

Hyperion Asset Management Limited

Modern Slavery Statement

1 July 2022 – 30 June 2023

1 Statement Overview

1.1 Statement

This Modern Slavery Statement (**Statement**) is prepared on behalf of the reporting entity, Hyperion Asset Management Limited (ABN: 80 080 135 897, AFSL 238 380) (**Hyperion, we, us, our**). Hyperion's registered office is Level 19, 307 Queen Street, Brisbane, 4000, QLD. This Statement outlines our approach and ongoing commitment to identifying and reducing the risk of modern slavery practices in our operations, supply chain and investment portfolios, for the financial year of 1 July 2022 to 30 June 2023 (**reporting period or FY23**).

Hyperion presents this Statement in recognition of the *Commonwealth Modern Slavery Act 2018* (Cth) (the **Act**). While Hyperion is not mandated by the requirements of the Act to formally disclose our efforts to assess and address modern slavery risk, we are seeking to apply this best-practice approach to the way we conduct business. This Statement complies with the obligations required of Modern Slavery Statements as per section 16 of the Act, however, is not formally registered with the Australian Border Force. This Statement follows the mandatory reporting criteria set out in the Act as shown in Appendix 1.

We also recognise that while modern slavery risks can arise in connection with our operations, they are more likely to occur in our supply chains, and importantly, our investee companies.

1.2 Approval

This Statement has been approved by the Board of Hyperion on 1 December 2023 and covers the period 1 July 2022 to 30 June 2023.

This Statement is publicly available on Hyperion's website and for the avoidance of doubt, has not been submitted to the Australian Border Force.

2 Hyperion's Structure, Operations, and Supply Chain

2.1 Our Structure

Hyperion is a boutique investment management firm established in 1996 that invests in both Australian and global equities. We manage capital on behalf of our clients and our mission is to sustainably¹ grow clients' capital over the long term. We aim to achieve this by investing in businesses that have superior and sustainable economics. As a manager of our clients' capital, Hyperion recognises our duty to behave responsibly and ethically in our business activities and investments.

Hyperion is 100% owned by Hyperion Holdings Limited. Pinnacle Investment Management Limited (ABN 66 109 659 109) (**Pinnacle**), a wholly owned subsidiary of an Australian publicly listed company, Pinnacle Investment Management Group Limited (ASX:PNI), owns a minority shareholding of Hyperion Holdings Limited, with the remainder of the business held by Hyperion executives.

2.2 Our Workforce

As at 30 June 2023, Hyperion employed 22 staff members, most of whom work from Hyperion's

¹ By 'sustainably', we mean that we only invest in businesses that we believe have high quality attributes, including strong and sustainable value propositions, sustainable competitive advantages, innovative creative cultures and large addressable markets. These elements, together with our proprietary portfolio management system that sets stock weights based on risk adjusted long-term forecast returns, aim to help grow clients' capital over the long term. While environmental sustainability is one of a number of relevant considerations that forms part of the investment analysis which we undertake, this is not the context in which we use the term "sustainably" here.

registered office in Brisbane or remotely from home. A small portion of the team also operate out of Hyperion's office located in Sydney. Hyperion's employees perform executive, business development, investment management and client relationship management while other supporting roles are outsourced, primarily to Pinnacle.

2.3 Our Investments

As at 30 June 2023, Hyperion managed over A\$12 billion in Assets Under Management (**AUM**) for institutional and retail investors. These are invested in Australian or global listed equities and cash, either through individually managed mandates or through one of Hyperion's publicly available managed funds.

Our investment strategies are highly concentrated and benchmark unaware. We seek to invest in what we believe to be the highest-quality companies where growth is generally organically driven and sustainable over the long term. These businesses tend to have the following characteristics: modern businesses with disruptive products/strategies; structural tailwinds; innovative and creative cultures; sustainable competitive advantages; capital light business models; large addressable markets; low debt levels; long-term focused with a customer centric mentality. They are typically listed in developed markets, including Australia, the United States, and Western Europe, with comparatively strong disclosure and reporting standards. As at 30 June 2023, Hyperion's investment strategies have had a natural tilt towards companies in the Information Technology, Consumer Discretionary, Communication Services, and Health Care sectors.

