



Modern Slavery Statement

for financial year ending 30 June 2022

Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth). It relates to the reporting period commencing 1 July 2021 and ending 30 June 2022.

This Statement is made by LGT Crestone Holdings Limited, on its own behalf and that of its wholly owned subsidiaries, including:

- LGT Crestone Wealth Management Limited, the operating company for the business, which holds an Australian Financial Services Licence, and which since June 2022 procures the services and support facilities required to manage the business.
- Crestone Management Services Pty Ltd, which until June 2022 procured the services and support facilities required to manage the business. Note: Crestone Management Services Pty Ltd ceased formal operations in June 2022.

(collectively **LGT Crestone, we, us, our**)

This statement has been completed in consultation with LGT Crestone's directors and officers and sets out how LGT Crestone identifies and addresses modern slavery risks within its operations and supply chain. It outlines the measures that we currently take and propose to take in future reporting periods to continue to improve our operations to combat modern slavery risks.

Our business and supply chains

LGT Crestone Holdings Limited is a public company that is now wholly owned by the LGT Group, a privately owned global wealth management provider. The business is managed by the Executive Committee and governance oversight is provided by the Board of Directors and related Committees. We have approximately 285 employees and offices in Adelaide, Brisbane, Melbourne and Sydney.

We provide wealth advice, portfolio management and custodial services to wholesale and professional investors, who are predominantly Australian residents. We provide our clients with access to a wide range of domestic and international investment products – both listed and unlisted – including equities, managed funds, fixed income, cash services, capital markets offerings and structured products.

We provide advice to our clients on investment products and have products that are approved (made available to our clients if suitable for their investment portfolio) or recommended (form part of the House View on what is an optimum investment portfolio), but ultimately it is our clients decision as to what investments they make.

We do not undertake direct investments ourselves.

Our supply chain is made up of the following:

- **Strategic Partners** - provide the core services of custody, execution and clearing facilities, client portal and our core technology platform. Our strategic partners are either Australian entities or global entities with business operations in Australia and head offices located in North America, Europe or Singapore.
- **Fund/Investment Managers** – provide a range of managed funds and/or fund strategies that are offered to our clients. These entities can operate globally and offer domestic and international investments opportunities. There is a limited number of recommended external fund/investment managers who are considered our key suppliers in this category.
- **Technology** providers and support services – provide services to manage our information, communications, technology and cyber security needs. Our primary provider is located in Australia with a small number of our subsidiary / support providers located offshore in North America, Europe, India or Singapore.
- **Contract suppliers** - provide business support services and operate principally in Australia although some have global operations. This category includes property services (e.g. facilities management, utilities, cleaning, waste management and security); logistics and correspondence; consulting, auditing and advisory services; marketing, printing and promotional goods and services; and office supplies.

Potential risk areas

We advise as follows:

- The risk that our operations may cause modern slavery practices directly: We have a relatively small number of skilled employees who operate solely in Australia in clearly structured and documented roles, with appropriate supervision. We operate under local employment laws and comply with Industry Award requirements (Banking and Finance). Where our employees work from home, we have requested workplace health and safety information about their home working environments and provided appropriate support.
- The risk that our operations or actions in our supply chains may contribute to modern slavery practices in that we facilitate or incentivise these practices: While our supply chain generally includes professional services providers, we have identified some potential risks in areas such as cleaning and catering (sector and product risk) and information technology, maintenance, and support procurement (sector and geographic risk).
- The risk that our operations may be directly linked to modern slavery practices through the activities of our suppliers: The fund/investment managers span a range of geographies (including emerging markets) and sectors which may have potential

modern slavery risks. However, we are not required to report on modern slavery risks associated with the investment products purchased by our clients.

Steps taken to manage potential risk areas

General approach to suppliers

In the past year, we have conducted a risk assessment of our supply chain by taking into account:

- the nature of the industry of our suppliers, and the business services provided to us
- the potential presence of vulnerable people within our suppliers' operations
- whether suppliers operate in higher risk countries based on the 'Global Slavery Index'
- adverse news reports concerning our suppliers and the insights of labour and human rights groups.

As part of identifying modern slavery risks in the supply chain, we have performed the following due diligence around supplier engagement:

- sending an annual modern slavery questionnaire to our suppliers and assessing the response when completed and returned
- assessment of supplier risk, factoring in their industry, services/products provided and geography
- checking whether suppliers have issued a Modern Slavery Statement and reviewing content
- use of a reputable global tool to undertake a search on suppliers for adverse media and performing further checks on alerts flagged
- additional searches on Google for adverse media on higher risk organisations
- determining an overall risk assessment whereby we allocate a risk rating to each factor and then an overall risk rating
- all information is captured in a spreadsheet for reference and cross checking in future years.

