

# Modern Slavery Statement

This Modern Slavery Statement is made pursuant to the Modern Slavery Act 2018 (Cth) ('Act') by LGIAsuper Trustee ABN 94 085 088 484 as trustee for LGIAsuper ABN 23 053 121 564. LGIAsuper is a reporting entity under the Act. LGIAsuper Trustee and LGIAsuper are also referred to in this Statement as 'LGIAsuper', 'Fund', 'we', 'us' or 'our'.

# Our structure, operations and supply chain

LGIAsuper has been the default superannuation fund for Queensland local government employees and their spouses since 1965. We are now open to the wider community and welcome new members from many different sectors and industries. As at 30 June 2020, LGIAsuper had 74,818 members with over \$12.8bn in funds under management.



## Structure

LGIAsuper is structured as a trust and is managed by a Board

of Directors. LGIAsuper Trustee is established under the *Local Government Act 2009* (Qld) as a body corporate<sup>1</sup> and is registered as a 'State Government Other Incorporated Entity - incorporated associations incorporated under a State Act'<sup>2</sup>.

LGIAsuper Trustee's primary responsibility is to act as trustee of LGIAsuper<sup>3</sup>.

As a Trustee established by law, LGIAsuper's reputation and standing with our stakeholders is important to us, and we take risks such as modern slavery seriously in designing our operations and contracting with our suppliers.

The term 'modern slavery' is used to cover a range of exploitative practices including human trafficking, slavery, forced labour, child labour and other slavery like practices.

LGIAsuper Trustee wholly owns LGIAsuper Services Pty Ltd which was established solely to provide certain services to LGIAsuper's members and employees.

LGIAsuper Services Pty Ltd is not a reporting entity for purposes of the Act.



## Operations

LGIAsuper provides financial services to our members, including superannuation, life insurance and financial advice.

Financial investments are internally and externally managed across a range of asset classes, including Australian and international equities, fixed income, infrastructure, property, alternatives, and cash.

Assets are located in Australia, North America, South America, Europe and Asia. Further details of our investments are set out in our [Annual Report 2019/20](#), which is available on our website.

Operational activities include the direct employment of workers, to engage in the provision, production, processing and delivery of products and services. These activities include marketing, communication, relationship management and operating a contact centre.

LGIAsuper also undertakes business support functions, such as technology, data and omnichannel, investment operations, people and culture, finance, legal, risk management, and compliance.

We employ approximately 105 workers and operate solely from our premises at 333 Ann Street, Brisbane, Queensland, Australia.



## Supply chains

LGIAsuper also undertakes a wide range of activities

through our supply chains, sourced in Australia and overseas.

These include investment managers, our custodian, our insurers, our business process outsource service provider, consultants (e.g., actuary, auditors, legal advisors, media and communications, training), print providers, property and facilities managers, and providers of branded clothing and other promotional material, and office and stationery supplies (e.g., information technology equipment).

Our suppliers are located in Australia and overseas, as detailed later in this Statement.

A list of LGIAsuper's key suppliers (such as investment managers and other material service providers) is also provided in our [Annual Report 2019/20](#), which is available on our website.

<sup>1</sup>s.208(2) Local Government Act 2009 <sup>2</sup>Australian Business Register, Australian Government <sup>3</sup>s.209(1) Local Government Act 2009

## Risk of exposure to modern slavery risk

LGIAsuper seeks to do business with suppliers that have similar values and ethics to ourselves, including employing sustainable business practices such as those related to human rights and modern slavery.

We are committed to acting ethically in our operations and throughout the supply chain, and this includes continually evolving how we integrate environmental, social and governance (ESG) issues into our investment process and broader operations.

Mitigating the risk of modern slavery in our business, supply chains and assets is an important part of this process, and how we do this is set out further in this Statement.

As a financial services organisation with an adult professional workforce, LGIAsuper considers the risk of modern slavery within our direct business operations to be low.

All our workers are employed in compliance with Australian labour laws.

