

Hostplus Modern Slavery Statement.

March 2021



Hostplus respectfully acknowledges the Wurundjeri people as the Traditional Owners of the Melbourne central business district where our head office is located. We pay our respects to leaders, past, present, and emerging, and we commit to caring for these ancient lands.

We believe we have a responsibility to honour their legacy by conducting our business with integrity, care, and inclusiveness.

And we strive to operate our trusted Fund in the spirit of the Wurundjeri ancestors who came before us.



Contents

CEO and Chair message	4
Our structure, operations and supply chain	5
About Hostplus	5
Reporting Entity, Structure, Governance and Consultation	6
Operations at a glance	8
Supply chain at a glance	9
Investments at a glance	10
Modern Slavery risk in our operations and supply chains	12
Risk assessment process	12
Risks in operations and supply chain	13
Modern Slavery risk in our investments	15
Our actions to address modern slavery risks	18
Modern Slavery – Australian Engagement	20
Modern Slavery – International Engagement	21
How we assess our Modern Slavery response	22
Looking Forward	24



CEO and Chair message



Hostplus opposes all forms of slavery. We are committed to the principles of the Australian Modern Slavery Act 2018 (the Act) and taking action to combat modern slavery. We are pleased to publish our first Modern Slavery Statement, which communicates the steps we have taken during the financial year ending 30 June 2020 to identify, manage and mitigate the risks of modern slavery occurring in our operations and supply chain, including our investments.

The term modern slavery encompasses a range of practices that include trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour¹.

Modern slavery is widespread and pervasive. It is estimated that more than 40 million people worldwide are victims of modern slavery on any given day². While it is often poor, vulnerable, low-skilled workers and migrant workers that are at greatest risk, modern slavery is a global systemic issue with risks that can be found in almost any industry or country, including Australia. It is likely that victims of modern slavery have been part of the complex global supply chains that provide a range of goods and services including the food we eat, the clothes we wear and the electronics that we use.

At the end of the reporting year, Australian superannuation assets totaled \$2.9 trillion. Given its significant reach across all regions of the world and sectors of the economy, the superannuation industry has an important role to play to address modern slavery and protect those who are vulnerable.

Hostplus is committed to eradicating modern slavery from all our business dealings and to continuous improvement in addressing modern slavery risks. While we have not identified any specific instances of modern slavery within our operations, we have undertaken a thorough review to identify areas of our operations and supply chains (including investments) where risk factors for modern slavery are commonly present. We have also implemented robust procedures to support achievement of our commitment to continuously improve our practices and processes in order to eradicate modern slavery from our operations. Our first Modern Slavery Statement establishes the baseline upon which we will build and iterate to delve further into reducing the modern slavery risks inherent in our supply chain and investments, over coming years.

We understand that modern slavery is a complex problem, best addressed by holistic and coordinated efforts by the business community, government and civil society. Hostplus is committed to being part of that collective effort to eradicate modern slavery within the global economy.



David Elia
Chief Executive Officer



David Elmslie
Chair of the Board


1. The worst forms of child labour mean slavery and similar issues such as the trafficking of children, debt bondage, serfdom, children in armed conflict as defined in Article 3 of International Labour Office Convention No. 182.

2. Global estimates of modern slavery: Forced labour and forced marriage, prepared jointly by the International Labour Organization (ILO) and Walk Free Foundation, in partnership with the International Organization for Migration (IOM).




Our structure, operations and supply chain

About Hostplus



Hostplus is a profit-to-member superannuation fund with origins in the hospitality, tourism and recreation industries. Our vision is to continue to evolve to be the lifetime fund of choice for all Australians, delivering retirement income security to our members.

Hostplus was established in 1988 and is currently one of Australia's largest industry funds with over 1.3 million members, 216 thousand contributing employers, approximately 290 employees and nearly \$49 billion in funds under management (as at 30 June 2020). Hostplus offices are located Australia-wide with our head office in Melbourne. This national presence allows us to reach our members in communities across the country.



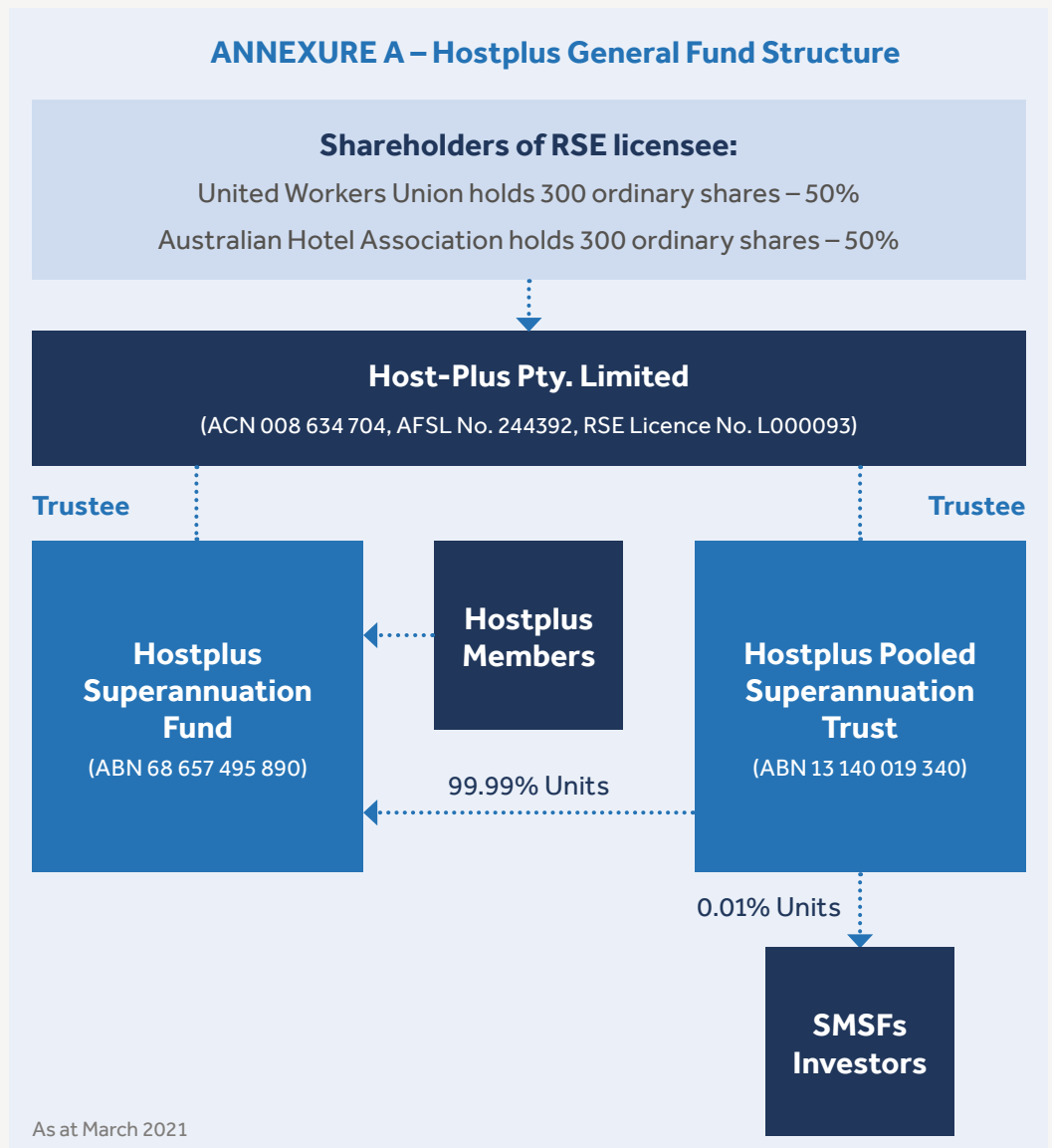
Reporting Entity, Structure, Governance and Consultation

