

# FY23 Modern Slavery Statement

For Financial Year ending 30 June 2023

## Reporting entity

This statement is submitted under section 13 of the Modern Slavery Act 2018 (Cth) (the **Act**) for the Ophir High Conviction Fund ARSN 620 920 201 (the **Fund**). This Statement has been prepared by The Trust Company (RE Services) Limited ACN 003 278 831, the Responsible Entity of the Fund (**RE**) and approved by the board of directors of the RE (the principal governing body) on 15 December 2023. 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 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 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, Ophir Asset Management Pty Limited.

## Structure, operations and supply chain

### Structure

Ophir High Conviction Fund (the Fund) is a listed investment trust (LIT) managed by Ophir Asset Management Pty Limited (the Investment Manager). The Issuer and Trustee of the Fund is The Trust Company (RE Services) Limited.

The Fund is domiciled in Australia, commenced operations in 2015 and was listed on the Australian Stock Exchange (ASX) in December 2018. The Fund invests in a portfolio of mostly Australian listed companies outside the S&P/ASX50. The Fund owns no real property and has no employees.

### Operations

The primary operation of the Fund is to invest in listed Australian equities. The Fund may also invest in international equities such as listed securities in New Zealand. The Fund owns no real property and has no employees.

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## Investments

The Fund's Assets under Management were a total of \$568m as at 30 June 2023. These assets consist primarily of Australian equities or cash. 100% of the investments held in the Fund were domiciled in Australia and predominantly in small (50% of holdings) and mid-cap (40% of holdings) investment classes, with a minor investment in large cap holdings (5%). The Fund's investments are spread across the following sectors; financials, information technology, materials, consumer discretionary, health care and industrials.

## 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 (such as those provided by the RE).

## Supply chain

The Fund's supply chain consists of four direct service providers in the procurement categories listed below. These service providers/suppliers are located in Australia and some are part of multinational corporate groups that have offices in many other countries worldwide.

Procurement categories for service providers are:

- Custodian
- Fund or administrator
- Unit Registry
- Professional services, including audit, legal and tax
- Distribution channels, including investment product marketing and sales

## 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 Ophir High Conviction 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 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>.

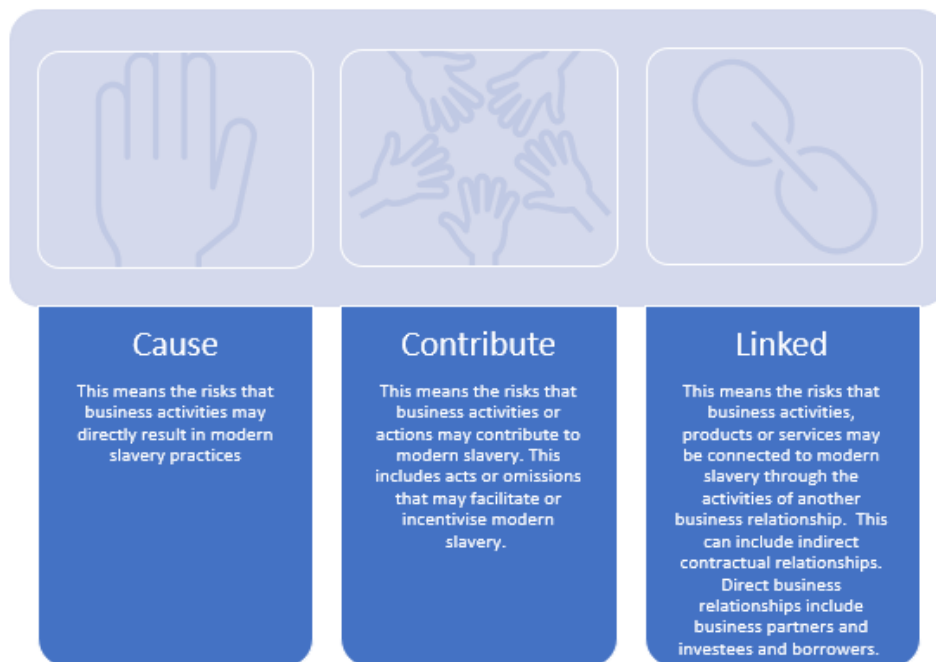
Modern slavery risk means the potential for the Fund to cause, contribute to, or be directly linked to modern slavery through its operations or supply chains. This means looking at risks to people rather than risk to the company (such as

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<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)

reputational or financial damage), although often these risks are connected. The Fund recognises that COVID-19, conflict and climate change driving migration has exacerbated modern slavery risks for people in vulnerable situations<sup>3</sup>.



