

# Modern Slavery Statement

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Date: 24 February 2021

This document comprises the modern slavery statement of Club Plus Superannuation Scheme for the financial year ended 30 June 2020 (the Statement). It reports on the risks of modern slavery in our operations and supply chains, the actions taken to assess and address those risks, and how we assess the effectiveness of those actions. The Statement specifically responds to each of the seven mandatory criteria as described in the Modern Slavery Act 2018.

This Statement was approved by Club Plus Superannuation Pty Limited Board as the trustee for Club Plus Superannuation Scheme, on 24 February 2021 and has been signed by the Chair for and on behalf of Board.



Janet Torney  
Chair

Date:  
24 February 2021

## **1. Our Structure**

### **1.1. General Structure**

The reporting entity is Club Plus Superannuation Scheme ABN 95 275 115 088 (**the Fund or CPS**) whose registered office is Level 11, 66 Hunter Street Sydney, New South Wales.

CPS is a public offer superannuation fund which was established by a trust deed dated 26 February 1987. It is registered by the Australian Prudential Regulation Authority (APRA) as a registrable superannuation entity. While CPS is the reporting entity for the purposes of this Statement, Club Plus Superannuation Pty Limited ABN 26 003 217 990 (**the Trustee**) is the trustee of the Fund and is the legal entity responsible for the management and operation of the Fund. The Trustee holds an RSE Licence from APRA which authorises it to act as the trustee of the Fund and also an Australian Financial Services Licence from ASIC. The Board of Directors of the Trustee govern the operations of CPS.

### **1.2. Nature and types of activities undertaken by CPS**

As a superannuation fund CPS is involved in:

- the investment of member funds.
- the administration of member accounts, including the receipt of contributions from members and the payment of benefits to members.
- providing information and education to our members and employers through a contact centre and a website.
- promotional activities, including marketing and sponsorships.

The types of goods and services procured by CPS include, but are not limited to, investment management services, member administration, provision of group life insurance, facilities management, marketing and office materials, technology vendors (hardware and software), cleaning services, promotional merchandise and insurance. This is in addition to financial service providers and other professional advisers.

## **2. Our Operations**

CPS provides superannuation products and services for its members primarily through an outsourced model.

The service providers appointed by the Trustee assist in the delivery of CPS's products and services. The Trustee has entered into agreements with each of its service providers which govern the nature and scope of the services provided.

In support of our products and services CPS's operations also include several support functions including marketing and communications, finance, governance, risk and compliance services and human resources. The Trustee employs approximately 30 staff who work directly across our operations, manage and monitor our service providers and are involved in the following areas.

### **2.1. Internally managed investments**

CPS's investment portfolio is largely managed by external investment managers or advisors (located in Australia and overseas). Only a very small proportion of the portfolio is directly managed by CPS staff where they can exert some control. These investments are:

- An office property asset at 66 Hunter St (Level 11 and 3 parking spaces in the basement) which is in the Direct Property Asset Class and serves as the Trustee office as well as a commercial property investment.
- A portfolio of term deposits in the Cash Enhanced Asset Class.

### **2.2. Administration and member Support Services**

While the administration of member accounts is outsourced to a third-party provider, our staff oversee the administration service provided, and manage and support the relationships with the members and employers.

### **2.3. Contact Centre**

We operate a contact centre employing 6 staff on permanent contracts, all operating and domiciled in Australia.

### **2.4. Information, education and financial advice services**

Our staff provide information, education services to members and employers. All staff are located in Australia.

### **2.5. Promotional activities, including marketing**

Promotional and marketing activities are managed by our staff. This may involve the procurement of products and services from third parties.

### **2.6. Activities associated with maintaining office premises**

Our only office is in Sydney. Facilities management services are provided by the body corporate for the building in which we operate. CPS are involved in the procurement of office supplies and information technology products and services for staff, as well as the maintenance and cleaning of business premises.

## **3. [Our Supply Chains](#)**

In providing a superannuation fund for our members, we also rely on the products and services provided by third party providers. These services and products (and the underlying services and products provided to our direct suppliers) form part of our supply chain.

While it is difficult to identify instances of modern slavery existing deep within our supply chains, CPS recognises that the leverage it may be able to exert in its dealings with contracted service providers could see a reduction over time of modern slavery in those supply chains.

