

Modern Slavery Statement 2023

First Super | Modern Slavery Statement 2023

The Modern Slavery Act 2018 (Cth) reporting criteria

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Introduction

This Modern Slavery Statement is made in accordance with the Commonwealth's *Modern Slavery Act 2018* (Cth), (**the Act**). First Super acknowledges its expanded obligations to report on modern slavery in its operations (including investment activities) and supply chains.

First Super recognises not only its responsibilities under the Act, but also its opportunity as a business leader to help transform industry practices and more effectively combat modern slavery in all its forms. First Super strives to work closely with our suppliers, investors and employees to enhance our knowledge of modern slavery risks across our operations and supply chains.

For the purposes of defining modern slavery, we refer to the Act itself, which describes situations where offenders “use coercion, threats or deception to exploit victims and undermine their freedom”. It lists eight practices that can constitute modern slavery, including: human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour.

This statement sets out First Super's actions to identify and address modern slavery risks arising from our operations. It further outlines the steps we have taken, such as introducing training, a Modern Slavery Policy, and that we intend to maintain responsible and transparent supply chains across our organisation.

About First Super

The reporting entity First Super Pty Limited (ABN: 42 053 498 472) as the Trustee for First Super (ABN 56 286 625 181) [**the Fund**], is a public offer superannuation fund. The Trustee holds an RSE License from the Australian Prudential Regulation Authority which allows the Trustee to operate the Fund on behalf of its members.

First Super was founded in July 2008 following the merger of three industry super funds. As the industry fund for employees in the timber, pulp and paper, and furniture and joinery industries, our products and services are designed to meet the needs of these members, their employers and communities, as well as being suitable for our broader membership.

First Super offers members five investment options within its accumulation (including Transition to Retirement) and Retirement products.

First Super's shareholders include the Timber Trade Industrial Association (TTIA), Australian Cabinet and Furniture Association (ACFA), Australian Furniture Association (AFA), Australian Forest Products Association (AFPA) in trust for the AFPA Committee Tasmanian Forest Products Association (TFPA) and ACN 117 909 127 Pty Ltd (Manufacturing Division, Construction, Forestry, Maritime, Mining and Energy Union).

The Trustee for First Super owns 100% of Super Benefits Administration (the Fund's administrator) as a private equity investment.

Structure, operation, and supply chains

Organisational structure and business

First Super operates as a Trust, and the Trustee Board is obliged to prudently invest funds and ensure First Super is managed in the best interests of members.

First Super's board is made up of 12 directors: five Directors nominated by the Manufacturing Division of the Construction Forestry Maritime Mining and Energy Union, five nominated by employer associations or employer sponsors, and two Independent Directors. There is also an Associate Employer Director.

Directors are appointed by the Board based on skills, qualifications, and suitability, and are obliged by law and our own governing policies to act in the best interests of all First Super members.

First Super's board has established committees to deal with all areas of the Fund's management. These committees make recommendations to the Board, helping it to discharge its duties.

First Super employs approximately 35 employees and works with a range of independent advisors, consultants and service providers who assist in the daily running of its operations.

For its investments function, First Super invests in a range of asset classes using both Australian and international investment managers.

Advisors and service providers are appointed following due diligence processes, and these may change from time to time.

Our operations

In the 2022/23 financial year, First Super had more than 50,000 members and managed more than \$4 billion in funds under management.

To achieve our purpose of building members' retirement savings, First Super manages a large investment portfolio spanning Australian and international equity markets, direct property, infrastructure, fixed interest, cash and private equity investments.

Reducing modern slavery risks

First Super has taken the following steps to mitigate modern slavery risks:

1. Continue to monitor the risk of modern slavery in our operations and our supply chain.
2. Identify and assess which sectors and geographies involve heightened modern slavery risks.
3. Focus on areas of our operations where there is limited visibility and determine whether those areas carry high modern slavery risks.
4. Engagement with our suppliers, including our investment managers, by holding regular meetings and development of a modern slavery questionnaire to help with our risk assessment of material and non-material service providers.

