AllianceBernstein

AB IQ

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Modern Slavery: Investors' Role in Addressing a Global Issue

Slavery was formally abolished in the US and Europe long ago. But forced labor, debt bondage, forced marriage, slavery and slavery-like practices, human trafficking, and the worst forms of child labor remain painful issues for the world. These covert activities are enabled by crime and corruption, and they're a problem in developed as well as emerging countries.

Even a trip to the local grocery store can expose unaware consumers to modern slavery. It could arise through an action that seems as innocuous as purchasing seafood, which may have been gathered by fishers who spend an inordinate time at sea under inhumane conditions. Modern slavery might also touch consumers who visit the produce department to buy fresh fruit and other crops harvested by itinerant works subject to abuse.

Because it's so insidious and difficult to root out, modern slavery is a growing challenge for businesses across industries. That makes it a global issue for the investors who channel capital to companies through their investment processes—an issue that demands concrete actions.

The Need for Engagement—and a Formalized Approach

In our view, reporting on modern slavery risks isn't enough; investors should strive to reduce them through in-depth company research and active engagement with management teams. It's the right thing to do, and it can ultimately drive better investment outcomes.

Direct dialogue with global supply-chain managers at companies that are current or potential investments offers a path to enhancing fundamental research and encouraging firms to evaluate modern slavery risks, including brand and reputation, litigation, employee strikes and supply-chain interruptions, and customer boycotts that may hurt financial performance.

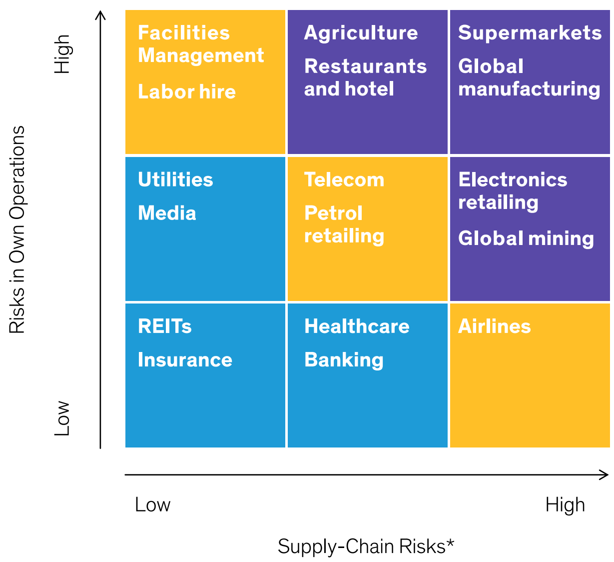
Each company has unique relationships to modern slavery risk, but in our view it's helpful for investors to evaluate these connections through a consistent lens, which can help prioritize companies based on their possible exposure to modern slavery. Four risk factors are key: vulnerable populations, high-risk geographies, high-risk products and services, and high-risk business models.

A Modern Slavery Assessment Framework

Using insights from these factors, investors can develop a consistent framework as a guide to assessing potential modern slavery exposure. For example, at AB we've developed a matrix that gauges the level of modern slavery exposure in each company's business operations and supply chains (*Display*).

There's an important distinction between a company's potential exposure to modern slavery risk and how effectively it manages this issue. In practice, analysts plot each firm within the matrix to inform their research efforts. However, to illustrate generally how the matrix operates, we've assigned broader industries within the framework in the display.

FRAMEWORK TO ASSESS HIGH-RISK-TO-PEOPLE ISSUERS



REITs: real estate investment trust
*Supply-chain risk can include customers and extend second- and even third-tier suppliers when the corporation's behavior contributes to modern slavery risks.
As of September 20,2021
Source: ACSI, company inteviews, company reports, industry research and AllianceBernstein(AB)

Industries with high exposure to modern slavery in both their business operations and supply chains fall in the upper right region, indicated by the purple shading. These would be the highest research and engagement priorities—though certainly not the only focus. Industries falling in the lower left region (the blue shading) would be lower priorities.

