

# 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. In addition, as an investor, we recognise the importance of engaging with the companies in which our funds invest to encourage them to take steps to adopt responsible business and supplier 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 leading investor in software and services. With c.230 employees in three investment offices in the UK, Germany and United States. Hg has funds under management of \$37 billion, serving over 150 highly regarded institutional investors, including private and public pension funds, insurance companies, endowments and foundations. 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 of professional services.

As at May 2021, our funds have investments in 37 companies. Although none of these forms part of our supply chain, 21 companies fall within the threshold requirements for reporting under the Modern Slavery Act in their own right.

## 3. Our policies

Hg's [Responsible Investment policy](#) explains our approach to ESG matters across our investment process and outlines our exclusion list which (amongst other things) includes companies that:

- have production or other activities that involve harmful or exploitative forms of forced labour or child labour; or
- are, 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 Employee 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. It also refers to our whistleblowing policy for staff to report any concerns.

## 4. Our due diligence processes

Although not part of our supply chain, the investments made from the funds that we manage may potentially have greater impacts than our own business operations.

Hg's funds invest in software and services companies, predominately in the business-to-business space, that are headquartered in Northern Europe and North America. Almost all of the businesses do not manufacture or supply physical products and therefore do not have long or complicated supply chains or rely on raw materials or products. The portfolio companies within our funds have similar supply chains to Hg which are relatively short and comprises predominantly of professional services in the development and support of software products. Before making any fund 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 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 (14) 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 14 suppliers have confirmed that they:

- Are complying with the provisions of the Modern Slavery Act
- Review their supply chain in line with the Modern Slavery Act
- 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 that our funds 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 at the board.
- 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 in their own business or their direct supply chains.

Hg's investment process includes a comprehensive ESG assessment of our funds' portfolio companies as part of onboarding and typically at least annually thereafter. The assessment covers over 150 ESG metrics including human rights and modern slavery. Hg sets out certain ESG criteria, including that portfolio companies implement a code of ethics/conduct and a whistleblowing procedure.

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 2021. It has been approved by Hg's Board and signed by Hg's COO on the 24 of September 2021.

A handwritten signature in blue ink, appearing to read 'S. Batchelor', with a long horizontal flourish extending to the right.

Steven Batchelor  
Chief Operating Officer