



Modern Slavery Program of Work

FY2024

Foreword

Modern slavery is a global challenge, with an estimated 50 million people subject to coercive exploitation such as forced labour, debt bondage and child labour. This includes an estimated 41,000 people in Australia.

Alongside the personal impacts of this abuse of human rights, modern slavery may represent a material investment risk due to its potential to undermine shareholder value. Safeguarding human rights can help to build long-term sustainability by reducing company exposure to significant reputational and financial risk in supply chains and operations.

All businesses should assess their exposure to modern slavery, and businesses with consolidated revenue of \$100 million annually are required to report under the Modern Slavery Act. While ACSI is not required to deliver a modern slavery statement under the Act, we believe it is beneficial to understand our risks, and make this public statement.

ACSI's work seeks to drive better practice and help those that are most vulnerable. We expect companies to genuinely engage with the issue, and work with suppliers, contractors, and partners along their supply chains to identify, and respond to, modern slavery risk and address incidents where they occur.

In FY24, we held 74 company engagements focused on modern slavery issues with 61 different companies. Whilst most companies have taken foundational actions, we continue to see significant gaps in the way companies assess and address modern slavery risk.

We are also continuing our collaborative and advocacy work. ACSI is a founding member of Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) and led, and participated in, company engagements as part of this initiative.

In late 2023, ACSI was appointed to the Government's Modern Slavery Expert Advisory Group, set up to advise the Attorney-General's Department on the operation of the Modern Slavery Act. The group's membership comprises a cross section of business, civil society, union, and academia representatives. The first meeting was held in March 2024.

In April 2024, ACSI held its first Modern Slavery Seminar to bring together experts in the field and raise awareness of key issues. The webinar hosted sixty-five participants and included panel discussions on emerging practices such as worker voice and strengthening the accessibility of grievance mechanisms.

We also note the recent establishment of the inaugural Australian Anti-Slavery Commissioner. The commissioner is proposed to work with government, business, civil society, and the broader community to support compliance with the Modern Slavery Act, improve transparency in supply chains and help fight modern slavery in Australia and abroad. ACSI will seek to support the work of the commissioner to advocate for better management of risks and transparent, informed reporting.

ACSI's exposure to modern slavery risk is a reputational and financial one, however it is important to recognise that the real risk is to the workers who are being exploited and harmed via various unscrupulous business practices. We encourage businesses of all sizes and industries to assess their exposure to modern slavery, whether or not they are legally required to do so under the Act.

About ACSI

Established in 2001, ACSI exists to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members include Australian and international asset owners and institutional investors with more than \$1.9 trillion in funds under management.

Through our research, engagement, advocacy and voting recommendations, ACSI supports members in exercising active ownership, which enhances the long-term value of the retirement savings entrusted to them to manage.

ACSI members can achieve value for their beneficiaries through genuine and permanent improvements to the ESG practices of the companies in which they invest.



Australian & international investors



Leading voice on ESG issues and advocacy



ACSI members manage over \$1.9 trillion in assets

Acknowledgement of Country

We acknowledge and respect the traditional lands and cultures of First Nations people in Australia and globally. We pay our respects to Elders past and present and recognise First Nations peoples' longstanding and ongoing spiritual connections to land, sea, community and Country. Appreciation and respect for the rights and cultural heritage of First Nations peoples is essential to the advancement of our societies and our common humanity.

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Structure, operations and supply chain

The Australian Council of Superannuation Investors Limited (ACSI) (ACN 164 568 610) is a public company limited by guarantee domiciled in Australia. As of 1 October 2024, ACSI employs 25 permanent staff, and we support our Australian and international members. ACSI is a standalone entity whose registered office and principal place of business is Tenancy 1, Level 15, 2 Lonsdale Street, Melbourne, Victoria Australia.