While the industry example demonstrates the general prioritization of research and engagement, assessing modern slavery risk must be a company-by-company exercise. Insights gleaned from fundamental research might put a company in a different part of the matrix from its peers, so investors can't assume that a company's mere presence in a low-risk industry defines it as low risk.

Digging Deeper: How Do Firms Stack Up on Best Practices?

If the matrix helps prioritize research and engagement efforts, where should those efforts lead investors? At AB, our primary objective is to understand how effective companies are at reducing modern slavery risk. By collaborating with certain firms, we've identified five criteria that can collectively serve as a best-practices benchmark:

1. Governance Framework

2. Risk Identification

3. Action Plan to Reduce Risks

4. Action Plan Effectiveness

5. Future Improvement

Not all the criteria apply to every company equally in all situations, but they help investors consider how firms might respond to modern slavery risk.

Building from our sector-agnostic framework, we've developed best-practices guides for a number of high-risk industries: fishing, apparel, technology, mining and finance. The risk to people in these industries varies, and so do best practices.

For example, the apparel industry depends on a large female labor force working in a factory that requires gender-specific policies. Wild fishing often depends on young, male migrant workers who spend extensive periods at sea, making it hard to monitor labor conditions. The financial sector plays a key role in detecting and disrupting modern slavery, given that the proceeds from these crimes flow through the financial system.

Ultimately, modern slavery best practices involve a continuous process of learning and improvement: firms typically progress from an initial laissez-faire attitude to the ultimate acceptance that modern slavery risk goes to the heart of what they stand for and must be addressed.

Where Do We Go from Here?

Near term, as investors continue to evaluate modern slavery risk in their portfolios and engage with companies, there should be an intense focus on expanding their knowledge bases and enhancing analytical capabilities as a path to more informed investment decisions and better reporting.

Over a longer time frame, scrutiny of modern slavery is likely to intensify, with the world becoming more aware and increasingly driven to action. We're already seeing a wave of regulation related to modern slavery, human rights and supply-chain due diligence requirements. Popular activism could also have a broader impact on this issue, particularly in light of the widespread reach of social media and consumers' growing power at the point of sale.

In fact, we believe that modern slavery could become a moral issue as galvanizing as climate change. Companies and investors are becoming more aware and gaining a better understanding that modern slavery threatens business sustainability. With the pace of the journey accelerating, investors who embrace the challenge will likely be the most successful.

SASKIA KORT-CHICK
Director of Research and Engagement

ROY MASLEN
Chief Investment Officer, Australian Equities

Fighting Modern Slavery in the Fishing and Finance Industries

Modern slavery is a pervasive social evil that can infest most sectors of the global economy. To understand and improve companies' ability to eliminate modern slavery from their operations and supply chains, we believe it's important to apply a best-practice framework across sectors. Our own version, based on five pillars, is relevant for most companies.

While the framework should be consistent, some sectors are particularly susceptible to modern slavery and others are especially important in the fight to detect and disrupt it. Fishing and finance are prominent in the context of modern slavery, and engagement with company management must recognize this.

A Five-Pillar Approach to Best Practices

Identifying and reducing potential modern slavery risks in portfolios requires regular engagement with company management teams. At AB, our goal is to implement a comprehensive five-pillar engagement program that addresses the continuum from a company's current governance processes to its plans for future improvement (*Display*).

MODERN SLAVERY BEST PRACTICES FRAMEWORK

Governance Framework	What steps are the board and senior management taking—through policies and procedures, culture and values—to align the business with the goal of reducing modern slavery risk?
Risk Identification	The criminal and covert nature of modern slavery practices makes this a difficult and delicate task—but a critical one. How well does the firm understand the challenge, and how robust are the techniques and processes it uses to identify the risk?
Action Plan to Mitigate Risks	Is the plan a realistic solution to reduce risks to people within the company's operations and supply chains? Does the company appropriately and effectively train and empower employees and suppliers to identify and reduce risks?
Action Plan Effectiveness	To what extent have the company's actions reduced risk, and how are the board and senior executives measuring progress? What procedures are in place to ensure that follow-up actions are implemented and monitored?
Future Improvement	For many companies, the road to reducing modern slavery risk will be long and stretch through unfamiliar territory. The best firms will be able to evaluate their progress each step of the way and make changes with an eye toward continuously improving their performance against each of the four previous criteria.

