



# **Voluntary Modern Slavery Statement – OC Funds Management**

For Year Ended 30 June 2024

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## Introduction

At OC Funds Management (OC), we are committed to upholding the highest standards of ethics and integrity in all aspects of our operations. We recognise that modern slavery and human trafficking are grave violations of human rights and are fundamentally incompatible with our values. As part of our commitment to corporate social responsibility, we have developed this Modern Slavery Policy to outline our zero-tolerance approach toward modern slavery and to articulate the steps we will take to prevent, detect, and address any instances of modern slavery within our business operations and supply chains.

This policy applies to all OC entities, despite the group falling below the \$100m regulatory revenue threshold for a mandatory statement. While we are aware that our operations and supply chain are inherently low risk, it is important that we ensure any residual risk areas are interrogated and that we remain vigilant and respond to any future changes that might impact our exposure to modern slavery. In addition, our policy to cover investee companies to ensure we are not investing in or supporting investments that engage in practices of modern slavery.

## Definitions

For the purpose of this policy, modern slavery encompasses slavery, servitude, forced labour, bonded labour and human trafficking. These terms are defined as follows:

**Slavery:** The condition of treating individuals as property and/or depriving them of their freedom to exploit them.

**Servitude:** The obligation to provide services under the threat of punishment and with restrictions on freedom.

**Forced labour:** Work or services extracted from individuals under the threat of punishment, and not entered into voluntarily.

**Bonded labour:** The offering of labour or services for a debt, where the conditions of employment are not freely chosen.

**Human trafficking:** The recruitment, transportation, transfer, harbouring, or receipt of persons through force, coercion, abduction, fraud, or deception for the purpose of exploitation.

## Policy Statement

**Commitment to Zero Tolerance:** OC maintains a zero-tolerance approach to modern slavery and human trafficking in all aspects of our business operations. We do not tolerate any form of forced labour, child labour, or human trafficking within our organisation or within our supply chains or investee companies. If an investee company is found to have engaged in any form of modern slavery, we will engage with the board of directors of that company and divest the stock from our portfolio.

**Compliance with Laws and Regulations:** We are committed to complying with all applicable laws and regulations related to modern slavery and human trafficking in every jurisdiction that we and our investee companies operate. This includes, but is not limited to, Australia's Federal Modern Slavery Act (2018).

**Supplier and investee company due diligence:** OC conducts due diligence on all suppliers, business partners and investee companies to ensure they share our commitment to ethical

practices and human rights. This includes assessing their policies, procedures, and practices related to labour and human rights.

Supplier contracts: We seek to ensure that suppliers, business partners and investee companies have provisions that adhere to our modern slavery policy. We expect them to adhere to the same high standards that we set for ourselves.

## Risk of Modern Slavery in the Fund's investments

The Fund is exposed to modern slavery risks through the supply chain and global operations of investee companies that it holds across its portfolios. OC is focused solely on Australian and New Zealand listed securities, where the risk of modern slavery directly within the actual operations of our investment universe remains low. There does, however, remain an inherent risk of modern slavery within investee company supply chains and/or procurement channels. We therefore seek to ensure the companies have appropriate mitigation strategies and policies.

A growing number of Australian and New Zealand listed companies have now published policies on modern slavery and company and investor engagement on the subject is increasing. Examples of high-risk modern slavery sectors in Australia and New Zealand include the agriculture, manufacturing, services and construction industries.

Key risks we have identified across our investment universe include the supply chains of retail businesses, particularly those with factories in Asia or the Indian sub-continent where the incidence of modern slavery is relatively problematic.

The Fund has very little direct exposure to mining operations in either Asia, Africa or South America, although we could theoretically be exposed via the mining services space in these countries given our investment universe.

ASX listed companies are progressively providing more reporting around their supply chain due diligence. Encouragingly, in the February 2024 reporting season, we saw an increasing number of ex ASX100 companies provide updates on modern slavery policies. Supplier assessments (BSL, CHC, GUD, RHC and SIQ), enhanced frameworks (AGL and GEM), supplier engagement programs (SEK, TPG and VNT) and use of third-party assessment platforms (IRE, SEK and VNT) were highlighted by companies as a way to enhance due diligence.

The main way in which companies are dealing with modern slavery seems to be by surveying the elements of their supply chain/procurement channels which may be vulnerable to modern slavery practices. Best practice companies, including Adairs and Bapcor, have extended expectations on modern slavery to employees, contractors and suppliers.

We acknowledge that the investment community can have an influence on and positively impact the victims of modern slavery and, as the custodians of significant capital, we believe we can play a proactive role in the area moving forward.

OC has implemented a Responsible Investment and ESG policy, overseen by Copia Investment Partners, and executed by the Investment team, which reduces the Fund's exposure to modern slavery risks. The evaluation of modern slavery risks in portfolio companies is incorporated into the overall assessment of ESG issues. Moreover, modern slavery risks are explicitly considered in the Operational Risk Assessments (ORA) of

investee and potential investee companies, as part of the firm's investment process, and may contribute to a company being screened out as an investment opportunity.

## Responsibilities

**Management:** Senior management is responsible for ensuring that modern slavery risks are identified, assessed, and addressed effectively throughout the organisation.

**Employees:** All employees are expected to familiarise themselves with this statement and report any concerns related to modern slavery promptly.

**Suppliers, Partners and Investee Companies:** We expect our suppliers, business partners and investee companies to align with our values and principles, including those related to modern slavery. We will work collaboratively with them to ensure compliance and address any issues that may arise.

## Due Diligence

We will implement due diligence processes to assess and mitigate modern slavery risks within our supply chains. This includes:

- Evaluating the ethical standards and practices of current and potential suppliers, partners and investee companies.
- Engaging with suppliers to understand their policies and practices related to modern slavery.
- Implementing measures to monitor and address modern slavery risks effectively.

## Training and Awareness

We will provide a training and awareness program to ensure that all employees understand the risks of modern slavery and their role in preventing it. This includes training on identifying signs of modern slavery, reporting procedures, and our commitment to ethical business practices.

## Reporting and Monitoring

We have established clear and accessible channels for reporting any suspicions or concerns related to modern slavery or human trafficking via the OC Risk Management Committee. Employees, suppliers, and other stakeholders are encouraged to report any violations or potential violations of our policy.

## Review and Continuous Improvement

If any instances of modern slavery or human trafficking are identified within our operations or supply chain, we will take immediate action to address the situation, including remediation efforts and termination of relationships with non-compliant suppliers. We are committed to continuously improving our practices to prevent any future occurrences.

## Approval

The OC Modern Slavery Statement was approved by the Head of the OC Funds Management Investment Committee, Mr Bruce Loveday.