

# Modern Slavery Statement

Wellington Management Australia Pty Ltd ABN 19 167 091 090  
Financial Year Reporting Period: 1 January 2021 to 31 December 2021

WELLINGTON  
MANAGEMENT®

## INTRODUCTION

This document is a Modern Slavery Statement (Statement) issued by Wellington Management Australia Pty Ltd (WMA) in accordance with the Modern Slavery Act 2018 (Cth) (Act) and has been approved by the Board of WMA as its principal governing body.

This Statement outlines our commitment and steps taken in identifying and addressing modern slavery risks within our business and supply chain to address the requirements of the Act. Our review for the financial year 2021 found that no changes to policy nor approach are required to ensure that WMA continues to meet its obligations under the Act.

## STRUCTURE, OPERATIONS AND SUPPLY CHAIN OF THE REPORTING ENTITY

### STRUCTURE

WMA, a proprietary limited company organised in Australia (ABN 19 167 091 090), conducts business development and client support services in Australia and New Zealand. The office opened in January 1997 and WMA holds an Australian Financial Services Licence (no. 462912). WMA does not own or control other entities.

WMA is 100% owned by Wellington Management Global Holdings, Ltd., a Bermuda-domiciled holding company. The ultimate parent company of the Wellington Management organisation is Wellington Management Group LLP, a Massachusetts private limited liability partnership owned by 195 partners, all fully active in the business of the firm and which has operations in North America, Europe and Asia Pacific regions. Approximately 900 investment professionals are employed across the Wellington Management Group (Wellington Management).

Sydney, Australia (30 employees)	Address
Wellington Management Australia Pty Ltd	Level 17 126 Phillip Street Sydney NSW 2000 Australia Telephone: +612-8233-6400

All employee data is as of 31 December 2021

### OPERATIONS AND SUPPLY CHAIN

WMA is engaged exclusively in investment management and serves as a trusted adviser and strategic partner to professional investors and wholesale clients.

As an investment manager, we have a relatively simple supply chain built around supporting our investment management practice. The external vendors we procure goods and services from primarily fall into four broad categories:

- **Professional and employee related services:** such as legal, tax, audit/accountancy advice; external training and recruiting providers; employee insurance and benefit providers
- **Workplace services:** services which support the running of our day-to-day business (e.g., cleaning, catering, office equipment maintenance services and property management)
- **Technology and data services:** systems, software and hardware purchased to provide the technology infrastructure required to undertake our business; market data services
- **Travel services:** as a global organisation serving clients in many different countries, our staff undertake global travel; as such, we engage with a number of travel service providers

Note that historically the firm has engaged in a significant amount of travel. However, like many aspects of our business, we continually re-evaluate the benefits and costs associated with areas of significant business activity. Travel is one such area that has been impacted by the implications of COVID-19. As such, travel may prove to be a less impactful element of our procurement expenditures in the future as we adapt the manner in which we conduct our business to current and future considerations.

## **RISKS OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAIN**

Modern slavery has been defined by the Act to include eight types of serious exploitation:

- Trafficking in persons
- Slavery
- Servitude
- Forced labour
- Forced marriage
- Debt bondage
- The worst forms of child labour
- Deceptive recruiting for labour services

## **INVESTMENT MANAGEMENT**

As a professional financial services organisation, WMA considers the risk of modern slavery within its Australian business operations to be low. However, we recognise that there may also be modern slavery risks through its investment management activity. In order to assess a company, we believe there are multiple factors we should consider.

- **Sector/industry exposure risk:** Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. Indicators of this type of risk include the use of unskilled, temporary or seasonal labour, use of short-term contracts and outsourcing, use of foreign workers or temporary or unskilled labour to carry out functions which are not immediately visible (i.e., at night), security and cleaning.
- **Geographic risk:** Certain countries may have higher risk of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors.
- **Entity risks:** Certain entities may have exposure to modern slavery risks because of poor governance structures, a record of treating workers poorly or a track record of human rights violations.

Our clients are invested in a variety of investment strategies, including both commingled funds and separate accounts, with broad global and regional supply chains. As such, the underlying companies in which we invest span many sectors/industries, countries and entities, some of which have increased exposure to modern slavery risks. We acknowledge that the risks of modern slavery may be heightened in some of our investee companies' supply chains and operations as a result of the geographical location of some suppliers and areas of operation.