The following service providers form part of our direct supply chain.

### **3.1. Investment Management Services**

The management of our investment portfolio is considered one of our most material supplier relationships where there may be potential to monitor and influence modern slavery risks. CPS's investment practices are outlined in the Investment Governance Framework and overseen by the Investment Committee. The implementation of the Trustee's investment strategy is overseen by the Chief Investment Officer, with day-to-day management outsourced to external fund managers, both domestic and international.

The investment portfolio spans several areas, including (but not limited to) Australian equities, international equities, fixed income, property, infrastructure, alternative assets and cash. The underlying assets are predominantly listed on major stock exchanges but also include an allocation to private assets. The spread of these investments is across Australia, North America, Europe, Asia and Emerging Markets for listed assets.

### **3.2. Fund Administration**

CPS has appointed Australian Administration Services Pty Ltd as its administrator, part of the LINK group of companies. LINK is a listed company who has operations in Australia as well as a number of international jurisdictions as part of a global group of companies.

### **3.3. Custodial Services**

Our investments are custodially held by JPMorgan Chase Bank, N.A. (Sydney Branch), an Australian subsidiary of JPMorgan Chase & Co., an international company.

### **3.4. Professional advisory services**

From time to time and as required, we engage various professional advisory firms (including legal, tax, accounting and advisory) to provide advice in relation to the operation of CPS. All are located in Australia, though some may also operate internationally.

### **3.5. Marketing and Merchandise**

In promoting CPS, we procure marketing services and merchandise (including branded merchandise) from various providers. Although these are largely Australian based, from time to time we may also engage these services from overseas companies.

### **3.6. Information Technology Services**

We have engaged eNerds Pty Ltd, an Australian owned company to provide information technology services for CPS staff. eNerds also have overseas operations in Sri Lanka, however no Sri Lankan based staff are involved in the provision of services to CPS.

### **3.7. Information Technology Products**

We procure information technology products and equipment for use by our staff. The products and equipment are in most cases procured from multinational suppliers under standard term agreements.

### **3.8. Facilities Management and Office Cleaning**

We have contracts with various providers (locally based) relating to the maintenance and cleaning of office premises.

### **3.9. Office supplies**

We obtain office supplies from various suppliers as required.

## **4. Risks in our Operations and Supply Chains**

CPS's commitment to human rights is supported by policies and processes that identify, assess and mitigate risks of modern slavery. These include, but are not limited to, the following:

- Responsible Investment Policy
- Operational Due Diligence Framework
- Code of Conduct
- Conflicts Management Framework
- Outsourcing Policy
- Remuneration Policy
- Anti-Money Laundering and Counter- Terrorism Financing Policy
- Whistleblower Policy
- Risk Management Framework
- Fraud Policy

The Fund's internal processes and procedures include, but are not limited to:

- Monitoring and review of the effectiveness of relevant internal policies and how these have been implemented across our business areas.
- Maintenance of a Risk Management Framework that requires undertaking regular risk and operational due diligence assessments on existing and proposed service providers.
- Being aware of certain factors that impact the risks of modern slavery and focus on the following areas when conducting due diligence and risk assessments:
  - certain sector and industry risks that may have high modern slavery risks because of their characteristics, products and processes;
  - certain products and services that may have high modern slavery risks because of the way they are produced, provided or used;
  - geographic risks as some countries may have higher risks of modern slavery, due to poor governance, weak rule of law, conflict, migration flows and socioeconomic factors like

- poverty; and
- certain entities that have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

During 2019/20 we undertook a high-level assessment of our operations and supply chains to identify areas where there could be a risk of CPS causing, contributing to, or being directly linked (through its supply chains) to modern slavery.

While CPS recognises that modern slavery risk could occur in any parts of our operations or supply chains, we consider that the existence of modern slavery risk is likely to be higher in the following areas:

- Suppliers and partners located in high-risk countries where labour rights are not protected.
- Known high-risk industries that have previously been affected by undeclared labour, illegal labour and a high incidence of trafficked persons.
- Where (if anywhere) in our supply chain there are migrant workers who do not work under collective agreements.
- Where (if anywhere) in our supply chain there is unskilled, temporary and/or seasonal labour.
- Where (if anywhere) in our supply chain there are migrant workers/temporary staff employed under temporary contracts who are engaged by foreign or local temporary staffing agencies.
- Where (if anywhere) in our supply chain there are subcontractors (possibly with several links in the supply chain), temporary staffing agencies and short-term seasonal contracts.