This statement covers the principal activities of ACSI, and the associated supply chains as follows:

Principal activities

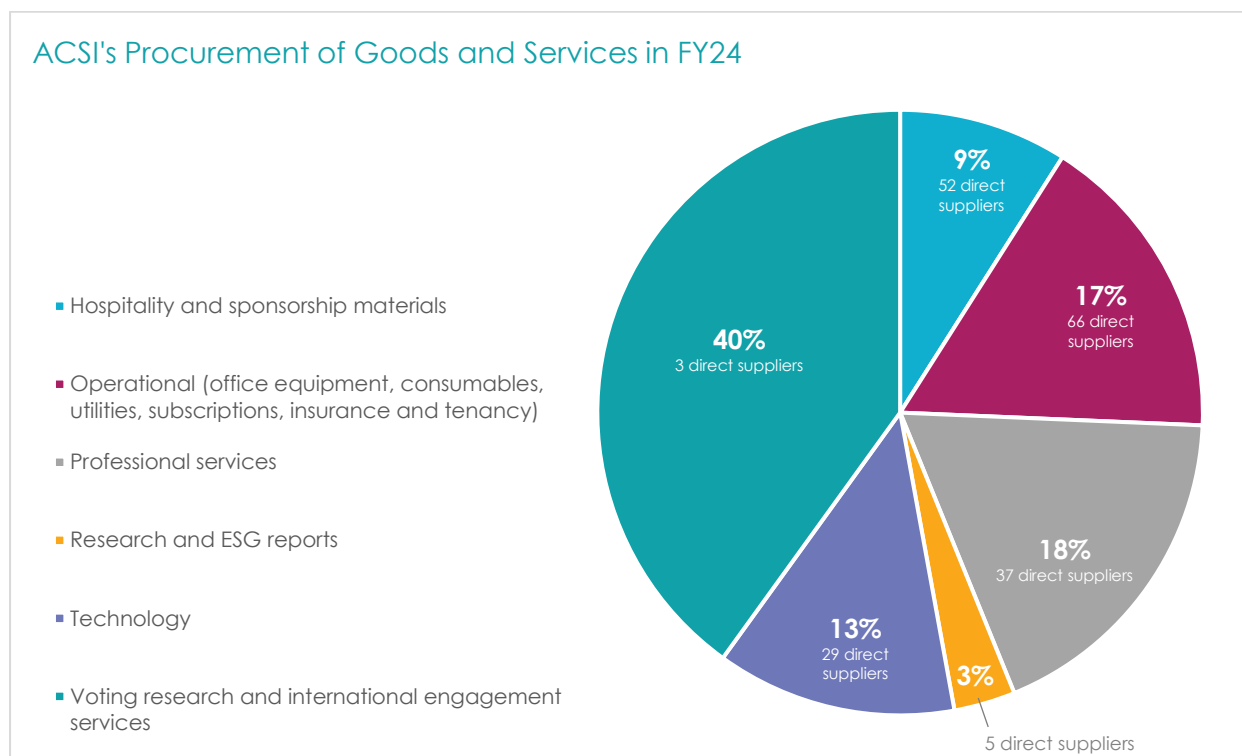
- Undertake or commission research into relevant environmental, social and governance (ESG) issues
- Provide information to members that assists them with the development and implementation of ESG policy
- Provide educational activities, training, materials, seminars and conferences related to ESG issues
- Engage with ASX300 companies in order to understand and, where appropriate, encourage improvement in the management of ESG risks and opportunities
- Provide voting alert services to subscribers on Australia's ASX300 companies
- Coordinate the provision of information from and to international service providers for subscribers of international engagement services; and
- Advocate for improved ESG practices and standards

Supply chain

- Publication of research reports including reports that are commissioned by us or partnered with other organisations
- Presentation of ESG materials and information via publications or virtual reporting
- Hospitality and events sponsorship material suppliers
- Partnership with key suppliers in the delivery of our voting research and alert services and international engagement services
- Technology (hardware, software and cloud services) including telephony and virtual services
- Professional services who provide services to ACSI or via our tenancy lessor; and
- Operational (e.g., office equipment, consumables, utilities, insurance, subscriptions, travel and tenancy requirements)

In FY24, our total supplier spend was \$4 million, spread across 192 direct suppliers. The majority of these suppliers are based in Australia (157). The remaining 35 direct suppliers (detailed on [page 6](#)) have operations or extended workforces offshore (with supply to ACSI valued at approx. \$497,000 for the period). We recognise that all our direct suppliers may operate in or source goods and services from other jurisdictions, potentially exposing us to higher risks of modern slavery further down the supply chain.

Below is an overview of ACSI's procurement activities during the reporting period:



The 35 direct suppliers who have operations or extended workforces offshore are located in countries considered lower risk (as per Global Slavery Index) for the prevalence of modern slavery.

