

MTAA Superannuation Fund Modern Slavery Statement

2019/20

MTAA Super - Modern Slavery Statement 2020

MTAA Superannuation Fund

The reporting entity is MTAA Superannuation Fund ABN 74 559 368 913 (**MTAA Super**).

MTAA Super is a public offer superannuation fund which was established by a trust deed dated 31 May 1989. It is registered by the Australian Prudential Regulation Authority (**APRA**) as a registrable superannuation entity.

Motor Trades Association of Australia Superannuation Fund Pty Limited

While MTAA Super is the reporting entity for the purposes of this Statement, Motor Trades Association of Australia Superannuation Fund Pty Limited ABN 14 008 650 628 (**the Trustee**) is the trustee of MTAA Super and is the legal entity responsible for the management and operation of MTAA Super. The Trustee is a proprietary limited company which is incorporated in the Australian Capital Territory. The Trustee holds an RSE Licence from APRA which authorises it to act as the trustee of MTAA Super.

2020 Modern Slavery Statement

This Modern Slavery Statement (**Statement**) is made for the purposes of and in accordance with the requirements of the *Modern Slavery Act 2018* (**the Act**). The Statement covers the financial year 2019/20 financial year and addresses the mandatory criteria set out in the Act.

Approval of Statement

The Board of the Trustee is the principal governing entity for MTAA Super.

This Statement was approved by the Trustee Board on 26 November 2020 and has been signed by the Chair for and on behalf of Board.



John Brumby
Chair

Date: 11 December 2020

Our Structure

General Structure

MTAA Super is an industry superannuation fund which was established in 1989 to provide retirement benefits to employees of the motor trades industries. It has subsequently become a public offer fund which accepts contributions from individuals and a range of employers across all industries.

MTAA Super is constituted as a trust fund and was established by trust deed dated 31 May 1989. MTAA Super is domiciled in Australia and is registered with the Australian Prudential Regulation Authority (**APRA**).

Approximately \$12.5 billion in funds under management (at 30 June 2020) is held for the benefit of approximately 201,000 members. Our head office is located in Canberra. Field force staff also operate from branch offices located in Sydney, Brisbane, Melbourne, Adelaide and Perth.

The Trustee is the legal entity which manages MTAA Super on behalf of the superannuation fund members. The Trustee holds an RSE Licence from APRA which authorises it to act as the trustee of MTAA Super.

The Trustee is a proprietary limited company incorporated in the Australian Capital Territory with a paid-up share capital of \$11.00. The shares in the Trustee are held by the directors on behalf of the members of MTAA Super. As the trustee of an industry superannuation fund, net profits are returned to MTAA Super for the benefit of members. No dividends are payable to the Trustee's shareholders.

The Trustee's registered office is Level 3, 39 Brisbane Avenue, Barton, ACT 2600.

Ownership or control of other entities

In managing MTAA Super, the Trustee has established a number of wholly owned entities.

- ***MTAA Superannuation Fund (Secretariat Co.) Pty Ltd - Service Entity***

MTAA Superannuation Fund (Secretariat Co.) Pty Ltd ABN 29 104 826 413 is a management services company which engages staff and consultants, and provides secretariat and related support services to MTAA Super. All shares in the company are held by the Trustee on behalf of members of MTAA Super. The company's registered office is Level 3, 39 Brisbane Avenue, Barton ACT 2600.

MTAA Super staff are employed by MTAA Superannuation Fund (Secretariat Co.) Pty Ltd under an enterprise agreement, or under individual contracts (for executive staff). At 30 June 2020 MTAA Superannuation Fund (Secretariat Co.) Pty Ltd employed 63 staff. All staff are located in Australia.

- ***Investment Entities***

The Trustee has also established a number of wholly owned proprietary limited companies. The registered office for each of these companies is Level 3, 39 Brisbane Avenue, Barton ACT 2600. The companies have been established for the purpose of holding specific property, infrastructure and private equity investments for MTAA Super. No staff are employed by any of these investment vehicles.