2.4 Our Supply Chain

Hyperion's supply chain is relatively simple due to the professional services nature of our business. Over the reporting period, we sourced goods and services from over 50 tier-one suppliers, ranging from ad-hoc purchases through to long-term suppliers.² Of these, approximately 88% of our total supplier spend was concentrated in our top 10 suppliers. Geographically, 76% of our FY23 tier-one suppliers were based in Australia by count, 10% in the United States, with the remainder divided between the United Kingdom and New Zealand.

Pinnacle provides many of the middle and back-office support functions for Hyperion. These include human resources, legal services, compliance, portfolio administration, distribution, company accounting, and information technology development and support. As of 30 June 2023, Pinnacle employed 117 (FTE:109.8) staff members, the majority of whom operate from their Australian offices located in Sydney, Brisbane, and Melbourne. In addition, Pinnacle have operations in the United States, United Kingdom, New Zealand, and Canada. In FY23, Pinnacle represented a significant portion of our total supplier spend.

In addition, other major categories of goods and services we procure from our tier-one suppliers include software and professional data, marketing and communication services, corporate travel, and registry and custodial services.

3 Identifying Risks of Modern Slavery Practices

3.1 Our Approach to Modern Slavery as a Business

Hyperion is committed to respecting and upholding human rights. We recognise our underlying duty to conduct business ethically and responsibly and we endeavour to ensure that no form of modern slavery exists in our operations and supply chain.

² A tier-one supplier is defined as an entity from which Hyperion was invoiced at least \$1,000 for goods and services provided in FY23.

Modern slavery describes situations where coercion, threats or deception are used to exploit victims and undermine their freedom. When assessing the risk of modern slavery practices, we seek to understand ways in which we could be causing, contributing to, or be directly linked to modern slavery practices in our operations, supply chain, and investee companies. Our approach to identifying our modern slavery risk exposure includes analysing factors that have been linked to enhanced risks of modern slavery practices being present. These include:

- geographical areas that have been deemed to have a high prevalence of modern slavery practices and inadequate/no government response;
- industries or sectors such as agriculture, apparel, electronics, and mining, that have been linked to higher risks of exploitation or which may be more reliant on vulnerable populations such as low-skilled, temporary, or migrant workers; and
- existing responses that may be deficient in assessing and addressing modern slavery risks in business operations.

Higher risk geographical areas and industries were identified based on data from the Global Slavery Index 2023 (**GSi**) and the Bureau of International Labor Affairs' *'List of Goods Produced by Child Labor or Forced Labor'*.^{3, 4}

3.2 Our Approach to Modern Slavery as an Investment Manager

Long-term economic and environmental sustainability has been core to Hyperion's investment and business philosophy and process since we were established in 1996. Hyperion has a long-term investment horizon and we invest as business owners, not short-term share traders. We only invest our clients' capital in businesses that we believe are high quality with strong and resilient value propositions to all stakeholders. These include the company's employees and down-stream supply chains. As an investment manager, we believe that a high standard of business conduct, as well as a responsible approach to social, environmental, and ethical issues, makes good business sense and enhances shareholder value. Conversely, poor management of these issues may pose a risk to the reputation and value of a business. Companies that do not respect human rights and have a detrimental impact on society will not be conducive to long-term economic performance.

In support of these principles, we assess our portfolio companies for risks of modern slavery practices occurring in their operations and supply chains. While Hyperion actively engages with company management and boards and may voice concerns in relation to certain activities or directions a company is taking, we acknowledge that our portfolio companies' operations are distinct. We also acknowledge the inherent information asymmetries in accessing publicly available information. Where available, we will be heavily reliant on a company's Modern Slavery Statement as a primary source of information.

