

# FY23 Modern Slavery Statement

For Financial Year ending 30 June 2023

## Reporting entity

This statement (“**Statement**”) is submitted under section 13 of the Modern Slavery Act 2018 (Cth) (“the **Act**”) for the PineBridge Senior Floating Rate Income Fund ABN 55 961 077 401 (the **Fund**”). This Statement has been prepared by the Responsible Entity for the Fund (the “**Responsible Entity**”), Perpetual Trust Services Limited ACN 000 142 049 (which is the ‘principal governing body’ under the Act) and approved by the board of directors of the Responsible Entity 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 Perpetual Trust Services Limited Board and signed by Phillip Blackmore as the Director for Perpetual Trust Services Limited.



Phillip Blackmore  
Director Perpetual Trust Services Limited

## Consultation

There are no subsidiaries or entities owned or controlled by the Fund which the Responsible Entity is required to consult with to prepare this Statement. This Statement was developed in consultation with the Investment Manager for the Trust, PineBridge Investments LLC (ARBN 139 907 510) (“**Investment Manager**”) which is a private, global asset manager focused on active, high-conviction investing.

## Structure, operations and supply chain

### Structure

PineBridge Senior Floating Rate Income Fund is domiciled in Australia and has been in operational since 2017. The Trust owns no real property and has no employees.

### Operations

The primary operation of the Fund is the investment in fixed income assets. Perpetual Limited’s Perpetual Trust Services Limited is Responsible Entity for the Fund.

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### *Perpetual Corporate Trust (PCT)*

The Responsible Entity 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 Responsible Entity).

### *Investments*

The Trust's assets under management were a total of \$2.1b. These assets were in fixed income. All of the Fund's assets are invested in a diversified portfolio of senior secured leveraged loans and other senior secured floating rate debt obligations. In addition to Senior Loans, the Fund also invests in bonds (including non-investment grade), collateralised debt loan obligations, credit default swap indices (CDX IG and CDX HY), total return swaps, exchange traded funds (ETFs), cash and cash equivalents.

### **Supply chain**

The Trust's supply chain consists of direct and indirect service providers. These service providers are located in Australia.

### **Procurement categories for direct and indirect service providers include:**

- Professional services, including an accountant, tax agent and auditor
- Registry providers
- Custodian
- Administrator
- Legal counsel
- Distribution partners/channels

### **Modern slavery risks**

The Responsible Entity understands that modern slavery risk can occur in operations and supply chains. As Responsible Entity, 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.

### **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>.

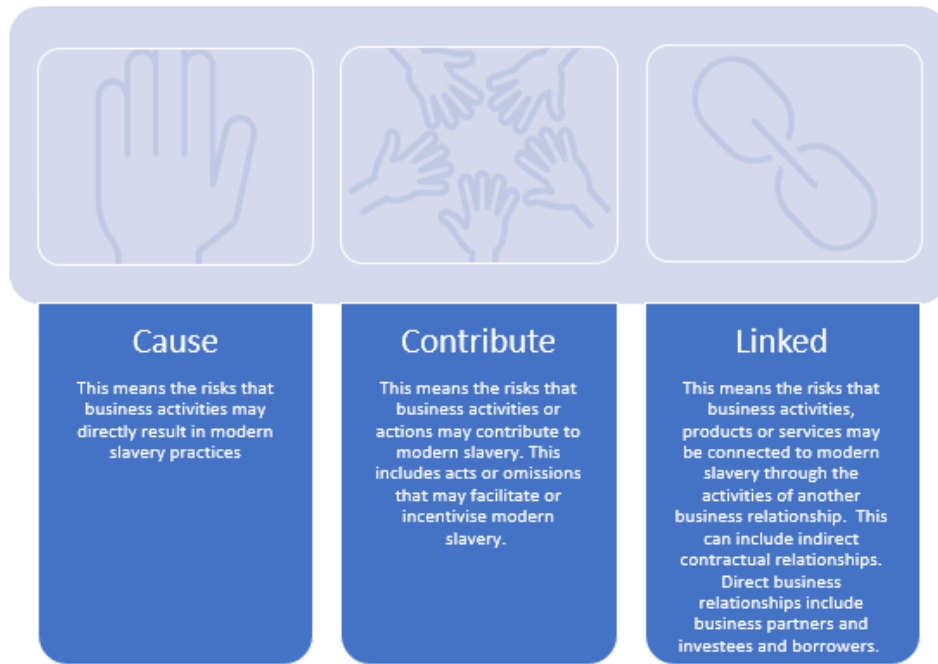
Modern slavery risk means the potential for the Trust to cause, contribute to, or be directly linked to modern slavery through their operation or supply chain. The Trust recognises that COVID-19, conflict and climate change driving migrant has exacerbated modern slavery risks for people in vulnerable situations<sup>3</sup>.

