



Modern slavery statement

2021/22

© Vision Super Pty Ltd, December, 2022. All rights reserved.

This statement includes general information and does not contain any personal advice. It is provided for general information only, to help you understand Vision Super's products, services, policies and procedures. The information was correct at the time of publication, but may have changed since. It does not take into account your personal objectives, financial situation or needs. You should consider whether it is appropriate for you and your personal circumstances before acting on it and, if necessary, you should seek professional financial advice. Before making a decision to invest in any Vision Super product, you should read the appropriate Vision Super product disclosure statement (PDS) and Target Market Determination (TMD). Vision Super Pty Ltd ABN 50 082 924 561 AFSL 225054 RSE licence number L0000239 is the Trustee of the Local Authorities Superannuation Fund ABN: 24 496 637 884. Level 15, 360 Collins Street, Melbourne. PO Box 18041, Collins Street East, Victoria 8003. www.visionsuper.com.au. Member hotline 1300 300 820, Employer hotline 1300 304 947, Retirement hotline 1300 017 589.

Introduction

At Vision Super, we pride ourselves on being a fund that invests and operates responsibly for the environment and our community. Our responsible investment practices strongly support diversity and respect internationally proclaimed human rights and ethical labour practices.

Environmental, social and governance (ESG) factors are not only embedded within our beliefs but are analysed as part of our internal processes and governance due diligence assessment framework of the Fund.

Vision Super recognises that prosperity of the economy and the wellbeing of our members depend on a healthy environment, social cohesion and good governance within our operations, supply chains and the companies in which we invest.

Vision Super supports efforts to end modern slavery. We believe that businesses and companies have a key role to play in tackling this issue by strengthening the protections in their own supply chains.

Explaining modern slavery

Modern slavery is an extreme form of human rights exploitation commonly used to refer to several coercive labour practices. These include forced labour, human trafficking, debt bondage, forced marriage and the exploitation of child labour. Worldwide, 40.3 million people are estimated to be trapped in modern slavery: One in four of them is children; almost three quarters (71%) are women and girls, 15.4 million in forced marriage and 24.9 million in forced labour. Modern slavery is most prevalent in Africa, followed by Asia and the Pacific region.

Forced labour is often hidden deep down in the supply chains, which means it can be difficult to detect.

Modern slavery is a widespread, criminal activity that has a significant economic impact globally. It is estimated that forced labour generates US\$150 billion (A\$220.5 billion) in profits annually. Playing into this exploitation are a growing number of global migrants in search of prosperity, more complex supply chains (brought about by globalisation) and weak enforcement by regulators. These estimates are sourced from the International Labour Organization. For more details, please refer to their website: www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm

Poor, vulnerable and low-skilled workers, as well as migrant workers, are at high risk of human trafficking. However, it's not an issue limited to certain geographies or sectors. Modern slavery is a global systemic issue – and virtually all industries have risks, although some pose a higher risk than others. The Covid-19 pandemic brought additional challenges in evaluating supply chain risks.

For more information please refer to the Global Slavery Index at: www.globallslaveryindex.org/2018/findings/global-findings/

Vision Super overview

Vision Super Pty Ltd (RSE L0000239; ABN 50082924561) (VSPL) is the trustee company and Administrator of the Local Authorities Superannuation Fund (LASF) (ABN 24496637884) and is domiciled in Australia located at Level 15, 360 Collins Street, Melbourne.

Vision Super has a long history as a superannuation fund and has been providing superannuation and retirement services to local government authorities and related industries including water, libraries, cemeteries, crematoria and community services for over 75 years. Today, Vision Super has around 85,000 member accounts, around 100 employees and approximately \$A11.9 billion in assets under management as at 31 October 2022. The Fund also provides pensions to members within both the accumulation and defined benefit sections of the Fund.

