



# Orbis Global Equity LE Fund (Australia Registered)

## Modern Slavery Statement

For the year ended 30 June 2020

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## Background

This document is a Modern Slavery Statement (**‘Statement’**) issued by Equity Trustees Limited ABN 46 004 031 298 (**‘ETL’**) in its capacity as the responsible entity of the Reporting Entity, the Orbis Global Equity LE Fund (Australia Registered) (together **‘Fund’**) in accordance with the *Modern Slavery Act 2018 (Cth)* (the **‘Act’**) and has been approved by the Board of ETL as its principal governing body.

This Statement discloses the Fund’s commitment and steps taken in identifying and addressing modern slavery risks within its business and supply chain, which includes the activities implemented in financial year ending 30 June 2020.

## Structure, operations and supply chains of the reporting entity

### About the Orbis Global Equity LE Fund (Australia Registered)

The Orbis Global Equity LE Fund (Australia Registered), ARSN 613 753 030, is a registered managed investment scheme regulated by ASIC. ETL is the scheme’s responsible entity. Its investors are classified as wholesale clients pursuant to the *Corporations Act (Cth)* 2001.

The Fund’s investment objective is to achieve higher returns than the average of the world’s equity markets, without greater risk of loss and after applying a set of exclusions. The Fund aims to achieve this objective by primarily investing in securities of companies listed on stock exchanges around the world, except for those companies directly involved in the production of tobacco and controversial weapons.

The Board of Directors of ETL govern the Fund’s overall operations and investments.

### About Equity Trustees the Fund’s Responsible Entity

ETL is a wholly owned subsidiary of EQT Holdings Ltd which is a diversified financial services company publicly listed on the Australian Securities Exchange (ASX: EQT). ETL holds an Australian Financial Services Licence (**‘AFSL’**) no. 240975. It acts as a trustee and responsible entity for a range of managed investment schemes and unit trusts of which the Fund is one. ETL’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000, Australia.

### About Orbis Investment Management Limited - the Fund’s investment Manager

The Fund is actively managed by Orbis Investment Management Limited (**‘Orbis’**, **‘we’**, **‘our’**) through an investment management agreement between ETL and Orbis.

Founded in 1989, Orbis has been investing globally for 30 years. Since the firm’s inception, its purpose is straight forward: to empower our clients by enhancing their savings and wealth. We believe we can do this by applying our fundamental, long term and contrarian investment philosophy that reflects our investment beliefs outlined below:

- Investments are better driven by fundamental bottom up research, not top down macro forecasting



- Taking a long-term perspective allows us to focus where others don't.
- The best long-term investment ideas are often contrarian, found in areas of the market which are out of favour with most investors.
- Contrarian investment decisions are best made by individuals, not committees.
- To deliver superior investment returns over the long term, we must be prepared to build portfolios that look very different from their benchmarks.
- Risk is permanent capital loss, not short - term volatility.

To support our beliefs, we have structured our firm in a way that requires us to deliver meaningful value of money to our clients. We also recognise that without our clients' trust and confidence, our firm cannot and should not survive.

Orbis collectively manages long only equity, balanced and absolute return mutual funds reflecting a variety of strategies, including global equities, Japanese equities and emerging market equities. There are Orbis Funds domiciled in Australia, Bermuda, Luxembourg, the United Kingdom and the United States.

Orbis is a signatory to the United Nations-supported Principles for Responsible Investment (PRI), a voluntary framework for incorporating environmental, social and governance issues into investment and ownership decisions. The Orbis UK companies also provide a UK Modern Slavery Statement in accordance with regulations in that jurisdiction.

## **Understanding modern slavery risk**

The Fund's approach to understanding its modern slavery risk is to examine its supply chain and investments for any indication of the following: trafficking in persons, forced marriage, slavery, debt bondage, servitude, debt bondage, and the worst forms of child labour, deceptive recruitment practices and slavery.

The Fund has performed an initial risk assessment on its immediate suppliers and investments for key inherent modern slavery risk indicators.

## **Risk of Modern Slavery practices in the Fund's immediate operations and supply chains**

The Fund has entered into agreements with each of its service providers which govern the nature and scope of the services provided. The Fund considers that the risk of modern slavery in these direct supplier levels to be low considering that all the suppliers are from lower risk jurisdictions as detailed by the Global Slavery Index and represent regulated financial and professional services companies.

Furthermore, the Fund has engaged with each of these tier one suppliers regarding the extent to which they must adequately monitor their supply chains to ensure material compliance with all relevant legislation and regulations in the countries in which they operate.