Nature and types of activities undertaken by MTAA Super

As a superannuation fund MTAA Super is involved in:

- the investment of member funds;
- the administration of member accounts, including the receipt of contributions from members and contributing employers and the payment of benefits to members;
- providing information, education and financial advice to our members and contributing employers;
- promotional activities, including marketing and sponsorships; and
- miscellaneous small-scale charitable activities as part of the Trustee's Corporate Social Responsibility Program.

Our Operations

Our main business is the investment of members' funds for the benefit of members in their retirement. In pursuing this objective, while we outsource many of our business activities to third party providers, we are directly involved in the following operations.

Internally managed investments

MTAA Super has a large investment portfolio. Most assets are managed by external investment managers or advisors. Only a small proportion of the portfolio is directly managed by MTAA Super staff. Of the directly managed asset portfolio, it is only the property portfolio where MTAA Super staff can exert some control. The directly held property portfolio consists of ten properties/projects all domiciled in Australia. These assets were all acquired for their long-term growth potential and the income generated by tenants.

The oversight and management of the directly held property portfolio is conducted by our internal management team. The day-to-day facilities management is, however, outsourced to professionally recognised property managers. Under this model MTAA Super only has direct input on larger decisions, such as facilities tenders and leasing matters. Under our modern slavery program, we have introduced a procedure whereby all facilities managers are now required to consider modern slavery risks in tendering for service contracts and in their procurement policies.

Administration of member accounts

While the administration of member accounts is outsourced to a third-party provider, our staff oversee the administration service provided, and manage the business relationship with the Administrator.

Information, education and financial advice services

Our staff provide information, education and financial advisory services to members and contributing employers. All staff are located in Australia. None of these services are provided from outside Australia.

Promotional activities, including marketing

Promotional and marketing activities are managed by our staff. This may involve the procurement of products and services from third parties.

Activities associated with maintaining office premises

Our head office is in Canberra. We also have branch offices in Melbourne, Sydney, Brisbane, Adelaide and Perth. Facilities management services are provided by MTAA Super staff. This includes the procurement of office supplies and information technology products and service for staff, as well as the maintenance and cleaning of business premises.

Charitable activities

As part of our corporate social responsibility program we provide donations, sponsorships and/or services to a number of organisations/programs. All of those organisations/programs are Australian. None involve overseas child welfare projects.

Our Supply Chains

In providing a superannuation fund for our members, we also rely on the products and services provided by third party providers. These services and products (and the underlying services and products provided to our direct suppliers) form part of our supply chain.

While it is difficult to identify instances of modern slavery existing deep within our supply chains, MTAA Super recognises that the leverage it may be able to exert in its dealings with contracted service providers could see a reduction over time of modern slavery in those supply chains.

The following service providers form part of our direct supply chain.

Investment Management Services

Our supply chains include various investment management services provided by both domestic and international investment managers.

Investment Advisory Services

We obtain investment advisory services from an investment consultancy firm which is based in Australia (with offices also in London).

Specific property-related investment advice is provided by a company with offices in Canberra and Sydney.

Fund Administration

We have outsourced the administration of member accounts (which includes the receipt of contributions from members and contributing employers, the payment of benefits to members and the provision of a Call Centre service) to a listed company which operates in Australia and internationally.

Custodial Services

Our investments are custodially held by an Australian bank.

Professional advisory services

From time to time and as required, we engage various professional advisory firms (including legal, accounting and advisory) to provide advice in relation to the operation of MTAA Super. Most are located in Australia, though some may also operate internationally.

Marketing and Merchandise

In promoting MTAA Super we procure marketing services and merchandise (including branded merchandise) from various Australian-based providers.

Recruitment and Human Resources

A locally based company has been engaged by MTAA Super to provide services in relation to the recruitment and employment of MTAA Super staff. Those services are provided by the company from our Head Office. In providing those services the company may also procure products and services associated with the management of human resources (for example, payroll services).

Information Technology Services

We have engaged an Australian owned company (with businesses operating throughout Australia and New Zealand) to provide information technology services for MTAA Super staff.

Information Technology Products

We procure information technology products and equipment for use by our staff. The products and equipment are in most cases procured from multinational suppliers under standard term agreements.

