain effective and assist in identifying issues, better manage risks, ensure strong compliance culture and strengthen the organisation's reputation.

Effectiveness of our actions

- > Establishing a process to regularly review actions we have taken
- > Annual reviews of risk assessment processes to ensure they are up to date
- > Setting up annual questionnaires to provide regular engagement and feedback from third party service providers and fund managers
- > Conducting internal audits and monitoring of risk processes
- > Tracking actions taken and measuring impacts via the Modern Slavery Working Group. The Working Group consists of representatives from Investments, Quality and Risk, and Communications, and meets every five weeks to review and monitor modern slavery risk across the business and our material outsourced service providers.

Vision Super is committed to:

- > Advocating for companies we invest in to improve their human rights records and working conditions
- > Continuing to include clauses relating to modern slavery risk in fund manager agreements
- > Continuing to engage with our fund managers to better understand their ESG processes and their assessment of modern slavery risk within their supply chains
- > Continuing to engage with fund managers identified as medium to high risk
- > Implementing a modern slavery reporting clause within managed investment management contract agreements and within side letters for new unlisted portfolios
- > Reflecting modern slavery considerations where appropriate within our procurement, outsourcing and ESG policies and processes
- > Providing appropriate training to staff on modern slavery
- > Monitoring that modern slavery risks within the organisation are understood.

Approval of Statement

The Statement was approved by the Board of Vision Super Pty Ltd on 17 December 2021.



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Lisa Darmanin
Chair of the Board



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Michael Wyrsh
Acting Chief Executive Officer