

2023 MODERN SLAVERY STATEMENT

LGSS Pty Limited as Trustee for
Local Government Super
(Active Super)

December 2023

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About this statement

This Modern Slavery Statement is prepared and issued by LGSS Pty Limited (ABN 68 078 003 497) (**the Trustee**) as trustee for Local Government Super, which trades as Active Super (ABN 28 901 371 321) (**Active Super** or the **Fund**), with a registered address at Level 12, 28 Margaret Street, Sydney NSW 2000.

Throughout this document, unless otherwise stated:

- where we use the terms '**we**', '**our**' or '**us**', we mean LGSS Pty Limited acting in its capacity as trustee for Active Super.
- where we refer to 'the **portfolio**', we mean the portfolio of assets held by the Trustee for the benefit of Active Super members.

This statement describes the policies and procedures we have in place to identify and assess modern slavery in the operations and supply chains of the investments held by the Fund and the day-to-day running of our business.

This is our fourth statement published in accordance with the *Modern Slavery Act 2018* (Cth) and covers the period from 1 July 2022 to 30 June 2023 ('the **reporting period**').

Introduction

Active Super believes modern slavery practices are a violation of human rights. We are committed to identifying, assessing and addressing the risks of modern slavery throughout our operations, investments and supply chains.

Modern slavery refers to situations that may involve coercion, threats or deception relating to labour practices. It includes human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, the worst forms of child labour and deceptive recruiting for labour or services. These practices cause grave abuses of human rights to victims and are serious crimes.

Our structure, operations and supply chains

About us

Active Super provides superannuation and pension products and services to around 83,000[^] members, with approximately \$13.8 billion[^] in funds under management.

Active Super was formerly known as Local Government Super and was established in 1997 as a profit to member superannuation fund for local government employees. The Fund now known as Active Super, since 25 May 2021, continues to offer superannuation and retirement products and services to all members of the public.

Active Super directly employs 103[^] staff. Our headquarters and most of our staff are based in Sydney. We also operate across a number of regional locations within New South Wales, Australia, including:

- Newcastle
- Wollongong
- Ballina*
- Orange*
- Wagga Wagga*
- Parramatta* and
- Tamworth*.

During the reporting period, Active Super was led by an executive team that included the Chief Executive Officer (CEO), Deputy CEO, Chief Investment Officer, Chief Financial & Commercial Officer, Chief Product and Retirement Solution Officer, Chief Member Experience and Growth Officer, Head of Strategic Implementation, Head of Human Resources (HR) and Head of Risk.

[^] as of 30 June 2023.

**Serviced office*

Company structure

The Fund is a superannuation scheme operating under a trust deed established on 30 June 1997 (**Trust Deed**). LGSS Pty Limited is the Trustee of Active Super and is solely responsible for the management and control of Active Super's operations, including its investments, in accordance with the Trust Deed and superannuation law. As a holder of an Australian financial services license (AFSL), the Trustee is regulated by the Australian Securities and Investments Commission (ASIC). As a registrable superannuation entity under the *Superannuation Industry (Supervision) Act 1993* (Cth), Active Super is regulated by Australian Prudential Regulatory Authority (APRA).

The Fund is governed by a Board of Directors. For details of our Board of Directors and Executive team, please visit activesuper.com.au/board

The Board is ultimately responsible for the governance of Active Super and has accountability and oversight for the modern slavery framework within Active Super.

All investments of Active Super, either internal or external, are ultimately owned or held by the Trustee in its capacity as trustee of the Fund. Active Super does not typically seek to acquire or hold majority or controlling stakes in the entities in which it invests, with the exception of those described below.

Neither Active Super nor Active Super Property hold any interests in any of their external service providers.

Active Super Property

Active Super is the sole unitholder in the Local Government Property Fund (**LGPF**, also referred to as **Active Super Property**), and the sole shareholder of LIF Pty Limited, a private company registered under the *Corporations Act 2001* (Cth) that is the trustee of Active Super Property. The ultimate beneficiaries of Active Super Property are the members of Active Super.

Active Super Property is a unit trust that owns and operates an internally managed portfolio of eight assets located throughout NSW, including four commercial buildings, three retail centres and one multi-unit industrial estate. One of the four commercial buildings is situated at 28 Margaret Street, Sydney, of which Active Super occupies two floors under a lease agreement with LIF Pty Limited. The Trustee manages the Active Super Property portfolio under an agreement with LIF Pty Limited.

LG Diversified Trusts

Active Super is the sole unitholder in the RDT Growth 1 Trust and the LG Diversified Trust 2 (together the **LG Diversified Trusts**). These investment vehicles are structured as unit trusts and exist for the purpose of holding specific unlisted investments for the benefit of their investor, i.e. Active Super.

The LG Diversified Trusts are managed by separate third party trustees. Neither the Trustee nor its employees are involved in the operations or management of the LG Diversified Trusts.

Our operations

As a superannuation fund, our main function is to administer and invest our members' funds for the benefit of their retirement.

We directly employ staff, across Member Services, Risk, Compliance, Marketing, Finance, Legal, Product Management and Investments. Our direct staff combine with our specialist external providers in the provision of products and services to our members.