Facilities Management and Office Cleaning

We have contracts with various providers (locally based) relating to the maintenance and cleaning of office premises.

Office supplies

We obtain office supplies from various suppliers as required.

Risks in our operations and supply chains

During 2019/20 we undertook a high-level assessment of our operations and supply chains to identify areas where there could be a risk of MTAA Super causing, contributing to or being directly linked (through its supply chains) to modern slavery.

While MTAA Super recognises that modern slavery risk could occur in any parts of our operations or supply chains, we consider that the existence of modern slavery risk is likely to be higher in the following areas:

- MTAA Super's investment portfolio
- the information technology products which we procure for use by our staff
- the merchandise we procure for marketing and promotional activities
- building maintenance and cleaning services provided in respect of our business premises.

Investment Portfolio

A high-level risk assessment of the Fund's investment portfolio (focussing on geographic and sector risk) was undertaken in two parts:

- the investment portfolio where investments are made through external investment managers; and
- the unlisted infrastructure and property investments.

(a) External Investment Managers

We found the strategies managed by two investment managers to have a higher modern slavery risk. This is because both managers were investing in emerging markets and their investment styles (index and systematic managers) may often have a low engagement with investee companies and a much lighter touch ESG process in general.

We identified a further five investment managers with a moderate modern slavery risk. This assessment was based on the managers' approach to indirect exposures; they provided less information on the potential risks of modern slavery in the deeper supply chains of their investee companies. While analysis and tracking of indirect exposures can be difficult as it relies on disclosures by the underlying companies, an approach that does not attempt to identify indirect exposures is likely to increase the modern slavery risk for MTAA Super.

The remaining managers were considered to have a lower risk of modern slavery. This was demonstrated by their engagement specifically on modern slavery, their considered responses in relation to indirect exposures (including on the supply chains of investee companies) and their acknowledgement where there was a lack of information or insight on modern slavery risks. Managers were also classified as lower risk where they have less complexity and can more easily identify risks.

(b) Infrastructure and Property Investments

MTAA Super owns direct assets in Australia, Singapore, the United Kingdom, Norway and Finland. The unlisted infrastructure investments were more straightforward in terms of identifying modern slavery risk. This is because of the small number of assets (compared to the large number of investee companies in the listed portfolio), the detailed knowledge of each asset by the asset managers, the much more transparent supply chains of each asset and the geographic location of the portfolio (concentrated in developed countries).

All property investments are located in Australia. The modern slavery risk of the Fund's property portfolio is considered to be low as the modern slavery risks associated with office buildings and land development in Australia is low.

Information Technology Products

We procure Information Technology products and equipment for use by our staff. The products and equipment are in most cases procured from multinational suppliers under standard term agreements.

While we have no real capacity to negotiate terms with those suppliers, we consider that there may be a modern slavery risk deep in the supply chain: for example, in the mining and extraction of materials required for the production of electronic and information technology products.

Promotional Merchandise

The production of low value merchandise is a product category where the risk of modern slavery can be high, especially where products are sourced from overseas suppliers.

Although MTAA Super procures its promotional merchandise from locally based providers, we recognise that there may be a risk of modern slavery in the supply chains of those providers. Following a high-level assessment of those providers, we identified one provider with an overseas supply chain. During 2019/20 we sought further information from that provider on their modern slavery processes.

Facilities Management and Cleaning

The procurement of building services (security and maintenance) and cleaning services can involve a high modern slavery risk as these services often rely on a low-skilled labour force whose working hours mean that they are not always visible to the building owner/tenant.

MTAA Super has contracts with various landlords and providers (locally based) relating to the maintenance and cleaning of office premises. While all of those contracts are with Australian providers, we recognise the risk that modern slavery can exist in their supply chains. During 2019/20 we sought further information from those landlords and providers on their modern slavery processes.

Actions to assess and address those risks

During 2019/20 we introduced a modern slavery program which seeks to address the risk of modern slavery in our operations and supply chains.

Modern Slavery Policy

The principles underpinning the program have been articulated in a Board-approved policy which is published on the MTAA Super website at mtaasuper.com.au. The policy affirms our commitment to contributing to the elimination of modern slavery and outlines our approach to reducing the risk of modern slavery practices within MTAA Super's investment portfolio, operations and supply chains.

