



Insignia<sup>TM</sup>  
Financial

# Modern Slavery Statement

Insignia Financial Limited  
ABN 49 100 103 722

Year ended 30 June 2022

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# A statement from our CEO

It is estimated up to 50 million people around the world were in situations of modern slavery in 2021, with over half in forced labour<sup>1</sup>.

At Insignia Financial, we are seeking to do our part to increase awareness of modern slavery across our business and in the community.

Insignia Financial Limited (**IFL**) is submitting this Modern Slavery Statement (**Statement**) for the period 1 July 2021 to 30 June 2022 (**FY2022**). This Statement outlines the actions taken by IFL, the reporting entities (see below) and the entities they own or control (**Insignia Financial Group**) to identify and address modern slavery<sup>2</sup> risks in our operations and supply chains.

The Board of Directors of Insignia Financial Limited has reviewed and approved this statement on behalf of itself and the other reporting entities covered by the Statement. I hereby authorise the Statement to be signed in my capacity as CEO.



**Renato Mota**

CEO, Insignia Financial Ltd.

1 [Global Estimates of Modern Slavery: Forced Labour and Forced Marriage](#), International Labour Organisation, Walk Free and International Organisation for Migration, Geneva, September 2022.

2 The Modern Slavery Act 2018 (Cth) defines modern slavery as including the following types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.

# Reporting entities

## (Mandatory criterion 1)

This is a joint Modern Slavery Statement under section 14 of the Modern Slavery Act 2018 (Cth) (**Act**). It covers the following reporting entities:

### Companies:

- Insignia Financial Ltd (ABN 49 100 103 722)
- MLC Wealth Ltd (ABN 97 091 514 264)
- NULIS Nominees (Australia) Ltd (ABN 80 008 515 633)
- MLC Investments Ltd (ABN 30 002 641 661)
- IOOF Investment Management Ltd (ABN 53 006 695 021)
- IOOF Investment Services Ltd (ABN 80 007 350 405)
- Australian Wealth Management Ltd (ABN 53 111 116 511)
- Consultum Financial Advisers Pty Ltd (ABN 65 006 373 995)
- OnePath Custodians Pty Ltd (ABN 12 008 508 496)

### Trusts<sup>3</sup>:

- WM Pool – Global Equities Trust No. 6
- WM Pool –Equities Trust No. 20
- WM Sector –Australian Equities Trust
- WM Pool – Equities Trust No. 75
- WM Pool – Equities Trust No. 42
- MLC Masterkey Unit Trust Income builder (ARSN 087 944 287)

3 The Trustee for the listed trusts is MLC Investments Ltd (ABN 30 002 641 661)

# Business structure, operations and supply chain

(Mandatory criterion 2)

Insignia Financial has a 175-year history of helping Australians secure their financial future and has an ambition to create financial wellbeing for all Australians.

Effective 9 December 2021, IOOF Holdings Ltd changed its name to Insignia Financial Ltd (IFL) and commenced rebranding the corporate group to Insignia Financial.

*The Insignia Financial name is a unifying brand for our people and represents our shared ambition of creating financial wellbeing for every Australian.*

IFL is an ASX top 200 company. The Insignia Financial Group has more than \$297.5 billion in funds under management and administration and advice service relationships with 1,600 financial advisers (as at 30 June 2022). The Insignia Financial Group is one of Australia's leading advice-led wealth managers and providers of wealth creation products and services. The Insignia Financial Group provides:

- **Platforms** (including superannuation) for employers, advisers and their clients within Australia;
- **Financial advice** services through the Insignia Financial Group's network of professional financial advisers<sup>4</sup>; and
- **Asset management** products designed to suit the needs of different investor segments.

The Insignia Financial Group also operates a registered charitable foundation, the IOOF Foundation (ABN 68 505 198 156), that operates as a Trust. In the FY2022 reporting period, the IOOF Foundation continued to provide grants that support Australian not-for-profit organisations working with disadvantaged families, disadvantaged children and in youth and aged care.

