

**MODERN SLAVERY  
STATEMENT**

For Financial Year ending  
30 June 2020

## INTRODUCTION

# A MESSAGE FROM THE CEO

**As one of Australia's oldest companies, we have supported our clients, people and communities for more than 130 years.**

Respecting human rights is fundamental to our vision to be the most trusted in financial services and reflects our belief that everyone should have the right to live free from slavery or forced labour in any form.

Modern slavery remains a far-reaching and serious issue. It is estimated that 45 million people are in conditions of modern slavery globally including 15,000 people in Australia<sup>1</sup>. The 2018 Commonwealth *Modern Slavery Act* defines modern slavery as situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. This can take different forms and include human trafficking, slavery, forced labour, child labour and deceptive recruiting for labour or services with serious human consequences.

We see this first and important step as part of an ongoing process of learning and improvement to combat modern slavery.

We recognise we have a responsibility to play our part in reducing the potential for harm caused by modern slavery as it relates to our business.

Perpetual is committed to managing our business and operations to the highest ethical standards. We will not tolerate any forms of slavery or human trafficking in our supply chain and operations.

This is Perpetual's first Modern Slavery Statement as part of our reporting under the *Modern Slavery Act*. We see this first and important step as part of an ongoing process of learning and improvement to combat modern slavery.

Our Statement outlines our approach to identify and assess the risks of modern slavery and the actions we are taking internally to manage those risks. This approach has been formalised in our Modern Slavery Framework and we have set up a Modern Slavery Working Group and Steering Group to oversee our activities on this important issue.



During the financial year 2020 (FY20), we undertook a modern slavery risk assessment, which at this stage, focussed on our direct supply chain and investments. This assessment of suppliers and investee companies was based on inherent risk factors around geographic location and industry, providing an indication of where modern slavery may exist.

While we have not identified any actual instances of modern slavery through this process, we recognise the need to be vigilant and aim to maintain this vigilance and where necessary, continually improve on our approach year on year.

A handwritten signature in black ink, appearing to read 'Rob Adams'.

**Rob Adams**  
Chief Executive Officer and Managing Director

This statement has been approved by the Board of Perpetual Limited.

1. The Global Slavery Index 2016 Report.

# Our business

## REPORTING ENTITIES

This statement is a joint statement made on behalf of the following Reporting Entities in the Perpetual Group:

- Perpetual Limited ACN 000 431 827 and its controlled entities (**Perpetual Group**);
- Perpetual Investment Management Limited ACN 000 866 535 (**PIML**); and
- Perpetual Trustee Company Limited ACN 000 001 007 (**PTCo**).

## CONSULTATION WITH CONTROLLED ENTITIES

Each of PIML and PTCo are wholly owned subsidiaries of Perpetual Limited. A formal project was implemented to develop our Modern Slavery Framework and to drive the identification and risk assessment of our supply chain and operations. The Board of Directors of each Reporting Entity have reviewed and approved this statement.

## OUR STRUCTURE

Perpetual is an ASX-listed, diversified financial services company, which has been serving Australians since 1886. Our clients include Australian and international institutions, not-for-profit organisations, small businesses, financial advisers, individuals and families.

Across our four divisions – Perpetual Asset Management Australia, Perpetual Asset Management International, Perpetual Private and Perpetual Corporate Trust – we aim to protect and grow our clients' wealth, knowing that by doing so we can make a difference in their lives.

## OUR OPERATIONS

### The services we provide

The services provided by the Perpetual Group, are performed by four divisions:

**Perpetual Asset Management Australia** is a highly regarded investment manager, with a strong heritage of managing retail and institutional client assets, offering a broad range of investment, superannuation and retirement savings products. The business manages investments across a range of asset classes, including Australian and global equities, environmental, social and governance (ESG) strategies, cash and fixed income and multi-asset strategies. It services a diverse range of client types, from large institutional investors through to smaller retail investors. The investment management activities of Perpetual Asset Management Australia are provided by PIML. PIML is also the responsible entity of a number of registered and unregistered managed investment schemes and the Perpetual Group also offers a number of superannuation and retirement solutions funds through its registrable superannuation entity, Perpetual Superannuation Limited.

