

FY23 Modern Slavery Statement

For the Financial Year ending 30 June 2023

Reporting entity

This statement (“**Statement**”) is submitted under section 13 of the Modern Slavery Act 2018 (Cth) (“**the Act**”) for the Fairlight Global Small & Mid Cap (SMID) Fund, ARSN 629 066 913 (“**Trust**”). This Statement has been prepared by The Trust Company (RE Services) Limited, ABN 45 003 278 831 (“**Responsible Entity**” or “**RE**”) and approved by the Board of Directors of the Responsible Entity (the ‘principal governing body’ under the Act) on 15 December 2023. The Responsible Entity is a wholly owned subsidiary of Perpetual Limited ABN 86 000 431 827 and a part of the Perpetual Group (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity).

This Statement was approved by a resolution of the Responsible Entity Board and signed by Vicki Riggio as the Director for The Trust Company (RE Services) Limited.



Vicki Riggio

Director

The Trust Company (RE Services) Limited

Consultation

There are no subsidiaries or entities owned or controlled by Fairlight Global Small & Mid Cap (SMID) Fund which the RE is required to consult with to prepare this Statement. This Statement was developed in consultation with the investment manager, Fairlight Asset Management Pty Ltd (“**Investment Manager**”) for the Trust.

Structure, operations and supply chain

Structure

The Trust is domiciled in Australia and was constituted on 10 October 2018. The Trust has been operational since 1 November 2018. The Trust owns no real property and has no employees.

Operations

The primary operation of the Trust is the investment in a portfolio of global small and mid-capitalisation companies. The Trust Company (RE Services) Limited is the Responsible Entity for the Trust. Fairlight Asset Management Pty Ltd is the Investment Manager for the Trust, which provides day to day management of the Trust. The Investment Manager was established in 2018 and is an independent, global small and mid cap equity specialist. Fairlight uses its resources, experience and expertise to manage the Fund.

Perpetual Corporate Trust (PCT)

The RE sits within PCT, which is a division of Perpetual Limited and forms part of the Perpetual Group. PCT provides a broad range of fiduciary, agency and digital products to the debt capital markets and managed funds industries both domestically and internationally. Debt Market Services includes trustee, document custodian, agency, trust management, accounting, standby servicing, and reporting solutions. Perpetual Digital provides data services, industry roundtables, and our new Perpetual Intelligence platform-as-a-service products supporting the banking and financial services industry. Managed Funds Services provides services including independent responsible entity, wholesale trustee, custodian, investment management and accounting (such as those provided by the RE).

Investments

The Trust's assets under management for FY23 were a total of \$851M AUD. These assets were invested in a portfolio of global small and mid-capitalisation companies drawn from international equity markets outside Australia, generally between 30 and 40 stocks. The Trust offers a hedged and unhedged class. The Hedged Class aims to mitigate the impact of currency movements using FX forwards.

The portfolio allocation will generally be:

Assets	Min	Max
Listed securities (or to be listed) on international exchanges	80%	100%
Cash or cash equivalents including short term money market instruments.	0%	20%

At 30 June 2023 the portfolio was allocated as follows:

Country	Allocation
United States	48%
United Kingdom	22%
Italy	9%
Germany	7%
Canada	7%
Hong Kong	3%
Sweden	2%
Netherlands	1%

Sector	Allocation
Industrials	41%
Information Technology	33%
Communication Services	11%
Financials	7%
Health Care	5%
Consumer Discretionary	3%

Supply chain

The Trust's supply chain consists of three direct service providers in the procurement categories listed below. These service providers are all located in Australia and are also part of multinational corporate groups that have offices in other countries around the world.

Procurement categories for service providers engaged both directly and indirectly are:

- Auditor
- Tax Agent
- Administrator
- Custodian
- Registry Provider

Modern slavery risks

The RE understands that modern slavery risk can occur in operations and supply chains. The RE consider risk assessment a critical process to identifying the inherent risk of modern slavery across the Trust. As RE, we conduct an annual risk assessment on the supply chain of all trusts that meet the Act's reporting threshold. The risk assessment is done separately to Perpetual Group's corporate modern slavery supply chain risk assessment and is in addition to routine due diligence activities undertaken for management of the Trust by the Investment Manager.

