

ETHICAL PARTNERS FUNDS MANAGEMENT: SUPPLIER CODE OF CONDUCT

1 Background

1.1 Ethical Partners Funds Management (**EPFM**) is committed to promoting ethical sourcing throughout the supply chain and expect our suppliers to not be a party to any violation of human rights. The International Labour Organization estimates there are approximately 40 million people subject to modern slavery around the world. We believe supply chain transparency is crucial to tackling this issue and expect our suppliers to be proactive in ensuring compliance with ethical standards and procedures that are congruent with and uphold the following:

- a) The UN Universal Declaration of Human Rights (**UDHR**); <https://www.un.org/en/universal-declaration-human-rights/>
- b) International Labour Organisation Declaration on Fundamental Principles and Rights at Work; <https://www.ilo.org/declaration/lang--en/index.htm>
- c) The UN Guiding Principles on Business and Human Rights; https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf and
- d) The UN Sustainable Development Goals (**SDG**), particularly SDG 8 – Decent Work and Economic Growth. <https://sdgs.un.org/goals/goal8>

2 Definitions

Modern Slavery as defined by the Global Slavery index is an umbrella terms that refers to practices such as human trafficking, forced labour, debt bondage and child labour. These are violations of human rights as per the UDHR and are criminal in Australia under the *Criminal Code Act 1995* (Cth).

Forced labour as defined by the International Labour Organisation (**ILO**) Forced Labour Convention, 1930 (No. 29) means “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily”.

Human trafficking involves the use of violence, threats or coercion to recruit, relocate or harbour people for exploitative purposes including labour.

Debt bondage refers to people in poverty who have borrowed money being forced into labour to pay off the debt. This imbalance in power renders workers vulnerable to exploitation, where standards of workplace conditions are disregarded and are trapped by the arbitrary allocation of labour value. Debt bondage is the most prevalent form of modern slavery.

Child labour refers to:

- a) any work completed by a child below the age of 12;
- b) non-light work performed by a child aged 12-14; and
- c) hazardous work performed by a child aged 15-17,

as per the ILO minimum age convention (C138) of 1973.

3 Scope

3.1 This Code applies to all partners of EPFM's supply chain.

3.2 Application of this Code extends to the workers of EPFM's suppliers including:

- a) informally engaged workers;
- b) independent contractors;
- c) sub-contractors;
- d) full-time and part-time employees of any seniority;
- e) workers employed on casual basis; and
- f) associates and business partners.

3.3 This Code applies to the above individuals in all countries in which EPFM's suppliers operate.

4 Compliance

EPFM expects its suppliers to:

- 4.1 Be familiar with and adhere to the provisions set out in this Code;
- 4.2 Encourage their own supply chain partners to uphold the principles of this Code or distribute their own supplier code of conduct advocating for the same standards of ethics and values;
- 4.3 Conduct and administer their business practices and operations in a manner that upholds the highest ethical standards and principles in all dealings;
- 4.4 Inform EP if a conflict exists between the provisions of this Code and any local regulations, laws or standards and abide by the requirements upholding a higher ethical standard;
- 4.5 Be proactive in their monitoring of breach or potential violations. Any breaches of this Code or the policies listed in Clause 1.1, must be relayed to EP.

In light of provisions 4.1 - 4.5, EP is aware breaches may occur and is committed to developing our suppliers' understanding of the relevant issues and workplace rights. Where appropriate, EP would expect suppliers to introduce and implement an improvement plan to address any breaches.

5 Human Rights and Social Sustainability

Abuse of human rights in any capacity or form is not acceptable. Suppliers should have policies in place to protect the human rights referred to in Clauses 5.1-5.3 and be committed to implementing improvement plans to remedy the same where there are risks or breaches present. These should be underpinned by the understanding that human rights are inherently universal and that a worker's liberty, dignity and respectful treatment is not to be compromised in the course of any business operations, dealings, processes or employment engagements.

5.1 *Modern Slavery*

Suppliers must:

- 5.1.1 Have a zero-tolerance policy on modern slavery, including but not limited to debt bondage or bonded labour and human trafficking.
 - 5.1.2 Not engage in any practices or activity that constitutes an offence under Division 270 (slavery) or Division 271 (trafficking and debt bondage) of the *Criminal Code Act 1995* (Cth) within Australia. Any non-Australian supplier or sub-contractor must also not engage in practices or conduct that would constitute an offence under Division 270 or Division 271 of the Schedule to the *Criminal Code Act 1995* (Cth).
 - 5.1.3 Endeavour to uphold the same standards with respect to their suppliers and subcontractors.
 - 5.1.4 Be aware of and actively monitoring the following conduct which is considered by the ILO to be indicative of issues of exploitation (that may not be captured under the *Criminal Code Act 1995* (Cth)):
 - i) Restriction of movement;
 - ii) Withholding wages;
 - iii) Retention of ID documents;
 - iv) Abuse of vulnerability;
 - v) Deception;
 - vi) Abusive living and working conditions;
 - vii) Physical and sexual violence;
 - viii) Intimidation and threats;
 - ix) Excessive overtime;
 - x) Isolation; and
 - xi) Malnourishment or injury.
 - 5.1.5 Comply with the *Modern Slavery Act 2018* (Cth) and should produce a Modern Slavery Statement. Where a supplier is not required by law to produce a Modern Slavery Statement, it is encouraged they report voluntarily on the steps taken to ensure that modern slavery is not existent in any part of its supply chain or operations.
- 5.2 All forms of engagement of workers and employees, both informal and formal, must be voluntarily and freely entered into by the worker. Workers must be at liberty to discontinue the employment engagement at any time in accordance with the relevant national employment standards (NES within Australia) and paid notice periods.
- ## 5.3 *Child Labour*
- 5.3.1 Suppliers will not use or engage in child labour as defined in Clause 2, directly or indirectly, and must abide by local minimum working age laws.
 - 5.3.2 With respect to children of school age, suppliers should ensure that working hours do not impede on school hours or exceed maximum hours on a school day.

