

## Modern Slavery Statement

### Introduction

This Modern Slavery Statement is made on behalf of E&P Financial Group Limited (ABN 54 609 913 457) ('E&P'), collectively and its related bodies, pursuant to the requirements of the *Modern Slavery Act 2018 (Cth)*. This statement relates to the reporting period commencing 1 July 2019 and ending 30 June 2020.

This statement addresses the steps that E&P have taken during the relevant reporting period to identify and address Modern Slavery risks within the supply chain of E&P and its entities, and outlines measures that E&P will take over future reporting periods to continue to improve our practices to combat Modern Slavery.

This statement was developed by E&P in consultation with Fair Supply, an independent legal and advisory firm with specialist expertise relevant to the Modern Slavery Act. E&P utilised Fair Supply's Initial Assessment Technology Solution in order to identify risks of Modern Slavery in our supply chains.

E&P is committed to continually improving our systems and processes to combat Modern Slavery and human trafficking. E&P understands the risks of Modern Slavery to be the potential for our business to cause, contribute or be linked to Modern Slavery through our operations and supply chains. We recognise that there are suppliers that pose a higher risk of Modern Slavery and human trafficking. We also understand that Modern Slavery can occur in many forms, such as forced labour, child labour, domestic servitude and workplace abuse.

This is our first Modern Slavery statement and it describes our approach in working towards identifying and reducing the risk of slavery and human trafficking in our operations. To assist with our initial assessment and the establishment of a Modern Slavery assessment framework, we collaborated with a specialist in Modern Slavery compliance, Fair Supply, who undertook a gap analysis to determine key risks within our supply chain. This included identifying and classifying key suppliers and exposures into risk categories based on known risk data by industry, geographic location and exposure size.

As part of our supply chain analysis, we considered both our internal operations, and those of our Funds Management teams – including their primary investments. With this being our first reporting year under the new statement, we chose to review the largest holdings within the equity portfolios of our Funds Management teams, as these were identified as our primary risk exposures. Post reporting date, we have begun implementing processes to further improve our supply chain analysis, including those of our real asset portfolios, which will be reported on in future statements (See '**Future Commitments**' below).

### Our business

E&P is an ASX-listed financial services business with a history spanning more than 30 years. E&P and its related bodies mostly operate in Australia with offices in Sydney, Canberra, Melbourne and Brisbane – with additional team members also working from Adelaide, Hong Kong and New Jersey. E&P employs more than 465 people serving more than 9,200 wealth advice clients and 180 institutional clients. At 30 June 2020, E&P had \$20 billion+ in funds under management and \$6.6 billion of assets across its different strategies.

E&P and its related bodies provide a range of services to individuals and organizations across a range of divisions.

These areas include:

- **Wealth:** financial advice, investment advice, stock broking, private wealth management, private client portfolio administration and reporting, self-managed superannuation fund administration and legal services.
- **Capital:** stockbroking and investment advisory services to institutional clients and advice to corporations, including advice on equity and debt capital market transactions, public markets and private treaty mergers and acquisitions, corporate divestments, private equity buyouts and debt financing and corporate restructurings.
- **Funds:** management of investment portfolios across a range of asset classes including global equities, Australian fixed income securities, New York residential and Australian commercial property, US and Australian private equity and US and Australian solar infrastructure.

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E&P's supply chain relationships include suppliers of information technology, communications, property services (i.e. facilities, cleaning, utilities, waste management etc.), print and promotional goods and services, office supplies, corporate clothing, hospitality, corporate travel and transportation, courier and postage and building and maintenance services. E&P also engage consultancy services for legal and accounting advice.

## **Our commitment**

E&P is committed to ensuring that Modern Slavery is not part of our supply chain or the supply chains we rely on to deliver our service. We are focused on developing our internal policies and processes, as well as educating our staff on the issue of Modern Slavery, to help identify and mitigate any Modern Slavery risks identified.

In the event of Modern Slavery being identified in our supply chain, we are committed to taking remedial action and executing a corrective action plan. Given the unique nature of each company, industry, supplier, and potential issues that may be identified, each plan will be executed in a tailored way, focused on supplier engagement. The overarching aim will be to address the instance of Modern Slavery identified, analyse the contributing factors to the cause, and execute the processes to remedy the situation.

Where Modern Slavery risks are identified within an investee company, E&P is committed to ensuring that funds management staff engage directly with management to resolve concerns raised. Similar to our general supply chains, this approach is intended to be tailored and specific in its execution. Our commitment is to ensure that investee companies take meaningful action to address Modern Slavery risks and prevent further issues from arising.