This Modern Slavery Statement is made in accordance with the *Australian Modern Slavery Act 2018* (Cth) (Modern Slavery Act). It is the inaugural statement made jointly on behalf of the Hostplus Superannuation Fund and the Hostplus Pooled Superannuation Trust (jointly, Hostplus) for the financial year ended 30 June 2020.

Host-Plus Pty Limited is the trustee for:

1. The Hostplus Superannuation Fund (the 'Fund'); and
2. The Hostplus Pooled Superannuation Trust (PST). The PST is a pooled superannuation trust as defined under the Superannuation Industry (Supervision) Act 1993 (SIS Act). It is designed to pool assets of eligible complying superannuation entities to invest in high-quality assets managed by the Trustee and selected external investment managers. The PST is governed by the terms of the Hostplus Pooled Superannuation Deed (Trust Deed) (dated 7 February 2014) and any subsequent amendments and relevant law. The Host-Plus Pty Limited Board, as trustee for the Fund and the PST, has approved this statement.

The figure below depicts Hostplus' General Fund Structure including the Fund and the PST.



Our structure, operations and supply chain

The Fund and the PST are governed and managed by our Trustee Board (the Board). The Board represents our members in accordance with the Hostplus Trust Deed and superannuation law. They also ensure that Hostplus meets Federal Government requirements for the fair and safe operation of the Fund.

Ultimate accountability and oversight of modern slavery risks is held by the Hostplus Board. The Board has been engaged in Hostplus' efforts to identify, assess and mitigate modern slavery risks within our operations. As the trustee responsible for the overall governance and strategic direction of the Fund and PST, Hostplus has consulted with senior management representatives from both the PST and the Fund in preparing this statement.

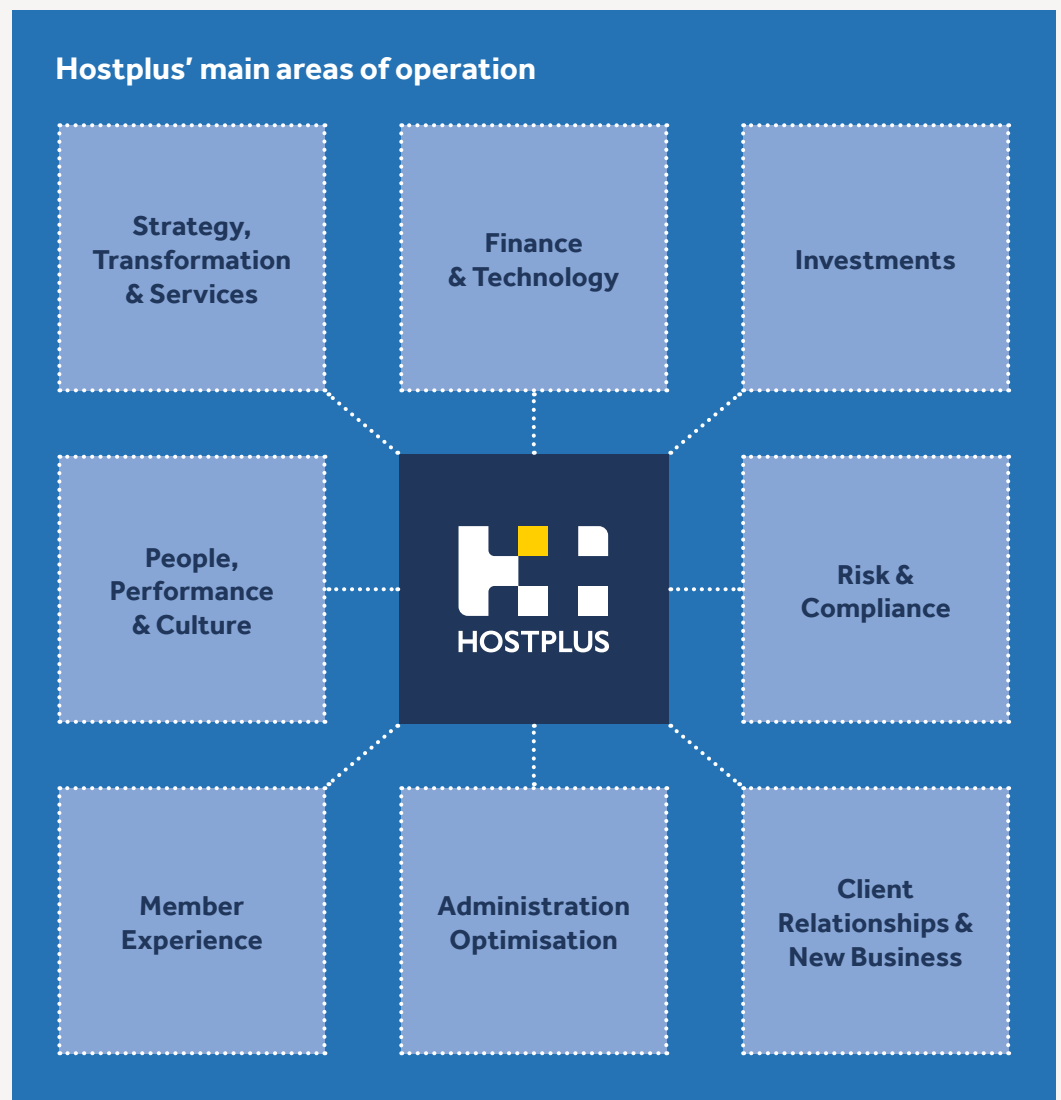
This statement does not cover activities where Hostplus is an investor or participant in a joint venture without an active role in operational matters, other than to the extent investments are considered as part of the supply chain. Hostplus has not actively consulted with the management of these investments or with joint venture partners other than as part of the supply chain risk assessment.