5.3.3 Where child labour is identified, an improvement plan should provide the child with the support to return to school.

5.4 *Recruitment Costs*

5.4.1 EP expects that the cost of recruitment is absorbed as a business cost and no recruitment fee or lodgement of deposits or ID papers are required of workers.

5.4.2 Where a recruitment cost has been charged, this amount should be reimbursed to the worker.

6 Compliance with labour and trade laws

6.1 EPFM expects Australian suppliers to conduct their employment arrangements subject to the *Fair Work Act 2009* (Cth) (including National Employment Standards contained therein (NES)) and *Work Health and Safety Act 2011* (Cth). Non-Australian suppliers should conduct their employment engagements in alignment with local laws and industry standards with respect to the following:

- a) Work Health and Safety;
- b) Working conditions;
- c) Working Hours;
- d) Access to information available to workers, enabling awareness of rights at all stages of the employment relationship from recruitment, to during employment and termination;
- e) Respect and protection of customer and employee privacy and personal information, complying with the relevant laws in its collection and use; and
- f) Discrimination and harassment.

6.2 Australian suppliers must comply with relevant State and Modern Award minimum pay rates and local minimum wages outside of Australia.

6.3 If local laws relevant to non-Australian suppliers are below the minimum requirements referred to in Clause 6.1 and infringe or violate human rights in any form, suppliers should apply a minimum standard of working conditions and rights as defined by and in accordance with the UN Guiding Principles on Business and Human Rights.

7 Workplace policies and procedures

7.1 Suppliers should ensure the following workplace policies and procedures are in place and effectively implemented:

- a) Whistleblowing policy incorporating protection, where applicable in accordance with the relevant whistle-blower protection legislation. Avenues for anonymous reporting, confidential interviews and complaints systems should be in place.
- b) Grievance procedures available and made known to all workers, implemented fairly and independently;
- c) Incidence reports and procedures that are readily accessible;

d) Equal employment opportunity policy (EEO Policy) that incorporates protection of discrimination with respect to:

- ii) Age;
- iii) Beliefs (religious or political);
- iii) Breastfeeding;
- iv) Disability;
- vi) Family responsibilities;
- vii) Gender, sexual orientation, lawful sexual activity;
- viii) Industrial activity, union membership;
- viii) Marital status;
- ix) Medical record;
- xi) Parental status
- xii) Personal association with anyone possessing any of these attributes;
- xiii) Political belief or activity;
- xiii) Pregnancy; and
- xiv) Race.

e) Policies covering protection from bullying, abuse, harassment and victimisation.

8 Freedom of Association

8.1 Workers should be aware of their freedom of association and right to engage in collective bargaining, including joining of trade unions of their election.

9 Training and Education

9.1 Suppliers should provide education and training to ensure workers are aware of their rights.

9.2 Management teams should be trained to be able to identify and detect possible human rights violations, modern slavery practices and familiarise themselves with high risk geographic zones with respect to the same within their business operations and within their supply chain.

10 Diversity and inclusion

10.1 Diversity and inclusion are important to EPFM's ethos and EPFM expects its suppliers to support and foster the same culture of equal opportunity and inclusivity. Concordantly, suppliers are expected to:

- a) Not tolerate discrimination and harassment generally and with respect to the protected attributes referred to in Clause 7.1(d);
- b) Foster a workplace culture of respect;
- c) Work towards eliminating any gender pay gaps or other pay inequities within the company;
- d) Promote diversity by pursuing engagements and dealings with diverse-owned suppliers (businesses that are certified to being at least 51% owned, operated and controlled by

one or more minority, including but not limited to women, LGBT+ persons, persons with a disability, veterans or Indigenous persons).

11 Indigenous rights

- 11.1 EPFM is committed to the protection of Indigenous rights across jurisdictions. Suppliers are expected to:
- a) Uphold and respect the rights of Indigenous peoples, paying particular attention to any direct or indirect impact its business operations may have on Indigenous populations and communities with respect to their personhood, land, territories and waters.
 - b) Cooperate and consult with Indigenous peoples in relation to any supply chain decisions or operations that may affect them and obtain their free, prior and informed consent before implementing measures that impact or affect them, in accordance with Article 19 of the United Nations Declaration on the Rights of Indigenous Peoples.