Here to help

Telephone 1300 300 820 (8:30am to 5:00pm)

Monday – Friday (not including Victorian public holidays)

email memberservices@visionsuper.com.au

visit www.visionsuper.com.au

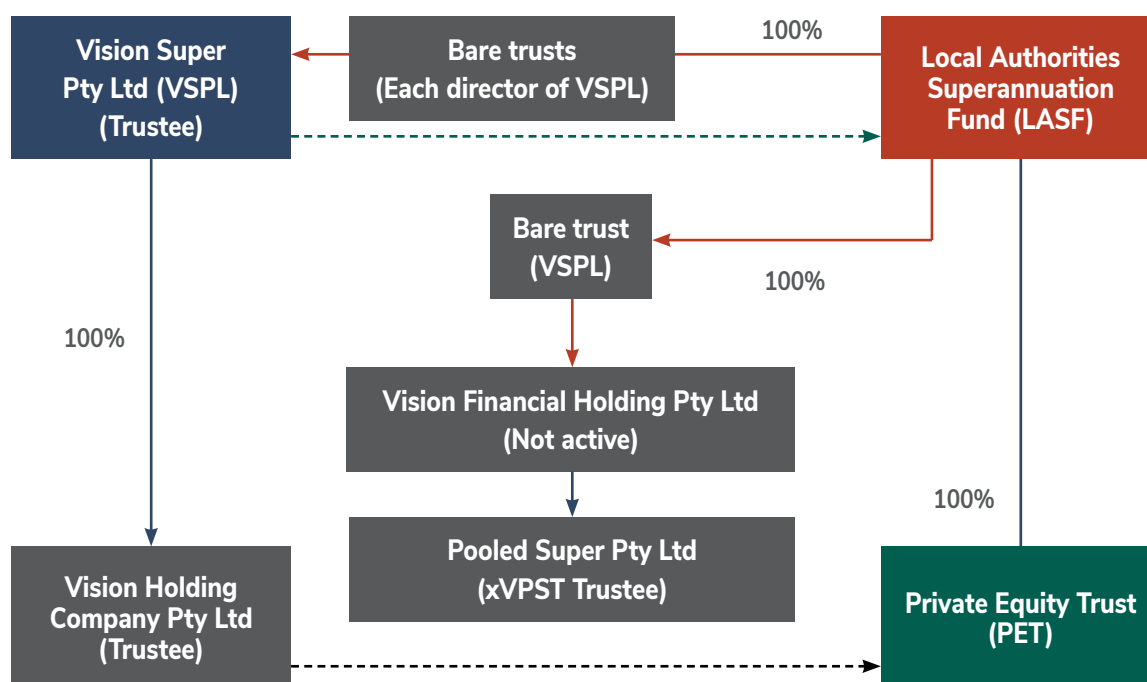
write PO Box 18041, Collins Street East, VIC 8003

ABN 50 082 924 561 AFSL 225054

RSE L0000239 USI 24496637884020

Fund organisational structure

Vision Super Pty Ltd (VSPL) is 100% owned by Local Authorities Superannuation Fund (LASF). Each employer/member representative director legally holds one VSPL share beneficially on behalf of LASF. There are no controllers of VSPL who directly or indirectly exercise control of the decisions of the company and more specifically decisions of the company in respect of its financial and operating policies. The Vision Super group is made up of the following entities:



More information can be located at www.visionsuper.com.au/about/fund-details/

The services we provide

Our main business is the investment of members' funds for the benefit of members in their retirement. For more information about our services, which include superannuation products, retirement products, insurance and financial planning please see our website www.visionsuper.com.au/about

For details of our Directors and executive team, please see www.visionsuper.com.au/about/directors-and-executives/

We do not own or control any other entities.

Supply chains and risk assessment process

Vision Super has a range of products and services that underpin the operations of the Fund. Some of these are provided by external parties, including investment services, master custody arrangements, information technology vendors and products, building facilities management, human resources, marketing and merchandise, office equipment and other professional and financial service providers. These services are guided by the Fund's procurement and outsourcing policies, which outline the fundamental frameworks to ensure effective controls and processes around these activities in understanding and responding to modern slavery risks.