The Insignia Financial Group employs more than 4,660 full-time equivalent employees, with 4,641 based in Australia and 27 based in the US. By head count, more than 3,990 of our employees are permanent full-time workers, 107 are fixed term/max term employees and more than 470 are permanent part-time. There are 95 employees who are casual workers.

We provide a workplace that is safe for our employees and without risks to health.

## Our corporate purpose

Our purpose is designed from our client's perspective: **understand me, look after me, secure my future.**

Insignia Financial developed this purpose through a review of real conversations between our people and our clients.

Further information about Insignia Financial can be found at [insigniafinancial.com.au](https://insigniafinancial.com.au)

## Insignia Financial Group's supply chain

The assessment of Insignia Financial Group's supply chain for FY2022 identified that the business partnered with 1,706 suppliers to assist in delivering products and services to Insignia Financial Group's customers.

During FY2022, Insignia Financial Group spent approximately \$526 million with these suppliers, who range from large multinational corporations to small businesses – 95% of this spend was across Australian based businesses.

Of the 1,706 suppliers, the majority were service based, including:

- professional, scientific and technical services (38%)
- financial and insurance services sector (16%)
- administration and support services (19%)
- information, media and telecommunication (7%)
- rental, hire and real estate services (4%)
- accommodation and Food Services (3%).

92% of all suppliers were based in Australia. Of the non-Australian suppliers, these were distributed across USA and Canada (4.8%), Europe (2.1%), Asia (0.65%) and New Zealand (0.45%).

<sup>4</sup> Bridges Financial Services Pty Ltd; Consultum Financial Advisers Pty Ltd; Financial Services Partners; Lonsdale Financial Group Ltd; Millennium 3 Financial Services Pty Ltd; RI Advice Group Pty Ltd; Shadforth Financial Group Limited; Godfrey Pembroke Group Pty Ltd

# Risk of exposure to modern slavery

## (Mandatory criterion 3)

As a financial services provider based in Australia, the direct risk of modern slavery practices occurring within our business operations is considered low. However, we can be indirectly exposed to these risks, for example through our supply chain, or through investments made by our Asset Management division.

As the majority of our Australia-based suppliers have a lower inherent risk of modern slavery practices, the risk within our corporate supply chain is also assessed as low.

However, the Insignia Financial Group recognises it has indirect exposure to the potential risk of modern slavery practices via investments made by fund managers appointed to invest on behalf of our multi-manager funds and in our MySuper investment options. This risk increases where the business ultimately receiving capital from investments made by Insignia Financial Group is based in a high-risk jurisdiction or involved in an industry known to have a high risk of modern slavery practices.

### Sectors where there is a higher modern slavery risk<sup>5</sup>:



Services (excluding domestic work)



Manufacturing



Construction



Agriculture (excluding fishing)



Domestic work

## Modern slavery risk assessment FY2022

There were 162 investment manager suppliers providing investment services to the Insignia Financial Group multi-manager and MySuper investment businesses identified for FY2022. Tailored modern slavery assessment questionnaires were issued to all these fund manager suppliers for the purpose of identifying those with the highest risk of exposure within their businesses and their investment activities.

In addition, we identified 1,706 corporate suppliers who had been paid by Insignia Financial during FY2022. Part of this increase from FY2021 is attributed to additional suppliers in relation to the acquisition of the MLC Wealth business.

688 of the 1,706 suppliers were excluded from further assessment, as they were classified as:

- Suppliers who received under \$1,000 for the reporting period and were not in an industry assessed as high risk,
- Sole traders (including individual contractors); or
- Government agencies

It was determined the Insignia Financial Group had 1,018 suppliers that could be further assessed for modern slavery risks. All 1,018 in-scope corporate suppliers were sent assessment questionnaires.