Defining modern slavery risks

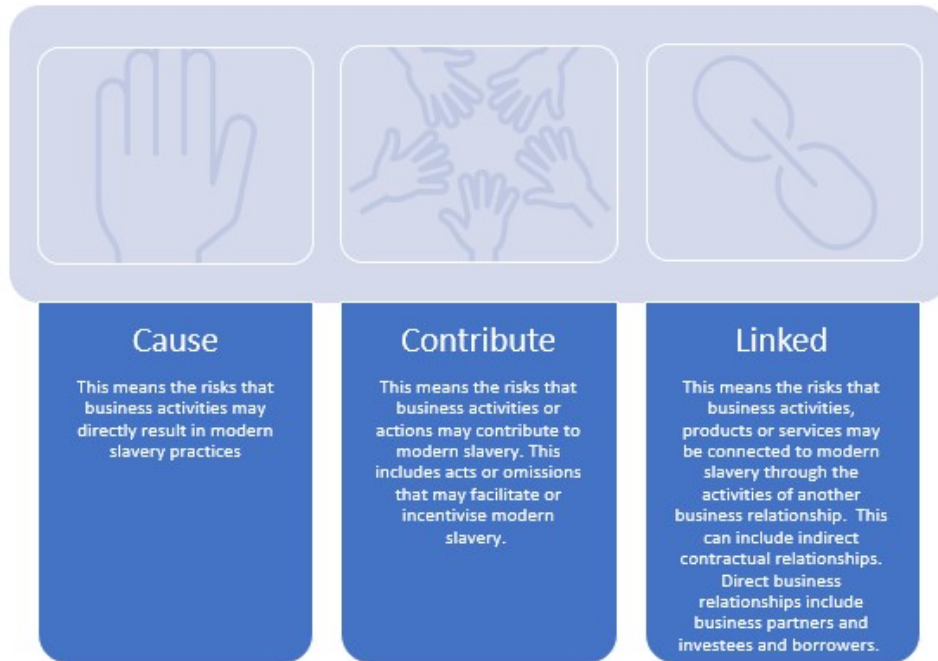
Modern slavery is serious exploitation that undermines a person's freedom. In a situation where modern slavery occurs, a person cannot refuse or leave due to threats, violence, coercion, abuse of power, or deception¹. Modern slavery occurs in a variety of forms, there are eight types including human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour².

Modern slavery risk means the potential for the Trust to cause, contribute to, or be directly linked to modern slavery through their operation or supply chain. This means looking at risks to people rather than risk to the company (such as reputational or financial damage), although often these risks are connected. The Trust recognises that COVID-19, conflict and climate change driving migration has exacerbated modern slavery risks for people in vulnerable situations³.

¹ International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), 2022. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, 13.

² As defined in the Australian Modern Slavery Act 2018 (Cth)

³ International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), 2022. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage



Risk assessment methodology

In FY23, the RE collected information on the Trust's supply chain and operations to include in a modern slavery risk assessment. Specifically, the RE investigated the investment trust and service providers that we have a direct relationship with. The service providers were then assessed for inherent modern slavery risks and an inherent risk profile was determined for each entity. Inherent risk is the level of risk before any actions are taken to manage the risk's impact or likelihood.

Additional due diligence is conducted by the Investment Manager on investments (as described below).

Risk assessment results

Investments

The risk assessment for the underlying investment holding for the Trust is undertaken by the Investment Manager in accordance with their RI Policy. See the due diligence section of this Statement below for further details.

Supply Chain

The RE's FY23 risk assessment did not identify any high-risk service providers. All service providers are categorised as low as all service providers operate and are domiciled in Australia in low risk sectors.

Sector/product

Professional Services and
Diversified Financial Services

Inherent risk profile

There is generally a low risk of modern slavery in the professional services and diversified financial services industries in Australia, due to the general absence of factors concerning workers that might be vulnerable to exploitation, and the nature of the work itself. There may be risks in the operations and supply chains of these businesses such as through their procurement of cleaning services and merchandising and other equipment for offices which may be linked to higher risks of modern slavery.

Actions to address modern slavery risks

As trust, addressing Modern Slavery risks is necessarily different to the approach that can be undertaken by a company which has direct oversight and control of its own operations and supply chains. That is because the Trust itself has limited operations and supply chains and can have influence, but not direct control, over its investments.

As a trust managed by the Investment Manager - Fairlight Asset Management Pty Ltd - the Trust is subject to the Fairlight Responsible Investment Policy, details for which are described below.

Due diligence

Risk assessment

The RE's annual risk assessment was conducted to assess the Trust's inherent modern slavery risks in its supply chain. Additional due diligence is conducted by the Investment Manager on investments (as described below).

Investments (due diligence by the Investment Manager)

The Investment Manager is of the belief that the way a company manages ESG issues is often a good indicator of overall risk levels and general management quality - which are both strong determinants of companies' long-term success. Companies with better ESG performance can increase shareholder value by better managing risks related to emerging ESG issues. Moreover, ESG issues can have a strong impact on reputation and brands, an increasingly important part of company value and in cases of ESG market leadership, this can become a source of competitive advantage.

ESG issues are considered at each stage of the investment process, including initial screening, stock research reports and the portfolio management process. Fairlight uses industry exclusion screens to account for the more obvious sources of ESG risk across a range of sectors. A maximum of 10% aggregate revenue exposure to these restricted industries is permitted before companies are excluded from ownership by the Fairlight Fund. All researched companies are scored across a range of ESG metrics which generates a cost of capital charge that is an input into company valuation. Companies with relatively poor ESG practices incur a larger discount rate than those that are best practice.

