



# Our Modern Slavery Statement

**FOR THE 2019-20  
FINANCIAL YEAR**

The super fund for Australia's higher  
education and research sector

### **About this statement**

This Modern Slavery Statement (**Statement**) is given by UniSuper Management Pty Ltd ABN 91 006 961 799, AFSL No. 235907 (**USM**), being an entity wholly owned by UniSuper Limited ABN 54 006 027 121, ASFL No. 492806 (**USL**) in its capacity as trustee of the fund UniSuper ABN 91 385 943 850 (**Fund**), for the 2019-20 financial year.

The Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**) and has been approved by the Boards of USL in its capacity as trustee of the Fund and USM on 18 February 2021. The registered office for both USL and USM is Level 1, 385 Bourke Street, Melbourne, Victoria 3000.

The reporting entities covered by the Statement are USM and the Fund where it has had consolidated revenue of at least \$100 million for the relevant financial year. As the Fund takes modern slavery seriously, it chooses to prepare a Statement even where it is not a reporting entity under the Act.

Except where the context otherwise requires, the Fund, USL and USM are referred to throughout the Statement as, 'UniSuper', 'we', 'us' or 'our'.

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# Introduction

The Modern Slavery Act 2018 requires certain businesses and entities who meet a revenue threshold (annual consolidated revenue of more than \$100 million) to report on the risks of modern slavery in their operations and supply chains and the entities they own or control, the actions they've taken to address those risks, and how they've assessed the effectiveness of those actions.

UniSuper supports the Act and believes every person has the right to freedom and to be safe and respected in their day-to-day lives.

The Act defines modern slavery to include eight 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 (situations where children are subjected to slavery or similar practices, or engaged in hazardous work).

Consistent with the expectations set out in the United Nations' *Guiding Principles on Business and Human Rights*, the Australian Council of Superannuation Investors and Responsible Investment Association Australasia's joint *Modern Slavery Reporting – Guide for Investors* (November 2019) and the Australian Border Force's *Commonwealth Modern Slavery Act – Guidance for Reporting Entities*, UniSuper recognises the importance of taking meaningful steps to identify and respond to modern slavery risks. Forced labour and related practices exist in the operations or supply chains of most businesses in every region of the world, including Australia. We're deeply committed to upholding human rights across our internal operations and supply chains. We've undertaken a long-term commitment to understand our labour supply chain risks and improve the management of these risks.

This is our first statement under the Act. Its purpose is to describe the activities we've undertaken throughout the 2019-20 financial year, and to identify, assess and address the risks of modern slavery in our internal operations and supply chains. Specifically, in providing the Statement, we've:

- described our structure, internal operations and supply chains (see **page 3**)
- identified the risks of modern slavery practices in our internal operations and supply chains (see **page 4**)
- taken action to assess and address those risks and mapped out some of our intended actions for the future (see **page 5**)
- assessed the effectiveness of our actions (see **page 9**), and
- described the process of consultation we've engaged in within UniSuper (see **page 10**).

We acknowledge modern slavery risk reporting in Australia is relatively new. We expect our statements will evolve and demonstrate progress over time. We'll strive for further insights into modern slavery risks so we can:

- continue to strengthen and refine our response to future reporting cycles
- better understand and improve our processes for identifying and managing modern slavery risks
- improve awareness of modern slavery among employees and key business partners, and
- anticipate the evolving nature of modern slavery risks and our responsibility to respect human rights, including during times of uncertainty and challenge.

Signed by:



**Ian Martin**  
Chairman  
UniSuper Limited



**Kevin O'Sullivan**  
Chief Executive Officer  
UniSuper Management Pty Ltd

# Our structure, operations and supply chains

## Structure

USL is the incorporated trustee of the Fund. It is the sole shareholder of USM in its capacity as trustee of the Fund and beneficially holds these shares on behalf of the members of the Fund. USL also owns or controls a number of entities whose sole purpose is to hold particular investments of the Fund. Most of these entities have the same registered office as USL, a few have a registered office elsewhere in Australia and one has a registered office in New Zealand. No people are employed by any of these entities.

