

Modern Slavery Statement

Version 2 – June 2023

1. Background

Betashares is committed to identifying, monitoring and mitigating modern slavery risks within our business and supply chains.

Modern slavery involves serious forms of exploitation such as trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

This Modern Slavery Statement ('Statement') provides information on Betashares' approach to identifying, mitigating and addressing these risks, with the aim of maintaining responsible and transparent operations and supply chains.

This Statement has been prepared as a joint statement as permitted by section 14 of the Modern Slavery Act 2018 (Cth) ('the Act') and applies to the following entities:

- Betashares Financial Group Pty Ltd (ACN: 646 305 517) (parent entity)
- Betashares Holdings Pty Ltd (ACN: 136 545 107), and
- Betashares Capital Ltd (ACN: 139 566 868, AFSL 341 181)
(collectively 'Betashares', also referred to as 'us', 'our' and 'we').

Betashares Holdings Pty Ltd and Betashares Capital Ltd are wholly owned subsidiaries of Betashares Financial Group Pty Ltd.

Betashares' registered office is Level 11, 50 Margaret Street, Sydney, New South Wales.

In preparing this Statement, we consulted with relevant senior members of Betashares across each of the reporting entities as required under the Act. Common staff and business policies apply across the reporting entities.

This Statement relates to the reporting period commencing 1 January 2022 and ending 31 December 2022.

Betashares Compliance is responsible for the operation of this Statement.

2. About us

Established in 2009, Betashares is an Australian based asset management business specialising in exchange traded funds (ETFs) and other funds traded on the Australian Securities Exchange (ASX). Betashares seeks to help Australians build their wealth, guided by core principles: simplicity, cost-effectiveness and transparency.

Betashares Financial Group Pty Ltd is an Australian company governed by its Board of Directors. It is the parent company within the Betashares group. Its main operating entity is Betashares Capital Ltd, which holds an Australian Financial Services Licence (No. 341181) and acts as responsible entity for over 80 funds. Betashares Holdings Pty Ltd conducts certain procurement activities on behalf of the group.

As at 31 December 2022, Betashares operates in Australia and New Zealand and employs over 100 staff.

More information about Betashares can be found at www.betashares.com.au.

3. Our operations

Betashares is a leading Australian asset management business. Our predominant business activity involves operating ETFs and other funds in our capacity as responsible entity.

Betashares acknowledges there is modern slavery risk in investment portfolios. Our operations include internally managing rules-based or passive investment portfolios, providing investors

with access to a range of asset classes including equities, cash, fixed income, hybrids, currencies and commodities. All investments involve buying, holding or selling assets that are publicly traded on recognised securities exchanges around the world, or traded on well-established, institutional over-the-counter markets.

Many of Betashares' arrangements with service providers reflect existing long-standing relationships.

4. Our supply chains

Betashares engages outsourced service providers to provide a range of goods and services. The main services procured are:

- fund administration
- fund unit registry
- fund custodial services
- brokerage services
- clearing and settlement services
- research services
- IT services
- professional services e.g. legal and tax advice
- external investment management
- marketing and advertising services (business and fund related), including promotional materials and merchandise
- office services:
 - cleaning services
 - catering services
 - office supplies.

The outsourced service providers we have engaged are predominantly Australian based companies. We conduct appropriate due diligence prior to engaging with new service providers.

5. Our modern slavery risks

We understand modern slavery can occur in many forms, including human trafficking and forced labour. Betashares takes a risk-based approach to identifying, mitigating and managing modern slavery risks that may be present within its supply chain.

Our approach to reducing the risk of modern slavery within our supply chain and our operations is guided by the UN Guiding Principles on Business and Human Rights and the United Nations Global Compact.

Due to the nature of Betashares' business interests, the highly regulated nature of the Australian financial services industry, Australia's well-developed "fair work" regulations, the large and reputable nature of our service providers (many of which are themselves subject to modern slavery-related regulations), and the generally simple nature of our supply chains, the risk of modern slavery within our operations and supply chains is considered relatively low.

Despite this, Betashares acknowledges that our use of office services such as cleaning services and suppliers used to make company merchandise may carry a higher level of modern slavery risk due to their industry and geographic location. Similarly, where appointed service providers provide services through offshoring arrangements, we acknowledge this also carries a higher risk of modern slavery.

We have obtained supply-chain details and made enquiries with our suppliers and continue to monitor and review the perceived risk of modern slavery.

Our specific modern slavery related risks present are captured in a risk register maintained by Betashares Compliance.

6. Our actions

We seek to mitigate the risk of modern slavery in various ways, including consultation and review with our existing service providers and conducting due diligence on any proposed new service providers.

Any proposed new business ventures and partnerships consider the associated risk of modern slavery.

Governance

i. Our investment portfolios

All investments involve buying, holding or selling assets that are publicly traded on recognised securities exchanges around the world, or traded on well-established, institutional over-the-counter markets. Listed entities are typically subject to admission requirements that include ongoing obligations to comply with applicable laws, as well as modern slavery regulations where relevant to the entity.

We offer several products in our ethical suite which employ a screening process to exclude investments in companies whose activities have detrimental impacts on people, society or the environment. Depending on the product, the screens exclude companies with evidence of human rights violations, including child labour, forced labour and sweatshops.

To assist in the screening process, Betashares subscribes to data services which provide us with a range of environmental, social and governance (ESG) metrics, including controversy measures relating to human rights and modern slavery.