We conducted our 2020 risk assessment by firstly identifying our high risk suppliers following workshops and consideration of which providers potentially could have the greatest risks.

We then performed an inherent risk analysis of these high risk suppliers based on the type of services they supplied to CPS, the geographies in which they operate, the types of labour they engage, their use of third parties and the types of transactions they utilise. We also sent these suppliers questionnaires in relation to their control frameworks for answer and for our review. From the questionnaires we then rated the risk control frameworks of the suppliers.

#### **4.1. Investment Portfolio**

A high-level risk assessment of the Fund's investment portfolio (focusing on geographic and sector risk) was undertaken.

Most of our investment managers were considered to have a lower risk of modern slavery demonstrated by their strong ESG integration and engagement specifically on modern slavery.

Several property and international equities managers were also classified lower risk, due to their mature control frameworks designed to mitigate the risk of modern slavery in traditionally higher risk sectors/jurisdictions.

CPS will continue to refine its process to assess modern slavery risks in our investment portfolio, as part of our commitment to continuous improvement (see further details below).

#### **4.2. Custody and Fund Administration**

CPS uses well established multinational providers with mature compliance frameworks for both custody and fund administration. Notwithstanding this, we recognise that the companies' use of offshoring represents a risk of modern slavery.

#### **4.3. Information Technology Products**

We procure Information Technology products and equipment for use by our staff. The products and equipment are in most cases procured from multinational suppliers under standard term agreements.

While we have no real capacity to negotiate terms with those suppliers, we consider that there may be a modern

slavery risk deep in the supply chain: for example, in the mining and extraction of materials required for the production of electronic and information technology products.

#### **4.4. Promotional Merchandise**

The production of low value merchandise is a product category where the risk of modern slavery can be high, especially where products are sourced from overseas suppliers.

While CPS does not purchase merchandise in high volumes and procures its promotional merchandise from locally based providers, we recognise that there may be a risk of modern slavery in the supply chains of those providers.

#### **4.5. Facilities Management and Cleaning**

The procurement of building services (security and maintenance) and cleaning services can involve a high modern slavery risk as these services often rely on a low-skilled labour force whose working hours mean that they are not always visible to the building owner/tenant.

Although CPS only has contracts with local providers relating to the maintenance and cleaning of office premises and has received assurances regarding the employment conditions of employees, we recognise the risk that modern slavery can exist in their supply chains.

### **5. [Actions to Assess and Address those Risks](#)**

During 2019/20 we introduced a modern slavery program which seeks to address the risk of modern slavery in our operations and supply chains. In accordance with the modern slavery program, we have taken the following actions during 2019/20 to assess and address the risk of modern slavery.

#### **5.1. Awareness Training**

We consider that raising the awareness of all CPS Directors, staff and service providers about the risks of modern slavery is fundamental to the successful implementation of a modern slavery program. During 2019/20 all Directors and staff were provided with training on modern slavery. Current service providers will be provided with our CPS Service Supplier Code of Conduct for education about our expectations. They will be asked to respond if they have any issues with compliance.

#### **5.2. Policy and Guidelines Review**

During 2019/20 we reviewed CPS's policy suite and determined to make amendments with respect to modern slavery to our Code of Conduct.

#### **5.3. Risk assessment – Investment managers**

CPS's investment portfolio totals approximately \$3 billion in funds under management. The Fund has a robust initial and ongoing investment due diligence process that includes reviewing appointed investment managers' ability to integrate environmental, social and governance (ESG) considerations into their investment decision making and monitoring processes. Much time is spent to ensure investment managers take ESG risks into account and respond to them appropriately. Human rights abuses are captured within the 'social' category of ESG. We will continue to enhance and improved this process.

During 2019/20 a modern slavery risk survey was sent to all investment managers where there was a possible risk. For the purposes of the assessment, we identified a number of modern slavery risk indicators. In particular, the location of investments in countries with poor modern slavery controls and the exposure of an investment to certain industry sectors were considered to be indicators that an investment could have a higher risk of modern slavery.