For the FY2022 modern slavery assessment, the Insignia Financial Group used its new procurement technology system to send out assessment questionnaires to its in-scope corporate suppliers and compile and manage the responses. As part of supplier on-boarding to this procurement system, supplier data was updated and duplicate or expired suppliers removed. This assisted in identifying who our suppliers were and which suppliers needed to receive the questionnaire.

<sup>5</sup> [Global Estimates of Modern Slavery: Forced Labour and Forced Marriage](#), International Labour Organisation, Walk Free and International Organisation for Migration, Geneva, September 2022.

## Risk assessment results

### Corporate supply chain

All corporate suppliers were risk-rated using the results of the new procurement technology as well as a revised risk assessment methodology leveraging advanced data and analytics. The results of that ranking were as follows.

Initial assessment results across the entire population of Insignia Financial Group's suppliers:

- 254 suppliers assessed as medium risk
- 1452 suppliers assessed as low risk.

Questionnaires were sent out to the 1,018 in-scope suppliers. The response rate to the questionnaires was 13%, which is lower than last years' response rate of 30%. The Insignia Financial Procurement Team attributes this to the delayed roll-out of our new procurement technology, which reduced the time available to collate and follow-up assessments.

The more detailed assessment, based on questionnaire responses across 1,018 in-scope corporate suppliers identified:

- 896 suppliers assessed high risk (12 deemed high risk based on questionnaire responses, 884 deemed high risk due to failing to respond at time of reporting)
- 32 suppliers assessed medium risk
- 90 suppliers assessed to low-negligible risk.

Responses to Insignia Financial Groups' questionnaire sent to corporate suppliers did not identify any instances of modern slavery (that is, suppliers who have had a record of any adverse association to modern slavery).

Suppliers who did not respond as part of the more detailed questionnaire assessment were defaulted as high risk. It is important to note that this does not necessarily mean these suppliers are involved in modern slavery practices. These suppliers will be added to the Modern Slavery Risk register for follow up throughout FY2023.

In the July 2022 to June 2023 reporting period we plan to use our new procurement technology to gather information from suppliers who have not yet completed the modern slavery questionnaire.

### Fund manager assessment

The overall response rate for the FY2022 investment manager modern slavery questionnaires was 72%.

Our focus for FY2022 has been on the investment managers approach to modern slavery governance, including any explicit consideration of modern slavery risks in their investment processes, which then allowed us to allocate a score and ranking. Through the investment manager assessment process, we identified the following:

- 41 of our investment managers are subject to local modern slavery legislation and have policies which assess and manage modern slavery risks in their business operations. 21 of these managers also formally assess modern slavery risk as part of their approach to environmental, social and governance (**ESG**) integration within their investment decision making process and received the highest overall score.
- 71 of investment managers are not covered by local modern slavery legislation within their jurisdiction. Pleasingly, more than half of these managers have implemented their own voluntary policies. We have interpreted this to reflect positively on the risk profile of these managers and in our scoring.
- 27 of our investment managers do not have internal policies addressing the risk of modern slavery in their supply chains and are considered the highest risk from a governance perspective.

Twenty of the investment managers do not consider modern slavery risk in their investment activities and will be followed up as a priority for review with our Head of Responsible Investment in FY2023. This review will require these managers to further explain their position and encourage them to commit to implementing consideration of modern slavery in their responsible investment governance as a first step.

Many investment managers who provided questionnaire responses provided insights into the exposure of their portfolios to higher risk geographies and industries. However, the investment managers reporting this risk exposure also tended to rank well from a governance perspective. We consider that this suggests those fund managers may be well prepared to manage this risk. We will continue to engage with those managers who are most exposed to modern slavery risks via their portfolios within FY2023, to better understand how they are managing these risks.

It is our intention to further refine the effectiveness of our annual surveying of our investment managers in a modern slavery context.

### Valuable lessons

Analysis of the returned risk assessment questionnaires has improved our understanding of our suppliers' modern slavery risks and controls and our understanding of our own processes.

