


# FY24 Modern Slavery Statement

For Financial Year ending 30 June 2024

## Reporting entity

This statement ("**Statement**") is submitted under section 13 of the Modern Slavery Act 2018 (Cth) ("**the Act**") for the KKR Senior Floating Rate Income Fund (ARSN 620 816 195) (the "**Trust**"). The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the Trustee of the Scheme ("**Trustee**"). This Statement has been prepared by the RE and approved by the board of directors of the RE (the 'principal governing body' under the Act) on 9 December 2024. 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 has been approved by a resolution of the Trust Company (RE Services) Limited 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 that are owned or controlled by the Trust which the RE is required to consult with to prepare this Statement. This Statement was developed in consultation with KKR Australia Investment Management Pty Ltd (the "**Investment Manager**") the investment manager for the Trust.

## Structure, operations and supply chain

### Structure

The Trust is an Australian managed investment scheme that is registered with the Australian Securities and Investments Commission ("**ASIC**") and is governed by its Constitution and the Corporations Act 2001 (Cth). The Trust is domiciled in Australia and was constituted on 10 August 2017 and commenced operations on 17 October 2017. It owns no real property and has no employees.

### Operations

The primary operation of the Trust is the investment in a diversified portfolio of senior secured leveraged loans and other senior secured floating rate debt obligations. Investors' money is pooled with investments from other investors and used to buy assets for the Trust, which are managed on behalf of all investors. Perpetual Limited's subsidiary, The Trust Company

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(RE Services) Limited is the Trustee for the Trust. The investment manager of the Trust is KKR Australia Investment Management Pty Limited. KKR Australia Investment Management Pty Limited is a wholly owned Australian subsidiary of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, “KKR”) and an affiliate of KKR Credit Advisors (US) LLC (“KKR Credit”). The duty of the manager is to promote the Trust and invest and manage the Portfolio.

The Investment Manager is established in 1976, KKR is a global investment firm with industry-leading investment experience, a pioneering attitude to ESG management and a strong culture committed to teamwork. As of 30 June 2024, KKR had A\$902.1 billion of assets under management, of which A\$354.9 billion sits within KKR Credit. KKR has a global presence with offices in 26 cities across 4 continents, including Sydney, Australia. KKR employs approximately 165 investment professionals in the Credit business. KKR represents the largest pool of capital for KKR’s Australian business and KKR now has three permanent members of its Global Client Solutions team based in Sydney. The Global Client Solutions team is responsible for client and market engagement across KKR’s breadth of funds and strategies.

#### *Perpetual Corporate Trust (PCT)*

The Trustee 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.

#### *Investments*

The Trust’s assets under management for FY24 were a total of \$1.125 billion AUD as at 30 June 2024. The Trust’s investment objective is to generate income and to maintain a stable level of capital with some appreciation by investing substantially all of the Trust’s assets in a diversified portfolio of senior secured leveraged loans and other senior secured floating rate debt obligations (“**Senior Loans**”). In addition to Senior Loans, the Trust may also invest in collateralized debt loan obligations, credit default swap indices (CDX IG and CDX HY), total return swaps, exchange traded funds (ETFs), cash and cash equivalents, and other related financial instruments (the above collectively referred to as “**Financial Instruments**”).

#### **Supply chain**

The Trust’s supply chain consists of four direct service providers in the procurement categories listed below. These service providers are all located in Australia.