Operations at a glance

Hostplus' seeks to deliver retirement income security to its members with an overarching strategic objective of optimising member outcomes for retirement. For over 32 years we have been providing our members with the following products and services so they can look forward to optimised retirement outcomes:

- Account administration services
- General advice
- Financial advice
- Insurance (income protection, death and TPD)
- Member education services
- Investment options which cater for various risk appetites.



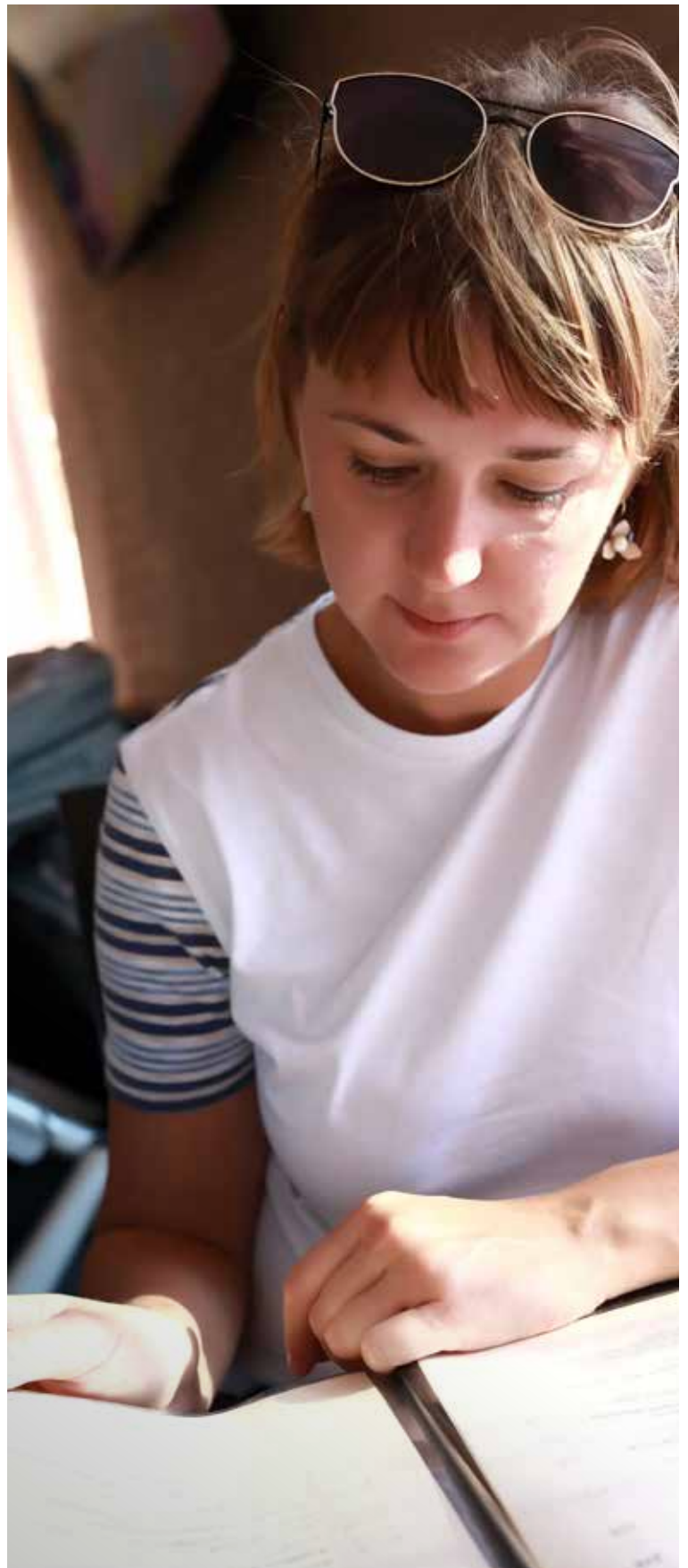
Supply chain at a glance

In order to improve efficiencies and value for our members, Hostplus uses a combination of in-house and outsourced functions. The following material functions are outsourced to specialist third parties:

- Administration
- Insurance
- Custodian services
- Investment management
- IT security and administration
- Administration of our SMI product
- Administration of our Choiceplus product
- Internal Audit.

We also maintain relationships with other third-party suppliers including financial institutions, asset consultants, IT vendors and firms specialising in marketing, digital, consulting, property management, and legal services.

Accordingly, third party relationships and supply chain risk management are critical to Hostplus' response in tackling modern slavery risks.



Investments at a glance

Hostplus' focus is on delivering the best retirement outcomes for our members. Our investment strategy is built for the long term and is diversified across a broad range of asset classes such as listed shares, property, infrastructure, credit, alternatives and private equity, which includes venture capital.

We are committed to responsible investment across all our investment activities. Our Responsible Investment Policy specifically identifies the consideration of human rights and labour rights, inclusive of modern slavery, as part of our approach to responsible investment.

In order to deliver our investment strategy, we engage with a range of experienced, specialist investment managers to invest on the Fund's behalf. Using external investment managers allows us to take advantage of their skill sets and deep access to investment opportunities in order to maximise future growth and capital returns. Investment managers are appointed by the Board after thorough due diligence is undertaken, and with the endorsement of the Fund's investment adviser. Once appointed, investment managers and the underlying investments are monitored on an ongoing, regular basis.