In addition to helping us manage the risks of modern slavery practices, we will use the assessment process to drive further improvement both by our suppliers and across the Insignia Financial Group.

# Actions taken to mitigate modern slavery risks

(Mandatory criterion 4)

## Governance frameworks

The Insignia Financial Group is committed to strong risk and compliance governance. Addressing modern slavery risk begins with us building strong risk frameworks within our business to identify and address these issues.

We apply a 'three lines of defence' model to the identification and management of these issues. Our first line of defence is the operational areas of the business that are responsible for identifying, assessing, mitigating, monitoring and reporting on risks within their area.

Our second line of defence is the Enterprise Risk and Compliance Team which provides oversight and challenge of risk management practices by the first line and provides advice and support on the implementation of risk and compliance frameworks.

Our third line of defence is Group internal audit, which provides independent and objective assurance on the adequacy and effectiveness of governance and risk management across the organisation.

We continue to invest resources into our three lines of defence and into constantly developing our risk and compliance culture.

Insignia Financial's Code of Conduct (**Code**) sets out the expected values and standards of behaviour applicable to all employees and is linked to our client focused purpose.

The Code – and a series of complementary corporate policies identified below – are designed to support ethical behaviour and the choice of professional and reputable suppliers and service providers.

Our procedures also mandate regular reviews of our suppliers to ensure they meet the Insignia Financial Group's standards.

The key Insignia Financial Group policies and statements related to addressing modern slavery issues are:

- Modern Slavery Policy
- Procurement Policy
- Whistle-Blower Policy
- Anti-Bribery and Anti-Corruption Policy
- Diversity & Inclusion Policy
- Responsible investment statements and policies.

## Modern Slavery Policy

The Insignia Financial Groups' Modern Slavery Policy outlines our approach to reducing the risk of modern slavery practices within our operations and supply chain. As compliance with the Modern Slavery Policy is mandatory for all employees, it forms an important accountability mechanism.

## Responsible investment statements and policies

Responsible investment is the way in which we apply ESG principles to our investment and superannuation business. The responsible investment policy statements form part of Insignia Financial Group's Responsible Investment Framework and defines the role that responsible investment considerations play in the assessment, selection and monitoring of externally appointed investment managers. It also outlines the framework for identifying and managing ESG risks and opportunities across a number of managed investment schemes.

These statements outline a number of ESG risks considered as part of this framework, including:

- human capital management;
- Modern slavery;
- employee relations and diversity;
- workplace health and safety; and
- labour standards.

As part of our Responsible Investment Framework, these risk considerations are applied when appointing new fund manager suppliers and in the ongoing assessment of existing fund managers.

## Boards

Both the corporate and fiduciary boards of Insignia Financial Group companies consider ESG risks. The Group Risk & Compliance Committee (**GRCC**) of the Insignia Financial Group Board of Directors oversees these ESG risks and corporate risks are brought to the attention of the board by the Enterprise Risk and Compliance (**ERC**) business unit. The Head of ESG works with the ERC to inform and manage ESG risks.

## Working groups

In FY2022, Insignia Financial established a number of working groups to oversee and drive actions across ESG issues:

### Modern Slavery Working Group

During FY2022, the Insignia Financial Group's cross-functional Modern Slavery Working Group discussed opportunities to improve Insignia Financial's modern slavery risk management activities and assist with the annual Modern Slavery Statement.

### Responsible Investment Working Group

This working group is an organisation-wide group focusing on Responsible Investing (**RI**) and has been tasked with aligning and shaping Insignia Financial's RI approach. The group considers RI issues from both an Insignia Financial



and stakeholder view (including regulators and clients). It works to evolve the approach to RI and has representatives from corporate affairs, marketing, governance, distribution, investments, product and risk.

### ESG Taskforce

This cross-functional taskforce support the activities and decisions required to drive ESG thinking across the asset management business. It seeks to understand the latest insights from clients and external organisations and ensure all relevant teams within our business are aligned - including investment teams, distribution, product, risk, marketing and governance.