Our supply chains

We appoint a range of external service providers to assist with our legal obligations and the running of the Fund, this includes:

- administration,
- custodial services,
- life insurance,
- investment management,
- provision of personal financial advice,
- actuarial,
- auditing (internal and external),
- provision of IT equipment and support services, and
- property and facilities management.

We also engage external providers to provide us with professional services for advertising, consulting, research, accounting, and legal purposes as well as promotional merchandise, education and recruitment providers.

Other services we may employ in relation to our physical office premises include furniture, food catering and stationery.

A list of our major service providers can be found at activesuper.com.au/fund-details

In addition, the Active Super Booster reward program for members operates through a merchant partner who is affiliated with selected retailers in fashion, health and beauty, food and drink, travel, entertainment, technology and automotive. These retailers range from well-known large brands to smaller boutique operators, located either physically or online within Australia.

Supply chains in our direct property investments

Active Super Property engages a specialist manager who provides third party property and facilities management services under a management agreement with LIF Pty Limited. Our managing agent has systems and processes in place to ensure appropriate conditions and legal obligations for workers are adhered to, including modern slavery.

Assessing and addressing modern slavery risk

When identifying and assessing the risk of modern slavery practices across our operations and supply chains, Active Super adopts a risk-based approach that concentrates on areas where modern slavery practices are more likely to occur. When considering the areas of potential human harm due to modern slavery practices, we consider varied factors including geography, production methods, sources of materials, products and services, the sectors and industries our suppliers operate in as well as entity risk. Our risk assessment examines our Tier 1 suppliers, with consideration given to the nature of their upstream supply chains and the potential risk factors that may exist within them. Deeper investigation is undertaken within targeted areas that may potentially present higher modern slavery risks.

Identifying the risks

Risks in our operations

Active Super operates within a heavily regulated Australian financial services environment, with extensive frameworks, policies and procedures in place. Our employees are white collar professionals, located within Australia and directly employed by us. Our risk assessment for modern slavery practices is assessed as low for our direct operations.

Risks in our supply chain

Active Super's operational supply chains generally relate to professional services, corporate and operational procurement within Australia such as custody services, administration services, banking, actuarial, legal and tax advisers. Our main suppliers are medium to large corporates and professional services industries, with either headquarters in Australia or who have Australian based operations (with headquarters in overseas jurisdictions that are generally considered of lower modern slavery risk). Many of our larger suppliers have their own modern slavery frameworks and are subject to modern slavery reporting regimes both within Australia and overseas. We have assessed that our modern slavery risk arising from these types of suppliers would be low.

We recognise that in running our superannuation fund and our various offices, that there may be some areas within our supply chain that could potentially have higher modern slavery risks. For example, we procure services from suppliers relating to cleaning and security. These industries may generally pose a heightened risk for modern slavery purposes due to the employment of persons who may be considered more vulnerable and who may experience barriers (such as education, language or visa status) to knowing or exercising their workplace rights.

Additionally, we are aware that there is the potential for some of the products that we use or purchase to have higher modern slavery risks depending upon where they are sourced and how and where they may be manufactured. For Active Super, this may include promotional branded merchandise and IT equipment. We also understand that potential risks may be more prevalent at lower tiers of the supply chain, closer to the collection and refinement of raw materials and manufacturing of goods. To help mitigate any potential risks, Active Super commits to using reputable organisations and undertaking due diligence of our suppliers to understand any risks that may exist within our supply chains. Our assessments of our Tier 1 suppliers within these potentially higher risk areas do not

indicate any increased risk to Active Super; however, we acknowledge that not all risks may not be apparent at this level.

Further, we acknowledge there is the potential for exposure to higher risk business models, industry sectors and countries for modern slavery practices within the retail network supply chains, associated with the Active Super Booster program. These risks may arise due to the way some goods, e.g. garments and textiles, are sourced and manufactured or may exist within the provision of services. We aim to monitor this arrangement on an ongoing basis and develop our understanding of any modern slavery risks that may exist.

Risks in our investments

Active Super's investment portfolio includes investments in Australian and international equities (both listed and unlisted), fixed income, infrastructure, property, private equity and private credit. Some asset classes cover multiple countries and industries. We understand by having a diversified and global portfolio, there may be heightened modern slavery risks throughout various supply chains, based upon geographies, goods produced, industries, sectors and businesses of the companies that we may directly or indirectly invest in.

Additionally, given the nature of the investment structure, of investing into other fund managers, unit trusts and private equity funds, we may not always have visibility or control over the various investments that exist within them. This may limit our ability to fully understand the potential for modern slavery risks to exist within these investments and their associated supply chains. We recognise by investing within certain asset types and sectors such as emerging markets within these funds, higher modern slavery risks may exist.

We also understand that there may be instances where fund managers could hold specific companies within their portfolios that may have some exposure to modern slavery practices throughout their supply chains. For example, within our portfolio, we have exposure to an IT and retail company who have disclosed within their own Modern Slavery Statements, areas of non-conformance that required addressing.