PRI A+ rating

In 2020, we achieved an A+ rating for our Responsible Investment Strategy and Governance from the PRI.

PRI is an independent body and the world's leading advocate for responsible investment, supported by the United Nations.

Signatory of:



 unpri.org

\$48.8b

Funds under management

90
Investment managers

207
Investment products



19
person
Investment team



Asset classes

Unlisted assets

- Property
- Infrastructure
- Private equity
- Credit
- Alternatives



Investment adviser

JANA Investment
Advisers Pty Ltd

Listed equities

- Australian equities
- International equities
– Developed markets
- International equities
– Emerging markets

Bonds and cash

- Diversified
fixed interest
- Cash



Custodian

Citigroup Pty Limited

Modern Slavery risk in our operations and supply chains

Risk assessment process

Hostplus understands that 'risk' when referring to modern slavery refers to the risk to people. Risk to people relates to the severity of modern slavery practices, likelihood of them occurring and the number of people affected over a period of time. Therefore, when undertaking a risk assessment, our primary focus has been on factors that give rise to risk to people. To identify areas of higher risk of modern slavery existing within our business practices or supply chain, Hostplus considered four key factors: high-risk geographies³, high-risk sectors⁴, vulnerable populations⁵, and business models structured around high-risk work practices⁶.

Three separate but aligned risk assessments were conducted in relation to:

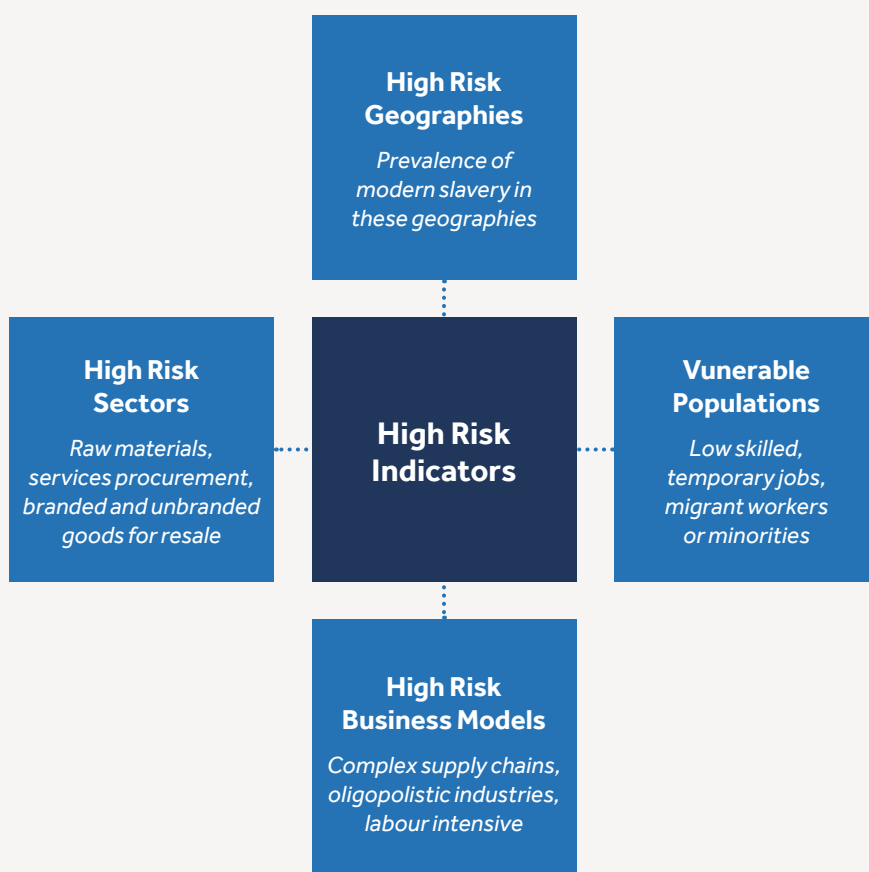
1. Hostplus internal operations
2. Hostplus external operational supply chain
3. Hostplus externally managed investments.

3. Based on Top 50 risk countries using the Global Slavery Index 2018, Table 4 - Estimated prevalence of modern slavery by country, p.178.

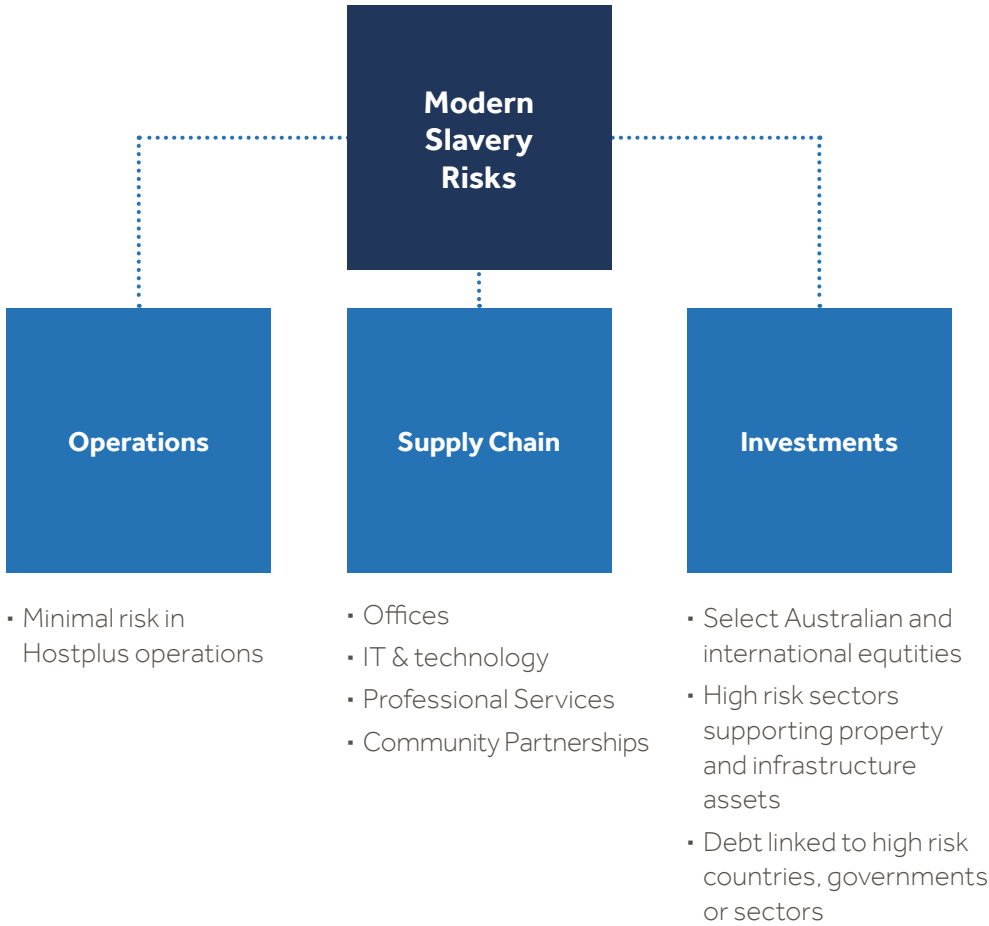
4. Based on RIAA Investor Toolkit and the ACSI Modern Slavery Risks, Rights and Responsibilities: A guide for companies and investors and the Responsible Sourcing Tool.