Due diligence

Vision Super addresses modern slavery risks through due diligence and remediation processes that aim to ensure we identify, prevent, mitigate and account for actual and potential adverse human rights impacts in operations and supply chain processes.

The due diligence process focuses on:

- > Identifying and assessing actual and potential human rights impacts (ie new screening and enhanced due diligence on new investment managers and third-party service providers)
- > Integrating findings across the organisation and taking appropriate and measured steps to address impacts (ie internal training or introducing processes for internal reporting)
- > Tracking progress to check whether impacts are being addressed (ie annual questionnaires sent to third-party service providers and fund managers on modern slavery risks)
- > Publicly communicating actions via the Modern slavery statement, the annual report or the Vision Super public website.

Vision Super is aware that some areas within the Fund's supply chain may have some exposure to modern slavery risk, and as we understand the issues better going forward, will take appropriate steps to reduce these risks.

Processes in place

Vision Super's Modern Slavery Working Group meets on a regular basis to evaluate the Fund's outsourced business supply chains and risks of being exposed to modern slavery. The working group determined that potential modern slavery risk within our external investment portfolios required in-depth analysis and evaluation, along with a risk assessment of information technology vendors, building management and marketing merchandise.

Management has progressively undertaken work across the Fund's material outsourced investment management agreements, by including a modern slavery clause in line with the Modern Slavery Act 2018 (Cth).

The clause has been rolled out into investment management agreements and side letters for any new commitments to pooled fund/trust arrangements, and we are continuing to implement provisions into existing agreements.

The clause aims to address the fund manager's business operations, to ensure they have adequate processes and operations concerning the risk of modern slavery practices and supply chains for the portfolio they manage. This will assist the Trustee with due diligence/evaluation and reporting.

Investments

Investment managers

This year we sent our investment managers a detailed questionnaire specific to the asset class mandate they manage on our behalf to help us to evaluate and assess modern slavery risk and update us on progress they have made since our last modern slavery risk assessment. Our investment managers have continued to acknowledge that in the first instance, they were not aware of any current cases of modern slavery within their operational supply chains and investment activities.

In 2022 we again performed a risk assessment ranking the Fund's investment portfolios in equities, debt, alternative debt, property, infrastructure (and to a lesser extent investments in private markets) as no risk; low risk; medium risk or high risk. Our desktop assessment demonstrated that a good proportion of managers have been progressively improving their protocols and processes in identifying modern slavery risk, resulting in improvements in their rating assessments. This included updates to operations and supply chain exposures, consideration of risk factors such as geographic exposures, sector and industry risks, with continuation of updating their respective policies and procedures related to monitoring of practices in their supply chains and in their mandated investment portfolios. No manager received a worse rating than in previous years.

The risk rating system also showed that we continue to be exposed to some risk for our offshore equities, debt, alternative debt and global real estate investment trust portfolios. Some of these investment managers, where risks have been identified, use direct engagement with company management and board members to gain a better understanding of the issue and to communicate their stance directly.

Over the last year, some of our investment managers have appointed a third-party adviser to assist in the review of their internal risk management and due diligence process relating to the identification and remedy of modern slavery risks. One investment manager that manages portfolios for us across multiple asset classes has developed a Modern Slavery guidance note for asset directors, prepared in collaboration with a third-party specialist provider.

The purpose of the note is to support the investment managers' appointed directors to drive actions to manage modern slavery risks and comply with the obligations imposed by the Modern Slavery Act.

Another key focus for many of our investment managers over the year was delivering or developing mandatory training for employees who have a role in managing modern slavery risk. Others have established an internal human right working group which aims to help their investment managers and ESG specialists in their analyses of companies' approaches to human rights.