### General awareness – online training and employee resources

As stated earlier, the Insignia Financial Group applies a “three lines of defence” risk model. In relation to modern slavery, it is critical we provide the training and tools for our employees that ensures they can identify, mitigate and report on modern slavery issues.

All staff must complete modern slavery general awareness online training annually. The training incorporates the Modern Slavery Policy and provides directions to follow if a suspected or actual case of modern slavery is observed. For FY2022, we achieved a 100% completion rate for this training module.

The Insignia Financial Group’s modern slavery intranet site provides information on modern slavery, outlines our obligations, explains the current modern slavery environment in Australia and links to our Modern Slavery Statement, Policy and procedures. The intranet site also encourages employees to send any suspected modern slavery issues to our dedicated modern slavery mailbox.

### Work commenced on new digital supplier management system

In FY2022, the Insignia Financial Group commenced work on our new digital procurement system. This new system will be operational in the July 2022 to June 2023 reporting period and will help the Insignia Financial Group better monitor its corporate suppliers and provide regular and meaningful reporting on modern slavery risk assessments. As part of suppliers’ onboarding to this system they will be required to complete a modern slavery assessment questionnaire.

### Supplier data

Throughout FY2022 Insignia Financial Group worked to reconcile data relating to tier one suppliers it engages with. While the number of suppliers has increased due to the inclusion of the MLC Wealth business, work was commenced to remove duplicate and expired supplier accounts.

This rationalisation was built into the program of work prior to the implementation of our new digital procurement system. This work provides clearer insights into the Insignia Financial Group’s supply chain, including assisting with the identification and management of modern slavery risks.

### Improvement planning

The Insignia Financial Group continues to take a risk-based maturity approach to managing and assessing modern slavery risks in our supply chain.

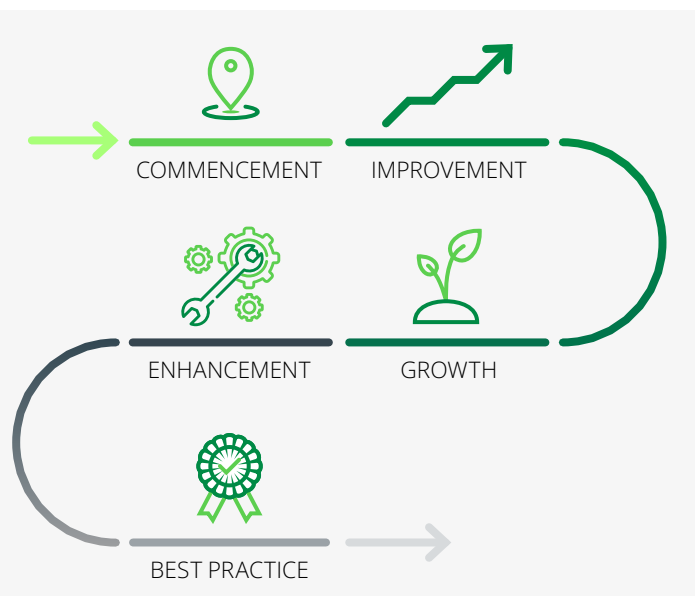
This approach seeks to reduce our exposure to high-risk suppliers, seeks to increase confidence in the modern slavery data within our business and is designed to build further maturity by adopting assurance programs that focus on the next level supplier.

The risk-based maturity approach requires key elements to be implemented and prioritised. The Insignia Financial Group began this effort in Year 1 (FY2020).

### Maturity plan

The aim of the maturity plan is to ensure that the Insignia Financial Group continually improves its ability to meet its commitments to reduce the risks of modern slavery practices by identifying and taking action where required. It focuses on developing better supplier relationships and creating awareness and accountability as well as ensuring a mature and adaptive compliance culture within the organisation.