For informational purposes only.
As of 1 September 2022
Source: AllianceBernstein (AB)

Despite modern slavery's higher profile in recent years, corporate management in several industries still has a relatively low level of awareness—both of modern slavery itself and of the most effective ways to address it. In these sectors—which include fishing and finance—our first-round engagements have focused on raising this awareness and identifying action steps to address the most important abuses. As we revisit companies in future rounds of engagement, we intend to advance our best-practice program.

Fishing Enables Modern Slavery to Flourish Unseen

On the ocean, ships can be far from the oversight of authorities, making illegal, unreported and unregulated fishing a serious global problem and a prime enabler of modern slavery at sea.

Industrial vessels are venturing further into the oceans to find their catches—and to avoid scrutiny. Distant-water fishing takes place outside countries' exclusive economic zones, meaning that vessels can escape the jurisdiction of coastal nations and commit illegal activities, such as modern slavery. Because fishing vessels can transfer their catches to other ships and resupply without returning to port, they can stay at sea for long periods, reducing costs and keeping their crews isolated.

Far from land and confined onboard ships, victims are exposed to the worst excesses of modern slavery. A recent Greenpeace Southeast Asia survey of abuses highlighted a range of top forced-labor indicators, including: withholding wages (87% of complaints), abusive working and living conditions (82%), deception (80%) and abuse of vulnerability (67%). Unable to escape, victims are subject to beatings and harassment, and if they resist, may in a worst case be thrown overboard by their captors.

How Investors Can Battle Modern Slavery in Fishing

Most fishing businesses are unlisted companies that fall outside investors' purview, but investors can still find effective pressure points to combat modern slavery at sea. Listed food retailing companies are the end point in the supply chain and should play a key role in working with suppliers to address this issue. By highlighting the problems of modern slavery at sea, investors can foster improvement.

In our engagements, we find food retailers' management teams ready to discuss the topic, but efforts to put the necessary structures in place to address the problems have been slow. As a result, improved outcomes have been limited at this stage.

On a positive note, some larger food retailers have instituted traceability for certain fish species as well as sustainability standards to help ensure the fish they sell can be verified as responsibly sourced in line with their own and/or third-party standards. But this approach protects primarily the marine environment and fish rather than people.

Some food retailers have also started to disclose if their fish are sourced from higher slavery-risk countries such as Thailand and Vietnam. This is a positive step, though only one of a wide range of best practices we encourage to help prevent possible abuses. Collectively, these practices intend to strengthen retailers' policies across business models, workforce protection efforts and supply-chain audits (*Display*).

ASSESSING SUPERMARKETS' POLICIES ACROSS A WIDE RANGE OF BEST-PRACTICE CATEGORIES

Business Model and Sourcing Strategy	Vulnerable Workforce	Supply Chain
• Build long-term strategic relationships with suppliers • Incorporate people risks in sourcing strategy • Disclose high slavery-risk countries of origin • Collaborate with peers and external organizations to improve the industry overall	• Adopt zero recruitment fee policy • Support collective bargaining • Publish grievances and remediations	• Carry out social audits • Incorporate traceability • Implement sustainability certification (including labor as well as environment factors)

For informational purposes only.
As of September 1, 2022
Source: AB

Our highest priorities are to encourage:

- Long-term relationships with suppliers to help improve visibility into the supply chain
- Zero worker-paid recruitment fee and migrant worker policies to reduce the risk of overseas laborers being enslaved
- More social audits and worker-voice initiatives to help identify where abusive labor practices are occurring

Long-term supplier relationships, in particular, help build trust on the ground and create some stability in the workforce. By contrast, flexible and transient workforce requirements can facilitate practices that enable modern slavery. These include entrapping migrant workers through debt bondage and deceiving them with unfounded promises of higher wages in the future or the freedom to return home.