Procurement category	Country location
Hospitality and sponsorship materials	Japan Netherlands United Kingdom United States of America
Office operational (e.g., office equipment, consumables, utilities, insurance, subscriptions, travel and tenancy requirements etc.)	Hong Kong Netherlands United Kingdom United States of America
Professional services	United States of America
Technology	New Zealand United Kingdom United States of America
Voting research and international engagement services	United Kingdom

In FY24, we continued our work on identifying modern slavery risks in the lower tiers of our supply chains. We mapped 54 indirect suppliers from our procurement activities. More information, including outcomes of our inherent risk assessment of the 54 indirect suppliers is provided in the 'Assessing ACSI's modern slavery risk section' of this document (see [pages 9-10](#)).

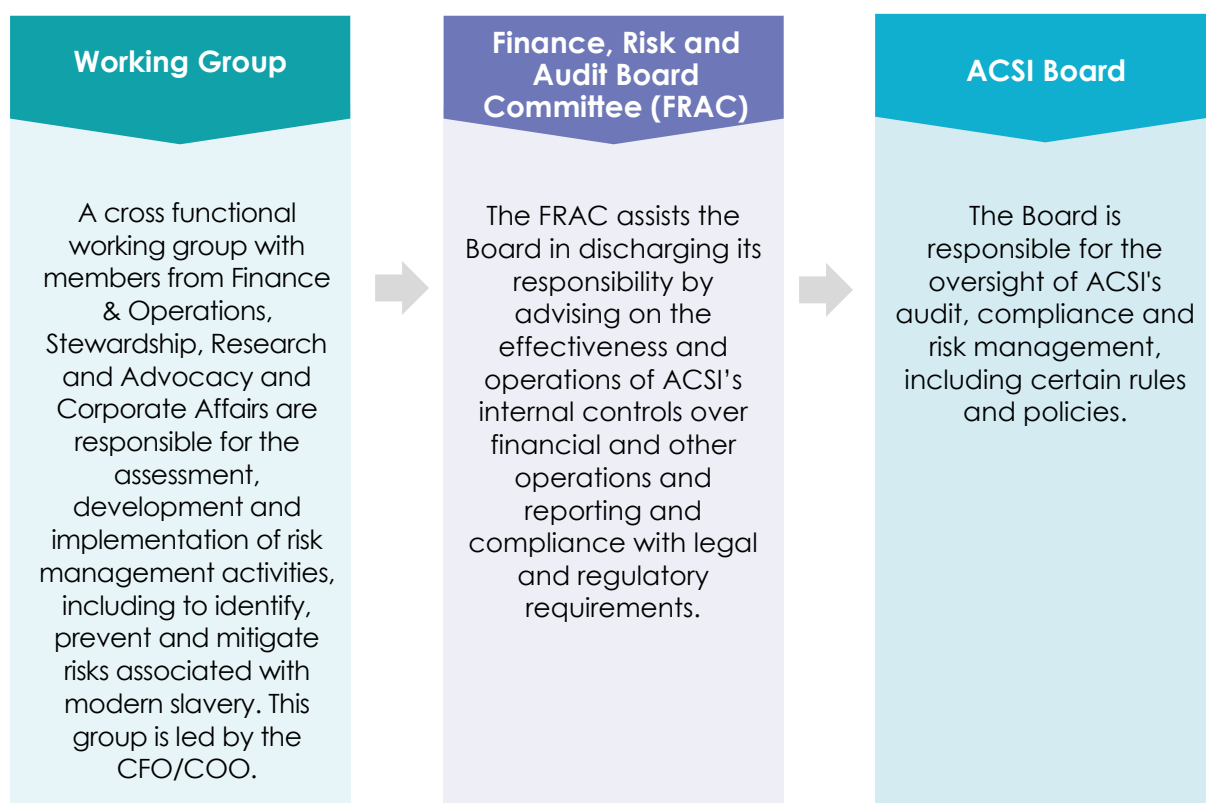
Risks of modern slavery practices in our operations and supply chains

ACSI governing body and risk appetite for modern slavery risk

ACSI respects human rights and promotes human rights as part of our ESG work. Where we identify or are informed of modern slavery risk or incidents, we will seek to understand them and, where relevant, will work constructively to remediate them.

We have a governance structure that supports the identification and assessment of modern slavery risk. The Board oversees the process.

