



MODERN SLAVERY ACT STATEMENT FY19/20

07 January 2021

Qantas Superannuation Limited (ABN 47 003 806 960, AFSL 288330) as Trustee of Qantas Superannuation Plan.

Qantas Superannuation Limited (the **Trustee**) is the trustee of the Qantas Superannuation Plan (**the Plan**). This is our first Modern Slavery Statement (MSS) under the *Australian Modern Slavery Act 2018 (Cth)* (**MSA**) and covers the activities of the Trustee and Qantas Super to identify and address modern slavery risks for the year ending 30 June 2020 (**FY19/20**).

Our approach and progress

Modern slavery involves the most serious forms of exploitation and includes human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

The Trustee acknowledges its responsibility under the MSA and understands that, as a procurer of many goods and services and as an institutional investor, modern slavery may occur in our supply chain and investment portfolio. We're committed to taking the actions necessary to reduce the risk of modern slavery in our operations and supply chain, including our investment activities.

Our approach to addressing modern slavery risks in FY19/20 has focused on conducting awareness training for the Board and staff, undertaking a risk assessment, and engagement with suppliers and investment managers.

Key areas of action in 2020

We took the following key actions in FY19/20:

- Raising awareness about the requirements of the MSA with our people to help them identify and manage modern slavery risks in our business operations, supply chains and investments;
- Increasing our understanding of modern slavery risks across our operations, investments and first tier suppliers;
- Embedding considerations of modern slavery risks in our processes; and
- Engaging with high risk suppliers and investment managers.

We also updated our standard processes, such as including a specific modern slavery attestation in investment managers' quarterly attestations, and updating our onboarding due diligence arrangements to include modern slavery considerations.

Our whistleblowing arrangements also allow employees and third parties to report any concerns regarding unethical or illegal conduct, including in relation to modern slavery. Employees can report concerns to their manager, or if they wish to remain anonymous, employees and third parties are able to report through our independently operated whistleblower system via phone, email, or an online portal.

In addition, we're an Associate Member of the Australian Council of Superannuation Investors (ACSI), which undertakes a year-round program of research, engagement, advocacy, and voting advice in relation to companies in the S&P ASX300. ACSI seeks to influence companies through constructive engagement with their boards about material ESG issues, with the aim of promoting long-term shareholder value and minimising risk. ACSI encourages listed companies to consider their practices as they relate to human rights, including actively engaging with employees, customers, supply chains, and other relevant stakeholders to understand and assess human-rights impacts. ACSI's engagement program includes human rights in supply chains and sustainability reporting disclosure.

About us, our operations, and supply chain

Qantas Super is one of Australia's largest corporate superannuation funds. It exists just for people who are working, or have worked for the Qantas Group, and their spouses. We have

been working for members since 1939, and now have around 30,000 members and over \$8 billion in assets under management. We do not profit from our members.

We offer super, insurance, and pension products through our open Gateway division, which features our MySuper-approved product, and a number of legacy accumulation and defined benefit divisions.

We also provide access to a range of financial advice services with licensed financial advisers who are authorised to provide financial product advice. We also provide online tools to help members understand how much income they may need in retirement.

The Trustee is a not-for-profit company responsible for ensuring that Qantas Super is operated as a regulated superannuation fund in accordance with the requirements of the Superannuation Industry (Supervision) Act 1993. We're also responsible for ensuring that Qantas Super is operated in accordance with the Plan's Trust Deed and Rules and all relevant laws and regulations.

The Trustee Board consists of five directors who are nominated and elected by members, and five directors who are appointed by Qantas Airways Limited.

The day-to-day management of the fund is delegated to the CEO and the other employees of the Trustee. The core functions of the Trustee employees are administration and oversight of investments, member account administration, communications and marketing, risk management and compliance, and the management of outsourced service providers.

The Trustee (and the Plan) is domiciled in Australia and our headquarters are in Sydney. The Trustee employs around 30 permanent and contract staff across a variety of professional roles, all of whom are based in Australia.

The Trustee Board's Audit and Risk Committee is responsible for overseeing the modern slavery program and making recommendations to the Trustee Board as required. The Trustee Board will remain accountable for the modern slavery program and the Modern Slavery Statement.

This statement covers the Trustee, Qantas Super and its controlled entities (see note 20(e) in the plan's Financial Statement for FY20). These controlled entities do not employ employees and are used solely to facilitate our investment with external investment managers (our investments with external investment managers are discussed below). These entities are under the sole operation and governance of the Trustee. Consultation with the controlled entities occurred as part of the approval and adoption process for the MSS.

