



# MODERN SLAVERY STATEMENT

# Foreword

The practice of modern slavery has a tragic effect on people and is difficult sometimes to identify due to its clandestine and pernicious nature. Modern slavery occurs all around the world, and nearly every business is exposed in some manner. Due to Australia's reliance on imported goods, our businesses are particularly at risk of exposure to modern slavery practices.

Most would be shocked and appalled that slavery is so prevalent in the day-to-day operations of a large proportion of Australian businesses. However, the complex nature of multi-national supply chains and operational structures often mean modern slavery practices are well hidden or are so far removed that we don't even begin to think of product origin or the manner in which it was made.

Until recently, there was no legal requirement for businesses to assess and address modern slavery risk in their operations and supply chain. The Modern Slavery Act (2018) now requires companies with revenue of over AUD\$100M to publicly disclose their exposure to modern slavery risks.

At ACSI, we encourage businesses of all sizes and industries to assess their exposure to modern slavery. We firmly believe that companies have not only an ethical responsibility to limit their exposure to modern slavery practices, but a financial one. Exposure to modern slavery poses serious financial risk to any company by affecting investor attractiveness, operational stability and social license to operate.

This statement is our way of keeping ourselves accountable to what we would like to see from business leaders going forward. Although we are not required to deliver a statement by the Act, we see the benefit of assessing and addressing modern slavery risk, and as such we are reporting here on our progress. This report aims to demonstrate how it can be useful for businesses of all shapes, sizes and industries to undergo regular and thorough examination of their own business operations, and to question exactly where the supplies and services that we use come from.

ACSI's modern slavery statement is the first step in what will be a yearly assessment of our operations and supply chains to identify our exposure to modern slavery risk. In this context, we recognise that risk means the risk to people who may be subject to modern slavery practices. While the reputational risk or financial risk to ACSI intersects with risk to people, in the context of modern slavery reporting, it is a secondary consideration. This year, we have focused on major suppliers and companies that we have analysed as presenting the most risk. In future we will expand our approach.



Louise Davidson  
Chief Executive Officer



Ian Silk  
President

# About ACSI

ACSI provides a strong, collective voice on environmental, social and governance (ESG) issues on behalf of 37 Australian and international asset owners and institutional investors.

Collectively, they manage more than one trillion dollars in assets and own on average 10 per cent of every ASX200 company. Through research, engagement, advocacy and voting advice, ACSI supports members in exercising active ownership — strengthening investment outcomes.

Active ownership allows institutional investors to enhance the long-term value of savings entrusted to them. Working collectively, ACSI members can achieve material outcomes for their beneficiaries and deliver genuine and permanent improvements to the ESG practices of the companies in which they invest.

We are dedicated to building a future where there is a greater understanding of the link between ESG and long-term value creation. This understanding will drive strong ESG performance by companies and an increase in responsible corporate conduct – not just because it is the right thing to do, but because it enhances value.

Through ACSI, our members collaborate to achieve genuine, measurable and permanent improvements in the ESG practices and performance of the companies they invest in. We undertake a year-round program of research, engagement, advocacy and voting advice. These activities provide a solid basis for our members to exercise their ownership rights. We also offer additional consulting services including: ESG and related policy development; analysis of service providers, fund managers and ESG data; and disclosure advice.

# Table of Contents

Foreword..... 2

About ACSI ..... 3

Structure, Operations and Supply Chain ..... 5

Risks of modern slavery practices in our operations and supply chains ..... 6

Assessing ACSI's modern slavery risk ..... 7

How we address modern slavery risk ..... 9

Assessing the effectiveness of actions ..... 11

Other information (next steps)..... 11

# Structure, Operations and Supply Chain

The Australian Council of Superannuation Investors (ACSI) (ACN 164 568 610) is a public company limited by guarantee domiciled in Australia, employing 16 staff and supporting our 37 Australian and International members. ACSI is a standalone entity whose registered office and principal place of business is Level 23, 150 Lonsdale Street, Melbourne. This statement covers the principal activities of ACSI and the associated supply chains as follows:

## Principal activities

- Undertake or commission research into relevant ESG issues for members;
- Provide members with information that assists the development and implementation of an ESG policy;
- Provide educational activities, materials, seminars and conferences related to ESG issues;
- Engage with ASX300 companies in order to understand and, where appropriate, improve the management of ESG risks and opportunities;
- Provide members with Voting Alert Services in relation to Australia's ASX300 companies and large overseas listed companies to aid with their voting and engagement decisions;
- Provide members with consulting services on ESG policy development and disclosure;
- Coordinate and act as an aggregator for ACSI members on international engagement; and
- Advocate for policy settings that are better aligned to the interests of long-term investors and their beneficiaries including promotion of effective legislative and regulatory regimes.

Operational functions including Finance and Corporate Services and Company Secretariat support our member facing teams who undertake the principal activities outlined above.

## 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;
- Corporate hospitality and sponsorship material suppliers engaged for our events;
- Partnership with key suppliers in the delivery of our Voting Services and International Engagement services;
- Office equipment, consumables and tenancy requirements;
- Technology (hardware, software and cloud services) including telephony and virtual services; and
- Utilities and professional services who provide services directly to ACSI or via our tenancy lessor.

Our key suppliers, and the provision of direct goods and services significant to ACSI's operations, are domiciled in Australia, New Zealand, the United States of America and the United Kingdom.

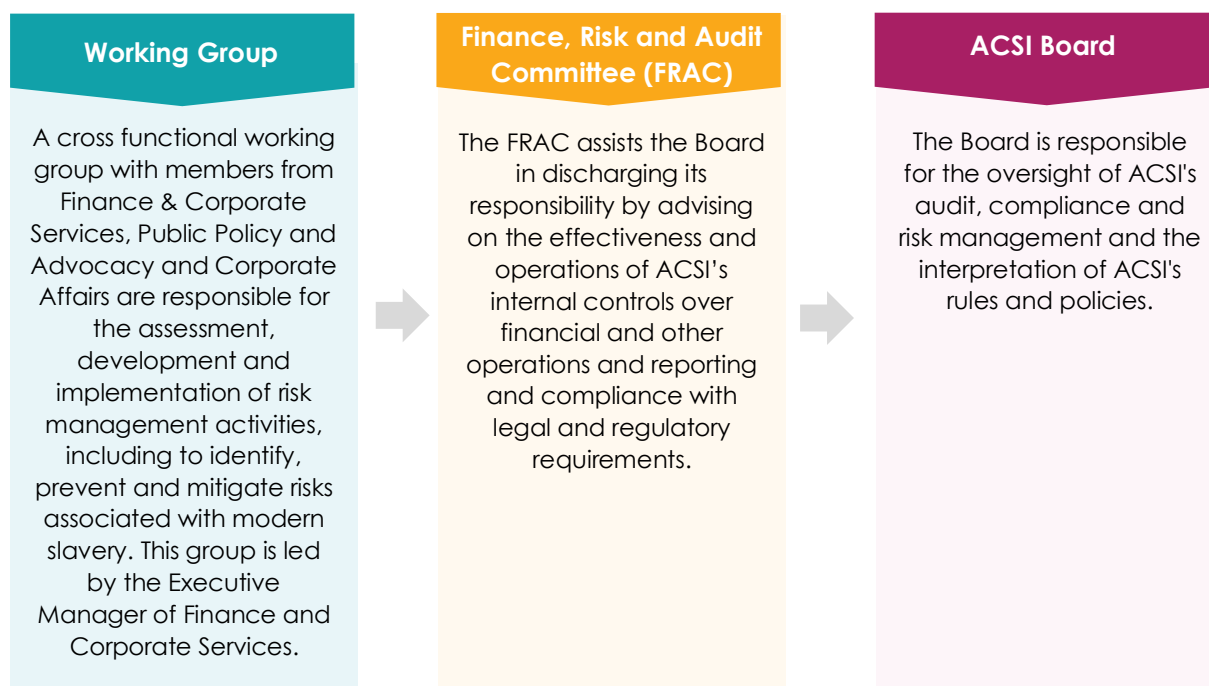
Domicile mapping of all our suppliers, including consideration of supply chains that extend beyond our direct suppliers, is part of our future program of work.