The governance structure is outlined below:



Potential risks in our operations and supply chains

ACSI recognises there is a risk of modern slavery practices in its operations and supply chain, just as modern slavery is a risk factor for all businesses within the financial services sector. Given the nature of our business, our modern slavery risks are largely related to those arising from our office operations (office supplies, IT equipment, tenancy maintenance, cleaning and security), events and marketing, transport and travel. The procurement of the goods and services for these areas of operations potentially exposes ACSI to inherent risks such as sector risks (e.g. use of low skilled labour, migrant workers, reliance on third party labour hire or other vulnerable workers) and country risks (e.g. goods produced in countries with higher prevalence of modern slavery).

Below are some of ACSI's potential risks (predominantly assessed using the Global Slavery index) for these key procurement categories (further information on other factors considered is set out on [page 9](#)).

Product/Service category	Product/Service	Product/Service risk factors	Potential common forms of modern slavery	UNGP Link*
Hospitality and sponsorship materials	Labour hire	Hospitality has an inherent higher risk likelihood of migrant workers; low skilled labour; high risk of sourced products	Forced labour, debt bondage and child labour in manufacturing of sponsorship products and products used in hospitality venues. Exploitation of low-skilled and low-paid workforce	Directly linked through our business relationship
Office operational (e.g., office equipment, utilities, travel and tenancy etc.)	Outsourced services and products (e.g. stationery, cleaning)	Office operation has an inherent higher risk likelihood of sourced products; high risk geographies; high risk of vulnerable population	Forced labour, debt bondage and child labour in manufacturing of stationery and crockery products. Low paid and excessive overtime in transportation and cleaning services	Directly linked through our business relationship
Technology	IT hardware	Technology has an inherent higher risk likelihood of raw materials; high risk geographies; low skilled labour	Child labour in mining of minerals used in IT; forced labour, debt bondage in manufacturing of hardware	Directly linked through our business relationship

*United Nations Guiding Principles on Business and Human Rights (UNGP).

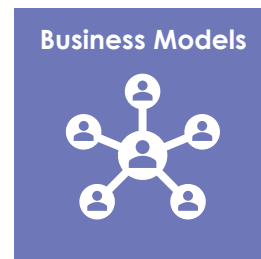
Assessing ACSI's modern slavery risk

Risk assessment process

ACSI has incorporated our approach to modern slavery into our existing risk framework so that modern slavery risk has a similar level of focus as other risks, and a consistency in approach including reporting to our FRAC and Board.

In considering the modern slavery risk in our operations and supply chains, we have taken into account the following factors:

- ACSI's principal business activities
- The social, political and environmental conditions in the countries our suppliers operate in
- Industry specific pressures; and
- Procurement categories with inherent modern slavery risk factors such as:
 - Vulnerable populations where migrant workers or base-skilled workers are particularly vulnerable to systemic issues such as underpayment and excessive work hours (cleaning, security, catering, transport and maintenance)
 - Business models structured around high-risk work practices where third-party labour arrangements may increase complexity in our supply chain (e.g. cleaning)
 - High risk product and service categories (IT hardware, building services, cleaning, security and maintenance); and
 - High risk geographies.



Risks identified

Leveraging our latest procurement data and building on the previous year's methodology and assumptions regarding modern slavery risk, we have updated our supplier risk assessment for FY24 utilising the key procurement categories on [page 8](#). This update includes the mapping of some of our indirect suppliers, identifying 54 indirect suppliers primarily from our office operations (e.g., office supplies, IT equipment, tenancy maintenance, cleaning), events and marketing, transport and travel. In mapping our indirect suppliers, we categorised our indirect suppliers based on their risk level for modern slavery, utilising the principles of cause, contribute and directly linked as set out in the UN Guiding Principles of Business and Human Rights (UNGP).

Key findings from the assessment included:

- 74 of our direct suppliers and 30 of our indirect suppliers present a high inherent risk of modern slavery. This is mainly due to our office operation, events, transport and travel, where exposure to inherent risks is higher. These risks include sector risks (e.g. use of low skilled labour, migrant workers, reliance on third party labour hire or other vulnerable workers) and country risks (e.g. goods produced in countries with higher prevalence of modern slavery).
- 118 of our direct suppliers and 24 of our indirect suppliers present medium-low inherent risk, primarily due to suppliers located in Australia and the type of goods/services provided.

The outcome of our risk assessment indicates that our suppliers are broadly distributed across the medium to low inherent risk categories.