5. Including low skilled, temporary jobs, migrant workers or minorities.

6. Including complex and long supply chains with several intermediaries along the chain; oligopolistic industries exercising pricing pressure on suppliers; labour intensive industries and supply chains with pressure on shorter lead time.



Risks in operations and supply chain



Operations

Hostplus' direct operations are solely conducted in Australia. All Hostplus employees are directly employed under an Enterprise Agreement and are covered by their employment contracts.

Based on the sector, business model and employee arrangements Hostplus has adopted in Australia, we have assessed the risk of modern slavery in Hostplus' operations as low.



Supply Chain

Each supplier risk assessment was based on the exposure of that supplier to the four risk factors listed above and the mitigating controls in place to reduce the risk. We also considered broader factors such as the size of the entity, the number of employees, and the operations of the organisations as they relate to Hostplus.

In order to gather the information for these assessments, we developed tailored questionnaires for our suppliers. The supplier questionnaire focused on two main components: The first section of the questionnaire was asked of all suppliers and related to the supplier's operations and supply chains, including the identification of any high risk indicators. The second section was tailored to specific sectors to ascertain further information relating to potential modern slavery risks within a higher risk sector including Financial Services, Housekeeping/Facilities and Electronics manufacturing. The significant majority of suppliers were cooperative, transparent, and forthcoming with information. The operational supply chain questionnaires focussed on the following areas of risk mitigation and governance specific to modern slavery:

- Policies and processes managing and mitigating modern slavery risks
- Governance and oversight of modern slavery risks
- Reporting and whistleblowing.

The responses to the questionnaires as we tailored them formed the basis of our supplier risk assessments. In instances where suppliers chose not to respond, our approach is to re-engage with them and escalate their participation (either through Hostplus senior management or senior relationship contacts through the supplier channels) as required.

The risk analysis identified the following risk areas in Hostplus' supply chain:

Offices	Hostplus has offices across Australia which require cleaning and facilities management. Building management services has been identified as a relatively higher risk service within Australia.
IT & technology	Hostplus uses a range of technology hardware and services. These suppliers have been identified as higher risk due to offshore or outsourced operations in high-risk countries or supply chain component materials and manufacturing.
Professional Services	Hostplus has relationships with local and international professional and financial services firms, some of whom have offshore or outsourced operations in high-risk countries.
Community Partnerships	Hostplus supports community partners whose supply chains have exposure to the hospitality and apparel sectors. These sectors have been identified as higher risk within Australia.



Modern Slavery risk in our investments

Hostplus' core function is to invest member's superannuation savings in order to deliver the best retirement outcomes for our members. To achieve this, Hostplus invests wholly through specialist external investment managers. These managers and the underlying investments of their portfolios are therefore an important part of Hostplus' supply chain.

Similar to the process conducted for Hostplus' operational supply chain, to understand Hostplus' exposure to modern slavery risk within our investments we assessed and rated each of our investment managers and their underlying portfolios based on the previously identified four risk factors. Ratings were based on the level of risk inherent within portfolio companies and the mitigating controls in place to reduce the risk.

We tailored questionnaires for our investment managers based on the asset class of the investment and whether we invest via a mandate specific to Hostplus or a pooled fund. These questionnaires comprised two components. Part 1 focussed on the manager's operations and supply chain and focussed on the same areas as Hostplus supply chain questionnaires. Part 2 focussed on the manager's investments made on behalf of Hostplus and covered:

- Exposure to high risk countries, geographies, business models and employment of vulnerable people (and for government bonds, high-risk governments⁷)
- Approach to assessing modern slavery risk within investee companies and assets
- Processes to address identified risks
- Processes for tracking, managing and reporting incidents.

7. Based on Tier 1 (highest risk CCC to D) governments using the Global Slavery Index 2018, Table 1 – Government Response rating, p.45.

Modern Slavery risk in our investments

Given the strong relationship that Hostplus has with its investment managers, the majority responded with comprehensive information. Some investment managers have their own obligations under the Australian Modern Slavery Act (and/or had been required to report under the UK Modern Slavery legislation), while others are relatively small and are only required to support the reporting of clients such as superannuation funds. In terms of their own operations and supply chains, all are regulated financial entities with supply chains that are predominantly professional services firms. The risk focus is therefore on the underlying investments.

Responses to the questionnaires were reviewed and risk was assessed and, where necessary, managers were asked to clarify areas of their responses. For the limited number of investment managers that did not respond this year, our approach will be to re-engage with them and escalate their participation as required.

The outcome of the risk analysis is summarised in the adjacent table by asset class. It indicated the following risk areas:

- Australian equities – listed Australian companies with operational or supply chain exposure to high risk countries, sectors, employment practices and business models.
- International equities – listed international companies with operational or supply chain exposure to high risk countries, sectors, employment practices and business models.
- Property - cleaning, security and construction associated with property assets and a small number of assets located in high-risk countries.
- Infrastructure - transport, warehousing and construction associated with infrastructure assets and a small number of assets located in high-risk countries.
- Fixed Income - government bonds of high-risk governments.
- Credit - private credit exposure to high risk countries and sectors.

60% of Hostplus funds under management are invested in companies or assets based in Australia.

