



**MODERN SLAVERY  
STATEMENT 2021**

# First Super Modern Slavery Statement 2021



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## Introduction

With the passing of the Commonwealth’s *Modern Slavery Act 2018*, (**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 will strive to work 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 marriage, 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 already taken, such as introducing a Modern Slavery Policy, and that we intend to take in future to maintain responsible and transparent supply chains across our organisation.

## About First Super

First Super Pty Limited (ABN: 42 053 498 472) as The Trustee for First Super (ABN 56 286 625 181) [the Fund].

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, employers and communities, as well as being suitable for our broader membership.

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, and two independent directors. 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 17 permanent employees and works with a range of independent advisors, consultants and service providers who assist in the daily running of its operations.

In addition, First Super engages with external suppliers and organisations to provide catering, accommodation and other supporting administrative functions.

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 may change from time to time.

### **Our operations**

In the 20120/21 financial year, First Super had 46,003 members and \$3.602 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.



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 this.

Further information on our approach to investing can be found in our **Annual Report, Product Disclosure Statement** and **Investing Your Super**, 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, member and employer servicing, 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. Mandated fund managers are all Australian-based.

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.

## **COVID-19**

The COVID-19 pandemic presented challenges for our organisation, service providers and our members. Our organisation acknowledges that the level of risk associated with poor labour practices may increase during a period of uncertainty and upheaval.

As most organisations world-wide, our staff were required to work remotely. In FY21 our staff returned to work to the office. As part of this transition our organisation has taken active steps to ensure the health and safety of our staff and support for our members remains at the forefront of everything we do. During the height of the pandemic and the economic recovery period, we have continually remained engaged with our service providers and our mandated investment managers to ensure compliance with all our regulatory obligations.

## Reducing Modern Slavery Risks

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

1. Identifying broad operations and our supply chain.
2. Assessing which sectors involve high modern slavery risks.
3. Identifying any areas of our operations where there is limited visibility and determine whether those areas carry modern slavery risks.

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 overleaf.

In 2020 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 36 suppliers based in three jurisdictions and operating in over 77 countries.

## Investments held by First Super at 30 June 2021

	30 June 2021 \$		30 June 2021 \$
<b>Australian Private Equities</b>		<b>Fixed Interest</b>	
Frontier Investment Consulting	\$380,379.40	Blackrock Global Bond Index Fund	\$55,722,848.32
Industry Super Holdings	\$45,288,424.88	Blackrock Aus Bond Index Fund	\$124,812,484.87
Member Equity Bank Pty Ltd	\$55,727,315.66	IFM Specialised Credit Fund*	\$182,667,507.09
ROC Partners Trust IV	\$2,955,111.63	PIMCO Target Return Fund	\$105,355,173.62
ROC Partners Trust 3	\$3,264.72	Westbourne Infrastructure Debt Fund 2	\$20,303,360.00
Stafford Private Equity 3	\$801,344.17	IFM Aus Credit Opportunities Mandate	\$326,136.16
Stafford Private Equity 4	\$700,462.80	<b>Total Fixed Interest<sup>1,2</sup></b>	<b>\$619,246,449.84</b>
First Trust Portfolio	\$127,240,890.00	<b>International Equities (Hedged)</b>	
Super Benefits Administration	\$3,975,459.97	Blackrock International Index Fund Hedged	\$132,027,541.01
<b>Total Australian Private Equities<sup>1</sup></b>	<b>\$237,108,975.58</b>	<b>Total International Equities (Hedged)<sup>1</sup></b>	<b>\$132,027,541.01</b>
<b>Australian Equities</b>		<b>International Equities (Unhedged)</b>	
Allan Gray Australian Equities Fund	\$151,955,162.08	Blackrock International Equities*	\$210,616,729.90
Ausbil Australian Equities Fund*	\$251,359,402.80	C Worldwide Global Equity Fund*	\$192,220,438.15
Eley Griffiths Aust Equities Small Companies Mandate	\$94,233,114.72	Capital Group Global Equity Fund*	\$202,343,574.55
IFM Enhanced Index Aust Equity Mandate*	\$360,517,940.70	<b>Total International Equities (Unhedged)<sup>1</sup></b>	<b>\$605,200,427.93</b>
<b>Total Australian Equities<sup>1</sup></b>	<b>\$858,065,620.30</b>	<b>International Infrastructure</b>	
<b>Australian Infrastructure</b>		IFM International Infrastructure*	\$201,951,661.97
Utilities Trust of Australia	\$64,287,340.00	<b>Total International Infrastructure<sup>1</sup></b>	<b>\$201,951,661.97</b>
IFM Australian Infrastructure Fund	\$163,368,078.47	<b>International Private Equity</b>	
<b>Total Australian Infrastructure<sup>1</sup></b>	<b>\$227,655,418.47</b>	IFM International Private Equity 1	\$395,134.37
<b>Cash and Capital Guaranteed</b>		Wilshire Private Markets LPs	\$3,707,149.80
IFM Transact Cash Fund	\$55,590,055.69	<b>Total International Private Equity<sup>1</sup></b>	<b>\$4,102,284.17</b>
Short Term Cash Account (Term Deposit)*	\$306,482,541.54	<b>Property</b>	
Cash	\$43,060,905.39	ISPT Core Fund*	\$226,840,927.19
<b>Total Cash and Capital Guaranteed<sup>1</sup></b>	<b>\$405,133,502.62</b>	QIC Property Fund	\$80,875,120.74
		Franklin International Real Estate Fund 2	\$1,389,091.59
		<b>Total Property<sup>1</sup></b>	<b>\$311,866,506.86</b>

\* 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.
2. The total for Fixed Interest includes both liquidity and cash to be invested in Cameron Hume, the new fixed interest fund manager on board in July 2021.
3. The difference between the total investments held and the investment assets listed on page 26 is due to the cash in Perpetual and Macquarie transition accounts, which don't belong to any of the listings above.



**\$3,602,358,388** Total investments<sup>3</sup>

## 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 its risk assessment process, First Super conducted a desktop review of all material and non-material service providers and vendors.

Material providers are responsible for areas such as administration, asset consulting, auditing, custody, member and employer services, 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 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**

Following the passage of the Act, First Super developed a Modern Slavery Policy to address these new requirements. 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.

First Super has an established Vendor Code of Conduct with which suppliers are bound to comply. Its guiding principles include prohibitions against the practice of child labour, forced labour and mandates regarding working hours, payments and an injunction against discrimination and corruption.

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 rigorous due diligence to avoid negative impacts and enhance positive outcomes. We have open lines of communication with existing shareholders, 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.

A desktop risk assessment was performed by contacting First Super's suppliers and enquiring about their mechanisms and processes for guarding against the practice of modern slavery and human rights violations (this included investigation into the suppliers' directors and related companies). New suppliers were subjected to heightened scrutiny and any engagement was pre-empted by contractual 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.

Our key performance indicators for these actions are:

- 100% compliance of material service providers through the supply chain assessment undertaking and attestation.
- Greater than 90% pass rate when assessing procurement strategies and their adherence to the requirements of the Act.

## Consultation with entities we own or control

Super Benefits Administration Pty Limited (SBA), is wholly owned by us 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 also included them in a desk top review of our suppliers. We have provided our documentation to them 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 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 Australian Institute of Superannuation Trustees (AIST), 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 29 June 2021.



Bill Watson  
Chief Executive Officer