A high-level insight of ACSI's supply chain risk by number of suppliers are as follows:

Supply chain	Direct Suppliers			Indirect Suppliers		
	High	Medium	Low	High	Medium	Low
Hospitality and sponsorship materials	43	9	-	4	1	-
Office operational (e.g., office equipment, utilities, travel and tenancy etc.)	24	6	36	20	9	9
Professional services	-	-	37	-	-	-
Research and ESG reports	-	-	5	-	-	1
Technology	7	5	17	6	-	4
Voting research and international engagement services	-	-	3	-	-	-

Our supply chains

Following from our updated supplier risk assessment for FY24, the areas of focus of our supply chain risk continue to relate to the following:

1. Technology hardware

ACSI engages a technology company to procure a range of different technology hardware products (eg. laptops, monitors and other peripherals). These products are typically manufactured in high risk countries in Asia Pacific where there's known issues with exploitation of labour practices due to the low-skilled nature of the work and the low cost model upon which the industry has been built.

2. Office supplies and stationery

From time to time ACSI procures office supplies and stationery from a number of Australian based companies who source these products from local manufacturers and offshore. This presents a high inherent risk due to the high country risks, industry risks and known labour rights issue relating to the manufacturing of these products.

3. Offshore suppliers

We have identified thirty-seven direct and thirty-six indirect suppliers who are either based offshore or have extended workforce offshore in which presents a high geographic risk of modern slavery.

4. Hospitality

Throughout the year ACSI hosts a number of events (e.g. annual conference, seminars) and predominantly rely on labour hire delivered by third party suppliers within the hospitality industry (e.g. hotels, caterers). This presents a high industry risk as the hospitality sector is known for issues relating to labour exploitation due to short-term unskilled labour.

In the last 12 months, ACSI continued to monitor and assess our modern slavery risk with a continued focus on the key areas above. No instances of modern slavery within our supply chain have been brought to our attention.

How we address modern slavery risk

ACSI has a high expectation of its staff and listed companies we engage with, with regards to the standards of conduct and behaviour, including in relation to human rights and modern slavery.

ACSI policy and position

ACSI values are set out in our [Code of Conduct](#). We work hard to improve ESG practices and performance at listed Australian companies. Employees and representatives of ACSI are expected to comply with our policies, respect our values and the law, and be aware of their actions and of those around them.

The following aspects of our governance framework are relevant to our commitment to human rights:

- Our Code of Conduct requires each employee to comply with our policies and conduct oneself in a manner reflective of our values of collaboration, integrity and impact. It is the responsibility of all ACSI staff to act in a way that creates a workplace environment that supports and embraces diversity and is free from discrimination, harassment, bullying and victimisation.

All staff must respect human rights and promote human rights as part of our ESG work. Our Code of Conduct and employee training covers how employees can report suspected breaches of our requirements.

- ACSI's Supplier Code of Conduct describes the minimum expectations of several areas, including labour and human rights. Suppliers are expected to provide a fair and ethical workplace, uphold high standards of human rights and integrate appropriate labour and human rights policies and practices into its business. Where we enter into a written agreement, we aim for suppliers to ACSI to confirm that relevant areas of their business and supply chain meet these standards.

We also expect suppliers to consider modern slavery risks in their operations and supply chains and work with ACSI to consistently develop capacity to identify, manage, address and remediate modern slavery risks.

Internal policies

Our internal policy suite addresses modern slavery and human rights, for example in our employee code of conduct, employment conditions, diversity, procurement and remuneration policies. These policies are reviewed annually in most cases. Given the nature of ACSI's work program and our purpose, our staff are keenly interested in human rights.

Supplier due diligence and procurement policies

Our procurement processes are subject to a policy which includes the provision of minimum expectations around labour and human rights as outlined in our Supplier Code of Conduct.

During the reporting period we categorised our suppliers according to their level of inherent risk, which informs us of the level of due diligence we need to exercise. Among our procurement cohort, we have one hundred and twenty-seven recurring suppliers who are annually assessed for modern slavery risks.

We acknowledge we have limited leverage in terms of our ability to engage suppliers whilst we undertake due diligence, as our engagement is limited due to ACSI's size. We endeavour to explore ways to increase our ability to engage as part of our commitment to continuous improvement.