**Perpetual Asset Management International** is a growing international division with a presence in the US, London<sup>1</sup> and Hong Kong and includes the operations of Trillium Asset Management LLC (**Trillium**), an ESG investment specialist, as well as Barrow, Hanley, Mewhinney & Strauss LLC (**Barrow Hanley**) a diversified investment management firm that offers value-focussed investment strategies spanning global equities and fixed income.

**Perpetual Private** is an advisory services business focused on the comprehensive needs of high net worth individuals, families and non-profit organisations. Perpetual Private aims to lead the market in advisory and professional services in its chosen segments. A key part of Perpetual Private is its philanthropic business and Perpetual is one of Australia's largest managers of philanthropic funds. Perpetual Private advice and philanthropic services are provided by PTCo and Perpetual Private also provides accounting and business advice to small businesses, through a wholly owned subsidiary, Fordham Business Advisors Pty Ltd (**Fordham**).

**Perpetual Corporate Trust** provides a broad range of products and services, including trustee, responsible entity, custodian, agency and trust management solutions to the debt capital markets and managed funds industries in Australia and Singapore. In providing these services, Perpetual Corporate Trust utilises a number of entities in the Perpetual Group, including PTCo, Perpetual Corporate Trust Limited, Perpetual Trust Services Limited, The Trust Company (RE Services) Limited, The Trust Company Limited, The Trust Company (Australia) Limited and Perpetual (Asia) Limited. In addition, Data and Analytics Solutions comprises data services, industry roundtables and our software as a service (Perpetual Intelligence Platform) supporting the banking and financial services industry. The data and analytics services are provided by a few entities in the Perpetual Group including Perpetual Nominees Limited, Perpetual Digital Pty Limited and Perpetual Roundtables Pty Limited.

### Group Support Services

These divisions are supported by:

**Perpetual Client Solutions** consisting of teams providing technology support, vendor procurement, operations (such as payments and custody) and product development.

**Perpetual Group Services** consisting of the finance and the financial reporting team, investor relations and communications, marketing and building services.

**Legal, Audit, Risk, Company Secretariat and Compliance** provides risk, compliance, internal audit and company secretariat support as well as legal advice to the Perpetual Group.

**People and Culture** includes the talent acquisition team, employee benefits and overall responsibility for Perpetual's human resources function, such as providing the framework for Perpetual's remuneration and performance and reward programs.

1. As at 3 March 2021, subject to regulatory approvals.

## OUR BUSINESS

### Our people and locations

The registered office of each Reporting Entity is 123 Pitt Street, Sydney and we also have offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Canberra, Singapore and, on 30 June 2020, Boston, San Francisco and Portland in the United States of America. At the end of the reporting period, in FY20, we employed more than 1,000 people and procured goods and services from approximately 6,600 vendors globally. On 17 November 2020 we acquired a 75% interest in Barrow Hanley which has an office in Dallas as well as a presence in London<sup>1</sup> and Hong Kong, although this was after the reporting period for this statement.

## OUR SUPPLY CHAINS

In order to provide our services, in FY20 Perpetual sourced products and services from over 6,600 vendors. The majority of our procurement fell within these categories:

- Asset management services, particularly external investment managers, custody banks, brokerage and research houses
- Professional services, such as lawyers, accountants and auditors
- Real estate management, such as property managers
- Banks
- Technology and technology support
- Hotels, restaurants and leisure
- Commercial cleaning and equipment repair services

The terms of the agreements with each of these suppliers varies. In the case of a number of our larger suppliers, we have in place fixed term agreements. The agreements generally have clauses enabling them to be renewed. In some cases, such as professional services advisers, the engagement might be for a fixed period or for a fixed project, so upon completion of that service, the engagement would cease.