We recognise that certain sectors and geographies pose greater modern slavery risks (such as property development) and, therefore we have engaged with our investment managers to better understand the processes they have in place to guard against modern slavery.

Further information on our approach to investing can be found in our *Annual Report*, *Product Disclosure Statement* and *Investing Your Super guide*, all of which are available on First Super's website.

Our supply chain

First Super is dedicated to working alongside its suppliers to eliminate the practice of modern slavery within its supply chain. First Super's supply chain includes a wide range of material and non-material service providers.

The material service providers we use include administration, custody, investment services, asset consulting and group insurance. Our non-material service providers include, among other things, printing and mail house services, financial planning, legal advice, marketing services, research and analysis, and telecommunications.

It is the position of the Trustee that wherever possible Australian-manufactured and ethical suppliers are engaged. As part of First Super's Investment strategy, we have carefully appointed fifteen investment managers with either offices or headquarters based in Australia, two investment managers are based in the United Kingdom and other investment managers based in Denmark and the USA.

Over the past year we have carefully assessed the scope of our supply chain and from there identified the areas at greatest risk of modern slavery. Building on this internal research – which suggests the high-risk areas for financial services supply chains include IT procurement, logistics and property, and building services such as facilities management, utilities, cleaning, waste management and security, and print and promotional goods – we have identified certain elements of our supply chain that carry greater risk. We have also sought to understand geographic and sector risks in relation to our investments.

5. Because the task of identifying risks in the supply chain may be overwhelming, the UN Guiding Principles suggest focusing on the areas of greatest risk, which means those which would *cause the greatest harm to people, the greatest impact or where risks are large-scale* (a significant number of people are affected).

At First Super, we are aware that forced labour and other forms of modern slavery are a devastating reality, but we are committed to playing our role in reducing these practices in Australia and overseas.

Investments held by First Super

First Super invests in a range of asset classes handled by leading Australian and international investment managers. These are listed below.

In 2023 the Fund has focused on investigating its investment portfolio to ascertain whether our investment managers have appropriate structures, processes, policies and procedures in place to combat modern slavery. Regarding current investments, First Super has at least 15 suppliers based in five jurisdictions and investing in over 77 countries.

Investments held by First Super at 30 June 2023

	30 June 2023 \$
Australian Private Equities	
Frontier Investment Consulting	\$384,597
Industry Super Holdings	\$86,705,300
ROC Partners Trust IV	\$2,699,322
Stafford Private Equity 3	\$263,449
Stafford Private Equity 4	\$518,093
First Trust Portfolio	\$186,964,245
Super Benefits Administration	\$3,400,451
Total Australian Private Equities¹	\$284,659,125
Australian Equities	
Allan Gray Australian Equities Fund	\$177,610,179
Ausbil Australian Equities Fund*	\$316,547,014
Eley Griffiths Aust Equities Small Companies Mandate	\$118,498,893
IFM Enhanced Index Aust Equity Mandate*	\$342,725,770
Total Australian Equities¹	\$955,381,856
Australian Infrastructure	
Utilities Trust of Australia	\$77,362,272
IFM Australian Infrastructure Fund*	\$224,311,272
Total Australian Infrastructure	\$301,673,544
Cash and Capital Guaranteed	
IFM Transact Cash Fund	\$124,918,590
Short Term Cash Account (Term Deposit)*	\$448,522,871
Cash	\$37,010,154
Total Cash and Capital Guaranteed¹	\$610,451,614