# Risks of modern slavery practices in our operations and supply chains

## ACSI governing body and risk appetite for modern slavery risk

At ACSI, we respect the human rights of all our stakeholders and promote human rights as part of our ESG work. Where we identify or are informed of any instances of modern slavery risk, we will seek to understand them and will work constructively to remediate them.

We have a governance structure that oversees the identification and assessment of modern slavery risk and supports the Board with appropriate information and oversight of 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 and tenancy maintenance, cleaning and security), transport and travel.

# Assessing ACSI's modern slavery risk

## Risk assessment process

ACSI has incorporated our approach to modern slavery practices within our existing risk framework to ensure that modern slavery risk has the same 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.

## Mapping our supply chain

We have mapped our direct supply chain to establish a baseline for identifying risk. Given the nature of our business, we have a small number of direct suppliers across four countries however expect these areas of domicile to expand when we undertake mapping of our supply chains that extend beyond our direct suppliers. We recognise that the risk of modern slavery is generally greater across emerging markets and high-risk sectors and therefore focus on these areas of greatest risk. In the context of our business, this means we focus on the office operational areas including office supplies, IT equipment and tenancy maintenance, cleaning and security, in addition to transport and travel.

## Risks identified

To further understand our risks, we wrote to each of our key suppliers to understand their approach to modern slavery risk. This inaugural survey asked our suppliers about their modern slavery policies, risk assessment and remediation actions and staff awareness and grievance mechanisms in place. This survey will support ACSI to identify areas for further focus by ACSI.

Our analysis of survey results received indicates three areas of low to moderate risk that ACSI will continue to explore further with the relevant suppliers within our supply chain:

### 1. Suppliers not recognising their own exposure

Several suppliers indicated that while they are aware of the risks of modern slavery within their supply chains, the nature of their business meant that they had no exposure. An opportunity exists to further educate these businesses as to inherent modern slavery risk factors, which may exist as part of usual business operations and could be identified through supplier mapping processes. This would further enable ACSI to better understand the modern slavery risks present in our indirect supplier relationships as well.

### 2. Suppliers taking a legal or minimalist approach

Some suppliers did not respond to our questions. We will engage to understand why suppliers have taken this approach, and if there were any barriers that led to not responding. In some cases, suppliers are undergoing their own assessment and will share outcomes when available. We will work with our suppliers to ensure they take a genuine approach to understanding modern slavery risk. Supplier relationship renewals will be reviewed where we are not satisfied that our suppliers are taking modern slavery risks seriously.

### 3. Suppliers not having a formal and well-developed whistleblower system

Several suppliers indicated they did not have a whistleblower system in place within their organisation. There is an opportunity for us to engage with suppliers on the importance of whistleblower systems in providing an anonymous and effective manner for employees to raise concerns about risks without fear of retribution.



# How we address modern slavery risk

## 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, and we recognise that it is encumbrance on us to model the standards of conduct and behaviour that we expect from the organisations we examine. 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 one's self in a manner reflective of our values of trustworthiness, respect, responsibility, caring, justice and fairness, excellence and stewardship. 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 the human rights of all our stakeholders and promote human rights as part of our ESG work.
- ACSI's Supplier Code of Conduct describes the minimum expectations of several ethical areas, including labour and human rights. Suppliers to ACSI are advised to review our Supplier Code and ensure that relevant areas of their business and supply chain meet our standards. We 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.

- Our Code of Conduct and employee training covers how employees can report suspected breaches of our requirements.
- Employees are encouraged to use our reporting mechanisms to report breaches.
- Reports from our employees are collated and reported to the FRAC.