Less than **2%** of Hostplus funds under management are invested in high-risk countries.

■ Australian investments
■ International investments



Modern Slavery risk in our investments

Asset Class	Risk Level	Manager Approach	Risk Summary
Australian Equities	Moderate	Hostplus' Australian equity managers had in place basic Modern Slavery mitigation processes which they were in the process of enhancing. Almost all incorporated Modern Slavery within their responsible investment policies, were explicitly factoring Modern Slavery risk as a part of investment due diligence, undertook significant company engagement and drew on external data sources.	Risk is focussed on a limited number of Australian listed companies that have operational or supply chain exposure to high risk countries, sectors, employment practices and business models. These include mining and energy companies with operations in high risk countries, the major supermarkets and their listed suppliers through exposure to food supply chains, and companies with supply chain exposure to timber, cotton and rubber. Almost all such listed companies are themselves subject to Australia's Modern Slavery legislation.
International Equities	Moderate	Some investment managers demonstrated an industry leading approach to identification and management of Modern Slavery risk, while others focussed only on financially material labour risks or provided limited information and risk assessment.	Risk relates primarily to the supply chains of companies headquartered in lower risk geographies but that through their supply chains have exposure to high-risk sectors such as electronics manufacturing, mining (particularly conflict minerals) and apparel. There is also a small exposure to companies headquartered in high-risk countries.
Private Equity	Low	These companies are generally smaller, tend to be earlier in their development and are unlikely to have direct obligations under Modern Slavery legislation. As a result, their policies and processes are often less developed but their operations and supply chains are also significantly less complex. Hostplus private equity portfolio has a strong innovation and technology focus and therefore has less exposure to use of unskilled labour which is at higher risk of modern slavery.	While risk is generally low, there is a small exposure to high-risk countries.
Property	Moderate	Hostplus' Australian property managers had implemented robust modern slavery risk assessment process, as well as commenced significant mitigation practices including implementation of the sector's Informed 365 Modern Slavery prequalification program and participation in initiatives such as the Cleaning Accountability Framework. Further work will be undertaken to assess risk for international property managers (which are predominantly US based).	Risk relates primarily to cleaning, security, maintenance and facilities management and construction. This risk is somewhat mitigated by property assets being located in lower risk countries, predominantly Australia and the US. There are a small number of assets located in high-risk countries.
Infrastructure	Moderate	Hostplus' major infrastructure managers had implemented a robust modern slavery risk assessment processes. Further work will be undertaken to assess risk for smaller infrastructure managers, though the location of the underlying investments makes them lower risk.	Risk relates primarily to transport, warehousing and construction. This risk is somewhat mitigated by infrastructure assets being located in lower risk countries, predominantly Australia, the US and UK. There are a small number of assets located in high-risk countries.
Fixed Income	Moderate	Hostplus' fixed interest investments are passive (index following).	Risk relates primarily to exposure through global bonds to high-risk governments through government securities.
Credit	Moderate	Hostplus credit investment are largely structured credit which, like alternatives, use financial instruments only. Hostplus has a smaller exposure to private debt.	Risk relates primarily to small private debt exposures in high-risk countries and high-risk sectors.

Our actions to address modern slavery risks

Modern Slavery practices, as outlined in the Modern Slavery Act, are illegal. As a result, they are unlikely to be in plain sight. Hostplus' response, underpinned by clear governance and accountability, has sought to address these risks by taking the below actions:

Actions

Hostplus Governance and Policies

Hostplus operates a Three Lines of Defence model which promotes clear accountability, transparency, and oversight of our operations and supply chain. Hostplus also has a number of policies in place which support Hostplus in addressing Modern Slavery Risks.

Modern Slavery Working Group: Hostplus has established a dedicated working group, with Group Executive Sponsorship, to manage and oversee Hostplus' response to the Modern Slavery Act and addressing modern slavery risks. The working group seeks to enhance the understanding of modern slavery risks within our supply chain, which includes investments. For part of this process, we engaged risk experts to conduct a risk based assessment of our business.

Whistleblower Policy: The policy helps to identify unacceptable workplace practices and to assist in remedying any improper conduct. All Hostplus employees, contractors and others are provided access to our Whistleblower Hotline Service. This hotline provides a confidential secure and 24/7/365 service through an independent organisation and all whistleblowers are protected under the law.

Hostplus' Responsible Investment Policy: The Policy outlines the principles that direct Hostplus' approach to responsible investment. It specifically identifies human rights and labour rights, inclusive of modern slavery, as part of Hostplus approach to responsible investment.

Code of conduct: The Code sets out Hostplus' expectations and requirements of its directors and staff including contractors - their responsibilities and obligations relating to various matters including confidentiality, privacy, conflicts of interest and other principles and behaviours.

Third Party Management Framework: The Third Party Management Framework, together with supporting policies and process documents, sets the standards required for the selection, appointment and ongoing monitoring of all third parties.

Due Diligence

A key component of Hostplus' third party management is the due diligence undertaken. Modern Slavery risk assessments have been integrated as an integral due diligence requirement for new Hostplus third party arrangements and renewal of existing arrangements.

Contractual Clauses

In order to ensure Hostplus has a contractual basis to engage with suppliers to address modern slavery risk in its supply chain, Hostplus prepared Modern Slavery contract addendums. These contractual changes have been incorporated progressively in Hostplus supplier contracts. The clauses have been implemented in the following agreements to date:

1. New and renewed supplier agreements; and
2. Initiated remediation for identified high risk suppliers.

Hostplus will continue to work with key suppliers to update contracts to align to the Modern Slavery Act and Hostplus' expectations for addressing modern slavery risk. We will prioritise identified high risk areas.



Actions

Supplier engagement

Working closely with our suppliers has enabled us to better understand and educate our supply chains on modern slavery. Our suppliers played a key role in the collaboration to assess and address risks across our business.

Working closely with our suppliers has enabled us to take various steps to assess and mitigate modern slavery risk in our supply chain, these include:

- Working with suppliers to identify risk;
- Working with suppliers to update agreements and internal policies; and
- Aligning commitments to combatting modern slavery.

By working with suppliers to assess risk, we were able to diagnose the capacity of our current policies and management processes to respond to modern slavery risks.

With these results in mind, a strategic roadmap was developed to ensure a measured and pragmatic approach to improve our supply chain governance.