4 Assessing and Addressing Risks of Modern Slavery Practices in our Operations

4.1 Hyperion's Workforce

In relation to Hyperion's direct operations, we believe the risks of modern slavery practices being present are very low. Hyperion operates in the funds management industry and we employ a small workforce of 22 professionally qualified and highly skilled employees, all of

³ The Minderoo Foundation. (2023). *The Global Slavery Index 2023*. Retrieved from Walk Free: <https://www.walkfree.org/global-slavery-index/downloads/>

⁴ Bureau of International Labor Affairs. (2022, September 28). *List of Goods Produced by Child Labor or Forced Labor*. Retrieved from Bureau of International Labor Affairs: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

whom are based in Australia, which is a highly regulated and low-risk region.⁵ Hyperion understands the importance of its employees to its continued success and continually reviews its employment practices and office environments to ensure that workplace conditions are safe, compliant and comfortable.

4.2 Our Policies

Hyperion has a robust set of internal policies and procedures that aim to support the wellbeing and protect the rights of our employees and the stakeholders we interact with. Hyperion's Environmental, Social and Governance (**ESG**) Policy outlines our commitment to fostering a healthy work/life balance.

Hyperion's Code of Conduct requires all directors and employees to pursue the highest standards of ethical and lawful conduct. We seek to foster a culture of transparency and accountability and Hyperion's grievance framework provides avenues for complaints and grievances to be raised and resolved. Furthermore, our Whistleblower Policy outlines the legal protection available to disclosers who raise concerns around any suspicion of, or circumstances that may lead to, an enhanced risk of unethical behaviour, including but not limited to, modern slavery or human trafficking.

4.3 Employee Training and Industry Collaboration

We believe increased awareness and understanding about modern slavery in the workplace can greatly assist employees in raising cases where the risk of exploitation is elevated. In FY22, Hyperion (through Pinnacle) engaged with *The Freedom Hub* to provide optional modern slavery training to all employees. The training aimed to raise awareness on the reality and prevalence of modern slavery in Australia as well as ways to identify modern slavery practices within businesses. We have also allocated a modern slavery training module for all employees to complete in Q4 2023 as part of our ongoing mandatory training requirements.

Hyperion is an active member in Pinnacle's cross-affiliate ESG Working Group. The group aims to facilitate conversation and collaboration across Pinnacle and its 15 investment management firms (**Affiliates**) on ESG issues, where modern slavery continues to be a dominant focus for the working group. We welcome the increased collaboration and will continue to support and engage with other Affiliates to promote best practices across the whole funds management industry.

4.4 Our Supply Chains

In relation to our tier-one suppliers, we believe the risk of Hyperion contributing to modern slavery practices is low. Our tier-one supply chain is simple in nature and highly concentrated.

An initial risk-based assessment of our tier-one suppliers found no indicators that suggested we are contributing to modern slavery practices. Given the service-based nature of our business, most of our suppliers provided us with professional services that make use of a highly skilled labour force. Additionally, all tier-one suppliers were based in Australia, the United States, the United Kingdom, or New Zealand, all of which have relatively strong government responses.⁶ Nevertheless, due to the global scale of several of our suppliers, we recognise that some of these suppliers may have small operations in or outsource operations to countries where modern slavery practices may be more prevalent.

In addition to our initial risk-based assessment, we also conducted a more detailed review of six

⁵ As at 30 June 2023.

⁶ The Mindereroo Foundation. (2023).

key suppliers which collectively represented approximately 84% of our total tier-one supplier spend for FY23. Of these six suppliers, three entities were controlled by Pinnacle who we engaged with extensively. Our review examined key risk indicators spanning suppliers' geographic locations, the nature of goods or services provided, organisations' existing framework to identifying and managing modern slavery risks, and past employee reviews/feedback. In the case of Pinnacle, we were also able to review their assessment of their own modern slavery risks. No material modern slavery risk indicators were identified through this process. All six suppliers either had a publicly available Modern Slavery Statement or were in the process of preparing their inaugural statement.

4.5 Remediation

Should any modern slavery practices be identified, we will engage with our suppliers on a progressive escalation basis to understand the severity of the incident and their remediation processes. In cases where Hyperion is directly linked to instances of modern slavery practices through our supply chains, we will exercise our leverage where possible to mitigate any remaining impact and to encourage positive change. In cases where we deem a supplier's response to be lacklustre, or in cases where they are unwilling to engage in positive change, we may terminate the relationship.