Our assessment of the questionnaire responses in relation to the control assessment around these inherent

risks resulted in the identification of those investment assets and investment managers which may have a higher modern slavery risk and in some cases we have requested further information around these risks.

#### **5.4. Incorporation of modern slavery considerations into ESG processes**

We take an integrated approach to ESG risk management including how we select, retain, manage and realise investments.

To do this we:

- engage with our appointed investment managers.
- collaborate with industry groups on responsible investment practices.

#### **5.5. Supply Chain – Due Diligence**

As well as the investment portfolio, we undertook a high-level desktop risk assessment of the products and services we procure so that we could identify those areas where there is a greater risk of modern slavery. As a result of that assessment, we engaged with a number of the higher risk suppliers (including facilities managers, cleaners, providers of merchandise and marketing services) and sought further information where relevant about their processes for identifying and addressing modern slavery.

During 2020/21 we will be enhancing our due diligence processes by specifically incorporating modern slavery risk considerations into Guidelines before engaging a service provider. We have established a CPS Service Supplier Code of Conduct which sets out CPS's position in relation to modern slavery and our expectations of our suppliers. This CPS Service Supplier Code of Conduct will be provided to each supplier at or before they are engaged by CPS. We will also be incorporating into any new or renewed agreements with our material service providers specific terms requiring those suppliers to provide CPS with information on how they address modern slavery risk (including information about sub-contractors and country of origin) and to report any known incidents of modern slavery to the Trustee.

#### **5.6. Remediation**

If CPS becomes aware of any facts which suggest that one of its suppliers may have engaged in modern slavery practices, appropriate steps will be taken to investigate and, if substantiated, to report the matter to the responsible national or international authorities.

The identification of any instances of modern slavery which may have been caused by or contributed to by CPS will be treated as a compliance incident under our compliance program. While CPS will seek to 'make good', the remedial options open to CPS will depend on the particular circumstances of the matter.

If we are directly linked (through our supply chains) to a modern slavery incident but did not cause or contribute to the harm arising from the incident, CPS will consider using leverage (if sufficient) to work with entity that caused it to change its behaviour.

Alternatively, CPS would consider ending its relationship with the entity that caused the harm.

## **6. Effectiveness of such Actions**

For the first year of CPS's modern slavery program, we have focused on the effectiveness of our actions to raise awareness about modern slavery risk and to establish a modern slavery framework.

### **6.1. Raising awareness of modern slavery risk: directors and staff**

We consider that awareness of modern slavery risk is fundamental to the successful implementation of a modern slavery program. Modern slavery training is now a mandatory module in our training program.

## **6.2. Establishment of modern slavery program**

We have also assessed the effectiveness of our actions to establish a modern slavery framework by reference to the timely completion of the tasks needed to establish the program. In particular, the successful achievement of the following tasks during 2019/20 has resulted in CPS now having a sound framework for assessing and addressing modern slavery risk in its operations and supply chains:

- the development, approval and publication of this Statement;
- the delivery of modern slavery training to directors and staff (see above);
- the issuing of modern slavery questionnaire to those providers considered to have a higher modern slavery risk;
- The risk assessment of those service providers and rating of their control framework.

## **6.3. Continuous improvement**

Addressing modern slavery risk is complex and challenging. This Statement, which is our first statement under the Modern Slavery Act 2018, reports on the work that we have completed in the first year of our modern slavery program.

We will, however, be taking a 'continuous improvement' approach to our modern slavery program which we expect to evolve over time as we and the business community learn more about the risks of modern slavery.

To ensure we are directing our efforts appropriately, we will take a risk-based approach and prioritise managing our highest risk areas.

## **7. [Other Relevant Information](#)**

### **7.1. Australian Council of Superannuation Investors (ACSI)**

CPS engages with other industry bodies contributing to improving awareness of modern slavery risks, sharing resources and developing practices to reduce the risk of modern slavery within our investment activities.

CPS is a member of ACSI. ACSI is a leading advocate for raising ESG awareness and responsible investment practices within Australian listed companies. ACSI regularly engages with Australian corporates on modern slavery, human rights and labour issues as part of its advocacy service for its members. ACSI has also played a leading role in working with policy makers, companies and responsible investors to develop a practical guide on implementing the Australian Modern Slavery legislation.