

# 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 DNR Capital Australian Equities High Conviction Fund ABN 33 538 893 918 ("**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 6<sup>th</sup> 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 for the Fund, DNR Capital Pty Ltd ABN 72 099 071 637 ("Investment Manager") which is an authorised representative of DNR AFSL Pty Ltd (ABN 39 118 946 400 AFSL 301658) and is appointed as the investment manager of the Fund. Founded in 2001, the Investment Manager is an Australian investment management company that delivers client-focused investment solutions to institutions, advisers and individual investors.

## Structure, operations and supply chain

### Structure

The Fund is a registered managed investment scheme. The Fund comprises assets which are acquired in accordance with the Fund's investment strategy of investing in a high conviction portfolio of listed Australian equities.

The Fund is domiciled in Australia and was constituted on 11th March 2015. The Fund has been operational since 2015. The investment objective of the Fund is to outperform the S&P/ASX200 Total Return Index by 4% p.a. over a rolling three-year period by investing in a high conviction portfolio of Australian equities.

The Fund owns no real property and has no employees.

## Operations

The primary operation of the Fund is the investment in DNR Capital Australian Equities High Conviction Fund, which is an unlisted public unit trust fund with a portfolio of Australian equities and cash. The Responsible Entity for the Fund 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). Perpetual Limited is an ASX-listed company headquartered in Sydney, Australia. The Investment Manager is an authorised representative of DNR AFSL Pty Ltd and is appointed as the investment manager of the Fund. Founded in 2001, the Investment Manager is an Australian investment management company that delivers client-focused investment solutions to institutions, advisers and individual investors.

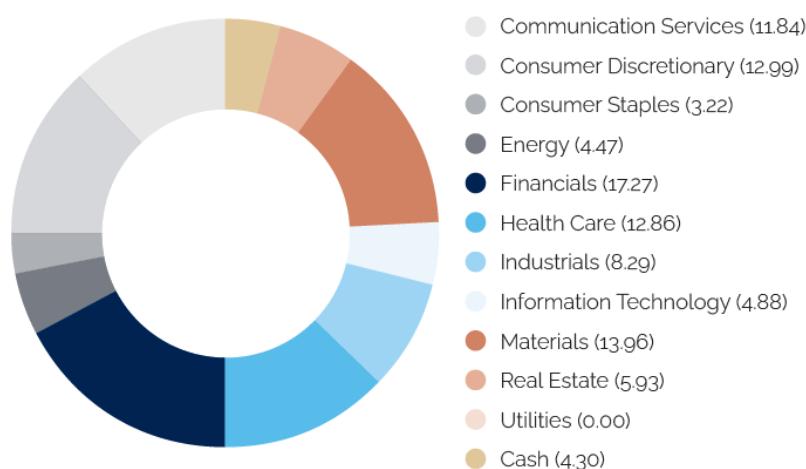
### *Perpetual Corporate Trust (PCT)*

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.

### *Investments*

The Fund's assets under management for FY24 were a total of \$1.597bn. The asset classes were Australian equities and cash. The Fund is domiciled in Australia account domicile was concentrated in Australia. *The chart below shows the sector weightings of the Fund's investment holdings at 30 June 2024.*

### Sector weightings %



Source: DNR Capital and Apex Fund Services

## Supply chain

The Fund's supply chain consists of 5 direct service providers. These service providers are all located in Australia, and some are also part of multinational corporate groups that have offices in many other countries worldwide.

### *Procurement categories for direct suppliers are:*

- Asset management services;
- Professional services, including an accountant/auditor and tax agent;
- Administrator;
- Custodian; and
- Legal compliance.

## 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 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 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 situations<sup>3</sup>.



<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 methodology

In FY24, the RE collected information on the Fund's supply chain and operations 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 its Environmental, Social and Governance (ESG) Policy. The Investment Manager has developed an ESG scoring system to assess the relevant company's ESG performance against 9 ESG factors or indicators. Modern slavery is one of those factors. Factor scores are aggregated to an overall company ESG score. Analysts base this assessment on company research, company meetings, broker research and access to independent ESG research provider, ISS.

The Funds underlying investments are Australian equities and cash. The FY24 risk assessment conducted by the Investment Manager through the review of its ESG score for each company did not lead to any changes to the investment portfolio.

### Supply chain

The Responsible Entity's FY24 risk assessment did not identify any high-risk suppliers. The Responsible Entity's FY24 risk assessment identified that all of the suppliers in the Fund's direct supply chain are low and medium 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:

### DNR Capital ESG Policy:

The directors and management team of the Investment Manager recognise that companies with good ESG practices can enhance risk-adjusted shareholder returns. Its ESG Policy has been adopted by the investment team and presents the

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framework upon which the company will meet both its regulatory obligations under its Australian Financial Services Licence (AFSL) and broader stakeholder considerations.

DNR Capital Corporate Engagement Policy:

The Investment Manager adopted an ESG integration and engagement strategy and its corporate engagement program complements the ESG integration. This includes modern slavery considerations. Corporate engagement is conducted by investment analysts for real time feedback into investment decision-making.

DNR Capital Proxy Voting Policy:

The Investment Manager is a signatory to the Principles for Responsible Investment (PRI). As part of this undertaking, they commit to be active owners and incorporate ESG issues (including modern slavery) into our policies and practises. The Investment Manager Proxy Voting Policy seeks to document how it exercises voting rights.

## **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*

During the reporting period, the Investment Manager incorporated modern slavery considerations into its investment policies and processes. For example, through the ESG scoring mechanism outlined above.

The Investment Manager has also developed processes to enable engagement with investee entities on how those entities manage their modern slavery risks. The integration of ESG factors into investment decision-making is supplemented by DNR Capital's corporate engagement program which includes company meetings and proxy voting. The Investment Manager prioritises its corporate engagement program by systematic issues such as climate change, modern slavery and corporate governance and in response to topical issues such as cyber security. We refer to the Investment Manager's annual Stewardship Report for FY2024 which includes information relating to this engagement. [DNR-Capital-Stewardship-Report-2024-FINAL.pdf \(dnrcapital.com.au\)](https://dnrcapital.com.au/DNR-Capital-Stewardship-Report-2024-FINAL.pdf)

### *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 Modern Slavery 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.

### *Investment Manager's supply chain*

The Investment Manager is committed to periodic reviews of risks associated with Modern Slavery Practices and engages with suppliers and service providers through a modern slavery questionnaire and risk assessment exercise. Following review of the external supplier responses to the modern slavery questionnaire, the modern slavery risks have been assessed as low.

## **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.

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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.

Perpetual Group's approach to remediation is led by a set of guiding principles. These include ensuring that 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.

The Modern Slavery Framework, including the remediation process, is available to our employees on Perpetual Group's 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 Responsible Entity on behalf of the Fund in FY24 and the actions for FY25.

#### **FY24 progress:**

- Mapped the Fund's supply chain to identify the different sectors our service providers are from.
- Conducted annual risk assessment to determine inherent modern slavery risks.
- Conducted internal training on modern slavery with fund 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 Modern Slavery Act (2018).

#### **Actions for FY25**

- Monitor emerging global trends in modern slavery and include anything relevant for the FY25 risk assessment.
- Prioritise modern slavery engagement with investee companies.
- Review suitability of existing ESG data subscriptions for modern slavery risk assessment.

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## 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, Pages 1-2
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, Pages 3-4
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, Pages 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