USM provides administration and investment management services to USL. USM also operates UniSuper Advice. UniSuper Advice is licensed to deal in financial products and provide financial advice. UniSuper Advice financial advisers and support staff are employees of USM.

The USL Board comprises 11 directors (eight representative directors and three independent/non-representative directors). Further information about our directors can be found on our [website](#). The USM Board comprises 12 directors replicating those of the USL Board, with the addition of another director who is the Chief Executive Officer of USM, Kevin O'Sullivan.

## Internal operations

UniSuper is the complying superannuation fund dedicated to people employed in the higher education and research sector. We're one of Australia's largest industry super funds with over 450,000 members and over \$80 billion in funds under management.

The day-to-day administration of UniSuper is managed by USM. The executive leadership team is committed to achieving its purpose: providing greater retirement outcomes for our members. The team operate in line with annual performance objectives and report to the USL Board. More information is outlined in our annual report and is available on our [website](#).

We have a national presence with more than 800 employees working in Melbourne, Sydney, Adelaide, Brisbane, Canberra and Perth, either in one of the UniSuper offices or on-campus at one of our university-based employers.

Our internal operations include operating superannuation products, administering all products internally, providing inbuilt benefits and offering external insurance to members, providing general and personal financial product advice to members and spouses via UniSuper Advice, managing a substantial proportion of UniSuper's investments internally, and selecting, monitoring and allocating funds to our external investment managers.

Further details about our internal operations (including our internally managed investments) can be found in the **Appendix**.

## Supply chains

Our supply chains include our externally managed investments and goods and services generally supplied to us, including to support our internal operations.

Further details about our supply chains can be found in the **Appendix**.

## COVID-19 impact

We acknowledge the social and economic impacts of the COVID-19 pandemic have been globally profound and may lead to an increased risk of modern slavery practices within the financial services industry, as well as our suppliers' operations and supply chains. Since the outbreak, we have complied with workplace health and safety requirements in Australia and carry out our identification and assessment activities to identify risks of modern slavery practices within our internal operations and supply chains. We've also continued our direct engagement with companies to discuss human rights and supply chain risks.

# Risks of modern slavery practices

Modern slavery focuses on risk as it relates to people. Risk to people incorporates concepts of severity of modern slavery practices, likelihood of occurrence, as well as the extent of the effect, in terms of the number of people affected and over what time period.

## Internal operations

We're strongly committed to ensuring compliance with all workplace health and safety requirements applicable to our places of work. We recognise our responsibilities are to provide, so far as is reasonably practicable, a safe working environment to our people without risks to health, in accordance with the applicable statutory requirements. We're committed to:

- working safely,
- providing a workplace free from harassment, discrimination and bullying,
- acting ethically and lawfully in all business conduct,
- engaging with stakeholders respectfully and honestly, and
- building sustainable communities through providing local jobs, developing local skills and local business opportunities.

Our work is guided by our UniSuper values which are an integral part of the way we do things and a framework for our shared expectations. They can be found on our [website](#). Our values are: we're better together, we can be counted on, we strive for excellence, we take initiative, and we genuinely care for our members.

We consider our potential exposure to modern slavery risk in respect of internal operations to be low. However, we recognise our internally managed investments is an area of focus in respect of modern slavery.

Further details about the areas of modern slavery risks identified in our internal operations (including our general approach to managing modern slavery risks in our internally managed investments) for the 2019-20 financial year can be found in the **Appendix**.

## Supply chains

We consider our overall exposure to modern slavery risk in respect of our supply chains to be of generally lower risk. However, we recognise some aspects of our supply chains may be subject to a higher risk of modern slavery.

Further details about the areas of modern slavery risks identified in our supply chains (including our understanding of how our external investment managers are managing modern slavery risk in our externally managed investments) for the 2019-20 financial year can be found in the **Appendix**.