However, LGIAsuper recognises that through our supply chain, we may contribute to or be directly or indirectly linked to modern slavery and other human rights risks.

Having considered the Commonwealth Government guidance on modern slavery risk indicators – *geographic, products and services, sector and industry, and entity*<sup>4</sup> – as well as industry research on high risk areas for financial services supply chains<sup>5</sup>, we have identified the following key areas of potential modern slavery risk for LGIAsuper:

- investing in high risk sectors and industries, e.g., agriculture
- investing in assets in high risk geographic areas, e.g., emerging markets in Asia and South America

- investing in assets in which we have a material level of ownership, control or influence, which procure high risk products and services, e.g., cleaning
- procurement of high risk products and services within our direct operations, e.g., information technology equipment, cleaning, catering, branded clothing and other promotional materials
- procurement of services from a supplier based in a high risk geographic area, e.g., Asia.

Further actions taken to understand and address our potential modern slavery risks are set out further in this Statement.

**“ LGIAsuper seeks to do business with suppliers that have similar values and ethics to ourselves**

<sup>4</sup> Risk indicators as set out in Table 6, Appendix 1, Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities.

<sup>5</sup> High-risk areas for the financial services supply chain include IT procurement, logistics and property and building services (such as facilities management, utilities, cleaning, waste management and security and print and promotional goods): p.22, Modern Slavery Risks, Rights & Responsibilities – A Guide for Companies and Investors (Australian Council of Superannuation Investors, Feb 2019).

## Actions taken to assess and address modern slavery risk



### Modern slavery action plan

As noted above, LGIAsuper recognises that we may be exposed to modern slavery risk through our operations and supply chain. To understand, identify and assess the potential for modern slavery risk, we developed an Action Plan which we are now implementing. In July 2020, LGIAsuper engaged all our business units to map our entire internal operations and supply chain to understand the business location of potential modern slavery risk. We identified approximately 115 suppliers, of which about 63 were 'general suppliers' and 52 were 'investment suppliers'.

A modern slavery risk assessment framework was developed based on the Commonwealth Government guidance<sup>6</sup> and an assessment was conducted on every identified supplier. As a result, around 80 suppliers were assessed as having a high risk profile and in September 2020, we commenced due diligence of these suppliers by requiring them to complete a questionnaire to identify potential risk areas in their own operations and supply chain.

We have received responses from almost all of our suppliers and note the following:

- the vast majority of general suppliers are Australian entities or multinational entities based in Australia, with one significant supplier based in Asia
- we identified general suppliers of high risk products and services for information technology equipment, cleaning services, office / kitchen consumables, and branding of clothing, office and promotional materials
- the majority of investment suppliers are investment managers who are Australian entities or multinational entities based in Australia, although there were also some managers from the US, UK and Europe, and one from Asia
- we identified investment managers who invested in high risk sectors or industries (e.g., agricultural operations in timber and fresh food production), higher risk geographic areas (e.g., Asia, South America), and infrastructure and property assets which may procure high risk products and services such as cleaning
- we also identified infrastructure and property assets in which we directly hold a material level of ownership, which may procure high risk products and services such as cleaning.

**115 suppliers**  
**63 general suppliers**  
**52 investment suppliers**

**We will continue our due diligence, focussing primarily on high risk suppliers, and consider whether further action is required (e.g., engagement, escalation, review or termination of the contract).**

**As supplier reporting improves over time, LGIAsuper expects to have further insight into our modern slavery risks. Outcomes and any resulting actions will be reported in the next Statement.**

**LGIAsuper's Modern Slavery Action Plan also includes other actions which are in progress such as reviewing and enhancing policies, frameworks, and contractual or due diligence procedures to explicitly address modern slavery risks.**

**We will also provide training to raise awareness of modern slavery risks during 2021. We will report on these actions in the next Statement.**

<sup>6</sup> see footnote 4

## OUR MODERN SLAVERY STATEMENT



### Investment strategy and policy

LGIAsuper's ESG and responsible investing capabilities are a major part of who we are and what we stand for.