5 Assessing and Addressing Risks of Modern Slavery Practices in our Investments

5.1 Our Investee Companies

We believe the risk of our investee companies directly allowing modern slavery practices to occur in their operations is low. Most of our investee companies operate in highly innovative industries that make use of skilled labour and in developed countries where the prevalence of modern slavery is relatively low. As of 30 June 2023, our investee companies were headquartered in either Australia, the United States, or Northern and Western Europe. Furthermore, we believe the responses of our investee companies to modern slavery to be strong. Many of these companies have been at the forefront of setting industry best practices regarding respecting human rights and freedoms.

5.2 Our Policies

Hyperion's ESG Policy, Stewardship Policy and Voting Policy describe our approach to integrating ESG considerations into our investment decisions and into our business.

Our Sanction Policy provides that we do not conduct business, including facilitating investment transactions, that would breach any Australian sanctions regime and/or applicable overseas sanctions regime. These sanctions are monitored regularly through our investment management systems for compliance.

5.3 Our Research and Portfolio Construction Process

As part of our highly structured research process, modern slavery risks are embedded within our proprietary research document which we complete for all current and prospective portfolio holdings. This detailed document contains key qualitative information and insights and is regularly updated for each portfolio company. The document requires analysts to conduct an evidence-based assessment of the company's likely modern slavery risks within their operations and supply chain. The information contained in this document is used as a tool for assessing the modern slavery risks in our investee companies.

The proprietary research document results in the output of a 'Business Quality Score' (BQS), which is a key factor that feeds directly into the portfolio weightings via the portfolio

construction process. Companies which fail to maintain a high degree of respect for human rights or have a detrimental impact on society may be deemed non-investment grade (regardless of other factors) and excluded from consideration, or, in less extreme circumstances, lead to a lower stock weight in the portfolio through a lower BQS.

5.4 Modern Slavery Disclosure

As part of our assessment and monitoring of modern slavery risks in our investee companies, we maintain a Modern Slavery Register that monitors the progress of our portfolio companies' modern slavery disclosure. In support of the principles contained in the Act, we actively encourage our investee companies to release Modern Slavery Statements (even in cases where the entity is not required to by law). As at 30 June 2023, all but two of our investee companies had up-to-date Statements or modern slavery policy equivalents available. For the two companies which did not have Statements or modern slavery policies available, we engaged directly with them to better understand their approach to address the risk of modern slavery in their businesses. These companies have indicated that they are considering producing a Modern Slavery Statement for the next financial year.

5.5 Company Engagement

Engaging with investee companies is a natural extension of Hyperion's long-term approach to investment management. It is a requirement for analysts to engage with companies on their ESG strategy and/or policy where disclosures are not satisfactory. Where any concerns have been raised with executive and non-executive portfolio company representatives, but have not been addressed over time, we may take action to reduce or eliminate the portfolio exposure to the relevant company.

6 Assessing the Effectiveness of our Actions

While this inaugural Statement outlines the initial steps that Hyperion has taken to assess and address the risks of modern slavery practices in our business, we recognise that more will need to be done in the spirit of continual improvement. As we continue to incorporate modern slavery considerations into our decision making, we will seek to improve our existing risk framework and response. In the future, we will work with Pinnacle to better understand our tier-two suppliers.

7 Memberships

Hyperion has been a signatory to the United Nations supported Principles for Responsible Investment since 2009. These principles set standards on company behaviour relating to labour conditions, human rights, anti-corruption and the environment.

Appendix One: Mandatory Reporting Criteria

The following table describes the location of each mandatory reporting criteria within this Statement.

Mandatory Reporting Criteria	Location
Identify the reporting entity	Statement Overview Page 2
Describe the reporting entity's structure, operations and supply chains	Hyperion's Structure, Operations, and Supply Chain Pages 2 - 3
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	Identifying Risks of Modern Slavery Practices Pages 3 - 4
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	Assessing and Addressing Risks of Modern Slavery Practices Pages 4 - 7
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Assessing the Effectiveness of our Actions Page 7
Describe the process of consultation and any entities the reporting entity owns or controls	Not applicable
Any other relevant information	Memberships Page 7