In accordance with the modern slavery program, we have taken the following actions during 2019/20 to assess and address the risk of modern slavery.

Awareness Training

We consider that raising the awareness of all officers, staff and service providers about the risks of modern slavery is fundamental to the successful implementation of a modern slavery program. During 2019/20 all directors and staff were provided with training on modern slavery.

Training on the risks of modern slavery has also been incorporated into our induction program and ongoing training requirements for all staff.

Policy Review

During 2019/20 we reviewed MTAA Super's policy suite and determined to make amendments with respect to modern slavery to the following policies: Environmental, Social and Governance Policy, Whistleblower Policy, Outsourcing Policy and Procurement Policy. While some changes are already in effect, we are continuing this work.

Risk assessment - Investment Portfolio

During 2019/20 a modern slavery risk survey was sent to all investment managers and advisers (covering all of MTAA Super's investment portfolio). For the purposes of the assessment we identified a number of modern slavery risk indicators. In particular, the location of investments in countries with poor modern slavery controls and the exposure of an investment to certain industry sectors were considered to be indicators that an investment could have a higher risk of modern slavery.

Our assessment of the survey responses resulted in the identification of those investment assets and investment managers which may have a higher modern slavery risk. During 2020/21 we will be deepening our focus on those higher risk assets and managers and seeking more clarification about some of the risks identified as a result of our 2019/20 survey. We will also look to widen our list of risk indicators which could result in further interrogation of our portfolio holdings.

Incorporation of modern slavery considerations into ESG processes

During 2019/20 our Environmental, Social and Governance Policy (ESG Policy) was reviewed in line with the introduction of the modern slavery program. Amendments to the ESG Policy have now been made which specifically incorporate modern slavery risk considerations into our ESG Policy and processes. We take an integrated approach to ESG risk management including how we select, retain, manage and realise investments. To do this we:

- engage with companies we invest in to improve their operations;
- vote at shareholder meeting to influence company governance;
- collaborate with industry groups on responsible investment practices.

Our ESG Policy is published on the MTAA Super website at mtaasuper.com.au.

Supply Chain – Due Diligence

As well as the investment portfolio, we undertook a high-level desktop risk assessment of the products and services we procure so that we could identify those areas where there is a greater risk of modern slavery. As a result of that assessment we engaged with a number of the higher risk suppliers (including facilities managers, cleaners, providers of merchandise and marketing services, and human resources and travel providers) and sought further information about their processes for identifying and addressing modern slavery.

During 2020/21 we will be enhancing our due diligence processes by specifically incorporating modern slavery risk considerations into relevant policies and processes, including the Outsourcing Policy, the Procurement Policy, and the Investment Due Diligence Policy. We will also be incorporating into contracts with new suppliers (and for existing suppliers on the renewal of their contracts) specific terms requiring those suppliers to provide MTAA Super with information on how they address modern slavery risk (including information about sub-contractors and country of origin) and to report any known incidents of modern slavery to the Trustee.

While we may be able to directly engage and negotiate terms with many of our suppliers, we acknowledge that there are some suppliers with whom we may be unable to negotiate. For example:

- Information technology products are generally purchased from multinational information technology companies using standard form contracts.
- Low value office products and services may be procured from time to time rather than under an ongoing contractual arrangement.

In these circumstances, MTAA Super will be looking to develop a process in which such suppliers could be screened for modern slavery risk on the basis of publicly available information.

Reporting modern slavery concerns

MTAA Super treats modern slavery concerns as compliance and ethical issues.

Reports of suspected instances or risks of modern slavery (whether in our operations or supply chains) or of a failure to comply with our modern slavery policy may be reported through MTAA Super's independent whistleblower hotline. Contact details for the whistleblower hotline are available on our website at mtaasuper.com.au.

Recent amendments to MTAA Super's Whistleblower Policy specifically reference modern slavery contraventions as disclosable matters.