LGIAsuper has a long-standing commitment in this area, demonstrated by offering four socially responsible investment options which prioritise ESG considerations such as labour standards when making investment decisions.

The managers of these investment options are chosen not only for the social responsibility standards within the process they apply to investment allocation, but also for their own corporate ESG credentials.

Separately, LGIAsuper intentionally preferences the communities in which we operate for our investment in real assets, a demonstration of our broader social commitment. In November 2020, the Board also resolved that the Investment Committee (IC) should augment our ESG framework to reflect both a 'value' as well as a 'values' approach.



### Governance and risk management

Good governance is essential to operating as a responsible and sustainable Fund for our members.

LGIAsuper Trustee is governed by the Board of Directors, which has ultimate responsibility for governance and oversight of modern slavery risks and approval of this Statement.

The Board oversees material risk management activities, including for modern slavery risk, and monitors actions being taken through the Audit and Risk Management Committee (ARMC) and IC.

The Chief Executive Officer drives implementation of the Action Plan through the Executive Compliance Committee (ECC) and ongoing operational risk management activities through the Executive Risk Management Committee.

At LGIAsuper, we believe that identifying and managing risk, including modern slavery risk, is central to achieving our strategic objectives and living our Values.

Our risk management framework aims to identify, evaluate and manage risks in line with our risk appetite, which is reviewed and approved by the Board at least annually.

Under LGIAsuper's governance and risk management frameworks, our employees are protected by policies such as our Values, Code of Conduct, Risk Appetite Statement and Whistleblower Policy, through which modern slavery concerns can be reported.

Our Risk Culture Strategy highlights escalation of risks and issues as desired behaviours, and staff are encouraged to escalate or report any unlawful or unethical business practices.

When dealing with suppliers, our Outsourcing Policy requires us to assess the risks of outsourcing arrangements, including any legal, regulatory and reputational risks of suppliers.

We also conduct due diligence on all new investment managers, which includes modern slavery risk.



## Assessing the effectiveness of our actions

LGIAsuper is early on our journey of managing our modern slavery risks, and we understand that this will be an ongoing improvement process.

As set out above, our current focus is assessing our modern slavery risks and improving the frameworks for addressing those risks.

### We will assess the effectiveness of our actions as follows:

- reviewing the Action Plan to ensure current and remaining actions are commensurate with our modern slavery risk exposure, based on the supplier risk assessments
- reporting the updated Action Plan and progress of completion to the ECC and ARMC
- monitoring and reporting on compliance with relevant controls through our assurance plan, e.g., investment manager due diligence, contract reviews
- continuing to require new employees to complete Code of Conduct induction training, and all employees to complete mandatory Code of Conduct refresher training annually, and reporting on completion to the ARMC
- reviewing the design of the modern slavery risk management framework.

### Consultation with entities which LGIAsuper owns or controls

LGIAsuper Services Pty Ltd was not consulted in the preparation of this statement as the directors and officers of LGIAsuper Services Pty Ltd are from LGIAsuper Trustee Board members and employees, and its services are provided by LGIAsuper Trustee employees. LGIAsuper Services Pty Ltd is wholly owned by, and adopts the policies of, LGIAsuper Trustee.

This statement was approved by the principal governing body of LGIAsuper on 02 of February 2021.

Signed on behalf of the LGIAsuper Trustee Board of Directors by



John Smith  
Chair, LGIAsuper Trustee Board of Directors  
Date: 17 February 2021

 SUPERANNUATION  INVESTMENT  ADVICE  INSURANCE



LGIAsuper Trustee (ABN 94 085 088 484, AFS Licence No. 230511) as trustee for LGIAsuper (ABN 23 053 121 564).

This Important Modern Slavery Statement has been produced by LGIAsuper Trustee ABN 94 085 088 484 AFS Licence No. 230511 as trustee for LGIAsuper ABN 23 053 121 564 and provides general information. Any questions can be referred to LGIAsuper by calling us on 1800 444 396 or by emailing us at [info@lgiasuper.com.au](mailto:info@lgiasuper.com.au).