There are practical difficulties in implementing some policies: for instance, social audits are hard to carry out on board a vessel at sea. Worker sentiment surveys via anonymous texts can be a way to overcome obstacles and identify issues. Traceability can be challenging in the fishing industry too. Fish are often "pooled" (catches from several boats are processed together) and then potentially used across many different products, such as frozen meals and cat food. As a result, the risk of pooled fish being tainted by modern slavery might endanger the reputation of brands and businesses, including food retailers.

If investors continue to raise awareness across all these areas, we expect corporate management in food retailing to make faster progress to strengthen their policies.

Finance Is Central to Combating Modern Slavery

Modern slavery is a criminal enterprise intended to profit from abuse; warehousing and transferring the money generated requires access to the financial system. This gives the finance sector a key role to play in helping stop modern slavery.

Yet the financial industry lacks awareness of the problem. In a 2020 survey of UK financial institutions, 43% of board-level directors didn't know about their firm's modern slavery policy; more than two-thirds of employees hadn't heard much of the issue from management. We've seen some improvement recently, but there's still a long way to go—and the reputational risks are high.

For instance, Australian lender Westpac was fined A$1.3 billion in 2020 to settle a money-laundering suit linked to financing child exploitation—it was the highest civil penalty in Australian history. Many finance executives are still unaware that modern slavery is a problem in developed as well as emerging countries, and they believe that anti-money laundering efforts to know their clients and screen for transactional risks are sufficient to combat it.

But transactional risks are only a small part of the problem. Financial institutions lend to and invest in businesses that facilitate slavery. They also provide bank accounts where multiple cash transactions can go unmonitored. Many banks aren't checking for illicit cash dealings that could indicate exploitation at a car wash or in a nail salon. Nor do they investigate their corporate clients' supply chains to find out how they source products at high risk of involvement with modern slavery.

Strengthening Policies and Practices in Finance

Finance companies can upgrade their existing systems for uncovering money laundering to screen for indicators of suspicious activity that may signal modern slavery violations by clients. And senior management should send a clear signal to staff that modern slavery awareness is important. Asset managers can help drive change by researching the risks to portfolio companies, engaging with company management and pressing for better policies and practices on modern slavery.

We find that banks put the most focus on financial transactions and less on institutional lending. Their biggest blind spot, as we see it, is in small- and medium-sized enterprises (SMEs)—which face high modern slavery risks. Our top engagement priorities in the banking sector are to:

- Encourage better risk identification in SME lending, including hiring or working with social auditors to identify risk areas
- Broaden transaction monitoring from a narrow focus on sexual exploitation to check for several other forms of modern slavery, including forced labor

Beyond these priorities, our wider agenda spans group-level policies and capabilities, financial transactions, and lending to both institutions and SMEs (*Display*).

FOUR CRITICAL ACTION CATEGORIES FOR BANKS

Group	Fiancial Transactions	Institutional Lending	SME Lending
• Strengthen internal expertise • Leverage external data sources and technology • Screen for grievances and remediations • Collaborate with sector peers/forums	• Broaden modern slavery typology • Review high risk services, add analytics	• Map high risk sectors/ geographies • Extend mapping to foreign lending • Carry out unscheduled site visits at customer premises • Conduct client audits • Provide internal training	• Map high risk sectors/ geographies • Train frontline staff • Spot-check selected customer premises • Conduct client audits

For informational purposes only.
As of September 1, 2022
Source: AB

We're confident that our agenda is gaining traction, and that banks' awareness of modern slavery is growing. For example, in 2019 one of Australia's largest banks had only a three-page compliance document to address modern slavery. After engaging with the company and discussing our ESG matrix, we were pleased with their progress and the increased detail and transparency of their reporting as they advanced in their journey.