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# **Our actions to assess and address the risks**

## *FY 2020*

We took a proactive approach to assess and address modern slavery risks within our internal operations and supply chains during the 2019-20 financial year. The actions we took include:

### Internal operations

- **Establishment of a Modern Slavery Working Group**  
We established a modern slavery working group (**MSWG**) comprising members of our risk and compliance, finance (procurement & facilities), investments and legal departments. The working group's responsibility was to oversee and monitor initial compliance with the Act.
- **Training and culture**  
Members of our MSWG along with employees in our procurement, compliance and legal functions successfully completed modern slavery risk training provided by an external compliance and risk specialist to better understand our legislative obligations. Further training will be provided to relevant employees in the future.
- **Incorporating modern slavery into our ESG processes**  
We integrated modern slavery risk analysis into the existing Environmental, Social and Governance (**ESG**) risk processes for our internally managed portfolios. These assessment processes allowed us to focus on due diligence with higher risk suppliers and prioritise modern slavery engagement activities.
- **Engaging directly with companies we invest in**  
Engaging directly with companies to discuss human rights and supply chain risks. These discussions include a focus on their approach to identifying potential areas of risk, investigations undertaken to follow up possible issues in their supply chain and processes for early detection and monitoring of risks.
- **Contributing to and engaging with investor groups**  
Collaborating with various investor groups such as the Australian Council of Superannuation Investors (**ACSI**) and United Nations' Principles for Responsible Investment (**PRI**). We are active members of these and other collaborative bodies and participate in various forums in which companies, affected workers, industry bodies and other relevant experts discuss modern slavery and supply chain issues.

### Supply chains

- **Engaging with our external investment managers**  
We requested all our external investment managers (across all geographies and asset classes) to complete our modern slavery questionnaire and held subsequent discussions to gain a better understanding of their processes for identifying and assessing risk when managing our investments. This was done as part of our regular due diligence on managers' ESG performance and processes as well as specific requests focussing on their modern slavery risk management.
- **Performing a supplier risk identification assessment and engaging with our higher risk suppliers**  
We identified 38 suppliers with a higher risk of modern slavery in their operations or supply chains (see the **Appendix** for the enterprise-wide assessment process undertaken). We then prioritised modern slavery risk engagement activities with these higher risk suppliers, including commencing a due diligence process. As part of the process, these higher risk suppliers were encouraged to complete our supplier survey to help inform our future engagement with these suppliers in respect of modern slavery risks.
- **Developing contractual provisions**  
We commenced developing modern slavery risk provisions into our standard contract templates. These provisions will be incorporated into our contracts with higher risk suppliers.



## FY 2021

Actions undertaken to assess and address modern slavery risks within our internal operations and supply chains after 30 June 2020 will feature in our next statement (for the 2020-21 financial year).

We're committed to undertaking the following actions in the **2020-21** financial year:

### Internal operations

- **Monitor and manage the risks of modern slavery in the Financial Risk & Assurance Committee (FRAC)**

We'll incorporate monitoring and managing the risks of modern slavery in our Financial Risk & Assurance Committee and facilitate engagement and feedback between key areas of our operations (such as risk and compliance, finance (procurement & facilities), investments and legal).

- **Develop and update our frameworks, policies and procedures**

We assess the effectiveness of our engagement activities and compliance with our policies and procedures regularly. As a result, we plan to review our existing risk management framework and associated policies to further embed modern slavery risk management into existing operational systems and processes (we receive independent assurance via an internal audit program on the adequacy and effectiveness of our risk management framework, and have internal controls in place to manage risk). The framework will be accompanied by a Modern Slavery Policy. We'll also update any other relevant policies and procedures to help identify, assess and address modern slavery risks.

- **Training and culture**

In order to manage modern slavery risks we'll review training needs for all relevant employees and monitor compliance. We'll also promote a confidential whistle-blower reporting hotline for employees, contractors and suppliers so they can freely raise concerns regarding suspected modern slavery practices.

### Supply chains

- **Supplier awareness and due diligence**

We plan to undertake further analysis of the supplier survey responses received in our investments and procurement functions for the 2019-20 financial year. Where higher risk suppliers have undertaken actions to address modern slavery risks, we'll work with them to monitor progress. Additionally, we'll use survey data to engage and manage higher risk suppliers.