The Investment Manager's investment team engages with investee companies on supply chain and modern slavery risk, and assess modern slavery statements in line with the Act. Modern slavery risk also forms part of the Investment Manager's ESG score for each company.

Further details on how companies are researched and scored on ESG metrics, including modern slavery, by the Investment Manager are set out below:

- In quantifying ESG within the investment process, the Investment Manager uses a combination of internally derived and third-party metrics.
- Internal metrics are formulated by the investment team as part of the stock research process and are constantly reviewed and updated.
- These metrics - via a cost of capital charge - are important inputs into the Investment Manager's valuation models and are used for portfolio management and position sizing.
- The Investment Manager also utilises ESG data from Sustainalytics.

The Investment Manager is a signatory to the United Nations supported Principles for Responsible Investment. Through implementation of the Principles, Fairlight will seek to analyse and engage companies on their significant governance, environmental and social issues that have the potential to impact on company perception and performance.

Supply chain

As the Responsible Entity for the Trust, The Trust Company (RE Services) Limited owns the relationships with the direct service providers which are used by the Trust. As part of the Perpetual Group, the Trust Company (RE Services) Limited is subject to the same policies, due diligence and remediation process to address modern slavery as the Perpetual Group. This includes adherence to the Perpetual Group's Modern Slavery Framework which sets out the programs, processes and tools in place to ensure compliance with the Modern Slavery Act.

Procurement processes including provisions focused on modern slavery are included within contractual terms with new suppliers to ensure our suppliers understand we require them to assess and manage modern slavery risk in their business. We reviewed and updated these clauses in FY23. Over the last year, we have noted increased negotiation on

our modern slavery clauses. In order to manage this risk, and to provide greater oversight of any deviations from our terms, we have implemented a register that records any deviation or omission from our standard modern slavery clause.

New and existing employees of the Trust Company (RE Services) Limited take part in our online modern slavery training module and employees have access to Perpetual Group's grievance mechanism.

Remediation

As an RE, Perpetual Group may be directly linked to modern slavery through our business relationships with other entities via their own investments and supply chains, however it is unlikely that the RE will directly cause or contribute to modern slavery.

Perpetual Group's remediation approach is outlined in our Modern Slavery Framework. Should an incident of modern slavery occur in a Trust which we have 'caused or contributed' to, we would engage with the Investment Manager and act in accordance with our remediation principles.

The purpose of remediation is to ensure Perpetual Group takes reasonable steps to:

- Address the underlying root causes driving the existence of modern slavery if possible;
- Prevent the modern slavery impact from re-occurring by collaborating, supporting remediation and monitoring the implementation of remedial measures taken by another party; and
- Ensure compliance with national and international labour and human rights standards.

Perpetual Group's remediation process has been approved by the Executive Committee and has been captured in our Modern Slavery Framework. The process details specific steps that we will take if the Perpetual Group, or our controlled entities, has 'caused or contributed' to modern slavery.

Our approach to remediation is led by a set of guiding principles. These include ensuring that our actions are in the best interest of the suspected victim or victims and responding in a way that is appropriate to the circumstances of the situation.

The principles also articulate that we will take steps to prevent further harm to achieve the best possible outcome for the victim or victims and consider whether there is any action that Perpetual can take that may address the underlying structural factors that have contributed to the exploitation.

Our Modern Slavery Framework, including the remediation process, is available to our employees on our intranet.

Grievance mechanism

Modern slavery is a form of reportable misconduct under Perpetual Group's Whistleblower Policy. Through this mechanism, employees in the Perpetual Group including the RE can report any concerns to a Whistleblower Protection Officer or anonymously through our third-party whistle-blower hotline. Training on how to access and report through this grievance mechanism are provided in our employee-wide modern slavery training program.

Measuring the effectiveness of actions

Outlined below is the key progress made by the RE on behalf of the Trust in FY23 and the actions for FY24.

FY23 progress:

- Mapped the Trust's supply chain to identify the different sectors our service providers are from.
- Conducted an annual risk assessment to determine inherent modern slavery risks.
- Reviewed and updated the Perpetual Group process for assessing and reporting on modern slavery in trusts.

Actions for FY24

- Monitor emerging global trends in modern slavery and include anything relevant for the FY24 risk assessment.
- Commitment to have the Trust statement reporting process reviewed internally on an annual basis.
- Conduct modern slavery training for trust managers including for the RE.

Appendix

Appendix 1: Australian Modern Slavery Act – Mandatory Reporting Criteria

The following table describes the location of each mandatory reporting criteria within the FY23 Modern Slavery Statement.

Mandatory Reporting Criteria	Location in Statement
Identify the reporting entity	Reporting Entity, Page 1
Describe the reporting entity's structure, operations, and supply chains	Structure, Operations and Supply Chain, Page 1
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	Modern Slavery Risks, Page 3
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	Actions to Address Modern Slavery Risks, Page 5
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Measuring the Effectiveness of Actions, Page 6
Describe the process of consultation and any entities the reporting entity owns or controls	Consultation, Page 6