Investee Company Engagement

We pursue an active ownership program and engage with companies both directly and through specialist service providers. This involves meeting the company Boards and management. Our engagement focuses on understanding and analysing how companies are strategically responding to a range of environmental, social and governance issues including modern slavery risk.

During 2019–20, Hostplus engaged with 189 companies either directly or through our specialist provider, the Australian Council of Superannuation Investors (ACSI). In September 2020, we significantly expanded our company engagement, appointing Hermes EOS to provide engagement in relation to our international equities.

By taking a collective engagement approach, Hostplus can exert greater influence beyond our own shareholding in an investee company and manage resources more effectively. We have found this engagement to be a highly effective.

Modern Slavery – Australian Engagement

Hostplus is a member of the Australian Council of Superannuation Investors (ACSI) which has provided a strong, collective voice on environmental, social and governance (ESG) issues on behalf of its members for almost 20 years. ACSI's members include 37 Australian and international asset owners and institutional investors which collectively own on average 10% of every ASX200 company.

ACSI conducts a year-round engagement program with company boards on material ESG issues and pursues a priority work program which in the year to 30 June 2020 saw it hold 272 meetings with 191 ASX300 companies. ACSI's priority themes include workforce issues, incorporating modern slavery and supply chains. It has adopted a risk-based approach, using both sectoral and geographic exposures of ASX-listed companies, to derive a list of priority companies in respect of modern slavery.

How ACSI approaches Modern Slavery risk

For companies with predominantly Australian-based businesses, ACSI's core focus has been on the major supermarket groups due to their direct or indirect connections to the horticulture and fresh food supply chains, as well as some of the producers. Modern slavery risks in these sectors have been well documented, including cases where the seasonal workers have been underpaid or exploited. ACSI has also been monitoring a group of listed companies on their oversight of the labour practices of their franchisee operations. In both cases, vulnerable workers are frequently at risk. ACSI seeks to understand how companies manage the risks, and influence outcomes. For example, ACSI encourages companies to implement audit processes to ensure they have a good understanding of their risks and can take action to manage deficiencies. In all cases, ACSI seeks greater transparency from these companies on how they are managing these risks, including disclosure of incidents, investigations and outcomes so investors can evaluate the appropriateness of their approach and influence change where necessary.

For companies with international operations and supply chains, ACSI's engagement has focused on those companies that are either operating in or sourcing from countries with poor labour conditions or governance.

Engagement focus in 2020

During the year to 30 June 2020, in the lead-up to Australian companies producing their first modern slavery reports under the new Australian law, ACSI asked almost every ASX300 company about their progress in identifying risks in this area. Detailed engagement, however, has prioritised 10 high-risk ASX300 companies, in the Consumer Staples, Consumer Discretionary and Transportation sectors, and included meetings with executives or board members.

Issues covered with companies include underpayments of staff, supply chain monitoring, particularly in the horticulture sector, audit outcomes and disclosure. Investor engagement has resulted in improvements including:

- More structured oversight and reporting of employee conditions in franchising companies;
- Supermarket chains raising the bar for their horticultural suppliers by setting clear expectations on the use of labour-hire providers; and
- The introduction of regular auditing programs and improved whistleblowing systems to support ongoing compliance.

In addition, many companies which source manufactured goods from offshore are now publicly disclosing the origin of their goods, including in some cases factory names and locations, as well as details on audits of those suppliers and consequences for non-conformance.



Modern Slavery – International Engagement

In September 2020, Hostplus appointed Hermes EOS to provide engagement services in relation to its international equities investments. Hermes EOS has been actively engaging with companies for over 20 years and represents \$1 trillion in assets under advice. During the year, Hermes EOS engaged with more than 1,000 companies worldwide on more than 2,500 identified environmental, social, governance, strategy, risk and communication issues and objectives, including a focus on human rights, incorporating modern slavery.

Impact of COVID-19 on Modern Slavery

The 2020 COVID-19 pandemic has presented unique challenges and raised the risk for vulnerable workers. These issues have been raised by ACSI in engagement meetings.

As an example, ACSI met with one listed company following negative reports on the poor standard of accommodation provided for some of its seasonal workforce, many of whom were foreign nationals with a long work history with the company. ACSI highlighted the reputational, and potential financial risks, and expressed its disappointment that the incidents had not been discussed in the company's annual reporting, given they occurred only shortly after the end of its financial year. The company has now overhauled its policy on accommodation standards for workers and committed to reconsider its disclosures. While international travel bans restricted the workers' ability to return home, in a mutually beneficial outcome, the company re-deployed those workers to address labour shortages in other states.

Engagement focus in 2020

Hermes EOS encourages companies to apply the UN Guiding Principles and to use appropriate technology to create a more transparent supply chain. As an example, in August 2019, Hermes EOS had a call with a sustainability manager to discuss the company's plan to improve traceability of artisanal cobalt in its supply chain. The artisanal-scale mining of cobalt has been highlighted for instances of child labour and overall unsafe working conditions. Positively, the company reported that it was making progress on mapping of the supply chain through a pilot project using blockchain and that labour rights assessments had now been conducted in selected sites.

In another example, Hermes EOS engaged extensively with a European construction and concessions group after it was identified as one of the companies exposed to a high risk of complicity with regard to potential labour and human rights abuses. Following engagement, the company has made a number of changes, including creating a global task force of human rights directors, appointing an independent third-party firm to conduct a human rights impact assessment, and organising a workshop on modern slavery at the subsidiary level of the business. The company also signed an agreement in relation to a joint venture that covers the human rights of joint venture workers employed in a high risk country and includes due diligence on its sub-contractors.





How we assess our Modern Slavery response

Hostplus is committed to developing and maintaining a framework which helps to assess, manage and remediate our exposure to modern slavery risk. Hostplus has set a strong foundation in 2020 in establishing this framework by:

- Developing a solid governance foundation and guiding policies.
- Creating a clear risk assessment process to identify modern slavery risk in our supply chain.
- Undertaking significant supplier engagement to understand modern slavery risks in the supply chain.
- Mapping a Hostplus modern slavery risk profile across our entire supplier base.
- Identifying and prioritising due diligence in subsequent periods to continue to strengthen our assessments and outcomes.