The maturity plan sets out a 5-year timeframe to achieve best practice in identifying and addressing modern slavery issues.



# Assessing effectiveness of modern slavery mitigation actions

## (Mandatory criterion 5)

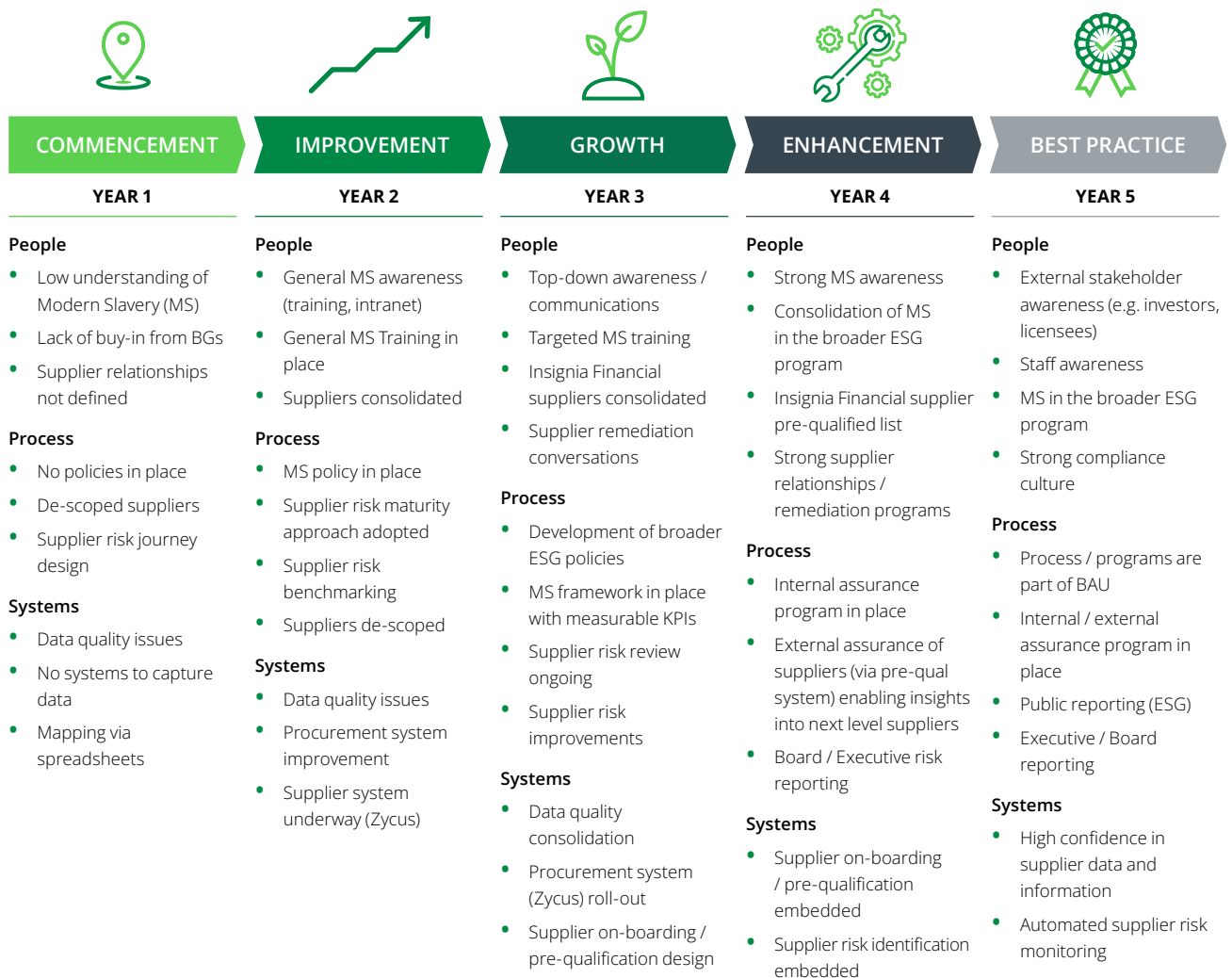
The Insignia Financial Group is assessing its ability to detect and address modern slavery practices and reduce exposure to modern slavery risk in its own operations and through exposure to third parties in our value chain.