A number of suppliers to the Perpetual Group are engaged pursuant to legal agreements with Perpetual Services Pty Limited. The supplier then provides services to one or more entities in the Perpetual Group, which may include a Reporting Entity. As a result, the supply chains of each Reporting Entity are common.

In most cases, suppliers are procured and paid for by Perpetual in a corporate capacity. In some cases, suppliers are engaged by Perpetual in our capacity as trustee of various trusts. In the case of our trusts, where we have the discretion to appoint the supplier, we have identified and risk assessed the supplier as part of this supply chain. We have not included those suppliers that we might engage in our capacity as a trustee, where we are directed by another party under the relevant trust constituent documents to engage that supplier.

### Geographic location of suppliers

The majority of Perpetual's suppliers for the reporting period were located in Australia. However, our Singapore office procures goods and services in the Singapore region and Australia has a handful of suppliers that provide critical services that have operations in offshore jurisdictions. The supply chains of Trillium and Barrow Hanley have not been analysed for this reporting period.

### Our Modern Slavery Framework

We have put in place a Modern Slavery Framework which articulates the programs, processes and tools we have in place to ensure compliance with the *Modern Slavery Act* for the Perpetual Group. It also provides a consistent framework to effectively manage our ongoing modern slavery risks and enhances our management team's awareness and understanding of modern slavery risks.

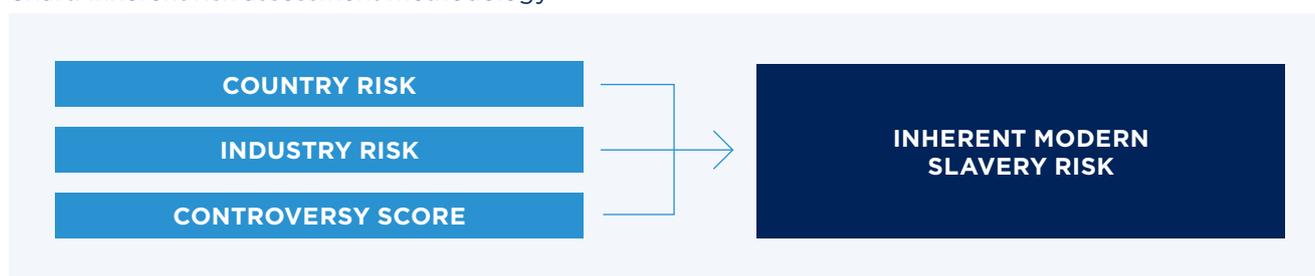
1. As at 3 March 2021, subject to regulatory approvals.

# Our modern slavery risks

We understand that modern slavery risk can occur in our Australian and our overseas operations and supply chains. Identifying and assessing that risk is key to reducing, mitigating and remediating potential harm that could be caused through modern slavery related to our business. Increased risk of modern slavery exists in certain geographic locations and sectors.

In FY20, we collected information on our supply chain from all divisions<sup>1</sup> and information about our investee relationships where responsibility for the investment decisions rests with a Perpetual entity. This data excluded information about our people, as Perpetual employees are primarily professional staff employed directly in Australian offices, which is considered a low risk of modern slavery.

Chart: Inherent risk assessment methodology



## Inherent risk assessment

The suppliers and investee companies were then assessed for inherent modern slavery risks by a professional consulting firm, through their risk assessment tool. Inherent risk is the level of risk before any actions are taken to manage the risk's impact or likelihood.

The tool's assessment is based on understanding that the most significant modern slavery risks stem from the following forms of modern slavery:

- Forced labour (including debt bondage)
- Human trafficking
- Forced marriage
- Child labour

An inherent risk score was then determined for each supplier or investee company based on their location and industry. A controversy score, based on a media and literature review of any controversies relating to modern slavery risk occurring in the last 10 years, was also factored in.

The criteria for the risk assessment were based on human rights databases, indices and reports from internationally recognised bodies including the Global Human Rights Index, the International Labour Organisation and the World Bank.

