

FY24 Modern Slavery Statement

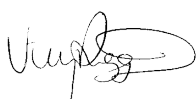
For Financial Year ending 30 June 2024

Reporting entity

This statement ("**Statement**") is submitted under section 13 of the Modern Slavery Act 2018 (Cth) ("**the Act**") for the Fairlight Global Small & Mid Cap (SMID) Fund, ABN 97 373 752 513 ("**Fund**").

The Fund is a registered managed investment scheme which is operated by a Responsible Entity, as required by the *Corporations Act 2001* (Cth). This Statement has been prepared by the Responsible Entity for the Fund, 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 9 December 2024.

This statement was approved by a resolution of the Board of The Trust Company (RE Services) Limited 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 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 Fund.

Structure, operations and supply chain

Structure

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

Operations

The primary operation of the Fund is the investment in a portfolio of global small and mid-capitalisation companies. The Investment Manager's investment strategy is focused on Niche Technology/Business Services; Light Industrials; Healthcare; Consumer & Media.

Screen Out	Exclusions				Fairlight Universe
	Low ROIC	Cyclical/Macro dependent	Value to cost ratios/ESG	Single points of failure	
	Utilities	Heavy Industrials	Tobacco	Biotech	
	Property Trusts	Banks	Armaments	UnprovenTech	
	Infrastructure	Oil & Gas	Aggressive Pharma	Speculative Assets	
	Agriculture	Metals & Mining	Gambling	Binary Outcomes	
					Niche Technology/ Business Services
					Light Industrials
					Healthcare
					Consumer & Media

Figure 4: Sector exclusions.

The Investment Manager is a signatory to the UN Principles for Responsible Investment and is committed to actively avoiding companies that unequivocally cause harm to people and the environment.

The Trust Company (RE Services) Limited is the Responsible Entity for the Fund and 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 Trustee). Perpetual Limited is an ASX-listed company headquartered in Sydney, Australia. Fairlight Asset Management Pty Ltd is the Investment Manager for the Fund, which provides day to day management of the Fund. The Investment Manager was established in 2018 and is an independent, global small and mid cap equity specialist and uses its resources, experience and expertise to manage the Fund.

Perpetual Corporate Fund (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.

Investments

The Fund's assets under management for FY24 were a total of \$1,447,356,887. 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 Fund 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 2024 the portfolio was allocated as follows:

Country	Allocation
United States	47.39%

United Kingdom	25.64%
Italy	9.36%
Germany	7.51%
Canada	73.51%
Hong Kong	2.70%
Sweden	1.62%
Netherlands	1.72%

Sector	Allocation
Industrials	39.62%
Information Technology	30.90%
Communication Services	11.64%
Financials	6.88%
Health Care	5.64%
Consumer Discretionary	4.77%

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 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. As RE, we conduct an annual risk assessment on the direct supply chain of all Funds that meet the Act's reporting threshold. The risk assessment is done separately to Perpetual Group's corporate modern slavery supply chain risk assessment. It is also in addition to due diligence activities undertaken for the assessment and management of modern slavery risks in investments in the Fund 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 Fund 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 Fund 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 situations³.



Risk assessment methodology

In FY24, the RE collected information on the Fund's supply chain to include in a modern slavery risk assessment. Specifically, the RE investigated the Investment Manager and service providers that the Fund 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 by the Investment Manager on investments (as described below).

Risk assessment results

Investments

The risk assessment for the underlying investment holdings for the Fund is undertaken by the Investment Manager in accordance with their Responsible Investment policy. See the due diligence section of this Statement below for further details of their approach.

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

The FY24 risk assessment conducted by the Investment Manager revealed that its investments are considered to have low inherent risk, because all service providers operate and are domiciled in Australia in low risk sectors.

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

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 Fund's direct supply chain are low risk. This is because all suppliers are *professional service providers and diversified financial services organisations* who operate in Australia which is identified as a low-risk country location by the Perpetual Group's environmental, social and governance (ESG) data provider.

Sector/Product	Inherent 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 Fund, addressing Modern Slavery risks is different to the approach that can be undertaken by a company which has direct oversight and control of its own operations. That is because the Fund itself owns no real property and has no employees, and can have influence, but not direct control, over its investments.

As a Fund within the Investment Manager's portfolio, the Fund is subject to the following modern slavery, and broader ESG, policies and controls:

Due Diligence

Risk assessment

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

Investments

ESG issues are considered at each stage of the investment process, including initial screening, stock research reports and the portfolio management process. The Investment Manager 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 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 Fund, The Trust Company (RE Services) Limited owns the relationships with the direct suppliers which are used by the Fund. As part of the Perpetual Group, the RE is subject to the same policies, due diligence and remediation process to address modern slavery as the Perpetual Group. This includes adherence to 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 to ensure our suppliers understand we require them to assess and manage modern slavery risk in their business.

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

Remediation

As an RE, The Trust Company (RE Services) Limited may be 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 the Group's Modern Slavery Framework, which the RE is subject to. Should an incident of modern slavery occur in a Fund 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 RE, 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 Fund in FY24 and the actions for FY25:

FY24 progress:

- Mapped the Fund supply chain to identify the different sectors our service providers are from.
- Conducted annual risk assessment to determine inherent modern slavery risks.
- Reviewed and updated our process for assessing and reporting on modern slavery in funds.
- Conducted internal training on modern slavery with trust managers to support modern slavery risk management and reporting for funds.
- Monitored emerging global trends in modern slavery and legislative developments in Australia following the review of the Act.

Actions for FY25

- Monitor emerging global trends in modern slavery and include anything relevant for the [FY25] risk assessment.
- The investment manager team will continue to engage with investee companies on supply chain and modern slavery risk, and assess modern slavery statements in line with the Act.
- Modern slavery risk will continue to form part of the Investment Manager's ESG score for each company.

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 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 4
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 5
Describe the process of consultation and any entities the reporting entity owns or controls	Consultation, Page 6