Remediation

If MTAA Super becomes aware of any facts which suggest that one of its suppliers may have engaged in modern slavery practices, appropriate steps will be taken to investigate and, if substantiated, to report the matter to the responsible national or international authorities.

The identification of any instances of modern slavery which may have been caused by or contributed to by MTAA Super will be treated as a compliance incident under our compliance program. While MTAA Super will seek to 'make good', the remedial options open to MTAA Super will depend on the particular circumstances of the matter.

if we are directly linked (through our supply chains) to a modern slavery incident, but did not cause or contribute to the harm arising from the incident, MTAA Super would consider using leverage (if sufficient) to work with entity that caused it to change its behaviour. Alternatively, MTAA Super would consider ending its relationship with the entity that caused the harm.

Effectiveness of such actions

For the first year of MTAA Super's modern slavery program, we have focussed on the effectiveness of our actions to raise awareness about modern slavery risk and to establish a modern slavery framework.

Raising awareness of modern slavery risk: directors and staff

We consider that awareness of modern slavery risk is fundamental to the successful implementation of a modern slavery program.

During 2019/20 we provided training to the Board and to all staff. Attendance records show that all nine directors attended the Board training on modern slavery.

Modern slavery training is now a mandatory module in our induction and ongoing training program. Training records for staff show completion of the Modern Slavery training module by 97% of MTAA Super staff with a 90% correct response rate for test questions.

Establishment of modern slavery program

We have also assessed the effectiveness of our actions to establish a modern slavery framework by reference to the timely completion of the tasks needed to establish the program. In particular, the successful achievement of the following tasks during 2019/20 has resulted in MTAA Super now having a sound framework for assessing and addressing modern slavery risk in its operations and supply chains:

- the development, approval and publication of MTAA Super's Modern Slavery Policy;
- the delivery of modern slavery risk training to directors and staff (see above);
- the issuing of modern slavery surveys to all investment managers and advisers (covering all investment assets in MTAA Super's investment portfolio);
- the high-level risk assessment of other service providers and the issuing of modern slavery surveys to those providers considered to have a higher modern slavery risk.

Continuous improvement

Addressing modern slavery risk is complex and challenging. This Statement, which is our first statement under the *Modern Slavery Act 2018*, reports on the work that we have completed in the first year of our modern slavery program. The work that has been undertaken during 2019/20 has been aimed at establishing a sound modern slavery framework for MTAA Super and raising awareness about modern slavery among our officers, staff and service providers. We will, however, be taking a '*continuous improvement*' approach to our modern slavery program which we expect to evolve over time as we and the business community learn more about the risks of modern slavery.

Consultation with controlled entities

The following entities are wholly owned by MTAA Super:

- MTAA Superannuation Fund (Secretariat Co.) Pty Ltd (a management services company which engages MTAA Super staff); and
- a number of wholly owned investment vehicles whose sole purpose is to hold specific investments for MTAA Super.

None of these companies includes any personnel who are not also MTAA Super staff.

MTAA Super policies and processes (including policies and processes under the modern slavery program) apply to all of these entities. Accordingly, there has been no need for MTAA Super to separately consult with those entities in relation to this Modern Slavery Statement.

Other relevant information

MTAA super engages with a number of industry bodies contributing to improving awareness of modern slavery risks, sharing resources and developing practices to reduce the risk of modern slavery within our investment activities.

Australian Council of Superannuation Investors (ACSI)

MTAA Super is a member of ACSI.

ACSI is a leading advocate for raising ESG awareness and responsible investment practices within Australian listed companies. ACSI regularly engages with Australian corporates on modern slavery, human rights and labour issues as part of its advocacy service for its members. ACSI has also played a leading role in working with policy makers, companies and responsible investors to develop a practical guide on implementing the Australian Modern Slavery legislation.

United Nations Principles for Responsible Investment (UNPRI)

UNPRI is an international organisation that works to promote the incorporation of environmental, social and corporate governance factors (ESG) into investment decision-making. It advocates the uptake of responsible investment practices across the world's major institutional investors.

As a member, MTAA Super has the opportunity to contribute to the group's leadership on raising awareness of key ESG and sustainability challenges such as modern slavery risk and inequality.