## Risk assessment outcome

Of the suppliers and investee companies that we assessed, 88% were medium/low inherent risk, reflecting the nature of the Perpetual business during the reporting period as an Australia-centric financial services organisation. Only 1% had 'high' inherent risk scores and only 3% 'medium/high' inherent risk scores, as a result of a combination of higher risk geographies and industry sectors.

## Investments

The modern slavery risk assessment of our operations focused primarily on internally managed financial investments where Perpetual makes the investment decision.

As an investment manager, we had \$22.8 billion in funds under management at 30 June 2020 (excluding Trillium). Of our entire investment portfolio, some investments (representing well below 1% of the entire investment portfolio) pose a high inherent modern slavery risk because they are located in higher risk jurisdictions and/or industries (mining, construction materials, food retail, packaged foods and meat).

## Supply chain

Perpetual's supply chain includes direct suppliers of goods and services, including investment management services for externally managed portfolios.

No suppliers were identified as having a 'high' inherent modern slavery risk. In addition, only seven suppliers were assessed as a 'medium/high' inherent risk. This was due to their locations being Singapore and China and their industries operating in diversified support services such as commercial cleaning services and catering services as well as equipment rental services, electronic equipment and ports.

1. The supply chain and operations of Trillium and Barrow Hanley have not been considered or assessed as part of this statement. This was because the acquisition of Trillium was only finalised on the last day of FY20 (being 30 June 2020) and Barrow Hanley on 17 November 2020.

## OUR MODERN SLAVERY RISKS

### Due diligence and remediation

During FY20, where we engaged new suppliers who provide critical services, they were required to answer questions on their modern slavery practices as part of our request for a proposal. Modern slavery questions also formed part of annual due diligence reviews of our suppliers who already provide critical services. For all other new suppliers, we request their written commitment that they do not engage in modern slavery practices as part of our contractual agreements.

### Investments

Increasingly, investment managers are developing their own policies regarding their method for considering environmental, social (which includes labour standards) and governance (ESG) factors which may influence the purchase, sale or retention of an individual investment.

PIML has a long-standing commitment to responsible investment, and in 2009 became a signatory to the United Nations supported Principles for Responsible Investment (PRI). PRI signatories recognise the growing social and political expectation that the companies they invest in conduct themselves responsibly and sustainably. Our commitment to PRI acknowledges that, as a company and as an industry, we must continue to improve our understanding of how ESG factors impact investment returns for individual assets and across the economy.

Consideration of ESG factors (which includes labour standards) in our investment portfolios does not include making ethical or moral judgements on particular issues. Instead, when deciding whether to buy, retain or sell an investment, we consider those ESG risks to the extent that they are relevant to the current or future value of the investment.

In FY21, we will conduct further due diligence on investees assessed as having a 'high' inherent risk score. Our overall engagement approach with investees on issues such as modern slavery is a focus of our FY21 activities.

### Supply chain

As Perpetual has not identified any 'high' risks in our supply chain, no remediation of suppliers was undertaken in FY20.

### Impact of COVID-19

COVID-19 has resulted in the majority of Perpetual's workforce working remotely. This has not impacted our ability to progress our Modern Slavery Framework or our risk assessment of our supply chain and operations. However, if social distancing continues into FY21, it may impact our ability to physically engage with our suppliers, where necessary, in the next reporting period. While we have considered whether COVID-19 may also have increased the exposure of vulnerable workers in some countries and industries to modern slavery risks, we have not identified this as an issue in our supply chains or investment portfolios.

# Our actions to assess and address modern slavery risk

## FY20 actions

During FY20, we undertook a number of actions to address modern slavery risks and to analyse their effectiveness. Each year, we will disclose the actions we have completed as we report on our progress and seek to continuously improve.