*Procurement categories for service providers are:*

- Auditor
- Tax agent
- Administrator
- Custodian
- Registry provider
- Legal compliance

#### **Modern slavery risks**

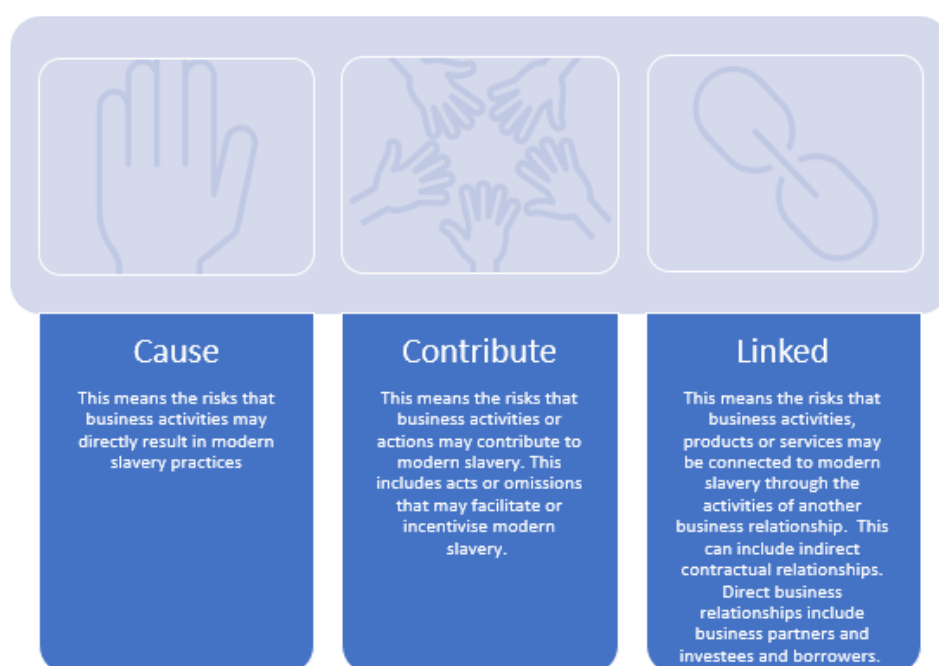
The RE understands that modern slavery risk can occur in operations and supply chains. The RE considers risk assessment a critical process to identifying the inherent risk of modern slavery across the Fund. As RE, we conduct an annual risk assessment on the supply chain of all trusts that meet the Act’s reporting threshold. The risk assessment is done separately to Perpetual Group’s corporate modern slavery supply chain risk assessment and is in addition to any routine due diligence activities undertaken for management of the Trust by, or on behalf of, 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 deception<sup>1</sup>.

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 labour<sup>2</sup>.

Modern slavery risk means the potential for the Trust to cause, contribute to, or be directly linked to modern slavery through their operations 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 armed conflicts, widespread environmental degradation, assaults on democracy in many countries and a global rollback of women's rights, has exacerbated modern slavery risks for people in vulnerable situations<sup>3</sup>.



## Risk assessment methodology

In FY24, the Trustee collected information on the Trust's supply chain to include in a modern slavery risk assessment. Specifically, the Trustee investigated the Investment Manager and service providers that the Trust has a direct relationship with. The Investment Manager and 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 on investments by the Investment Manager (as described below).

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

<sup>2</sup> As defined in the Australian Modern Slavery Act 2018 (Cth)

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

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## Risk assessment results

### *Investments*

The risk assessment for the underlying investment holdings for the Trust is undertaken by the Investment Manager in accordance with their Responsible Investment Policy and broader ESG due diligence process. See the due diligence section of this Statement below for further details of their approach.

The Trust's investment footprint is concentrated as all their assets are held in a diversified portfolio of senior secured leveraged loans and other senior secured floating rate debt obligations. While KKR does not have a formal investing restriction or exclusions list, KKR has developed a "gating issues" list that notes business lines and industries that require early, additional scrutiny.

Gating issues include businesses for which there are likely to be particular concerns regarding value creation or preservation, business areas for which early scrutiny is required before significant commercial due diligence (such as a consumer base with a potentially vulnerable population (e.g. children or the elderly), and additional situations that merit enhanced early diligence (such as companies operating under sanctions regimes or with impacts on critical habitats or indigenous peoples). Modern slavery risks are considered as part of the gating issues at the asset level.