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

## Internal policies

Our internal policy suite addresses modern slavery and human rights in our employee code of conduct, employment conditions, diversity, procurement and remuneration policies. These policies are reviewed annually to ensure best practice has been considered and expectations are well understood. Given the nature of ACSI's work program and our purpose, our staff are keenly interested in human rights. This extends to ACSI's own measures in place to ensure appropriate modern slavery disclosures and practices are undertaken by the businesses we engage and work with, including our own practices.

## 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. All new and renewing suppliers are expected to review our Supplier Code and ensure that relevant areas of their business and supply chain meet our standards. The development of further controls within our supplier operations processes, including review of current contracts and provisions, is an area of future focus for ACSI to ensure assurance that all our suppliers, and in turn those that extend beyond our direct suppliers, is within our level of risk appetite.

## ACSI's work supporting modern slavery risk reporting

### Research

ACSI has played a leading role in working with policy makers, companies and responsible investors on workforce and human rights risks through our research. Our research report *Modern Slavery Risks, Rights and Responsibilities* 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 new regulatory requirements for transparent public disclosure.

The *Modern Slavery Reporting – Guide for Investors* 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.

## Engagement

ACSI engages with companies across the ASX300 on ESG issues, including those related to human rights. During the year to 30 June 2020, ACSI's engagement on human rights issues prioritised 10 high-risk ASX300 companies, in the Consumer Staples, Consumer Discretionary and Transportation sectors, and included meetings with executives or board members. Beyond the focus group of high-risk companies with known issues, ACSI has begun engaging with a much larger group of ASX300 companies on their progress in identifying and addressing modern slavery risk.

Issues covered with companies include underpayments of staff, supply chain monitoring, particularly in the horticulture sector, audit outcomes and disclosure. Investor engagement has resulted in improvements including:

- more structured oversight and reporting of employee conditions in franchising companies;
- supermarket chains raising the bar for their horticultural suppliers by setting clear expectations on the use of labour-hire providers; and
- introduction of regular auditing programs to support ongoing compliance.

In addition, many companies which source manufactured goods from offshore are now publicly disclosing the origin of their goods, including in some cases factory names and locations, as well as details on audits of those suppliers and consequences for non-conformance.

### Advocacy

Through our advocacy program, we engage with regulatory bodies on the Modern Slavery Act, both in its formulation and in its ongoing development. ACSI has been a strong voice pushing for consistent improvement from businesses in their reporting rigour, so as to encourage positive and proactive assessment of modern slavery risk, as opposed to following a minimalist or boilerplate approach to 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.

We acknowledge there is always opportunity to improve our risk assessment and reporting. We will consider a baseline of supplier expectations, including a mechanism for better identification and tracking of progress being made by our suppliers in terms of their own modern slavery risk programs.

Identification of issues or key themes from our program of work will also be integrated into our annual review of our own policies and procedures, ensuring we consider not only best practice ideas and frameworks, but also incorporate any new areas of focus or processes required to increase assurance over modern slavery risks for ACSI.

## Other information (next steps)

Many businesses within our supply chain and operations are continuing to evolve programs to mitigate modern slavery risks. Likewise, ACSI's own program will continue to evolve focusing on consistent improvement. We have identified the following areas for development over the next 12 months:

- Further engagement with our suppliers based on their responses to our questionnaire to both educate and support our suppliers in developing and refining their approach to exposure of identified modern slavery risks.
- Incorporate further controls within our supplier operations processes to ensure that ACSI and its suppliers enhance the effectiveness of its modern slavery risk assurance program. This includes supply chain mapping of all suppliers that incorporate domicile of operations and consideration of supply chains that extend beyond our direct suppliers.
- Consider the development of a publicly disclosed supplier list on our website.
- Continue advocacy work on modern slavery, working with regulators and policy makers, as well as supporting public awareness of the issue.

Australian Council of Superannuation Investors  
Level 23  
150 Lonsdale Street  
Melbourne VIC 3000  
Australia

P: +61 8677 3890  
E: [info@acsi.org.au](mailto:info@acsi.org.au)  
W: [www.acsi.org.au](http://www.acsi.org.au)