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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)

<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



### Risk assessment methodology

In FY23, the Responsible Entity collected information on the Fund's supply chain to include in a modern slavery risk assessment. Specifically, the Responsible Entity investigated the service providers that the Trust has a direct relationship with. These critical 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.

### Risk assessment results

#### Investments

The Fund's investment footprint is concentrated as all their assets are held in PineBridge Senior Floating Rate Income Fund. Risk assessments for the underlying investment holdings for the Fund are undertaken by the Investment Manager in accordance with the oversight of their Corporate Responsibility Steering Committee. The Investment Manager does not currently assess modern slavery risks in the underlying assets of the Fund. See the due diligence section of this Statement below for further details of their approach.

#### Supply Chain

The Responsible Entity's FY23 risk assessment did not identify any high-risk service providers. The Responsible Entity'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 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.

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

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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.

## 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.

### Due Diligence

#### Risk assessment

The Responsible Entity's annual risk assessment was conducted to assess the Fund's inherent modern slavery risks in their supply chain.

#### Investments

The Investment Manager recognises that environmental, social, and governance ("ESG") issues can create both opportunities and risks for their clients, and that ESG factors may provide essential insights into the expected value and risk profile of an investment. The Investment Manager is a signatory to the Principles for Responsible Investment (PRI), which provides a framework through which to assess and report ESG factors.

ESG factors are integrated into the fundamental analysis conducted by the Investment Manager's investment teams to varying degrees, depending on the asset class and subject to the specific requirements of each investment portfolio. The Investment Manager believes that the most effective applications of PRI and ESG investing can differ materially across their diverse range of asset classes, geographies, sectors, and specific investments.

As a result, each investment team within the Investment Manager is responsible for integrating responsible investment and ESG factors into their investment process in the manner deemed most appropriate for their activities and specific investment opportunities, with oversight by the Investment Manager's robust responsible investing governance structure. The Investment Manager has established a Corporate Responsibility Steering Committee, which reports to the CEO, to oversee the firm's approach to corporate responsibility in four key areas: ESG Investment, Stewardship, Company Responsibility, and Diversity, Equity and Inclusion (DEI). However, the Investment Manager does not currently assess modern slavery as a specific factor in the underlying assets of the Fund.

#### Supply chain

As the Responsible Entity for the Trust, Perpetual Trust Services Limited owns the relationships with the direct service providers which are used by the Trust. As part of the Perpetual Group, the Responsible Entity is subject to the same policies, due diligence and remediation process to address modern slavery as the Perpetual Group. This includes adherence to the 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 Responsible Entity have taken part in our modern slavery training module and employees have access to Perpetual Group's grievance mechanism.

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## Remediation

As a Responsible Entity, Perpetual Group may be linked to modern slavery through our business relationships with other entities via their own investments and supply chains.

Perpetual Group's remediation approach is outlined in our Modern Slavery Framework. Should an incident of modern slavery occur in a trust for 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 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's Group Whistleblower Policy. Through this mechanism, employees in the Perpetual Group including the Responsible Entity 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 Responsible Entity 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 the Trust's service providers are from.
- Conducted an annual risk assessment to determine the Fund's inherent modern slavery risks in its supply chain.
- 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.
- Commitment to have trust statement reporting process reviewed internally on an annual basis.
- Conduct modern slavery training for trust managers for the Responsible Entity.

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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 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, 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, Page 2, 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 3, 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 4
Describe the process of consultation and any entities the reporting entity owns or controls	Consultation, Page 1