We include targeted questions for the assessment of modern slavery risks within our investment processes for the selection and management of fund managers. We continue to work with our fund managers to understand and respond to modern slavery risks.

Addressing the risks

Active Super is committed towards progressing its endeavours to combat modern slavery practices within its operations and supply chains by continuing to assess, manage and, if necessary, remediate these. Active Super takes a whole-of-organisation approach to the ongoing management of addressing modern slavery risks. For the reporting period, we undertook the following activities:

- Continued to maintain our modern slavery framework including policies, procedures and controls.
- All staff undertook mandatory training on Modern Slavery to raise awareness.
- Made use of Modern Slavery clauses within contracts with suppliers on a risk-based approach.
- Continued to embed modern slavery risk into our supplier engagement processes.
- Undertook a risk assessment of our Tier 1 suppliers.
- Conducted deeper assessments of potentially higher-risk suppliers which included interviews and supplier questionnaires.
- Continued to monitor modern slavery risks with our main suppliers through annual due diligence.
- Amalgamated our property and facilities management to a single third-party service provider, allowing a more focused monitoring and understanding of our supplier and how they manage their supply chain for modern slavery risk.
- Addressed modern slavery risk with fund managers via annual questionnaire of asset classes.
- Engaged with fund managers to discuss any potential modern slavery concerns within the supply chains of companies specific to our mandate.
- Participated with industry groups to enhance practices and performance of companies in relation to modern slavery as well as increase the quality of reporting statements.

Remediation

We continue to develop our modern slavery framework and the actions that we may take where instances of modern slavery practices have been identified.

Where material modern slavery risks are identified, we may actively engage to influence the implementation of improvements and appropriate actions.

Additionally, the identification of modern slavery practices within our operational supply chain may shape our business decisions. For example:

- the identification of such risks within a prospective supplier may determine whether we engage with that supplier; and
- where such risks are identified in a current supplier, Active Super may engage with that supplier to implement improvements and additional controls to mitigate those risks and, failing that, may seek other remedies and sanctions within the contractual framework (which could include termination or non-renewal of an agreement).

Active Super seeks to engage with reputable suppliers and understand the origins of its goods and services. If risks are identified in the production of goods that Active Super may receive, we may seek to change suppliers of goods.

Assessing the effectiveness of our actions

The effectiveness of our modern slavery actions are assessed in several ways, including:

- Assessing the number of staff who have completed modern slavery training.
- Ongoing reviews of policies and procedures that address modern slavery risks and compliance with these through any audits or risk reviews.
- Review and analysis of any incident and breach reporting, grievances raised or whistleblowing complaints.

Our framework

Our Risk Management Framework provides the structure and policies to help staff identify, assess and monitor sources of risk to the Active Super business. This framework, along with a suite of policies, helps to guide and foster good employee conduct and decision-making, including:

- Responsible Investment Policy
- Active Ownership Policy
- Sustainability Policy for Direct Property
- Investment Due Diligence Policy
- Procurement & Outsourcing Policy
- Code of Ethics
- Whistleblowing Policy
- Incident and Breach Reporting
- Anti-Money Laundering/ Counter Terrorism Financing (AML/CTF) Program.

Consultation with related entities

This Statement is made by the Trustee and covers all its operations as a company and as trustee of Active Super.

The business operations of Active Super Property form part of both:

- Active Super's investment activities, as Active Super is the sole investor in Active Super Property; and
- the Trustee's business operations to the extent that the Trustee provides investment management services in respect of the Active Super Property portfolio.

Staff responsible for managing the Active Super Property portfolio are employees of the Trustee and are part of the Active Super Investment team. During the reporting period, the Active Super Investment Team, comprising those employees who manage Active Super Property, were engaged and consulted on the requirements for Active Super to lodge a Modern Slavery Statement. The Active Super Investment Team were represented in the Modern Slavery Group responsible for reporting on the modern slavery risks applicable to Active Super, and the preparation of this Statement.

Our plans for the next reporting period

In 2022, we announced that we had entered merger talks with Vision Super and a Heads of Agreement was signed in June 2023. Should the merger proceed, modern slavery will continue to be a key focus for the new entity with appropriate consideration for development of a framework for modern slavery risk purposes. As the merger progresses, we aim to continue to identify and assess modern slavery risks as part of our due diligence activities and have created a modern slavery workstream to continue the important focus of this area.

Over the next reporting period, we intend to continue to leverage our outsourcing relationships and investment activities to further enhance understanding of any potential modern slavery risks within our suppliers' supply chains and to engage, if and where necessary, for betterment purposes. We also intend to continue to undertake formalised due diligence and risk-based assessments with our suppliers and investment managers to ensure they have appropriate arrangements in place to identify, manage and address modern slavery practices. We will continue to foster awareness within the wider organisation of the prevalence of modern slavery and how and where it may present throughout supply chains.

Sign off

This Modern Slavery Statement was approved by Board of LGSS Pty Limited on 13 December 2023.

A handwritten signature in black ink, appearing to read 'Kyle Loades', written in a cursive style.

Kyle Loades
Chair
On behalf LGSS Pty Limited