Our supply chain

Our key suppliers include our administrator, custodian, investment managers, and shared services. Shared services such as cleaning services, technology support, and payroll services are maintained by Qantas Airways Limited. Qantas Airways Limited also has its own comprehensive Modern Slavery Statement which details its management of modern slavery risk in its operations and supply chain ([QAL MSS](#)).

Most of our suppliers and contractors (other than investment managers) with whom we have a direct relationship are located in Australia. Investment managers are geographically diverse and are located all around the world.

Our investments

We believe that environmental, social and governance (ESG) factors can impact investment risks, returns and reputation and contribute to Qantas Super's ability to deliver sustainable growth for the benefit of members. We consider modern slavery, labour related issues, and human rights more broadly to be part of the 'social' considerations of ESG.

Our investment portfolio includes investments in equities, alternatives, fixed interest and cash. We partner with more than 25 investment managers to manage investments via unit trusts and discrete mandates. Each investment manager is allocated a portion of the Plan's assets to manage based on its specialist skills and the Trustee regularly monitors each investment manager's activities.

Through these investment managers, we invest in more than 40 countries, and into all key sectors of the global economy; for example, we invest in professional and financial services, energy, food, beverage and agriculture, materials, infrastructure, and more. Further information on our investments is set out in our Product Disclosure Statement and Investment Guide, both of which are available on our website. In addition, information about the allocation of assets to each investment manager is included in our Annual Report each year.

In the first instance, we have sought to understand geographic and sector risk in relation to our investments by comparing our investments with geographies and sectors known to have greater risk of modern slavery.

In addition, we used external experts to screen our Australian equities portfolio and corporate credit holdings for allegations of modern slavery using third party research data, and have asked our investment managers to report back to us with the relevant information on our externally-managed investments. We will report on our progress annually.

Investment managers are also required to provide a copy of their ESG policies and attest that they consider ESG in their investment process. The Trustee's ESG policy and procedures are being revised to ensure that modern slavery risks are given due consideration in our future selection, retention, or realisation of investments.

Our risk assessment process

We take the risk of modern slavery seriously and do not want to be complicit in perpetuating modern slavery practices. Unfortunately, the reality is that forced labour and modern slavery practices potentially exist in the operations or supply chains of many businesses, in every region of the world.

Our risk assessment approach focused predominantly on the potential risks to people of modern slavery rather than risks to Qantas Super or the Trustee, and considered the potential risks that may possibly cause, contribute and/or be directly linked to modern slavery practices.

The risk assessment identified the inherent risk of modern slavery across our operations, supply chain, and investment activities using a combination of industry-related risk factors, including sector, product, and services-related risks, and country risk factors. This involved looking at the country in which each supplier and investment manager operates and the labour-related risks associated with their industry.

We applied these risk factor considerations to our direct operations and to all of our direct suppliers with whom we have a direct relationship; this includes our investment managers, who are typically known as tier-one suppliers.

The nature of the risk assessments were as follows:

Operations

The assessment identified our operations as low risk given the nature and location of our working in Australia.

Supply Chain

We mapped our supply chain of direct suppliers to establish a baseline for identifying risk. We have 52 suppliers (including investment managers) across multiple countries.

Our initial assessment of our direct suppliers (excluding investment managers, who were assessed separately; please see *Investments* below) indicated that most of our suppliers operate in Australia and other low risk countries, and mostly in high-skilled and professional industries with low labour-related risks. As such, our initial assessment indicated greater risk in our investment activities, which have been a focus of our modern slavery program through our first reportable period.

However, we've separately sourced an attestation (or their formal MSA statement, if available) from each of our direct suppliers attesting that they do not participate in modern slavery. We have also completed a risk assessment for these suppliers based on the size, location, and complexity of their business. These measures will continue as part of our modern slavery program in future years.

Investments

We mapped our investment portfolio by asset class and investment managers to establish a baseline for identifying risk. Overall, we have around \$8 billion in assets under management. This is being invested by more than 25 investment managers, who are investing in four major asset classes across 40 countries.

Each of our investment managers completed a self-assessment questionnaire, providing information about the actions they've taken to identify and address modern slavery risks.

We evaluated their responses using Australian Council of Superannuation Investors (ACSI) guidelines and assigned a rating of high, medium, or low to each investment manager. We've engaged with high risk investment managers to gain a better understanding of their practices, and plan to continue this engagement throughout the next reporting period. We'll then report on our progress.