## **ACTIONS TAKEN BY THE REPORTING ENTITY TO ASSESS AND ADDRESS RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES**

### **POLICIES AND PROCEDURES**

We are committed through our Corporate Sustainability Initiative (CSI) to incorporating socially and environmentally sustainable behaviour into everything we do, including sound governance and engagement with our employees, our community, and our environment. We will utilise our procurement procedures and employment policies to raise awareness of the Act with employees and suppliers to help mitigate the risks of slavery and human trafficking in our business. These global policies and procedures include:

- Code of Ethics
- Safe Work Environment Policy
- Equal Employment Opportunity, Discrimination & Harassment Policy
- Global Escalation of Concerns Policy and associated hotline
- Statement of policy on the prevention of corrupt practices
- Escalation of Concerns
- Harassment and Discrimination Policy
- Reference Checking

Employees are encouraged, and in some cases our policies require, that they share any concerns they may have regarding misconduct or wrongdoing with their immediate line manager, or an appropriate representative from our Employee Relations / Human Resources department. Additionally, employees are directed to share any concerns relating to money laundering with the firm's anti-money laundering officer.

### **SUPPLY CHAIN**

WMA is committed to continuously improving awareness and responding to the risk of modern slavery in its operations and supply chain. The nature of our business activities and the high standards that we expect from both our suppliers and ourselves is reflected in our overall assessment that the risk of modern slavery in our supply chain is low. We have a centralised procurement function responsible for Wellington Management's vendor management processes globally. Within this function, there is a Third-Party Risk Management (TPRM) team that initiates the due diligence review process for new suppliers as well as periodic ongoing reviews for certain existing suppliers.

In order to assess and reduce risk, we undertook a review of suppliers utilised during the 2021 financial year, along with our procurement and vendor oversight processes. As part of our initiative to identify and mitigate slavery and human trafficking risk, we have taken a risk-based approach to our evaluation. With regards to our own supply chain, we have a zero-tolerance policy to modern slavery and human trafficking. Where applicable, we may incorporate modern slavery related provisions in our contractual agreements, and we may also request that a supplier provide information regarding the necessary actions it has taken to prevent or remediate modern slavery in its business or its supply chain. Third party service providers are systematically identified and reviewed for potential modern slavery risks at onboarding, based on risk factors such as the third party's industry and country of operation. On a periodic basis, the subset of the vendor population meeting these high-risk criteria are compared against the broader service provider population to validate that applicable third parties presenting potential modern slavery risk have been identified, and that the associated risk has been evaluated and appropriately mitigated where applicable. Should any supplier be found to use modern slavery in any part of their supply chain and/or their business, it will result in remediation discussions and ultimately could result in contract termination.

Over this reporting period, we have made progress in implementing actions to assist in addressing the modern slavery risks associated with our supply chain. These include reviewing and, where necessary, updating due diligence procedures, and reviewing our suppliers' statements specifically related to Modern Slavery.

## INVESTMENT MANAGEMENT

Wellington Management is taking a multi-layered approach to tracking and managing the risk of modern slavery in client portfolios. First, we have provided training to sector and sovereign research analysts to increase their understanding of modern slavery, how it might show up in company and country securities, and the questions analysts might ask when meeting with company and country leadership. Second, we have worked closely with MSCI to ensure that we are making full use of their current screening tools and are collaborating with their research team as they develop new screening tools for sovereign issuers in particular. Additionally, we have developed a proprietary survey that portfolio managers may leverage to assess the quality of investee company awareness and diligence in managing this risk in their own operations and supply chains. In order to assess a company, we believe there are multiple factors we should consider.

- **Industry:** Products and services linked to the use of low skilled labor or where the use of migrant labor is common in the production and/or delivery the products and services are at highest risk of modern slavery. These commodity-like/low-skilled workforces typically have less power in the workplace and workers are more easily substituted if they complain about working conditions and worker rights. As a result, findings of Modern Slavery are most commonly found in specific industries. Recognizing the industries where this risk is highest is a critical part of focusing our effort.
- **Country:** Governments play a critical role in developing and implementing the laws, policies, and programs needed to prevent and respond to Modern Slavery risk. The Global Slavery Index is produced by a globally recognized NGO with a long track record of assessing Modern Slavery risk and generating in depth research at a country and product level. To that end, the Global Slavery Index has created a Government Response index which includes an assessment of the actions governments are taking to respond to Modern Slavery: <https://www.globallslaveryindex.org/2018/methodology/government-response/>. The framework was developed in consultation with an independent Expert Working Group (“SME Group”) and is based on findings from NGO research and scholars in fields related to modern slavery, such as harmful traditional practices, health, social welfare and migration.

This assessment is based on tracking government progress towards the achievement of five milestones:

Milestone	No. of activities	Percentage weight
Survivors of slavery are identified and supported to exit and remain out of slavery	9	32%
Criminal justice mechanisms function effectively to prevent modern slavery	6	21%
Coordination occurs at the national and regional level, and governments are held accountable for their response	4	14%
Risk factors such as attitudes, social systems and institutions that enable modern slavery are addressed	7	25%
Government and business stop sourcing goods and services that use modern slavery	2	7%
Total:	28	100%**

\*\* Percentages add to total of 99% due to rounding

Across the 28 activities identified, each country is awarded a % score in the range of 0-100, with 100 being the highest possible score. 181 countries have received ratings as part of the Global Slavery Index’s analysis. To ensure consistency with all other factors we have converted this score to 0-10 by dividing the published score by 10. All Country Risk Scores will be tracked and monitored in a master spreadsheet maintained by a group of subject matter experts within Wellington comprised of ESG Analysts, Sustainable Investment researchers, and investment directors focused on the portfolios in scope.