### Modern Slavery Governance

A cross-divisional Modern Slavery Working Group was formed with participation from key subject matter experts from each division and function to develop our framework, risk assessment and build an understanding of our operations and supply chains. The Working Group reported to a Steering Committee (which oversaw our approach on modern slavery) consisting of the Chief Risk Officer, General Manager Corporate Affairs and Investor Relations, Head of Group Procurement, General Manager of Legal and Head of Compliance.

### Modern Slavery Framework

We have put in place a Modern Slavery Framework to provide ongoing governance and to set out the programs, processes and tools we have in place to ensure compliance with the *Modern Slavery Act* for the Perpetual Group.

### Risk assessment

Having identified and mapped all supplier and investment relationships in the Perpetual Group, we conducted a risk assessment of suppliers and internally managed investment portfolios with the assistance of an external professional services firm. The risk assessment involved analysing data from a number of human rights databases, indices and reports from internationally recognised bodies.

### New supplier onboarding

We incorporated standard modern slavery and human rights questions as part of any request for proposal for suppliers who provide critical services. We have sought to include contractual 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 also.

### Supplier Code of Conduct

A new Supplier Code of Conduct has also been created, which sets out minimum standards on human rights and modern slavery that we expect suppliers to comply with and states that we do not tolerate any form of exploitation through slavery, servitude, forced labour or human trafficking. All suppliers assessed as 'medium/high' risk and suppliers who provide critical services will be required to accept this Supplier Code of Conduct as part of their contractual obligations.

### Supplier self-assessment questionnaire

We have developed a supplier self-assessment questionnaire, which will be forwarded to all suppliers assessed as 'medium/high' risk. The intent of the questionnaire is to determine what controls, if any, the supplier has in place to mitigate modern slavery risks.

# Measuring the effectiveness of our actions

Robust monitoring and reporting of our risk assessment and action taken on modern slavery is key for transparency and for improving the effectiveness of our processes in collaboration with our employees, suppliers and other stakeholders.

### Review risks, actions and framework

Our cross-divisional Modern Slavery Working Group will meet quarterly and will report to our Executive Committee to ensure the actions we agree have been delivered and are effective. This will ensure that our priorities are appropriate according to the inherent modern slavery risks identified and are updated on a regular basis. An annual review of our Modern Slavery Framework will also be undertaken.

### External service provider risk analysis

We will continue to utilise an external service provider to undertake an inherent modern slavery risk assessment of our supply chains and operations each reporting period. This will ensure we capture any new suppliers or new operations in high risk industries or geographies. Our supply chain will be analysed according to the latest human rights databases, indices and reports from internationally recognised bodies including the Global Human Rights Index, the International Labour Organisation and the World Bank.

### Trend analysis

Each year, we will compare the number of 'high' risk, 'medium/high' risk and 'low' risk suppliers and investees against the previous year to determine whether there are any emerging trends. Any increase in the number of 'high' risk or 'medium/high' risk suppliers engaged will be used to adjust our due diligence processes for new and existing suppliers.

### Increased supplier and investee collaboration

As we engage with our suppliers or investees in 'high' risk and 'medium/high' risk industries, we will track the improvements that they put in place to minimise modern slavery risks in their supply chains and operations. Their delivery against those actions and their level of co-operation will also be considered.

# Continuous improvement

We aim to continuously improve our approach to addressing modern slavery and will conduct the following improvements during FY21.

## FY21 proposed actions

### Trillium and Barrow Hanley supply chain and operations analysis

An analysis of the supply chains and operations of Trillium and Barrow Hanley will be undertaken as part of our FY21 modern slavery activities.

### Supplier residual risk assessment

We will engage with all suppliers that were identified as a 'high' or 'medium/high' inherent risk in FY20 to develop a deeper understanding of their business and their supply chains, including requiring them to complete self-assessment questionnaires. Once we have accounted for their controls, policies and actions on modern slavery, if the risk continues to be 'high' or 'medium/high', an on-site visit, or if necessary, a virtual meeting will be required. Depending on the outcome of this engagement, further investigation and collaboration may be required with particular suppliers.