- **Ongoing monitoring and assessment**

We'll continue to review suppliers with a higher risk of modern slavery practices in their operations or supply chains. We'll also continue to engage with high risk suppliers. We'll analyse responses to better understand the extent of modern slavery practices within our suppliers' operations and supply chains.

- **Modern slavery contract provisions**

We'll incorporate modern slavery risk provisions in our contract templates and look to incorporate these provisions in contracts with higher risk suppliers.

- **Remediation**

If we become aware of potential modern slavery practices occurring in our operations or supply chains, we will take appropriate steps to ensure the matter is addressed and, where necessary, remediated. The remedial action we take will depend on the circumstances.

## *FY 2022 and beyond*

For the **2021-22** financial year and beyond, we're considering the following actions to assess and address modern slavery risks within our internal operations and supply chains:

- Review and where appropriate improve our due diligence, risk management, training and supplier engagement systems and processes to ensure modern slavery risks are effectively managed and mitigated;
- establish and implement specific supplier monitoring programs for our higher risk suppliers;
- work with our higher risk suppliers who have their own suppliers to map the next tier of suppliers against geographic, commodity and industry modern slavery risk indicators;
- review the actions taken to identify, assess and address modern slavery risks and incorporate outcomes-focused performance indicators into review processes; and
- explore remedy pathways based on peer benchmarks and advocate for an industry approach.



# How we assess the effectiveness of our actions

We're committed to assessing the effectiveness of our actions in addressing the risks of modern slavery practices.

During the 2019-20 financial year we focused on actions that established our framework for identifying, assessing and reacting to modern slavery risks going forward. As identified by the actions we've taken to assess and address the risks detailed on pages 5 to 8, we established a modern slavery working group to oversee and monitor initial compliance with the Act. The ongoing function of monitoring and management of the risks will be carried out through the Financial Risk & Assurance Committee (**FRAC**), and integrated into policies and procedures which will be regularly reviewed.

Members of our modern slavery working group and other key employees successfully completed training on understanding and identifying modern slavery risks and practices. The training facilitated the framework established by the working group which has provided the foundation for our ongoing modern slavery related compliance obligations. Further training will be provided to relevant employees in the future.

From an investment perspective, we're confident with our approach to addressing modern slavery risks in our investments. Stakeholder engagement is the centrepiece of our approach to ESG. We've found

that companies are generally very responsive to constructive feedback on their ESG approach. Some of the ESG improvements include climate change (improved disclosure and measurement of emissions, implementing emission reduction practices and technologies, more ambitious targets), remuneration practices (lower quantum, better alignment of incentives to performance) and board composition (greater gender balance, skills assessment, independence). We believe that modern slavery risk is evolving in a similar way. The mandatory reporting regime in the UK provided focus for investors with UK exposure. Australia's new reporting requirements make it compulsory for ASX listed companies and their investors to address these issues. As knowledge improves over time, company practices will evolve, disclosure will increase, and investor focus will grow. Like other ESG issues, we expect variation in practices will be revealed, leading to greater investor attention to improve overall practices.

Stakeholder engagement is the centrepiece of our approach to ESG.

# Our consultation process

We're committed to developing and maintaining a robust, group-wide response to modern slavery.

USM developed this Statement in consultation with USL as trustee of the Fund and many of the entities that USL as trustee of the Fund owns or controls. A list of the entities that USL owns or controls is contained in the Fund's full audited accounts for the 2019-20 financial year. You can request a copy of this by calling [1800 331 685](tel:1800331685).

In preparing this Statement, the relevant directors and officers of USL, USM and many of the entities USL owns or controls were consulted and provided with an opportunity to review the Statement prior to approval.