To further raise awareness, we've partnered with **Themis** and the UK government to offer a new **modern slavery digital training course** for UK financial institutions, which is freely available to all. It features interactive guidance for 10 industry sub-sectors, using diverse multimedia formats and taking a unique sector-specific approach that reflects the range of challenges faced by different institutions.

The Big Picture

Modern slavery is a massive and complex problem. According to the US State Department, it generates more than US$150 billion in illicit profit for traffickers and those who help facilitate the crime. While awareness is rising, investors and businesses still need to make substantial changes to eradicate modern slavery by the UN's 2030 target.

We believe our five-pillar approach provides a robust platform for engagement with company management across industries, but a special focus and specific efforts are warranted for key sectors, such as fishing and finance. While progress so far has been slow, we're confident that strong foundations are being put in place for improved policies and practices.

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Incorporating Modern Slavery Issues in Portfolios: Industry Roundtabley

Addressing the contemporary scourge of modern slavery is becoming a growing imperative across the asset-management industry. In this roundtable, three asset owners from the US, UK and Australia share their insight and talk about the challenges of incorporating modern slavery issues in investment portfolios.

Q: What are some of the drivers that have made human rights/modern slavery a priority for your organization?

Marcelo Jordan, Senior ESG Specialist, World Bank Pension (US): From a fiduciary point of view, systematic violation of human rights (including through modern slavery) may undermine the long-term value of a company where the World Bank's plan is invested, given the increased potential for social discontent, social unrest and consequent disruptions in supply chains. Human rights violations also have the potential to seriously damage a company's reputation and as a result, negatively affect customer preferences. For investors, the reputational damage may also be serious and erode their capacity to engage with stakeholders and other responsible investors.

Will Findlay-Wilson, Senior Portfolio Analyst, Brunel Pension Partnership (UK): Strategically, human rights are a priority theme within Brunel's RI philosophy. From the perspective of systemic risk, research demonstrates that modern slavery is endemic in global society. Whilst modern slavery is more prevalent in certain geographies and industries, it is a significant issue that all investors should consider.

Modern slavery can lead to increased litigation and reputational risks. Research also suggests that climate change is exacerbating modern slavery. In some portfolios, Brunel's pivot to climate change technology investments has raised difficult questions around human rights trade-offs. For example, the solar energy industry has been tarnished by links to modern human slavery, particularly in the polysilicon supply chain. In some cases, our clients have a lower tolerance for modern slavery risks than their portfolio managers may have.

Susannah Lock, Head of Responsible Investing, Hostplus (Australia): Certainly, the regulatory environment in Australia has been a key motivator following the introduction of Australia's Modern Slavery Act (2018). Large superannuation funds such as Hostplus are required to produce an annual Modern Slavery Statement describing how we identify and manage our exposure to modern slavery risk across our operations and investment portfolio.

We have a young and potentially vulnerable member base (hospitality and tourism industries, which attract many casual workers and immigrants) and recognize that even in Australia there are modern slavery risks. As a large global investor in a broad range of sectors and regions, we feel we (and the wider superannuation industry) have a responsibility and important role to play in helping to protect vulnerable workers from modern slavery.

Consumer surveys indicate that human rights abuses are consistently in the top social and environmental issues consumers want to avoid in their investments. Our own member surveys reveal similar sentiment.

It is the right thing to do! We want to generate great returns for our members, but not at the cost of human suffering. I doubt any of our members would feel good about their nest eggs growing and living comfortable retirements at the expense of vulnerable people struggling to make a very basic living and working in deplorable conditions.

Q: How do modern slavery considerations form a part of your organization's corporate responsibility objectives?

