



Ardea Modern Slavery Statement

February 2024





About us

Founded in 2008, Ardea has a long-held commitment to responsible investing and stewardship; aligning with our goal to deliver long-term value to our clients while contributing to sustainable benefits for the broader community.

Ardea strongly opposes modern slavery in all forms, from first principles and with respect to specific risks proscribed by regulation. Ardea takes steps to actively counter modern slavery practices throughout its business, in its client and supplier relationships, and in its engagement with the industry and with issuers.

Ardea Investment Management Pty Limited is a specialist fixed income investment manager serving a diverse range of global clients from pension funds, government entities, insurers, and retail investors.

Ardea is a proprietary limited company majority owned by its principals and has no parent company or affiliate entities. Fidante Partners Ltd (Fidante), a wholly owned

subsidiary of Challenger Ltd, is a minority stakeholder in the firm. Ardea has contractually outsourced non-investment functions to Fidante, namely administration and distribution services, and as responsible entity for several managed investment schemes.

Ardea has a wholly owned UK subsidiary, Ardea Investment Management (UK) Limited (Ardea UK), which employs our UK based staff. Ardea UK is authorised and regulated by the Financial Conduct Authority. Ardea UK has been appointed sub-adviser to provide investment management services in conjunction with Ardea for all its investment schemes.

As at 31 December 2023, Ardea had over \$A26bn under management with 40 members of staff employed throughout Australia and the UK, all of whom are members of the investment team or are highly qualified specialists in their respective fields.

Modern slavery risks in our operations

Given the nature of our business, we consider the risk of modern slavery practices occurring within our own operations to be low. Ardea's operations are in a low-risk sector with offices in the low-risk jurisdictions of Australia and the United Kingdom. The majority of Ardea's procurement relate to professional services, investment administration, technology and software services, office equipment and travel services.

Ardea's consolidated revenue falls below the threshold where regulation requires companies in the Commonwealth of Australia and in the state of New South Wales to report, so we are considering these initiatives for best practice reasons given that we are not currently required to comply with the Act.

Our shareholder and key supplier, Fidante Partners, is a wholly owned subsidiary of Challenger Limited, who is required to report under the Modern Slavery Act (Cth) 2018.

Modern slavery risks in our supply chain

Ardea's shareholder and key supplier of services is Fidante Partners, a wholly owned subsidiary of Challenger Limited. Challenger is required to report under Australian federal legislation and is constantly reviewing its processes and procedures to reduce the risk of modern slavery throughout its operations and supply chain. This involves continuous monitoring and actions which will be put in place as risks are identified, including consideration of Modern Slavery specific criteria in the know-your-customer (KYC) processes performed on Ardea's behalf.

Challenger publishes an annual Modern Slavery Statement in accordance with the requirements of the Modern Slavery Act. Where appropriate, Ardea participates in this review of practices and receives a copy of the final report. For the Financial Year 2023, Challenger identified the procurement of IT equipment in the Asia Pacific region and marketing branded items as high-risk areas in the supply chain. To address these risks, Challenger has an approved Human Rights Policy, have implemented a thorough supplier due diligence process, including strengthening its contractual mechanisms by embedding a modern slavery clause in renewed and new supplier contracts, rolled out staff training to teams exposed to the high-risk areas, and conducted industry engagement through the Financial Services Council (Australia), Responsible Investments Association Australasia, and Investors against Slavery and Trafficking.



In May 2023, the Australian head office for both Challenger and Ardea, was certified under the Cleaning Accountability Framework (CAF), which ensures that a worker-led approach is implemented at the property and establishes a formal role for the on-site cleaning workforce to contribute to due diligence.

Within its own operations, Ardea is taking steps to improve due diligence and include modern slavery checks in all periodic reviews of its other suppliers. Steps already taken to counter modern slavery practices arising in Ardea's business, clients, suppliers, and investments include:

- A low level of complexity in our business, with no reliance on offshore suppliers or opaque external supply chains,
- The modest size of our business: our headcount ensures that there is complete visibility of management through to all areas of the organisation, and
- The narrow focus of our investment universe on highly rated government bonds from countries meeting high standards of governance, and high investment grade credit.

Modern slavery risks as an investment manager

At Ardea, we take seriously our rights and responsibilities as an active owner and participant in the global government bond market. We view a well-functioning government bond market as an essential component of a modern economy and financial system, and essential for investors seeking low-risk, predictable returns, and high liquidity. Government bonds are also critical for the functioning of monetary policy, as a secure asset held for prudential regulatory purposes, and for use as a risk-free rate when pricing a wide range of other asset classes.

Given our investment universe is limited to countries with high governance and transparency standards, much of the governance and social risks which may present in emerging market government bond markets or in other asset classes are reduced by default. This is not to say that no modern slavery risks arise within these investments, and Ardea acknowledge the increase

in modern slavery risks in some developed markets, such as the United States. We are monitoring the increased risk in this jurisdiction and the Government response.

As government bond investors, Ardea has direct access to issuers and the concentrated representation of the issuer universe allows for regular and ongoing engagement. We therefore place a reliance on engagement with issuers to address modern slavery risks as part of our broader ESG engagement process. Given our limited exposure to modern slavery risks, we believe engagement on these matters is the best avenue through which to signal its importance to issuers on behalf of our clients. These engagements are documented as part of our reporting policy.

Given the large number of investors in advanced economy sovereign bond markets, we acknowledge that our ability to influence is limited. The central role that government bonds play also means that divestment and allocation away from the asset class is of limited usefulness. Through engagement, we can leverage the alignment present between issuers and investors in ensuring that securities continue to perform within the expectations of end investors. The focus on ensuring consistent investment returns above all else ensures that other issues that may be deemed overly political in nature do not detract from the core objectives of engagement.

Modern slavery is an evolving ESG thematic, and we are considering how our Research Team, another critical component of our ESG approach, may incorporate this in the future.

Training

All staff will receive training on modern slavery risks and our obligations under law.

Review

This fact sheet has been developed to outline Ardea's overall approach to modern slavery management across our operations and investment activities. It will be reviewed on an annual basis, or more frequently where required.

The information in this article has been prepared on the basis that the Client is a wholesale client within the meaning of the Corporations Act 2001 (Cth), is general in nature and is not intended to constitute advice or a securities recommendation. It should be regarded as general information only rather than advice. Because of that, the Client should, before acting on any such information, consider its appropriateness, having regard to the Client's objectives, financial situation and needs. Any information provided or conclusions made in this article, whether express or implied, including the case studies, do not take into account the investment objectives, financial situation and particular needs of the Client. Past performance is not a guide to future performance. Neither Ardea Investment Management ("Ardea") (ABN 50 132 902 722, AFSL 329 828), Fidante Partners Limited ("FPL") (ABN 94 002 835 592, AFSL 234668) nor any other person guarantees the repayment of capital or any particular rate of return of the Client portfolio. Except to the extent prohibited by statute, neither Ardea nor FPL nor any of their directors, officers, employees or agents accepts any liability (whether in negligence or otherwise) for any errors or omissions contained in this article.