### Supplier due diligence

Due diligence will be undertaken of every potential supplier prior to engagement to determine their inherent modern slavery risk based on their location and industry. If the supplier falls in a 'high' or 'medium/high' inherent risk score, they will be required to adhere to the Supplier Code of Conduct unless the supplier is already subject to monitoring by Perpetual. If a supplier fails to commit to the Supplier Code of Conduct it will be escalated to a General Manager level leader for review in order for the engagement to continue.

### Engagement with investee companies

As part of our review of our approach to sustainability at Perpetual in 2021, we will review our engagement program with investee companies on important social issues such as modern slavery. Additional due diligence and a desktop review will be conducted on those investee companies with a high inherent risk assessment. This will be to further investigate whether there have been any controversies in the media relating to modern slavery and whether they have adequate controls and policies in place.

### Whistleblower Policy

Our Whistleblower Policy will be amended to formally recognise that human rights and modern slavery breaches form part of conduct that can be reportable under that policy.

### Training on modern slavery

All Perpetual staff will be required to undertake new online training to ensure they understand how to identify modern slavery risks in Perpetual's supply chain and the actions they should take if they discover any issues.

# Collaboration

Members of our Modern Slavery Working Group are active participants in conferences and seminars to share best practice and to develop our own approach on modern slavery and human rights issues. We will continue to stay abreast of industry developments and be involved in initiatives which involve collaboration with other Australian organisations.

We also intend to collaborate more closely with all our suppliers including investigating our indirect supply chain.

# Appendix One

| MANDATORY REPORTING CRITERIA  | LOCATION IN MODERN SLAVERY STATEMENT   |
|---|--|
| Identify the reporting entity   | <i>Our business</i><br><b>Page 3</b>   |
| Describe the reporting entity's structure, operations and supply chains   | <i>Our business</i><br><b>Pages 3 – 4</b>                                      |
| 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                                   | <i>Our modern slavery risks</i><br><b>Pages 5 – 6</b>                          |
| Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes | <i>Our actions to assess and address modern slavery risks</i><br><b>Page 7</b> |
| Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks  | <i>Measuring the effectiveness of our actions</i><br><b>Page 7</b>             |
| Describe the process of consultation and any entities the reporting entity owns or controls   | <i>Our business</i><br><b>Page 3</b>   |
| Any other relevant information  | <i>Continuous improvement, Collaboration</i><br><b>Page 8</b>                  |

## **NEW SOUTH WALES**

Angel Place  
Level 18, 123 Pitt Street  
Sydney NSW 2000

## **QUEENSLAND**

Central Plaza 1  
Level 15, 345 Queen Street  
Brisbane QLD 4000

## **AUSTRALIAN CAPITAL TERRITORY**

Level 6, 10 Rudd Street  
Canberra ACT 2601

## **VICTORIA**

Level 28 and 29  
Rialto South Tower  
525 Collins Street  
Melbourne VIC 3000

## **SOUTH AUSTRALIA**

Level 11, 101 Grenfell Street  
Adelaide SA 5000

## **WESTERN AUSTRALIA**

Exchange Tower  
Level 29, 2 The Esplanade  
Perth WA 6000

## **SINGAPORE**

16 Collyer Quay #07-01  
Singapore 049318

## **TRILLIUM ASSET MANAGEMENT:**

### **Boston**

Two Financial Center  
60 South Street, Suite 1100  
Boston, MA 02111  
USA

### **San Francisco**

160 Spear Street, Suite 250  
San Francisco, CA 94105  
USA

### **Portland**

721 NW Ninth Avenue, Suite 250  
Portland, OR 97209  
USA

## **BARROW HANLEY GLOBAL INVESTORS:**

### **Dallas**

JP Morgan Chase Tower  
2200 Ross Avenue, 31st floor  
Dallas, TX 75201  
USA

### **Hong Kong**

Unit 22, Level 10  
BOC Group Life Assurance Tower  
136 Des Voeux Road Central  
Central Hong Kong