Will Findlay-Wilson: Modern slavery is a component of our broader focus on human rights and social issues, informing our stewardship strategy as we identify opportunities for change through our voting and stewardship activities. Collaborative engagements are identified alongside other investors to further these goals. A good example is the CCLA-led engagement in the United Arab Emirates; another is our engagement with Rathbones on its modern human slavery statement.

We engage with our investment managers on areas of heightened risk related to companies, industries or geographies. We have engaged AB on some of these issues ourselves. Regard for these issues forms part of our due diligence on investment managers, and other third-party suppliers, ensuring our own operations are sound.

Marcelo Jordan: The World Bank Plan's ESG approach favors ESG integration, so we expect fund managers to be aware of potential risks stemming from modern slavery and other human rights violations. As long-term investors, we also expect fund managers to understand that these types of underlying ESG risks should not only be viewed on a short-term horizon, but also with a long-term perspective in their financial analysis.

On the responsible ownership side, we work through a service provider to undertake corporate engagement. We also consistently promote the monitoring and incorporation of modern slavery as part of our biannual corporate engagement plan and objectives. Such efforts are undertaken with a financial fiduciary mindset, where engagement around these topics aims to enhance the long-term value of the companies.

Susannah Lock: Hostplus is committed to eliminating modern slavery from all our business dealings (internal operations, external operational supply chain and investments) as well as to continuous improvement in addressing modern slavery risks.

Our board-approved Modern Slavery Policy sets out responsibilities for the organization and employees, including how to report any incidents of modern slavery. We have an established Modern Slavery Working Group which includes employees from our Risk & Compliance and Investments teams. Our priorities include conducting periodic risk-based assessment of suppliers (including investment managers), continual review of relevant policies and governance, and supplier engagement to further understand controls in place and their effectiveness and providing internal training and communication to staff around modern slavery risk to improve awareness.

Q: Describe some of the challenges that you have faced in formulating and implementing a human rights framework across your investment portfolios.

Susannah Lock: As all our investment management is outsourced to external fund managers, we really rely on them to implement their own frameworks and policies to identify and manage modern slavery risks. However, this still presents challenges, as we have a large number of managers all with different approaches, priorities and ESG focus areas. For example, there are differing requirements on modern slavery reporting in different countries, as well as difficulty collecting data on risk exposure for some unlisted/alternative asset classes, such as private equity and venture capital.

As we have a large, diverse portfolio across many asset classes, regions and industries with a complex supply chain, it is quite difficult to form a detailed view of where all the potential exposures really are. And company-level data on modern slavery risk is quite scarce. Developing metrics to track progress in our management of modern slavery also presents several challenges.

Marcelo Jordan: As a fully externally managed pension fund, the World Bank Pension investment team does not select individual securities. So, our ESG due diligence process focuses on assessing external managers' capacity to identify, manage and adequately report on such issues throughout their investment processes. This includes understanding the manager's awareness with internationally recognized human rights standards (e.g., UN principles on human rights, UN Global Compact and others); their systems and processes for conducting effective social due diligence at the investment analysis stage; and the capacity to monitor and identify human rights issues during the holding period (ownership) after investment.

So far, the main challenges we've encountered refer to the availability of easily accessible and transparent ESG metrics to monitor human rights abuses at the portfolio (fund manager) level. We currently rely on data providers to flag and identify controversies. However, these are not easy to compile at the fund manager/ portfolio level for a high-level overview on a regular (monthly) basis. We also rely on information from our corporate engagement service provider to enhance our awareness of human rights issues in companies within our managers' portfolios. These are discussed with the service provider, when warranted, and engagement efforts to address such issues are typically reported on a regular basis by our service provider.

Will Findlay-Wilson: One big challenge is that there are different human rights standards across geographies and different cultural and political attitudes, particularly relating to the role of the individual versus the role of the state. It's important not to project Western or Western European views onto all cultures but, at the same time, we need to have solid standards, especially in areas where engagement is challenged.

