

Slavery and Human Trafficking Statement ✕ Hg

1. Introduction

Hg is committed to carrying out business responsibly, which includes ensuring that slavery and human trafficking are not taking place in any part of our business or supply chain. In addition, as an investor, we recognise the importance of engaging with the companies in which we invest to encourage them to take steps to adopt responsible supply chain processes.

This statement is intended to provide details of the steps we have taken as a business during the last financial year towards ensuring that slavery and human trafficking are not taking place in our organisation, or in our supply chain.

2. Our organisation

Hg is a private equity investor focused on the European mid-market. With close to 170 employees in three investment offices in the UK, Germany and United States, Hg has assets under management of more than £10 billion, serving over 100 highly regarded institutional investors, including private and public pension funds, endowments, insurance companies and fund of funds. Hg is a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI) and is committed to their six principles seeking to include Environment, Social and Governance (ESG) into our policies and practices.

As a financial services business, our supply chain is relatively short, and comprises predominantly business and professional services.

As at September 2019, we have investments in 30 companies through our mid-market and small buyout funds. Although none of these forms part of our supply chain, 12 companies fall within the threshold requirements for reporting under the Modern Slavery Act in their own right.

3. Our policies

We adopted a Responsible Investment policy in 2012 (last reviewed and updated on March 2018), which includes provisions that we will not invest in a company which (amongst other things):

- has production or other activities that involve harmful or exploitative forms of forced labour or child labour; or
- is, in the opinion of Hg's Investment Committee, exploitative of vulnerable groups in society.

Regarding our own supply chain, our long-standing Guidelines for Business Conduct and Ethics, which forms part of our Staff Handbook, emphasise the need for us to act with integrity, in accordance with laws, and in a manner which strengthens the trust of our stakeholders and enhances our reputation.

4. Our due diligence processes

Although not part of our supply chain, the investments which we make have potentially greater impacts than our own business operations. Before making any investment, we carry out due diligence into all aspects of the relevant business, which includes operational risks such as those which could arise through material ESG risks.

5. Our approach to assessing and managing risk

For our own operations, we conduct a regular review of our material suppliers and assess whether any particular risks of slavery or human trafficking arise. We do not consider that our key relationships with professional or business services suppliers give rise to material risks in this area. The biggest risks which we consider to arise within our business are in relation to facilities management, catering and courier services, most of which are provided under one-off arrangements rather than an ongoing contractual relationship. We manage the risk through the use of suppliers whom we consider to be reputable, and we have specifically requested that all material regular suppliers in these areas confirm that their own business activities do not involve slavery or human trafficking.

6. Our effectiveness in combating slavery and human trafficking

Within our own business, we have identified a small number (13) of suppliers in higher risk areas. We have reached out to these suppliers and conducted due diligence on their compliance with the Modern Slavery Act. All of the 13 suppliers have confirmed that they:

- Are complying with the provisions of the Modern Slavery Act
- Review their supply chain
- Pay their employees above the minimum wage

We will continue to monitor and engage with material suppliers on Modern Slavery and have embedded this into Hg's procurement process.

For the companies which we invest in, we have taken the following steps:

- Carried out due diligence at the time of investment to be satisfied that their business operational activities did not involve forced or child labour.
- Raised awareness of the issues and the requirements of the Modern Slavery Act.
- For those which are subject to the Modern Slavery Act, set out our expectations as a shareholder that they will take steps to implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere in their own business or in any of their supply chains.

This statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and constitutes Hg's slavery and human trafficking statement for the financial year ending on the 31 March 2019. It has been approved by Hg's Board and signed by Hg's COO.



Steven Batchelor
Chief Operating Officer