Modern slavery assessment is being aligned with our investment managers' development of social procurement strategy along with further work being undertaken to continue to improve and evolve their risk management and due diligence.

One of the Fund's international equities managers uses a scoring system and other relevant sustainability frameworks to identify companies in relevant industries and markets to prioritise in their engagements on modern slavery.

Our offshore debt investment managers generally continue to assess the ESG quality of the issuers in which they are investing and to undertake rigorous underwriting in evaluating whether or not to lend to a borrower. They also engage with corporates on the protection and promotion of human rights (in direct operations and throughout the value chain), by ensuring companies are taking the necessary steps to identify human rights risks within their global operations, prevent abuses before they occur, and push for effective remediation when issues are identified.

For cases of severe and repeated violations without proper remediation plan, and when engagement fails, our debt investment managers may enact a mode of escalation to accelerate the momentum of the remediation. Modes of escalation include asking questions at AGMs, voting against management, signing public statements, negative overrides, ESG score caps, or exclusion from active investment.

Some human rights abuses might be particularly sensitive in nature such as those relating to geopolitical situations that can impact whole populations or many companies at once. For these cases, our debt managers aim to engage independently or collaboratively with their investor peers to collectively address the situation (especially if many companies are implicated). For issues that are particularly sensitive, such details may not be publicly disclosed to protect those who are affected.

Investment managers that currently do not have a formal policy or process governing Modern Slavery risks in their business operations state that they are working towards improving their processes. We continue to have a dialogue with the minority of fund managers that do not have any policy with respect to the Modern Slavery Act.

Managers operating in either high-risk jurisdictions or sectors, for example, offshore emerging markets and some developed markets for equities, debt, and alternative debt portfolios were identified as higher risk. Our emerging markets equities manager has established partnerships with third-party organisations Slave-Free Alliance and Polaris Project, which specialise in anti-trafficking and the elimination of modern slavery. They have also formed a Modern Slavery Elimination project team with the objective of preparing and implementing policies, practices, and training on this topic.

Property and infrastructure portfolios

Vision Super's property portfolios are managed by Australian investment managers and our evaluation has determined that these assets are generally lower risk in terms of the segments they are invested in (commercial/office, industrial and retail).

Our core property investment managers are generally focused on ensuring modern slavery risk is assessed prior to entering operational and development procurement contracts through engagement in their supply chains. This engagement includes spot checks, interviews, audits, and other continuous improvement strategies to monitor and mitigate risk over the contract term.

Our real estate investment trust investment manager, while not a reporting entity under the current legislation and assessed as higher risk, outlines that to assess modern slavery risk in the key suppliers, they have reviewed (where available) modern slavery statements issued by those companies on the Department of Home Affairs website. They also reviewed whether the companies published any other relevant reports or policies on their websites (such as human rights policy, code of conduct/ethics, anti-corruption policy). Smaller suppliers (in terms of cost or size of business) have not yet been assessed.

Our core property investment manager also aims to use their industry influence to promote good labour practices in the cleaning industry. The Cleaning Accountability Framework (CAF) certification scheme independently assesses the cleaning supply chain against a rigorous 3 Star rating system. A CAF certified building provides assurance that cleaning services at the premises are procured, managed, and delivered in a manner that reflects respect for cleaners' labour rights, including the avoidance of modern slavery.

The CAF certification is across their commercial and retail portfolio, including coverage by cleaning contractor, asset type and property management company. They have committed to full coverage of CAF certification across their commercial and retail portfolio, including coverage by cleaning contractor, asset type and property management company for properties being certified.

Risk control measures on supplier groups in the high-risk categories are also evaluated via the Property Council of Australia (PCA) supplier engagement platform, which is currently a key source of their insights. These investment managers have continued to promote best practice.

This year we again wrote to our property investment managers to assess the risks of cleaning services using exploited labour, and have ascertained that the managers remain accredited through the CAF.