12 Environmental Impact

- 12.1 EPFM expects its suppliers to be conscious of and give forethought to their environmental footprint and impact across their operations and throughout their supply chain on the following issues:
- a) Carbon emissions;
 - b) Biodiversity preservation;
 - c) Clean water and sanitation; and
 - d) Waste disposal.

This is in alignment with the UN Sustainability Development Goals (specifically SDG 6, 12, 13, 14, and 15). EPFM also expects their suppliers to adhere with relevant disclosures and appropriate targets in these regards.

13 Due Diligence

- 13.1 Suppliers should employ due diligence procedures for its direct subcontractors and suppliers to audit risk of modern slavery in their supply chain.

13.2 *High Risk Countries*

- 13.2.1 Suppliers are required to have knowledge of the exhaustive list of countries in which their operations take place and goods are produced.
- 13.2.2 Suppliers should not purchase resources, raw materials, livestock or products from high risk countries (as defined by the Global Slavery Index <https://www.globalslaveryindex.org/>, The Transparency International Corruptions Perceptions Index) <https://www.transparency.org/en/cpi>, or the U.S Department of State Trafficking In Persons Report <https://www.state.gov/wp-content/uploads/2020/06/2020-TIP-Report-Complete-062420-FINAL.pdf>), that are

likely to have been produced through forced labour or any other form of modern slavery in its operations.

- 13.2.3 Where suppliers are operating in high risk countries and jurisdictions, a more comprehensive audit or due diligence process is expected in order to mitigate risk of modern slavery and demonstrate to EPFM that these operations are not in breach of the human rights and universal standards referred to in this Code.

14 Transparency and governance

Suppliers are expected to:

- 14.1 Enforce zero tolerance policy on corruption including but not limited to bribery, kickbacks, extortion, embezzlement and facilitation payments.
- 14.2 Not accept gifts or hospitality if it holds a purpose beyond the maintenance of professional rapport.
- 14.3 Have a disaster recovery and business continuity plan in place in the event of a crisis (e.g. natural disasters or man-made events), enabling the maintenance of business operations.
- 14.4 Have adequate cyber security breach plan and management strategy in place in the event of an incident such as data loss or privacy breach. It is expected suppliers will report on any cyber security breaches or incidences.
- 14.5 Safeguard and not share competitive information or participate in any form of collusion with a third party in relation to any current, pending or proposed trading activity that EPFM may be involved in.

15 Management

EPFM is committed to maintaining long-term transparent and positive relationships with suppliers, with the aim of continuously advancing the improvement of sustainable environmental and social practices throughout EPFM's supply chain. In support of this goal, EPFM requires suppliers to:

- 15.1 Ensure this Code is well understood by the board, communicated to management and employees as well and subcontractors;
- 15.2 Expect and empower employees to be looking out for issues relating to modern slavery or inhumane working conditions;
- 15.3 Continuously monitor, identify and manage any conduct, practices or adverse impacts that are in conflict with the principles of this Code, informing EP of the same as they are identified, arise or upon reasonable request;
- 15.4 Document and record action taken pursuant to compliance with Clause 15.3; and
- 15.5 Continuously seek to improve performance with respect to Clauses 15.1-15.4.

16 Audits and Reporting

It is expected that suppliers:

- 16.1 Be proactive in their auditing and due diligence of the risk of modern slavery in their supply chain and perform audits on a systematic and no less than annual basis;
- 16.2 Are engaging third party specialists or auditors for high-risk countries (in accordance with Clause 13) and supply chain tiers that are inherently higher risk.
- 16.3 Improvement plans and processes should be documented and annually refined for increasingly comprehensive audits and prevention of existent or suspected modern slavery and other social issues named in this Code.
- 16.4 Where modern slavery or other issues referred to in this Code are found, suppliers should facilitate remediation for the parties adversely impacted and document this process and progress on the same.
- 16.5 It is strongly encouraged that suppliers engage and consult relevant Non-Government Organisations (NGO's) and grassroots organisations with respect to actioning Clauses 16.1 and 16.3.
- 16.6 Cognisant of the potential limitations inherent in audits, we encourage suppliers to conduct unannounced audits intermittently, and consider alternative forms of social auditing, and innovative ways of providing worker voice communication and collaboration.
- 16.7 Cooperate with any additional due diligence that might be requested by EPFM pursuant to this Code.

17 Termination

- 17.1 EP may terminate any agreements with a supplier, subject to the notice clause of their contract of engagement with EP, if the supplier continues to breach Clause 4.5, 15 or 16, or if no genuine attempt or intention to meet the minimum standards of this Code is consistently demonstrated.

Date of last review: February, 2021

Responsibility: CEO

Approved by: CEO and Investment Director

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