As a minimum all our suppliers are informed annually of our Supplier Code of Conduct and our commitment to ensuring that our business is operating with due consideration, particularly regarding modern slavery risks. For all new suppliers or suppliers renewing contracts with us, we require them to read ACSI's Supplier Code of Conduct and either:

- Agree to the inclusion of supplier's commitment to ACSI's Supplier Code of Conduct clause in the contract between the supplier and ACSI; or
- Sign ACSI's supplier commitment declaration.

ACSI continued to contact our direct suppliers and reminded them of the importance of ACSI's supplier code of conduct and the minimum expectations (as detailed on [page 12](#)) we have for our suppliers. We requested that our direct suppliers review our supplier code of conduct and confirm their commitment to our code, ensuring their business operation meets ACSI's values, principles and commitment.

We continue to work with our suppliers to reinforce such expectations, noting many of our suppliers are small and not required to report under the Australian Modern Slavery Act.

Grievance mechanism

We continue to provide internal and external mechanisms for employees and suppliers to raise concerns and report breaches as outlined in our Code of Conduct and Supplier Code of Conduct.

No modern slavery related complaints were received via the reporting mechanism during FY24.

ACSI's work supporting modern slavery risk reporting

In addition to assessing our own operations and supply chain we also have a role in influencing meaningful change in the recognition, assessment and management of modern slavery risks in listed companies through our role in supporting our members with their stewardship activity. A summary of our modern slavery related stewardship activity (encompassing research, engagement and advocacy) is set out below.

Research

Over the past years, ACSI has produced four major research reports on modern slavery. Our latest report [Compliance without ambition: Taking stock of ASX200 reporting under Australia's Modern Slavery Act](#) (published in April 2023) is the first detailed analysis of company reporting in the third annual cycle of the Modern Slavery Act. The research goes beyond measuring strict compliance to also assess whether companies reported on areas of recommended practice.

Recommendations for investors and Government are also provided. We have had significant focus on sharing the findings with listed companies to support practice in improvements. While there is significant work to be done, we are encouraged by the level of interest in understanding what better practice looks like. This work is ongoing through our engagement program, and we plan further research in future.

Past research includes:

- [Moving from Paper to Practice: ASX200 reporting under Australia's Modern Slavery Act](#) (published in July 2021), assesses the first year of company reporting under the Modern Slavery Act. The research identifies areas where reporting can be improved and covers the practical steps businesses have taken to mitigate modern slavery risks in their operations and supply chains.

- [Modern Slavery Risks, Rights and Responsibilities](#) (published February 2019) aims to increase the Australian business community's understanding of modern slavery risks in their operations and supply chains, and to help prepare businesses to meet the requirements under the Modern Slavery Act for transparent public disclosure.
- The [Modern Slavery Reporting – Guide for Investors](#) (published November 2019) was prepared by ACSI and RIAA to provide a framework for investor reporting. It provides broad context on matters investors may wish to consider in preparing their modern slavery statements and aims to assist investors both in developing their capacity to identify, manage, address and remediate modern slavery risks, and drive meaningful reporting and better practice across the market. The Guide supplements the guidance provided by the Australian Border Force (Government Guidance), providing additional information for investors on how they might address their investment activity in their modern slavery statements. ACSI is proposing to update the Guide to reflect evolving practice subject to the outcomes of the Government's review of the Modern Slavery Act.

ACSI also supports its members with targeted research to facilitate qualitative assessment and provide insights on potential risks in portfolios. In April 2024 we examined modern slavery reporting in the consumer discretionary and consumer staples sectors. This research used Investors Against Slavery and Trafficking APAC's developed metrics and focused on company disclosures that move beyond policy disclosure to understand the system risks associated with modern slavery and desired changes in practice. Supporting improved disclosure remains key advocacy priority.

Engagement

ACSI conducts a year-round engagement program with ASX300 companies on material ESG issues and pursues a priority work program on behalf of its members. ACSI's priority themes include workforce issues, incorporating modern slavery and supply chains. ACSI has adopted a risk-based approach, using both sectoral and geographic exposures of ASX-listed companies to derive a list of priority companies in respect of modern slavery.

In the year to 30 June 2024, ACSI's engagement prioritised 19 ASX300 companies, in the Consumer Staples, Consumer Discretionary, Health Care, Materials, Industrials, Financial and Information Technology sectors. Overall, ACSI held 74 meetings with 61 ASX 300 companies where modern slavery issues were raised.