A summary of the Fund's immediate supply chain and operations and can be found below:

Relationship	Supplier	Jurisdiction
Responsible Entity	ETL	Australia
Investment Manager	Orbis Investment Management Limited	Bermuda and as part of a global group of companies
Custody	Citibank, N.A. Sydney and Hong Kong Branches	Australia, Hong Kong and as part of a global group of companies and sub-custodians
Administrator	OneVue (Iress) Fund Services	Australia
Consultants	Ernst & Young (Auditors and tax advisers) PWC (tax advisers) Hive Legal and HWL Ebsworth (Legal advisers)	Australia and as part of a global group of companies

## Risks of modern slavery practices in the Fund's investments

As part of a bottom-up investment research process, Orbis considers a range of factors that might affect a company's intrinsic value, which can include environmental, social (including modern slavery) and governance ('ESG') issues. Orbis' research of ESG factors informs decisions not to invest in a company as much as it informs decisions to invest. For example, if a company makes money in a manner that it does not sustainable due to the risks of modern slavery at the company or in its supply chain, Orbis will not gain conviction in the sustainability of the company's current level of profits.

For the Fund's investments as to 30 June 2020, Orbis did not specifically screen out investment ideas due to their inherent or actual exposure to modern slavery risks. Accordingly Orbis acknowledges that the risk of modern slavery practices might exist within the operations and supply chains of the companies whose shares are held in the Fund. For example, a small number of investee companies have direct or indirect exposure to agricultural production in developing countries with a higher inherent risk of modern slavery practices. Conversely, investee companies operating in industries such as finance or media and entertainment have a lower risk of modern slavery practices.

## Actions taken to assess and address modern slavery risks in the Fund's investments

When Orbis believes that an investee company's exposure to modern slavery risks has the potential to impact its intrinsic value materially, it may take one or more of the following actions. These actions are not mutually exclusive and Orbis may take additional action depending upon the specific modern slavery risk that is identified:



- **Meet** with company management in order to form a view on how effectively it is managing its modern slavery risks, and to share any concerns Orbis has in that regard.
- **Vote** on resolutions in a manner that is in the Fund's interest, which may be contrary to that recommended by the company's management.

When Orbis concludes that modern slavery risk considerations make an investment's prospective risk-adjusted return unattractive, Orbis would **sell** the position. This does not mean Orbis believes disinvestment is the solution to managing modern slavery risk. Instead, Orbis believes constructive engagement is most likely to lead to change.

Members of Orbis' investment team have access to internal guidance notes outlining the requirements that analysts must follow, together with best practice for identifying relevant ESG factors, engaging with investee companies and voting at shareholder meetings. Orbis also holds annual workshops with each investment team to ensure they understand Orbis' approach to responsible investing and to share recent experiences, including lessons learned. The last round of workshops took place in the 1Q of 2020, and we intend to hold the next round in the 2Q of 2021.

## How the Fund assesses the effectiveness of actions to assess and address risks

As this is the first year of modern slavery reporting, ETL as the Responsible Entity of the Orbis Global Equity LE Fund (Australia Registered), is in the early stages of assessing the effectiveness of the risk-based approach.

Future actions ETL may take to assess and address modern slavery risks include:

- developing and implementing modern slavery training to ETL's Directors with awareness of relevant regulatory requirements and understanding of modern slavery risks;
- screening new and existing suppliers for modern slavery risks;
- reviewing the requirements of any regulations and guidance issued in connection with the Act and incorporating an effective response within the Fund's risk management framework; and
- working closely with Orbis to better understand how modern slavery risks by regions and sectors are being addressed and managed.

The Fund is focused on assessing modern slavery risk and using the risk assessment process detailed above to understand its exposure to this risk. This assessment process will change over time as the Fund continues to develop processes around identifying and assessing modern slavery risks in its overall operations and investments.

ETL intends to provide its Board of Directors with an annual assessment on the implementation and effectiveness of actions to ensure the obligations within this Statement are met. The Board shall consider the effectiveness of the measures as set out above and have the authority to make amendments to this Statement as it sees fit.



## Consultation process

There are no subsidiaries or entities owned or controlled by the Fund which we are required to consult with to prepare this Statement.

## Other relevant information

No other relevant information for this reporting period.

## Approval

This Statement was approved by Philip Gentry on behalf of the ETL Board of Directors

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Philip Gentry

Chair

Date: 31 March 2021

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For clients wishing to discuss this statement, please contact your client service representative.

For media inquiries wishing to discuss this statement, please contact:

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