	30 June 2023 \$
Fixed Interest	
Blackrock Global Bond Index Fund	\$96,985,444
Blackrock Aus Bond Index Fund	\$113,046,441
IFM Specialised Credit Fund*	\$216,015,387
PIMCO Target Return Fund	\$88,449,383
Westbourne Infrastructure Debt Fund 2	\$13,892,720
IFM Aus Credit Opportunities Mandate	\$325,339
Total Fixed Interest	\$528,389,377
International Equities (Hedged)	
IFM Labour Rights Global Equities*	\$368,022,795
Total International Equities (Hedged)	\$368,022,795
International Equities (Unhedged)	
Metropolis Capital Global Equities*	\$219,747,554
C Worldwide Global Equity Fund*	\$212,500,279
Skerryvore Global Emerging Markets All Cap Equity Fund	\$85,624,577
Total International Equities (Unhedged)	\$517,872,411
International Infrastructure	
IFM International Infrastructure*	\$249,342,050
Total International Infrastructure¹	\$249,342,050
International Private Equity	
IFM International Private Equity 1	\$55,600
Wilshire Private Markets LPs	\$4,146,144
Total International Private Equity¹	\$4,201,744
Property	
ISPT Core Fund*	\$251,309,166
Total Property¹	\$255,457,528



\$4,092,216,773

Total investments

* These assets represent 5% or more of the Fund

1. The total of the portfolio may not be equal to the sum of the investment listings due to the inclusion of GST, cash and receivables under the portfolio.

Risk assessment framework and process

First Super has a risk assessment framework in place across operations which aims to evaluate risks and achieve optimal outcomes. Once a risk has been identified, the relevant employee will make the business aware of that risk and the organisation will then determine the most appropriate response.

As part of this process flow there are efficient reporting mechanisms in place to ensure identification of, and response to risks. First Super recognises risks relating to certain sectors, industries, products and services, as well as geographic regions. Potential risks are dealt with through our Modern Slavery Policy and staff training.

As part of our risk assessment process, First Super conducted a modern slavery questionnaire, which included all material and non-material service providers and vendors.

The questionnaire feedback provided insight to help us understand the procedures that our service providers have in place for managing modern slavery risk. In addition, the questionnaire responses assisted our review of identifying and assessing the associated level of modern slavery risk in our operations and supply chain.

Material service providers are responsible for areas such as administration, asset consulting, auditing, custody, and group insurance. Non-material service providers include actuaries, marketing, legal advice telecommunications and strategy, research, and analysis.

Once identifying all the organisations we are associated with, we assess the risk for each of these supply chain elements.

First Super is committed to open and transparent business practices and aims to ensure that our approach to modern slavery adheres to the requirements of the Act and associated legislation. We expect our investors, suppliers, and business partners to adhere to these same standards.

Human rights analysis already forms part of our process for integrating environment, social and governance factors into our investment decision-making.

The risk processes we use includes an assessment of high-risk geographies, services and products, and we are planning additional work to identify how these procedures can be enhanced to integrate risk assessment specific to modern slavery.

First Super recognises that, as with all businesses, there is a risk that modern slavery exists within our organisation or supply chain – for example, in cleaning, travel, catering, construction and geographically emerging markets. We are committed to taking action to address these modern slavery risks.

Actions taken to assess and address risks

Governing policies and staff training

First Super has a Modern Slavery Policy to address the requirements pursuant with the *Modern Slavery Act 2018* (Cth). This policy builds on our existing Environment, Sustainability and Governance (ESG) Policy and Code of Conduct, which articulates high standards of behaviour and communicates a zero-tolerance approach to the maltreatment of workers. Elements of the policy inform our Whistleblowing Policy, procurement strategy and recruitment and selection process, as well as employee training.

In addition, First Super provides training through online learning and development modules to ensure all staff have a concise understanding and awareness of the risks of modern slavery within the organisation and its supply chain.

Due diligence, remediation, and reporting

When engaging new suppliers First Super undertakes due diligence to avoid negative impacts and enhance positive outcomes. We have open lines of communication with other investors, and suppliers so we can continually assess, understand, and limit the risks and impacts of modern slavery in these supply chains. Additionally, First Super has an established avenue for remedying any concerns with its suppliers through documented grievance procedures.

