

# Modern Slavery Position Statement

## Modern slavery presents risks for investors

Modern slavery is defined by the Australian Attorney-General's Department as a situation 'where offenders use coercion, threats or deception to exploit victims and undermine their freedom'. Practices that constitute modern slavery include human trafficking, slavery, servitude, forced labour, debt bondage, and child labour. Funds SA recognises that modern slavery has severe consequences for victims. It may also impact the value of implicated companies.

Modern slavery can materialise as a financial risk for companies across the value chain through:

- **Regulatory risk:** potential civil/criminal legal action and increased compliance obligations.
- **Reputational risk:** loss of stakeholder confidence, sustained negative campaigns by NGOs, trade unions and other stakeholders, misalignment with business values and loss of attraction as an employer.
- **Operational risk:** remediation implications, productivity loss, interruption to supply chains and challenges with supplier substitution.

## Funds SA's role in addressing modern slavery in its investments

This statement relates to Funds SA's investments. Funds SA's governing legislation, the *Superannuation Funds Management Corporation of South Australia Act 1995* stipulates an objective of achieving the highest return possible on investment while having proper regard to:

- The need to maintain the risks relating to investment at an acceptable level;
- The need for liquidity in the Funds; and
- Such other matters as prescribed by regulation.

Funds SA is not a reporting entity under the *Commonwealth Modern Slavery Act 2018*. However, Funds SA sees it as critical to manage the risk in its investment portfolio by incorporating modern slavery risk considerations into investment decision making.

## What is Funds SA doing to address the risks of modern slavery?

Funds SA's Responsible Investment Policy outlines the explicit inclusion of environmental, social and governance (ESG) factors in investment analysis and decisions. Modern slavery is a focus area in this approach.

Funds SA has taken the following actions to manage this risk:

- sought external advice on assessing and managing modern slavery risk;
- delivered staff awareness sessions on modern slavery;
- assessed modern slavery risk in its listed equity portfolio; and
- engaged with its investment managers to better understand their approach to assessing and addressing modern slavery risk using their investment process.

Funds SA continually monitors the investment approach of its investment managers and seeks to promote best practice in identifying and mitigating exposure to ESG risks where appropriate.

## How does Funds SA respond if modern slavery is identified?

If Funds SA learns of modern slavery cases in its investment portfolio, it will engage with the relevant investment manager to investigate the circumstances and determine appropriate remedial action.

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### What actions can investee companies take to address modern slavery risk?

Funds SA seeks to promote the following best practice actions for companies to assess and address modern slavery risk:

- conduct operational and supply chain modern slavery risk assessments;
- provide Board and senior management oversight of modern slavery risk;
- revise frameworks, policies and contracts for risk management and legal protection;
- engage suppliers and conduct due diligence for areas of high modern slavery risk;
- increase organisational awareness of modern slavery definitions, statistics and risks;
- remediate modern slavery cases and apply the lessons learned from remediation; and
- collaborate with industry and other key stakeholders where appropriate to manage risk and the remediation of cases.

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