We also procure the services of a number of external investment managers to oversee certain actively managed investment portfolios. Certain of these managers explicitly take into account ESG factors, including modern slavery concerns, as part of their investment decision-making process.

ii. Our commitment to stewardship

Betashares offers a broad range of investment strategies designed to give investors access to investment markets, sectors, or themes in an efficient and cost-effective manner. As an investor, we have limited visibility into the operations and supply chains of portfolio companies over and above the regulatory reporting and voluntary disclosures of security issuers.

We seek to address this risk by engaging with companies and undertaking proxy voting in accordance with our proxy voting guidelines, designed by our proxy adviser, Institutional Shareholder Services (ISS). These guidelines recognise that ESG factors can present material risks in investment portfolios and were specifically formulated to align with the stewardship principles of the Principles for Responsible Investment (PRI). We publish our full proxy voting record on an annual basis on our website.

To address the modern slavery risks that may be present in portfolio companies, some of our strategies specifically target ESG-related themes or employ negative and norms-based screens. We seek to be transparent in disclosing the ESG considerations incorporated into product design, portfolio construction and security selection processes.

Betashares has established a Responsible Investment Committee (RIC) to provide oversight and guidance on ESG-related issues for our ethical products. The RIC monitors the index constituent companies within our relevant ethical portfolios and recommends exclusion of companies that seriously breach social norms. This may include breaches of human rights (child labour, forced labour) and bribery and corruption. Where an issue may arise in relation to a portfolio holding that the RIC believes conflicts with the fund's values, or where the RIC believes a company could improve its ESG performance, the RIC will engage with the company to understand the situation in more detail and, if necessary, advocate for improvement.

Betashares is a signatory to the PRI, which is supported by the United Nations and works to support the incorporation of ESG factors into investment decisions. Betashares is also a member of the Responsible Investment Association Australasia (RIAA) and is committed to its goal of ensuring capital is aligned to achieving a healthy society, environment and economy. Our responsible investments team oversees our approach to stewardship.

iii. The Green Council

Betashares has also recently formed an internal body called the 'Green Council'. The objectives of the Green Council include the promotion of principles of sustainability and human rights in our operations and supply chains. It is envisaged that over time this internal committee will assist in mitigating the modern slavery related risks faced by the business.

Recruitment

Betashares employs staff either directly or with the assistance of recruitment agencies. All employment agreements are prepared by Betashares, and set out the rights and obligations of each party. We conduct background checks on each new employee and ensure that the new employee is eligible to work in the applicable jurisdiction. We ensure that all employees are paid a fair salary in accordance with applicable laws and regulations.

Policies

To identify and address the modern slavery risks that may be present in Betashares' operations and supply chain, Betashares maintains a number of policies that govern the way it operates. These policies include:

i. Code of Conduct

Betashares strives to foster a work environment and culture that is built on integrity, respect, trust and transparency. All employees are expected to comply with the Code of Conduct which outlines our values and standard of behaviour within the business.

ii. Staff engagement survey

Betashares consults with employees on an annual basis through a survey that captures employee engagement within the business on areas such as wellbeing, job satisfaction and leadership.

iii. Outsourcing

Betashares only seeks to engage with reputable and high calibre external service providers. The outsourcing policy explicitly requires that consideration be given to modern slavery risk present in any proposed new external service provider.

iv. Whistleblowing

Betashares acknowledges that whistleblowers play an important role in identifying and calling out misconduct. Betashares maintains a Whistleblower Policy which encourages the reporting of unethical behaviour without the threat of adverse consequences.

v. Risk Management

Betashares notes the risk of modern slavery within the business and has sought to implement mitigating controls. The risk management policy describes the risk mitigation process to be followed.

Training

Betashares provides modern slavery-related training to all employees as part of the group wide induction process. Modern slavery is also a topic that is covered during our Annual Compliance Training sessions. From time to time, Betashares may also provide specific training for employees that engage with third party suppliers.

Training is also provided on Betashares' incident reporting process. Emphasis is placed on

ensuring that if an incident such as modern slavery occurs, it is reported to Betashares Compliance as soon as practicable to enable the appropriate actions to be taken to address the impact of the incident.

During the reporting period, all staff attended Betashares' Annual Compliance Training sessions.

Due diligence

As part of Betashares' due diligence on service providers and broader risk management, we obtain modern slavery-related compliance confirmations from each of our material service providers on an annual basis.

Betashares Risk Management Committee

Betashares' Risk Management Committee meets on a quarterly basis to discuss and review the risks present within the business. Should there be an instance of modern slavery within the business, the Risk Management Committee would be informed to assess the risk and consider appropriate remediation action.

7. Current approach

Betashares regularly reviews its risk register and the controls associated with the respective risks.

We review our Statement on an annual basis.

To assess the effectiveness of our actions, we monitor our progress in areas such as:

- **Training** – delivery of training and attendance during induction as well as Annual Compliance Training sessions
- **Service provider due diligence** – completing checklists on new service providers throughout the reporting period
- **Compliance with policies** – reviewing applicable policies and monitoring the number of reports relating to modern slavery.

Betashares will continue to monitor these areas on an ongoing basis and add to this list as appropriate.

8. Looking forward

Betashares is committed to improving our response to modern slavery risks in our operations and supply chain each year. We will continue to monitor for instances of modern slavery and work with the relevant parties to manage these risks appropriately. We have committed to completing a materiality-based risk assessment of our supply chains and will also implement a standalone modern slavery questionnaire to be completed by new service providers. We will also seek to promote greater awareness of modern slavery risks within our supply chain by increasing the number of supplier contracts with modern slavery clauses.

This Statement has been approved by the Board of Betashares Financial Group Pty Ltd as the parent entity.



Alex Vynokur
Chief Executive Officer, Betashares
30 June 2023