- **MSCI Controversy Score:** MSCI ESG Controversy scores allow institutional investors to analyze a company's significant social, environmental, and governance impacts by identifying company involvement in major ESG controversies, adherence to international norms and principles, and assessing company performance with respect to these norms and principles. Given that our focus is on reducing risk of forced or child labor practices, we are leveraging the "Labor Rights and Supply Chain" scores specifically. All MSCI Controversy scores are tracked and monitored in a master spreadsheet maintained by a group of subject matter experts within Wellington comprised of ESG Analysts, Sustainable Investment researchers, and investment directors focused on the portfolios in scope.
- **Company Survey:** Portfolio Managers have access to proprietary company surveys. A scoring system was designed by a group of subject matter experts within Wellington comprised of ESG Analysts, Sustainable Investment researchers, and investment directors focused on the portfolios in scope. Surveys are scored out of a possible 100 points, with more weight allocated to questions that we believe are more critical to helping companies effectively reduce Modern Slavery risk throughout their business operations and supply chains.

Ongoing interactions between the centralised Sustainable Investment Team and portfolio managers related to company engagement, proxy voting, and portfolio reviews are all opportunities to educate investors on ESG issues and trends. Portfolio managers, industry analysts and ESG analysts all take part in our ongoing dialogue with companies, and we share engagement information using a central collaboration platform. Analysts regularly discuss issuers, write investment notes and make comments in our morning investment meeting. This collaboration is a form of ongoing training within our firm.

In addition, Wellington Management maintains multiple internal e-mail distribution lists related to ESG and sustainable investing in order to facilitate information sharing across multiple functions of the firm. Content shared in this forum could include trends or common questions among clients of a certain channel and recent academic studies regarding ESG.

We have become increasingly aware of the pernicious nature of modern slavery—particularly the potential for supply chains and those not directly controlled by companies marketing goods to end users—to be at greater risk for human trafficking and other human rights abuses. Wellington Management is currently undertaking a comprehensive review of the ways in which we can improve our due diligence and engagement efforts on this issue across our clients' portfolios.

Andria Weil, our Director of Sustainable Investment Policy, has led regional training sessions open to all colleagues on the topic of Modern Slavery in company supply chains, in addition to dedicated sessions for our Investment Research, Client and Investment Product and Fund Strategies groups.

During the first half of each year, the Sustainable Investment Team hosts a proxy season preview to educate investors about major governance developments, focusing on a selection of "hot topics" we expect to be most pertinent throughout the season. This gives the Sustainable Investment Team an opportunity to reiterate any shifts in our approach to vote recommendations on certain topics. These sessions deepen understanding of key issues ahead of time so that we can have more productive debates about significant votes.

## **HOW THE REPORTING ENTITY ASSESSES THE EFFECTIVENESS OF ACTIONS TO ASSESS AND ADDRESS RISKS**

We are in the early stages of assessing the effectiveness of our risk-based approach. Addressing the risk of Modern Slavery within investment portfolios starts with investor awareness of the risk and where these risks are likely to be elevated. The best way to ensure there is awareness is through training. In the course of 2021 Wellington's sustainability team provided two trainings to investors on this issue. This training has been supplemented through investor discussion in common investor forums including daily morning meetings and through investor notes. To that end, Wellington Management began tracking its engagements by topic at the end of 3Q2021. As such, in the 4Q2021 Wellington investors recorded 29 engagements across 17 issuers specifically focused on human rights/modern slavery. To support these engagements the survey described above provides investors with a structured format to engage with management. To-date Wellington has shared our survey with over 300 companies and has received detailed responses from eighty companies. We expect over time to receive responses from substantially all companies to which we send it but as this is a newer area of due diligence, some companies require a direct conversation to obtain their responses.

In order to ensure the effectiveness of our actions as it relates to modern slavery risk in WMA's supply chain, the centralized procurement team (inclusive of Third Party Risk) periodically reviews our risk assessment and procurement processes to ensure they remain up to date and appropriate (leveraging a risk-based approach). As an additional measure, we reviewed a subset of the suppliers paid by WMA in calendar year 2021 to ensure where appropriate, such suppliers are committed to adhering to the Modern Slavery Act.

## **CONSULTATION PROCESS**

As there are no subsidiaries or entities owned or controlled by WMA, this requirement is not applicable.

## **OTHER RELEVANT INFORMATION**

There is no other relevant information for this reporting period.

## **APPROVAL**

This Statement was approved by the Board of Directors of Wellington Management Australia Pty Ltd on 27 June 2022.

Signed by:



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Name: Aisling Freiheit  
Title: Director