ACSI's engagement focused on improvements in a range of areas including risk assessments, auditing practices and outcomes, consequence reporting, worker education, supply chain mapping and progress regarding resolution following allegations of modern slavery.

ACSI has also responded where issues have been raised with ASX-listed companies' operations by directly engaging with those companies, and through its role as a founding member of the investor-led initiative Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) which was convened for the purpose of engaging with companies in the Australia-Pacific region. Through engagement, IAST APAC seeks to promote effective action at investee companies that can find, fix and prevent instances of modern slavery, labour exploitation and human trafficking. For IAST APAC, in FY24 we participated in 5 meetings with ASX300 companies.

In November 2023, ACSI was appointed to the Government's Modern Slavery Expert Advisory Group. The Group's membership comprises a cross section of business, civil society, union, and academics, and provides expert advice to the Attorney-General's Department on the operation of the Modern Slavery Act. The first meeting was held in March 2024 and focused on good practice supplier engagement approaches and consideration of guidance on good practice reporting.

In April 2024, ACSI held its first Modern Slavery Seminar. This seminar aimed to build a comprehensive understanding of modern slavery, with an emphasis on the importance of collaboration between government, businesses, civil society, and the public. Sessions included investor expectations of company reporting, integrating human rights into procurement processes, worker voice and the Australian Government's focus for the fourth round of reporting.

In FY24, ACSI also supported members in their own reporting under the Modern Slavery Act. This included review of members' modern slavery statements and meetings with members to discuss areas for improvement as well as operational practice. ACSI will continue to support members as part of its modern slavery program of work.

Advocacy

Through our advocacy program, we engage broadly in relation to the Modern Slavery Act and to the quality of reporting. ACSI has been a strong voice pushing for consistent progress from businesses in their assessment and management of modern slavery risk, so as to encourage a proactive approach that focuses on improvement rather than mere compliance with reporting requirements.

Our most recent research *Compliance without ambition: Taking stock of ASX200 reporting under Australia's Modern Slavery Act* has five recommendations for government. ACSI also participated in the review of the Modern Slavery Act. In its submission to the review, ACSI called for the Modern Slavery Act to be further strengthened to include:

- An independent Anti-Slavery Commissioner, with an important role in monitoring the impacts and functioning of the Modern Slavery Act
- A due diligence requirement, to support entities to improve their risk assessment and mitigation
- More robust enforcement of noncompliance, through penalties and other incentive measures
- Additional detail in the mandatory reporting criteria to support the provision of sufficient granularity in modern slavery statements; and
- Access to remedies for victims.

We are pleased to see that a number of the recommendations from the review are aligned with ACSI's position. We are encouraged by the passage through the Federal Parliament of the Modern Slavery Amendment (Australian Anti-Slavery Commissioner) Bill 2023 to establish Australia's first federal Anti-Slavery Commissioner. We look forward to working with the Commissioner (when appointed) to strengthen the work to prevent and respond to modern slavery. We will continue to advocate for better management of the risks and associated reporting.

Assessing the effectiveness of actions

Our work program with ASX300 entities includes six monthly review and analysis of engagement outcomes, which are shared with our members. This includes detailed reporting on our engagement meetings, including those with priority companies on human rights issues, to assist our members. ACSI will continue to support our members with their modern slavery statement for improved and informed reporting.

The continued focus that ACSI has placed on modern slavery risk, including research into ASX200 reporting, conveys our expectations of risk management and disclosure. However, we recognise that this is an evolving area for many organisations within the Australian economy.

As we continue to collaborate with our supplier network and identify areas of better practice, ACSI will continue our risk assessment and improve reporting. This will include an annual update of our modern slavery risk tolerance to reflect changes in our risk profile across our operations and supply chains.

Other information (next steps)

In completing our program of work in support of our own Modern Slavery Statement this year, we have identified the following areas of development we wish to progress over the next 12 months:

- Continue engagement with our suppliers, particularly for those not required to report under the Modern Slavery Act, to increase alignment of expectations to mitigate modern slavery risks within our operations.
Review our modern slavery program of work to be led by ACSI's working group, with the aim to assess feasibility and resource capacity, focusing on continuous improvement and areas of greatest impact.
- In ACSI's role as a member of the Government's Modern Slavery Expert Advisory Group, will continue to provide our perspective.
- ACSI will seek to support the work of the Anti-Slavery Commissioner (when appointed) to advocate for better management of risks and transparent, efficacy informed reporting.