All new suppliers are subject to a similar due diligence approach. We also include a modern slavery clause in new supplier contracts, where appropriate.

Employees, Recruitment and Training

We follow local employment laws (including Industry Awards: Banking / Finance) and practices in hiring employees. We undertake a regular benchmarking exercise each year to ensure that our salaries are aligned to the market.

We provide general training to all employees on Modern Slavery matters. We are still implementing the proposal to provide additional training to employees with high purchasing responsibilities on LGT Crestone's Modern Slavery Policy and we intend to deliver this training in the coming year, including in relation to our contractual and due diligence requirements for suppliers and our new Supplier Code of Conduct (see below).

Policies

A Modern Slavery Policy has been approved. In addition, we have the following policies:

- Whistleblowing Policy - we provide a mechanism for the anonymous reporting of issues if people are concerned about retaliation
- Code of Conduct - this code encourages employees to do the right thing by clearly stating the actions and behaviour expected of them when representing the business
- Outsourcing Policy - we have updated our Outsourcing Policy and supplier contracts to make explicit reference to modern slavery risks
- AML/CTF Program – money laundering and terrorism activities can be closely related to modern slavery and can be closely related to human trafficking
- Fraud Policy and Anti-Bribery and Corruption Policy – assists in the identification of fraudulent and corrupt activities that may support modern slavery practices.

Future steps

Crestone understands the importance of continuing to develop and enhance our processes to combat Modern Slavery risks connected to our business activities. Since last year we have introduced:

- a supplier code of conduct
- a diligence review of our strategic partners to ensure they have a published Modern Slavery Statement or whether they are required to complete our Modern Slavery Questionnaire. We identified that our strategic partners publish Modern Slavery Statements. We have reviewed these statements with no issues identified.

- a risk matrix on suppliers by industry, geography and services and developed a more specific way of measuring the effectiveness of our Modern Slavery risk processes.

In future reporting periods, we will aim to seek an independent review of our modern slavery risk processes with our internal audit partner.

Assessing the effectiveness of our efforts

We recognise that there is a risk that Modern Slavery practices may exist within our operations and supply chains. Our general assessment of each category of Modern Slavery risks is set out below and the actions taken to minimise the risk set out below:

- Risk that our operations may cause Modern Slavery practices directly is likely to be low due to the small number of employees being less than 300 who operate in clearly structured and documented roles.
- Risk that our operations or actions in our supply chains may contribute to Modern Slavery practices. While our supply chain generally comprises professional services providers who fall under facilities, based on the assessment these suppliers have been identified as low risk to Crestone.
- Risk that our operations may be directly linked to Modern Slavery practices through the activities of our suppliers is likely to be medium to high due to the breadth of the investment products we make available to our clients.

We also understand the importance of assessing the effectiveness of our modern slavery risk assessment processes. We recognise our approach to assessing modern slavery risk will be an evolving process and will engage in a process of improvement as we learn more about this critical risk category.

In our first year, we used the service of a reputable law firm to confirm that our proposed approach was in line with industry practices and to review our Supplier Modern Slavery Questionnaire. This provided us with a starting point for our assessment process.

We have documented our processes and maintain spreadsheets of assessment ratings in order to have a consistent approach that generates measurable data for ongoing assessment. We will continue to use this approach to identify and assess relevant KPIs which may include:

- Levels of engagement by our strategic partners/key suppliers in discussions on modern slavery risks
- Number of suppliers willing to complete and return the Modern Slavery Questionnaire
- Number of supplier contracts with Modern Slavery clauses agreed
- Analysis of decreasing overall risk ratings of our suppliers and/or no major changes in risk ratings from the prior year.

Conclusions

We will continue to evaluate the effectiveness of our policies and procedures in combating modern slavery practices. We will publish an annual Modern Slavery Statement that outlines the steps we have taken over the financial year to identify where our supply chains and operations may be contributing to modern slavery practices, and the actions we have taken to minimise these risks.

This Statement covers 1 July 2021 to 30 June 2022 and was approved by the Board of Directors of LGT Crestone Holdings Limited on 6 December 2022.



Michael Chisholm
Chief Executive Officer
LGT Crestone

6 December 2022