Often these issues are vast in scope and require a step-by-step process to make progress. Some companies are reluctant to make public disclosures. For others, we aim to change the narrative around supply chain due diligence and to identify problems as part of a positive process of improvement, and not simply as a basis for criticism. In some instances, there is a divergence of short-term investment return objectives and human rights goals.

Q: What expectations do you have of your asset management partners in this space?

Marcelo Jordan: As previously mentioned, we expect asset managers to develop the capacity to identify these issues early in the investment analysis process and properly incorporate such concerns when determining the relative value of a given company, including over a long-term horizon. During the holding period, we expect managers to exercise "responsible ownership," which includes engaging with corporations around such concerns and promoting greater corporate transparency and disclosure on human rights issues across value chains; this is crucial for enabling investors to properly price in such controversies and determine a truly "fair" market value. We believe all investors, regardless of their investment objectives and fiduciary responsibilities, will benefit from more corporate disclosure and transparency.

Will Findlay-Wilson: We expect asset managers to show awareness of potential risks beyond basic materiality and issues flagged by ESG rating agencies. Investigations should be diligent where allegations are serious and credible. Managers should exhibit a willingness to investigate their companies' claims, and to challenge their companies when they exhibit disengaged boilerplate responses. They should also demonstrate awareness of emerging regulation, such as the Uyghur Forced Labor Prevention Act in the US. Openness and transparency around engagement timescales, objectives and the credibility of outcomes is essential.

Susannah Lock: We don't want to be too prescriptive and generally want our managers to develop a risk management approach that works for them. But we expect some formal process for consideration of modern slavery risk in their investment decision-making and a willingness to comply with our reporting requirements. We require all our managers to report to us each year on their modern slavery risk management via a vendor questionnaire covering both their internal business operations supply chain and their investment portfolio.

We also expect managers investing in higher-risk sectors or regions to have well-developed modern slavery policies, and to complement their own research with third-party tools and data where available to assess risk exposure. For companies operating in high-risk sectors, regions or known to employ vulnerable people (such as low-skilled and migrant workers), managers should be prioritizing company engagement, especially if actual incidents occur, and particularly where the manager is a large investor in the company. We'd also expect managers to use their voting power (where applicable—i.e., where we invest in pooled funds and the managers vote on our behalf), or where we retain voting rights, to provide us with relevant information so that we can form an informed view and vote accordingly.

Q: What are your highest priorities when it comes to incorporating human rights in your investments?

Marcelo Jordan: The key issues within human rights that we have observed include modern slavery (including at private prison systems and detention centers), child labor, forced labor and different types of discrimination. However, the field is continuously evolving, and there may be other issues to be included to the list in the near future. We would be happy to collaborate further in identifying the most material issues for investors.

Will Findlay-Wilson: Brunel adopts a top-down approach. Firstly, there is action that can deal with this issue systemically and at global scale. For example, working an appraisal of these risks into a company's agreed responsibilities, within their own risk controls (audit of climate, modern human slavery, cyber risk). At the manager level, we work with managers who are philosophically aligned with us, and endeavour to collaborate. Idiosyncratic country or sector issues also warrant attention. For example, confronting emerging human rights issues in particular geographies or industries, such as mining, apparel and agriculture) requires a higher level of engagement. Finally, at the company level, we aim to identify companies where there are risks that are not well-managed for engagement.

Susannah Lock: We are focused on maintaining a responsible investment policy that includes a commitment to respect human rights and address modern slavery risk in our investment portfolio. It's also important to make sure that portfolio managers are aware of our responsible investment policy and reporting requirements and that we continue to engage with them. We will continue to monitor our managers' management of modern slavery risk and will work with managers who we have identified as being laggards with regard to their modern slavery risk management to emphasize our expectations and to help and encourage them to progress their processes.

We aim to maintain an awareness of company or industry controversies so that we can engage promptly with managers on these issues.

Finally, we continue to work with our asset consultants and other partners such as the PRI Association, Australian Council of Superannuation Investors and Responsible Investment Association Australasia to seek guidance and further educate ourselves to better understand the landscape.