## **Our policies and procedures**

Whilst not directly related to our Modern Slavery Program, E&P has a series of existing policies that support underlying systems and processes and contribute towards the mitigation of the Modern Slavery risks that E&P might face.

### **Fraud & Corruption Policy**

Bribery and corruption in supply chains are risks that have contributed to the spread of Modern Slavery around the world. Without corrupt activity, including the acceptance of bribes, many conditions that lead or influence the extent of Modern Slavery may not exist. Our policy reinforces our commitment to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for the prevention and detection of these activities.

### **Whistleblowing Policy**

E&P's Whistleblowing Policy encourages ethical conduct by stipulating mechanisms for any current or former employees, suppliers, directors, partners or contractors employed or contracted by E&P to speak up and report actual or suspected wrongdoing. Our Whistleblowing Policy aims to promote a culture of compliance, honesty and ethical integrity by providing an avenue – without fear of persecution or intimidation – for the reporting of improper conduct.

### **AML/CTF Program**

E&P understands that the prevention of money laundering and terrorism financing is a vital component of our efforts to mitigate Modern Slavery risks in our business. Money laundering in particular is closely related to Modern Slavery as this activity can help facilitate funds that were generated through illegal activities such as human trafficking.

### **Employee Code of Conduct**

E&P's Code of Conduct helps to ensure that all employees not only act in accordance with all relevant laws, but also act in accordance with our values i.e. integrity, accountability, excellence, best interest, respect, inclusion and teamwork and meritocracy. The Code of Conduct underpins all E&P's business operations and promotes ethical business practices that mitigate the risk that any of E&P's business operations contribute to Modern Slavery and any other human rights abuses.

## **Assessment of Modern Slavery in our operations and supply chain**

E&P recognises that Modern Slavery is a significant worldwide issue and despite its prevalence is often difficult to identify in global supply chains. We acknowledge that it is essential to review our supply chains regularly and have systems and processes in place to ensure that the possibility of Modern Slavery is minimised.

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We have looked at our supply chain in two separate streams i.e. the procurement of goods and services and in relation to our investment activities. For this statement, we have assessed the largest holdings within our Funds Management team investment portfolios, in addition to the goods and services supplied at a corporate level.

Given our business model, geographic location and the highly skilled nature of our employees, we have classified the risk of Modern Slavery in our own operations as very low. All employees within our workforce have the right and ability to work in Australia, Hong Kong or the USA as applicable, and we pride ourselves on maintaining a safe and inclusive working environment.

To assess our Modern Slavery exposure we have utilised Fair Supply's Initial Assessment Technology Solution, and undertaken conduct mapping of our supply chain in our procurement activities at a corporate level. While many of our suppliers are large, established, reputable businesses, domiciled within Australia, we acknowledge that specific industries, including the cleaning and security industry, have been identified as areas with greater risk to Modern Slavery. This is due to the regularity of subcontracting which historically has been associated with worker exploitation.

We have also identified through our risk assessment that E&P is exposed to a small number of offshore suppliers that have higher Modern Slavery risks. These suppliers predominately provide technology and software services and are based in India. Further assessment of these areas is being completed as part of our supplier due diligence process.

Again, using Fair Supply's Initial Assessment Technology Solution, we undertook conduct mapping of the key Modern Slavery risks that lie within the largest holdings of our investment portfolios. While we have outsourced this process initially, over future reporting periods we intend to explore the development of our own internal resources to track and identify Modern Slavery risks.

At a very high level, the key risks identified include companies in the following industries and geographical locations: India – internet services and infrastructure, Hong Kong - information technology, USA – diversified chemicals. We intend to complete the risk assessment for the remainder of the investment portfolios in subsequent Modern Slavery Statements.

Despite employing sophisticated technology to analyse our largest supply chain exposures (drilling down into tier 10 of our supply chains), we acknowledge that we do not have meaningful oversight of supply chains beyond those of our direct suppliers. We are currently working to improve this visibility by implementing robust supplier due diligence processes.

### **Modern Slavery risk and the COVID-19 pandemic**

Modern Slavery risks are never static and new risks can arise with the changing dynamic of the world. The impact of the COVID-19 pandemic saw abrupt changes in economic activity which has created unprecedented challenges for businesses across the world. E&P recognises that the global pandemic is exacerbating existing vulnerabilities and creating new ones.