## Progress against the maturity plan

The Insignia Financial Group introduced a 5-year maturity plan to improve modern slavery awareness internally and across our supply chain. To assess the effectiveness of our modern slavery mitigation actions, it is appropriate to assess the Insignia Financial Group's progress against that plan.

The 5-year plan outlined key milestones to improve our response to the risk of modern slavery practices across the three key areas of **People, Process and Systems**.

As outlined in the diagram below, 'Year 3' in the plan corresponds to FY2022.



We acknowledge that not all the Year 3 actions have been achieved within the year, however progress has been made on the following key items:



### People

- ESG risk reporting, including modern slavery considerations, commenced at corporate board level.
- In FY2022, Insignia Financial welcomed over 2,500 new employees through the acquisition of the MLC Wealth business. As part of the employee induction program, all new employees completed Insignia Financial's online modern slavery awareness training.
- Achieved 100% completion of our modern slavery general awareness e-learning module, including all client-facing employees and employees dealing with suppliers across the Insignia Financial Group.
- As part of the procurement onboarding process we integrated new suppliers related to the MLC Wealth business.



### Process

- The new Insignia Financial Group ESG strategy was developed and endorsed by the executive team and the Insignia Financial Limited Board.
- Work was commenced to align Responsible Investment statements across the group and enhance those statements to include broader ESG considerations – including modern slavery - as part of the asset management investment process.
- An enhanced supplier risk review was implemented for investment managers engaged during FY2022 to recognise the specific risks related to that supplier group
- A new Procurement Policy was introduced to strengthen requirements for supplier conduct.
- Commenced work on new Supplier Code of Conduct, to be launched in FY2023.
- Updated key corporate supplier contract templates to include modern slavery compliance obligations.



### Systems

- A supplier data reconciliation was commenced ahead of the introduction of the new procurement system. The cleanse included the removal of duplicate supplier accounts, the updating of key supplier contact information and loading of modern slavery assessments against supplier accounts.
- Work commenced on our new digital procurement system, which once operational in FY2023 will assist us to better manage corporate suppliers, including by the automation of modern slavery questionnaire assessments.

*The Insignia Financial Group is committed to achieving modern slavery best practice through ongoing improvement in its supplier engagement processes, strengthening of risk frameworks and policies, employee awareness training and executive and board risk reporting.*

As part of this commitment, the Insignia Financial Group is committed to growing its understanding and awareness of modern slavery and human trafficking risk management options through engagement with external partners such as the Financial Services Council and the Responsible Investment Association of Australasia.

## Consultation on preparing a joint statement

### (Mandatory criterion 6)

This Modern Slavery Statement has been approved by the Board of Insignia Financial Ltd.

In preparing the Modern Slavery Statement, Insignia Financial Ltd consulted with each of the reporting entities covered by this Modern Slavery Statement and with applicable entities we own or control. Input was received from the cross functional Modern Slavery Working Group and representatives across applicable subsidiaries.

## Other information

### (Mandatory criterion 7)

COVID-19 has not materially impacted the Insignia Financial Group's ability to produce its Modern Slavery Statement nor its planned initiatives and actions.

While the Insignia Financial Group acknowledges the social and economic impacts of COVID-19 and the potential to increase the risk of modern slavery practices in our supply chain, despite no material impact being identified during the assessment process, there may be a latent impact yet to be identified.

The Insignia Financial Group will continue to monitor and engage with its suppliers in respect of any developments that COVID-19 has on their operations.

Insignia Financial™

Insignia Financial Limited (ABN 49 100 103 722)