We took several steps to assess the risk of modern slavery in our investments, including:

Seeking investment manager attestations

- We sought and received attestations from all investment managers about any actual instances of modern slavery in the investments they manage on the Plan's behalf. While all investment managers attested that they were not aware of any instances of modern slavery, some investment managers acknowledged that they were in the process of updating their processes to better identify and address modern slavery risks generally.

Assessing high risk country and industry exposure

- We assessed all our underlying investments to identify exposures to high risk countries and industries.
- This assessment used external data and guidance, drawing from the MSA guidance for reporting entities, modern slavery guidance from ACSI, and risk data from the Global Slavery Index.
- This allowed us to identify our highest risk holdings based on country and industries and has been part of our engagement with investment managers who have these holdings in their portfolios.

Assessing exposure to modern slavery allegations or controversies

- We commissioned additional risk analytics to screen our listed equities and corporate credit holdings for entities that were associated with modern slavery-related allegations or controversy flags.
- This allowed us to understand that our highest risk portfolio exposures are in equity emerging markets. We are working closely with the Plan's equity investment managers to formalise ongoing MSA monitoring within these relevant markets.

Measuring effectiveness

While there's extensive work being undertaken at a global level to understand and value respect for human rights, there are currently no fundamental units of measurement or international standards for measuring human rights impact. This is a complex issue that presents a challenge for all organisations in terms of providing credible measurements as to their effectiveness in addressing modern slavery risk.

During FY19/20 we established a cross-function working group that regularly reviews progress and effectiveness of activities taken during the year.

Our progress against our goals for this FY19/20 is set out below:

Goals	Activities
Raise awareness within our business	Provided training to the Trustee Board and staff.
Improve our understanding of modern slavery risks in our operations, investments, and supply chain	Mapped our operations, direct suppliers (including investment managers), and investment portfolio. Risk assessed our operations, direct suppliers (including investment managers), and our investment activities to identify our highest risk exposures.
Commenced engagement	Engaged our operational due diligence provider to obtain a modern slavery attestation from our investment managers. Engaged in a due diligence, self-assessment exercise with all of our investment managers in regard to their MSA approach and compliance to the Act. Commenced further engagement with those investment managers considered higher-risk based on questionnaire responses and risk exposure in the portfolio. Engaged with the Plan's other service providers in regard to their MSA approach and compliance to the Act, with these parties rated in regard to their compliance status.

Continued Engagement	<p>Engaged in active share ownership initiatives, including company engagement and proxy voting via Australian Council of Superannuation Investors (ACSI) for Australian Equities and via Hermes EOS and Institutional Shareholder Services for Global Equities. This ensures proxy votes are lodged for equity holdings in a manner that is consistent with a responsible active owner.</p> <p>We have benefited from modern slavery-related engagement and activities undertaken by ACSI as an Associate Member.</p>
Commence embedding modern slavery risk in processes	<p>Updated quarterly attestation requirements for investment managers to include modern slavery attestation.</p> <p>Established cross-function business group to manage modern slavery program.</p> <p>Included modern slavery as a standing item at the Trustee's Audit and Risk Committee meetings, as well as at the Investment Operations meetings.</p> <p>The Plan's equity investment manager will provide the below information for our direct equity investments:</p> <ol style="list-style-type: none"> 1) All company holdings domiciled in Global Slavery Index countries; 2) All company holdings in high modern slavery risk sectors / industries / sub-industries; and 3) Largest 3 company holdings failing three modern slavery risk related screens.

Our internal audit team regularly assesses compliance with all our policies and procedures, including checking compliance with our supply processes. Internal audit reports directly to the Audit and Risk Committee.

We also appointed a third-party expert to review the effectiveness of our activities for FY19/20. Where the effectiveness review identified areas for possible improvement, these enhancements will be built into future years' programs and Modern Slavery Statements.

Our next steps

To continually improve our approach, we are planning to undertake the following actions in FY20/21:

- Provide further training to staff and the Trustee Board;
- Continue to refine our risk assessment as appropriate, particularly as new data and new tools become available;
- Continue to engage with investment managers identified as high risk based on their questionnaire responses or exposure to high risk industries, countries, or controversy-flagged holdings;
- Undertake a review of policies and processes and update where necessary; and
- Develop a modern slavery contract clause and update contracts where appropriate.

This statement has been endorsed by the Board of Qantas Superannuation Limited.

A handwritten signature in black ink, appearing to be 'JA' with a horizontal line extending to the right.

John Atkin
Chair of the Board

A handwritten signature in black ink that reads 'Michael' in a cursive script.

Michael Clancy
Chief Executive Officer