An enhanced due diligence regime has been implemented following a scoping exercise to identify the breadth of organisations and suppliers associated with First Super and assess any links to modern slavery.

New suppliers are subjected to heightened scrutiny and any engagement was pre-empted by contractual agreement requirements requiring their compliance with the Act.

First Super has also developed a reporting process whereby employees can anonymously and confidentially report actual or suspected breaches of the company's Modern Slavery Policy and Code of Conduct, as well as the Act. Any disclosures are investigated and reported to the appropriate manager. This system ensures that all reports are managed in an efficient, fair, and timely manner.

First Super recognises the dedicated role it can play in employing its reputation and industry position to leverage for broader systemic change. First Super strives to demonstrate a level of compliance with the Act that serves as a beacon to other sectors of the industry and businesses in general. As part of this role, First Super has engaged in advocacy actions, joining with civil society and industry bodies to push for improvement in at-risk sectors and in geographic regions that pose a substantial modern slavery risk.

How First Super assesses the effectiveness of these actions

First Super understands it will take time and a collective effort to effectively mitigate and eventually eliminate the practice of modern slavery. We believe that incremental change by numerous bodies is the most effective means of transforming and enhancing both national and global awareness of these issues. We are committed to the objectives set out in this statement and to the ongoing assessment of the efficacy of our actions.

Through consistent monitoring and assessment, the Fund reviews and evaluates the success of our modern slavery risk control measures. All employees receive training around modern slavery, and we regularly review our dedicated internal policy.

Consultation with entities we own or control

Super Benefits Administration Pty Limited (SBA), is wholly owned by First Super Pty Ltd and performs administration services for us. We meet with the senior executive of SBA regularly to discuss what we expect, to raise awareness and understand their approach in mitigating modern slavery risks.

We have also provided them with awareness training, our documentation and offered our assistance to them, including access to our governance team.

Looking ahead

First Super understands the importance of continually enhancing its understanding, monitoring and management of modern slavery risks within its organisation and supply chain. First Super is committed to deepening its capacity to identify, evaluate and respond to modern slavery risks, including ongoing continuous assessment and enhancement of due diligence procedures and policies.

As part of our commitment to continuous improvement, First Super undertakes the following measures:

- **Continuous policy assessment and evaluation.** Analyse and examine the current policy and determine which areas require action or amendment.
- **Training.** Continue to provide up-to-date training for all employees to ensure they are capable of identifying and assessing risks of modern slavery and cognisant of the mechanisms for reporting grievances.
- **Engagement with suppliers.** Continue to work alongside suppliers to ensure that all new and existing suppliers are aware of First Super's policy towards modern slavery and, where appropriate, have their own processes and procedures in place.
- **Collaboration with civil society and industry bodies.** Engage with its civil society and industry bodies including the Super Members Council of Australia (SMCA), Department of Home Affairs, Australian Institute of Company Directors (AICD), Australian Council of Superannuation Investors (ACSI) and the Australian Shareholders Association (ASA). First Super aims to be an industry leader in the elimination of modern slavery.

Approval of First Super's Modern Slavery Statement

In preparing this Statement the trustee of First Super consulted with its directors and executive officers.

Two specific requirements are necessary for this statement to be approved:

- the statement must be approved by the Trustee Board, and
- the statement must be signed by the CEO.

This statement was endorsed and approved by the First Super Board at its meeting on 12 December 2023.



Bill Watson
Chief Executive Officer

Important information: The material contained in this bulletin is accurate and reliable as at December 2023.

This document contains general advice which has been prepared without taking into account your objectives, financial situation or needs. You should consider whether the advice is appropriate for you and read the Product Disclosure Statement before making any investment decisions. To obtain a copy of the PDS and Target Market Determination please contact First Super on **1300 360 988** or visit our website **firstsuper.com.au/pds**.

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