### Risk assessment methodology

In FY23, the Fund collected information on the Ophir High Conviction Fund supply chain to include in a modern slavery risk assessment. Specifically, the RE investigated the service providers of the Fund that we have a direct relationship with. The 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 Fund's investment footprint is concentrated as all their assets are held in Ophir High Conviction Fund. The risk assessment for the underlying investment holdings for the Trust is undertaken by the Investment Manager in accordance with their Responsible Investment Policy (RI Policy). The assessment of risks is primarily conducted in-house by the Investment Manager's team of Investment Analysts and Portfolio Managers. This work is assisted by the engagement of the third-party providers ISS Proxy Advisors and Ownership Matters, as well as the related work of sell-side analysts. See the due diligence section of this Statement below for further details of their approach.

The FY23 risk assessment conducted by the Investment Manager revealed that the following investment sectors are considered to have high inherent risk, namely the materials, resources and energy sectors.

#### Supply chain

The RE's FY23 risk assessment of suppliers did not identify any high-risk service providers. The RE's FY23 risk assessment identified that all components of the Fund's supply chain are either low or medium risk. This is because, the service providers are all professional organisations who operate in Australia, which is identified as a low-risk country

<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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location by the Perpetual Group's ESG data provider. Those entities with a medium risk level had some exposure to high-risk countries for modern slavery through their international operations as part of their multinational structures.

<b>Sector/product</b>	<b>Inherent risk profile</b>
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.
Financial Services – Asset Management and Custody Banks	There is a medium level of risk associated with financial services delivered by global asset management and custody banking services, due to the exposure to heightened risks of modern slavery in certain geographic locations associated with issues such as the exploitation of migrant workers, including debt bondage.
Data processing and outsourced services	There is a medium level of risk associated with data processing and outsourced services providers owing to the exposure to heightened risks of modern slavery in certain geographic locations where those providers have operations.

### **Actions to address modern slavery risks**

As a Fund, 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 Fund itself has limited operations and supply chains and can have influence, but not direct control, over its investments.

The Fund's approach to addressing modern slavery risks is set out below.

As the RE for the Fund, the Fund is subject to the following policies and controls, which include Perpetual Group measures as well as the Investment Manager's modern slavery and broader ESG initiatives:

- Risk Management and compliance framework and policies
- Ongoing RE Board oversight
- Ongoing service provider due diligence reviews
- The Investment Manager's RI Policy

### **Due diligence**

#### **Risk assessment**

The Fund's annual risk assessment was conducted by the RE to assess the Fund's inherent modern slavery risks in its supply chain. The results of the risk assessment are used to prevent, identify, and address modern slavery risks that may exist within the Fund's supply chain. Additional due diligence is conducted by the Investment Manager on investments as part of their RI Policy (as described below).

#### *Investments (due diligence by the Investment Manager)*

During the reporting period, modern slavery considerations continued to be incorporated into the Fund's investment policies and processes. As set out in their RI Policy, the Investment Manager defines integration of responsible investment as the systematic and explicit inclusion of ESG considerations into financial analysis and decision making.

This enables ESG risks and opportunities to be identified and factored into the risk return assessment for an investment. The consideration of ESG factors does not include making ethical or moral judgements on particular practices or issues across the Funds on behalf of our investors. Rather, the Investment Manager considers those ESG risks that are applicable and material to the financial prospects when determining whether to buy, hold or sell the investment.

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All companies researched by the Investment Manager are scored across key ESG metrics including on modern slavery. Companies with excessively high ESG risks may be excluded from the investable universe. For companies that progress to the investable universe they will then have their discount rates or valuation multiples adjusted to reflect any ESG risks identified, creating a higher hurdle to investment the higher the assessed level of ESG risk.

The Investment Manager seeks to influence the companies and assets in which it invests through engagement and voting. The purpose is to enhance long-term value creation and minimise risk.

Primarily engagement will be undertaken in direct meetings with management, which typically occur several times a year for portfolio companies. A key element of these meetings is highlighting and discussing any real or perceived ESG issues so that the Investment Manager can gain a more comprehensive understanding of the scope and materiality of the issues involved.

Where ESG risks are identified, the Investment Manager may seek to engage with the company to help reduce or mitigate any ESG risks, thereby making it a more attractive investment.

### *Supply Chain*

As the RE for the Fund, the Trust Company (RE Services) Limited owns the relationships with the direct service providers 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 are included within contractual terms with new suppliers to ensure our suppliers understand we require them to assess and manage modern slavery risk in their business. We reviewed and updated these clauses in FY23. Over the last year, we have noted increased negotiation on our modern slavery clauses. In order to manage this risk, and to provide greater oversight of any deviations from our terms, we have implemented a register that records any deviation or omission from our standard modern slavery clause.

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

### **Remediation**

As an RE, we 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, to which the RE is also subject, is outlined in our Modern Slavery Framework. 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 existence of 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 the Perpetual Group, or our controlled entities, 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, 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 RE on behalf of the Fund in FY23 and the actions for FY24.

### FY23 progress:

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

### Actions for FY24

- Monitor emerging global trends in modern slavery and include anything relevant for the FY24 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 FY23 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
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