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# **Appendix – Identifying our modern slavery risks**

AREA	MODERN SLAVERY RISKS IDENTIFIED
<i>Internal operations</i>	
<b>Internal investments</b>	<p>Over two-thirds of our funds under management are managed internally. On an overarching thematic review, our internally managed investment portfolio includes both active and passive investments in equity markets, property, private equity and infrastructure across numerous countries. There are a wide range of investment related activities that can vary on a day to day basis. These activities include:</p> <ul style="list-style-type: none"> <li>▪ the formulation and monitoring of investment objectives and strategies</li> <li>▪ the selection, appointment and ongoing management of investment managers, custodians and other service providers</li> <li>▪ the selection and ongoing management of direct investments</li> <li>▪ the calculation and analysis of investment returns, and</li> <li>▪ the production and verification of investment information before release to members.</li> </ul> <p>Our Core Investment Governance and Risk Framework document outlines and refers to the various systems, structures, policies, processes and personnel in relation to investment-related activities, including the generation of returns to meet investment objectives and the monitoring and management of investment risk.</p> <p>As a responsible investor, we assess ESG factors across every investment we make. We seek to understand the ESG issues of our investments to gain greater insights into our investment decisions and understand the risks and opportunities of our investments. One of our priority ESG themes is workforce issues, incorporating modern slavery and supply chains. We've adopted a risk-based approach, using both geographic and sectoral exposures of our investments.</p> <p>During the 2019-20 financial year, we undertook a high-level thematic review of our internally managed investment portfolio and suppliers to identify general areas of modern slavery risk.</p> <p>Generally, our investments are mainly in developed markets, dominated by Australia. Our international holdings are mainly in listed equities and fixed interest domiciled in developed countries, with low exposure to developing countries (mainly Asia). While our geographic exposure to high risk countries is therefore low, we also consider our exposure to industries with higher risks of modern slavery.</p> <p>In relation to assessing our investments, we focussed on ASX listed companies in the consumer staples, consumer discretionary and transportation sectors, and included meetings with executives or board members. We covered issues such as underpayments of employees, supply chain monitoring (particularly in the horticulture sector), audit outcomes and disclosure. Investor engagement has resulted in improvements with:</p> <ul style="list-style-type: none"> <li>▪ more structured oversight and reporting of employee conditions in franchising companies,</li> <li>▪ supermarket chains raising the bar for their horticultural suppliers by setting clear expectations on the use of labour-hire providers, and</li> <li>▪ the introduction of regular auditing programs and improved whistleblowing systems to support ongoing compliance.</li> </ul>

## APPENDIX

AREA	MODERN SLAVERY RISKS IDENTIFIED
<i>Internal operations</i>	
<b>Other investment service providers (e.g. custodians, brokers, data providers, valuers)</b>	We did not consider the potential modern slavery risks within this area to be high. They involve the provision of specialised professional services and are provided predominately from Australia. We will look to assess and address any possible risks in a future reporting year.
<b>Operating superannuation (accumulation and pension) products</b>	We did not consider the potential modern slavery risks within this area to be high. We will look to assess and address any possible risks in a future reporting year.
<b>Administering all superannuation (accumulation and pension) products</b>	We did not consider the potential modern slavery risks within this area to be high. We will look to assess and address any possible risks in a future reporting year.
<b>Providing inbuilt benefits and offering external insurance to members</b>	We did not consider the potential modern slavery risks within this area to be high. We will look to assess and address any possible risks in a future reporting year.
<b>Providing general and personal financial product advice to members and their families via UniSuper Advice</b>	We did not consider the potential modern slavery risks within this area to be high. We will look to assess and address any possible risks in a future reporting year.