The Trust will conduct a qualitative assessment concerning modern slavery if material to the company based on the Investment Manager's ESG Scorecard. Under KKR's Social Management criteria, if human rights risks in the supply chain are material, a review for modern slavery exposure is conducted, including labour exploitation and child labour within the supply chain or general operations.

In some cases, these issues can be managed by additional enhanced early due diligence and the investment can proceed. In other instances, KKR may decide not to invest. KKR will carry out additional diligence on company specific material issues during the commercial due diligence stage. Material issues are tracked and managed over time as part of the portfolio management process.

## Supply chain

The Trustee's FY24 risk assessment did not identify any high risk suppliers. The Trustee's FY24 risk assessment identified that all of the suppliers in the Trust's direct supply chain are low and medium risk. This is because, the service providers are all professional services and diversified financial service's organisations who operate in Australia, which is identified as a low-risk country location by the Perpetual Group's ESG data provider.

The below information summarises the risks for the main industries the Trust is exposed to. The approach to due diligence and assessment is informed by this risk profile.

Professional Services and  
Diversified Financial Services

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 a 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.

The Trust is subject to KKR's broader ESG policies and industry collaboration described below.

## Due diligence

### Risk assessment

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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 on investments by the Investment Manager as described below).

### *Investments*

The Trust is subject to the Investment Manager's broader ESG policies and industry collaboration described below. The Investment Manager assesses and manages modern slavery risk in its investment operations by incorporating modern slavery considerations into its Responsible Investment Policy and broader ESG due diligence process. For example, modern slavery considerations are incorporated into pre-screening processes which assess any "gating issues" that will influence whether the Investment Manager decides that an investment will be made in a company, or whether it will conduct enhanced early due diligence. The Investment Manager's Responsible Investment Policy is publicly available [here](#).

The Investment Manager takes a materiality-driven approach to assessing ESG factors and recognize that no two companies are the same. Thus, they take a company-specific approach to facilitating its understanding of the relevant ESG risks and opportunities for long-term value creation. Where there are material issues, including issues related to modern slavery, identified during the diligence process, they include the management of these issues in its management plans post-close, or it monitors ongoing progress on ESG issues, as applicable.

In a field that is constantly evolving, the Investment Manager believes that external engagement helps the firm to learn and apply best practices. It allows the firm to tap into the knowledge of experts who can help the firm and its portfolio companies understand and address ESG issues and emerging trends. Since 2008, the Investment Manager has sought to incorporate certain leading global frameworks and standards into their reporting, disclosure, and processes, as well as supported certain industry groups and cross-sector initiatives.

Some examples of the Investment Manager's history of working with external organizations include becoming a signatory to the Principles for Responsible Investment (PRI) in 2009, working with other Australian Investment Council (AIC) members to develop the Guidelines for Responsible Investing for the private equity industry in 2009, and becoming a member of Business for Social Responsibility (BSR) in 2010.

### *Supply chain*

As the Trustee 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) 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 Act.

Procurement processes including provisions focused on modern slavery within contractual terms with new suppliers for the Responsible Entity to ensure our suppliers understand we require them to assess and manage modern slavery risk in their business.

New and existing employees of the Responsible Entity take part in the Perpetual Group's online modern slavery training module and employees have access to Perpetual Group's grievance mechanism.

### **Remediation**

As Trustee, 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 Trustee will directly cause or contribute to modern slavery.

Perpetual Group's remediation approach is outlined in the Group's Modern Slavery Framework, which the Trustee is subject to. 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 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 Perpetual Group 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 Group 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 Trustee, can report any concerns to a Whistleblower Protection Officer within Perpetual Group 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 Trustee on behalf of the Trust in FY24 and the actions for FY25.

#### FY24 progress:

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

#### Actions for FY25

- Monitor emerging global trends in modern slavery and include anything relevant for the FY25 risk assessment.
- Review trust statement reporting process annually.
- 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 FY24 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 2
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 4-6
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 1