Our own office manager is also a signatory to the CAF. We believe that our property managers generally have a strong approach to embedding modern slavery considerations into their operations, systems and processes.

Our infrastructure investment managers continue to integrate modern slavery risk assessment and are subject to ongoing refinement and improvement. All direct assets are required to report on a suite of ESG indicators on an annual basis, with additional requirements on modern slavery risk management to be included in the annual reporting. As part of their due diligence considerations, our investment manager requires consideration around identifying whether there is a process in place to monitor new laws such as the UK Modern Slavery Act, Australian Modern Slavery Act or the French Devoir De Vigilance provision, and if the asset has considered the eight fundamental International Labour Organisation (ILO) Conventions (Freedom of Association and Protection of the Right to Organise Convention, Right to Organise and Collective Bargaining Convention, Forced Labour Convention, Abolition of Forced Labour Convention, Minimum Age Convention, Worst Forms of Child Labour Convention, Equal Remuneration Convention, and the Discrimination (Employment and Occupation) Convention).

Our most recently appointed offshore based renewable infrastructure manager has an ESG monitoring system in place with a third-party provider. This monitors its project contractors/counterparties and will act if these risks are potentially relevant to a particular contractor. If there is a risk identified post-investment, several key steps will then be taken:

- > Determine if supplier is willing to change behaviour
- > If necessary, call a 'stop-work' to pursue risk mitigation
- > Attempt to agree on 'Action Plan' for remediation, with measures to be taken, responsibilities, deadlines
- > Possible termination of relationship if supplier fails to act.

Information technology and merchandise

The Fund's information technology vendors and marketing merchandise vendors were reviewed again this year, and were determined to continue to be in a low-risk category.

Remediation

Where Vision Super identifies that we have caused or contributed to adverse impacts such as modern slavery, we will cooperate in the remediation of the impact. Where possible, Vision Super will also strive to use our leverage with the third-party service providers and fund managers that caused the impact to prevent or mitigate the harm and its recurrence. Where this is not successful, Vision Super will review and consider ending business relationships with the entity that caused the impact.

Vision Super has in place a robust grievance process (both internally and externally) that addresses a range of adverse human rights impacts, including modern slavery. This sits alongside other internal policies and processes that enable concerns to be identified and/or addressed. Vision Super will annually review these grievance processes to ensure they remain effective and assist in identifying issues, better manage risks, ensure a strong compliance culture and strengthen the organisation's reputation.

Effectiveness of our actions

- > Establishing a process to regularly review actions we have taken
- > Annual reviews of risk assessment processes to ensure they are up to date
- > Setting up annual questionnaires to provide regular engagement and feedback from third party service providers and fund managers
- > Conducting internal audits and monitoring of risk processes
- > Tracking actions taken and measuring impacts via the Modern Slavery Working Group. The Working Group consists of representatives from Investments, Quality and Risk, and Communications, and meets every five weeks to review and monitor modern slavery risk across the business and our material outsourced service providers.

Vision Super is committed to:

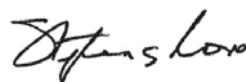
- > Advocating for companies we invest in to improve their human rights records and working conditions
- > Continuing to include clauses relating to modern slavery risk in investment manager agreements
- > Continuing to engage with our investment managers to better understand their ESG processes and their assessment of modern slavery risk within their supply chains
- > Continuing to engage with investment managers identified as medium to high risk
- > Implementing a modern slavery reporting clause within managed investment management contract agreements and within side letters for new unlisted portfolios
- > Reflecting modern slavery considerations where appropriate within our procurement, outsourcing and ESG policies and processes
- > Providing appropriate training to staff on modern slavery
- > Monitoring that modern slavery risks within the organisation are understood.

Approval of Statement

The Statement was approved by the Board of Vision Super Pty Ltd on 16 December 2022.



Lisa Darmanin
Chair of the Board



Stephen Rowe
Chief Executive Officer