AREA	MODERN SLAVERY RISKS IDENTIFIED
<i>Supply chains</i>	
<b>Goods and services</b>	<p>In the assessment of our supply chains pertaining to products or services provided to us by suppliers, all goods and services procured by UniSuper were considered via tier one of the supply chain that provides the goods or services. The vast majority of the reporting entities' suppliers of goods and services are not suppliers at higher risk of involvement with modern slavery. Overall, on a headcount basis, 94% of our tier one suppliers of goods and services were located or carrying on an enterprise in Australia, 3% in the United States and the remainder elsewhere.</p> <p>Our suppliers (and types of services obtained) include:</p> <ul style="list-style-type: none"> <li>▪ custodians, brokers, research providers and external investment managers (investment services);</li> <li>▪ professional services firms (accounting, audit, advisory);</li> <li>▪ marketing of branded goods;</li> <li>▪ telecommunications (internet, telephone, computing, data storage);</li> <li>▪ facilities and premises (real estate);</li> <li>▪ logistics and freight suppliers (postage and couriers)</li> <li>▪ industry and professional organisations (subscriptions, memberships)</li> <li>▪ information technology companies (software, data services, technical services);</li> <li>▪ recruitment and human resources firms (human resources); and</li> <li>▪ office-related suppliers (cleaning, catering, stationary).</li> </ul> <p>In determining which aspects of our supply chains were at a higher risk of modern slavery, an enterprise wide assessment of spend and supplier data for the 2019 calendar year was conducted alongside consideration of:</p> <ul style="list-style-type: none"> <li>▪ global slavery index data</li> <li>▪ qualitative assessment in conjunction with industry bodies</li> <li>▪ industry commentary on modern slavery, and</li> <li>▪ a de minimis spend threshold of \$5,000.</li> </ul> <p>Out of the thousands of suppliers to our operations, the assessment process yielded a result of 38 "higher risk suppliers" with which we have focussed our efforts and conducted enhanced due diligence in respect of modern slavery risks. Our actions described in pages 5-8 detail how we began engaging with these suppliers and, of course, any further development during the 2020-21 financial year will be reported in our next modern slavery statement. Further, there is a dedicated procurement function to manage the contracting, delivery and relationship process end to end alongside the relevant business unit within UniSuper. As part of this function, the appropriate contracting approach is determined in accordance with the reporting entity's procurement strategy. The structure of such arrangements is determined on a case by case basis with reference to the business requirements, input from subject matter experts, nature of the service and output of an in-house evaluation tool, known as the "vendor criticality assessment" (<b>VCA</b>). The VCA establishes a criticality rating that then determines other processes to follow or actions to take, such as the sourcing approach, whether to assess the risks of modern slavery in the supply chain, whether additional risk mitigation and due diligence activities are warranted. We made arrangements in the 2019-20 financial year to ensure procurement activities undertaken from 1 July 2020 (that is, prior to commencing a procurement activity, extending or varying a contract) via our procurement function would conduct a VCA. If the VCA result indicated a higher risk of modern slavery, then we took this into consideration when selecting vendors or assessing overall vendor performance. The VCA result could also prompt further due diligence.</p>



## APPENDIX

AREA	MODERN SLAVERY RISKS IDENTIFIED
<i>Supply chains</i>	
<b>External investments</b>	<p>Our externally managed investments comprise under one third of our investments. For modern slavery risk purposes, risks are potentially present in our external managers as suppliers and in relation to the assets being managed.</p> <p>For this Statement, we sought to gain a better understanding of our external managers' processes for identifying, assessing and managing modern slavery risks (on a geographical risk and sector risk basis) when managing our investments. This was done as part of our regular due diligence on managers' ESG performance and processes as well as specific requests focussing on their modern slavery risk management. We will report on our progress annually.</p> <p>We did not consider the potential modern slavery risks with external investment managers as tier one suppliers to be high, however, we will look to assess and address any possible risks in a future reporting year.</p>
<b>Employment agreements for USM employees and minimum term contractors</b>	<p>We did not consider the potential modern slavery risks within this area to be high. We will look to assess and address any possible risks in a future reporting year.</p>
<b>Professional advisers (e.g. accounting firms, audit firms, law firms)</b>	<p>We did not consider the potential modern slavery risks within this area to be high. The services provided to us are predominately located in Australia. We will look to assess and address any possible risks in a future reporting year.</p>
<b>Incidental ad hoc supplier agreements entered into at a business level on a repetitive basis</b>	<p>We did not consider the potential modern slavery risks within this area to be high. The extent of any such engagement would have been below a materiality threshold (otherwise the supply would have gone through the procurement process - described in the 'key suppliers' row of this table). We will look to assess and address any possible risks in a future reporting year.</p>

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