We understand that the pandemic can heighten the risk of Modern Slavery in various parts of our business. Vulnerable people are front of mind for us and for many of our suppliers and clients. E&P will continue to work at preventing harm to people and will use its Modern Slavery response as a platform through which to identify vulnerabilities and address them.

### **Future commitments**

E&P understands the importance of continuing to develop and enhance our processes to combat Modern Slavery. In future reporting periods, we endeavor to:

- introduce a supplier code of conduct
- undertake enhanced supplier due diligence
- conduct training and education, and
- complete risk assessments of the remainder of our investment portfolios.

### **Supplier Code of Conduct**

We have commenced the drafting of a Supplier Code of Conduct ('Code'), to be introduced to our supply chains in the next reporting period. It sets out the minimum standards that are expected of suppliers across numerous areas including Modern Slavery, labour, human rights, bribery and corruption.

The Code sets out an expectation that our suppliers will manage and influence their own supply chains to adopt safe, fair and ethical approaches to their operations. It will also be a requirement of the Code that suppliers notify us if they become aware of a breach or possible breach of any of the expectations set out within the Code.

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It is intended that all suppliers will contractually agree to the Code to ensure adherence, with an initial adoption period in which existing suppliers will assess compliance and inform us if they do not meet its requirements. Action to remedy breaches, as and when they arise, will be completed on an ad-hoc basis in consideration of both the size and magnitude of a breach.

### **Supplier Due Diligence**

As part of formalising our approach to identify Modern Slavery risks in the supply chain, we are developing enhanced due diligence around supplier engagement.

- Our supply chains (and suppliers) will be split into risk categories determined via a combination of operational activity, geographic location and supplier engagement level. This will assist in determining the level of oversight and engagement required on supplier channels.
- Assisted via the risk categorisation process, a detailed due diligence process will be implemented for all suppliers. This will involve a mixture of surveys and self-assessment questionnaires (with detail determined by risk category) for both new and existing suppliers to identify and resolve any potential risks of Modern Slavery.
- A supplier code of conduct (see above) will be issued to all existing suppliers. While we expect all existing suppliers to agree to this code, we will engage directly with any supplier who does not agree with, or is not compliant with, our supplier code of conduct and work to remedy the situation.
- All new suppliers will need to agree to our supplier code of conduct. This will be a condition of supplying to us.
- Investment managers will be trained to identify industries and geographical locations that are prone to higher risks of Modern Slavery. Managers will be expected to undertake additional due diligence – including via detailed company engagement – where companies have been identified as having higher exposure to Modern Slavery risk.

### **Training and education**

E&P feels strongly about educating employees about Modern Slavery, particularly procurement teams and investment managers who are exposed through their respective roles to end suppliers. We will ensure staff are provided adequate training and resourcing to enable robust supplier engagement, noting the importance of the role our staff play in reducing the risks of Modern Slavery.

### **Risk assessment of the remainder of our investment portfolios**

As noted earlier in this statement, given the infancy of our Modern Slavery processes, we have chosen to review the largest holdings within the equity portfolios of our Funds Management teams, as these were identified as our primary risk exposures. In the second and future iterations of this process, we will endeavor to look at the remainder of our investment portfolio holdings, and in additional detail at our real assets operating businesses.

### **Assessing the effectiveness of our efforts**

As this is E&P Financial Group's first Modern Slavery Statement, this statement represents the starting point of our efforts to reflect what actions we have taken and what efforts we hope to make in subsequent reporting periods. We will continue to develop systems and processes to monitor the effectiveness of our efforts and risks assessments.

The KPI's we will use to measure the effectiveness of our efforts in both our corporate supply chain and across our funds management portfolios include:

- the number of companies/suppliers that we identify as being at low / medium / high risk of Modern Slavery
- the number of recorded incidents within the last reporting period for companies/suppliers we are exposed to that have identified incidents of Modern Slavery in their own supply chains
- the number of suppliers who have attested to our supplier code of conduct (including satisfactory completion of our supplier due diligence process)
- the number of whistleblowing alerts raised that are related to procurement / suppliers and Modern Slavery risks, and
- the number of hours of Modern Slavery training completed for internal staff.

We review our policies and frameworks that address Modern Slavery on an annual basis or more frequently as required. These reviews are overseen by the Board, our internal ESG team and other committees that report into the Board. This will ensure that the reviews capture any amendments required to maintain the effectiveness of the relevant policies.

*This statement was approved by the Board of E&P Financial Group Limited on 31 March 2021.*



David Evans  
Executive Chairman  
E&P Financial Group