How we assess our Modern Slavery response

FY20 Assessment

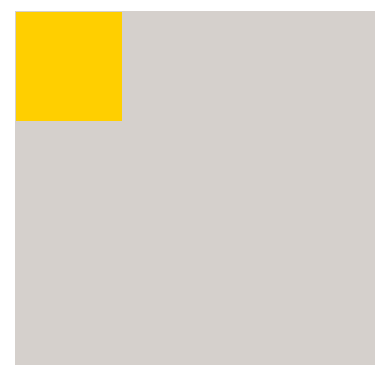
Hostplus has assessed its progress against key implementation focus areas as follows:

Governance & Policies	Risk Assessments	Training & awareness	Assessing Effectiveness	Grievance & remediation	Supplier engagement	Investments
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Optimal	Optimal – The processes, procedures and implementation are at the highest level of completion and operating with Hostplus' business practices.
Progressed	Progressed - The processes, procedures and implementation have progressed and are understood by the business but are not yet embedded completely.
Informal	Informal - The processes, procedures and implementation related to this area occur on an ad-hoc or informal basis.
Undefined	Undefined - The processes, procedures and implementation related to this area have not yet been considered or defined within Hostplus.

To enable ongoing progress, Hostplus Modern Slavery Working Group will oversee the strategic workplan of key activities and deliverables to confirm our continuing compliance with the Modern Slavery Act. The working group is accountable for:

- Reviewing progress against commitments and established Key Performance Indicators for the year ahead;
- Ongoing assessment, identification and remediation of modern slavery risk; and
- Ongoing development and implementation of modern slavery risk management policies and practices into our business operations.





Looking forward

The Boards and senior management of the companies within our supply chain and in which we invest are best positioned to detect, prevent and rectify Modern Slavery practices within their operations and supply chains. As a super fund with significant outsourcing both of elements of operations and that invests wholly through external investment managers, we believe our role is to:

- Conduct Modern Slavery risk assessments in relation to our supply chain and investment portfolio no less than annually.
- In doing so, evaluate a range of data sources including the Modern Slavery statements of supplier and investee companies, other company policies and disclosures, and independent research.
- Engage with both suppliers, investment managers and investee companies and assets to understand how Modern Slavery risks are being assessed and addressed.
- Advocate for positive change to labour rights practices both at a company/asset level and broader industry and regional level primarily through engagement.
- Monitor progress on company/asset level commitments and achievements.
- Where engagement is not effective at changing company behavior, consider escalation activities including votes against directors, proactive discussion with other investors, filing shareholder resolutions and making public statements advocating for change.

Looking forward, our priorities will transition from risk assessment to embedding strong labour practices within our operations, supply chain and investments.



Looking forward

Looking forward, our priorities will transition from risk assessment to embedding strong labour practices within our operations, supply chain and investments. We have the following priorities moving forward:

Governance and Policies

- Develop and implement a Supplier Code of Conduct and Sustainable Procurement Policy to incorporate into our Third Party Management Framework;
- Ensure we have adequate resources and appropriate frameworks to monitor the supply chain;
- Detail oversight mechanisms including responsibilities, reporting and communication, training, and escalation;
- Incorporate a Modern Slavery Risk Appetite into Hostplus' Risk Management framework.

Assessments

- Annual risk assessment of suppliers including investment managers; and
- Review risk assessments of suppliers following further engagement to understand approach to addressing modern slavery risk.

Supplier engagement

- Continue to work with suppliers to further understand controls in place to address modern slavery risk and effectiveness of those controls; and
- Continue to work with suppliers to amend key contracts to ensure these align the Modern Slavery Act and with Hostplus expectations for addressing Modern Slavery risks.

Training and awareness

- Develop internal training and communication to assist staff in taking appropriate action where modern slavery risks are suspected or identified; and
- Engage with our suppliers and staff to ensure they are well equipped to identify and manage the risks associated with modern slavery.

Assessing effectiveness

- Incorporate Modern Slavery into Hostplus' internal audit program.

Grievance and remediation

- Enhance grievance and remediation processes to address modern slavery incidents that arise.
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Investments

Australian Equities

- Continue to engage with higher risk companies regarding Modern Slavery and broader workforce issues through the Australian Council of Superannuation Investors (ACSI).
- Encourage relevant investment managers, particularly active managers, to engage those portfolio companies with exposure to high risk factors regarding modern slavery risk and include modern slavery risk as part of any direct engagement we have with companies.

International Equities

- Continue to engage with higher risk companies regarding Modern Slavery through Hermes EOS.
- Encourage relevant investment managers, particularly active managers, to engage those portfolio companies with exposure to high risk factors regarding modern slavery risk.

Property

- Encourage Hostplus Australian property managers to continue to lead and participate in relevant initiatives to mitigate modern slavery risk eg. Informed365 Modern Slavery prequalification and the Cleaning Accountability Framework and to develop new initiatives for other high-risk sectors.
- Encourage Hostplus US property managers to develop or participate in similar initiatives focused on high-risk sectors.
- Work collaboratively with the investment manager that holds assets in high-risk countries to further investigate risks of modern slavery associated with these assets.

Infrastructure

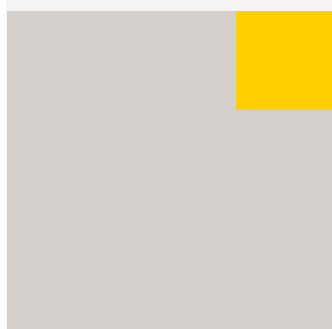
- Encourage Hostplus Infrastructure managers to develop and lead relevant initiatives to mitigate modern slavery risk for high-risk sectors in the same way as has been done by property managers.
- Work collaboratively with investment managers that hold assets in high-risk countries to further investigate risks of modern slavery associated with these assets.

Fixed Income

- Discuss with the relevant manager whether there are any opportunities for information gathering focused engagement to better understand any modern slavery risks associated with the specific bonds held.

Credit

- Discuss with the relevant manager whether there are any opportunities for information gathering focused engagement to better understand any modern slavery risks associated with the specific debt held.
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We will continue to engage with companies regarding modern slavery risk through specialist service providers, ACSI and Hermes EOS.

This statement was approved by the Board of Host-Plus Pty Limited in its capacity as trustee of the Fund and in its capacity as trustee of the PST on 12 February 2021.

David Elmslie
Chair of the Board

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