

BGH Capital

**Modern Slavery
Statement
FY21**



Introduction

BGH Capital

BGH Capital Pty Ltd (**BGH Capital**) was founded in 2017 with the objective of creating the pre-eminent private equity firm in Australia and New Zealand. It is headquartered in Melbourne, Australia and is an independent firm, owned and managed by its founding partners.

Since 2017, BGH Capital’s team has grown to over thirty professionals, making it one of the largest private equity teams in Australia and New Zealand. BGH Capital partners with founders and management teams in Australia and New Zealand to help them build and grow strong, sustainable, market-leading businesses. BGH Capital intends to provide its portfolio companies with the capital they need to grow, as well as analytical, strategic and operational resources to help them realise their full potential. In doing so, BGH Capital seeks to achieve attractive risk-adjusted returns for its investors.

BGH Capital and the BGH Capital Fund

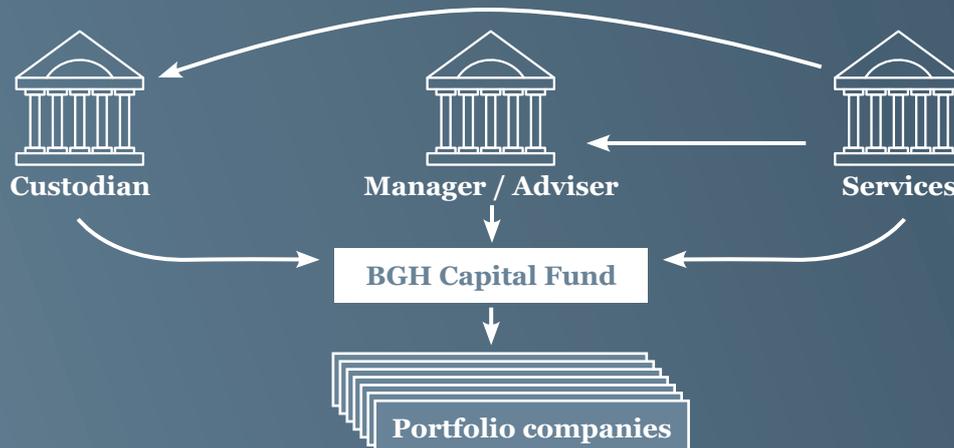
BGH Capital is the manager or adviser of collective investment vehicles that have been established to provide investors with attractive risk-adjusted returns through a portfolio of investments in market-leading companies with significant growth potential in Australia and New Zealand. BGH Capital successfully launched its maiden fund, BGH Capital Fund I, in 2018, raising approximately \$2.6 billion to invest in a diversified portfolio of companies in Australia and New Zealand (the **BGH Capital Fund**).

Operations of the BGH Capital Group

BGH Capital Pty Ltd (the “Manager” or “Adviser”) is the investment manager or adviser of, and primary direct supplier to, the BGH Capital Fund.

BGH Capital Custody Services Pty Ltd (the “Custodian”) provides custodial services to the BGH Capital Fund and other entities within the BGH Capital Group.

The operating activities and procurement arrangements for the BGH Capital Group are conducted by BGH Capital Services Pty Ltd (“Services”).



Investments of the BGH Capital Fund

The BGH Capital Fund was formed with the objective of providing investors with attractive risk-adjusted returns through a diversified portfolio of investments in companies in Australia and New Zealand. The investors in BGH Capital Fund are pension funds, asset managers, insurance companies, sovereign wealth funds and other wholesale investors from around the world. As at the end of the reporting period, the BGH Capital Fund had completed investments in the following industry sectors:



Healthcare



Education



Technology



Leisure, tourism & hospitality sectors

BGH Capital will generally have a controlling, majority or significant stake in the portfolio companies invested in and is therefore able to use such interest to positively influence and initiate change in such companies.

BGH Capital and ESG



BGH Capital is a pre-eminent Australian private equity investment firm that is committed to quality and excellence in all of its activities. It firmly believes that it is not only what it does, but how it does it, that is important. Accordingly, it is focused on being a responsible investor by seeking to promote a sustainable future for business, society and the environment.

BGH Capital has a structured approach to investment stewardship and environmental social and governance (ESG) issues. Its approach is underpinned by a firm and unwavering commitment to respecting human rights and avoiding modern slavery. This commitment is formally recognised in its ESG Policy, which sets BGH Capital's governance context regarding modern slavery and explicitly recognises modern slavery as a key risk.

Since inception, BGH Capital has been focused on labour standards and the provision of a safe work environment in all respects, including the protection of human rights and the prevention of modern slavery. This directly translates into how it makes investment decisions and its ongoing monitoring of its portfolio companies – maintaining labour standards, providing a safe work environment, and assessing and addressing the risks of modern slavery are key aspects of its investment decision-making process.

This Modern Slavery Statement commences BGH Capital's modern slavery reporting journey, setting out the first steps that it has taken. BGH Capital acknowledges that it is only at the early stages of this journey, and it is committed to developing and deepening its approach over time.

Identifying and describing the reporting entity

The reporting entity with respect to this modern slavery statement is BGH Capital Trust IA (the **Trust**), a constituent entity of the BGH Capital Fund. References to BGH Capital Fund therefore include the Trust. This modern slavery statement is made by BGH Capital IA Pty Limited ACN 624 358 729 (the **Trustee**) in its capacity as the trustee of the Trust and is submitted by the Trustee under section 13 of the Modern Slavery Act 2018 (Cth).

The supply chain of the BGH Capital Fund

The primary direct suppliers of the BGH Capital Fund are BGH Capital Pty Ltd ACN 617 386 982 (**BGH Capital**), and the group of related entities of which BGH Capital is a member, the **BGH Capital Group**), the Manager or Adviser of the BGH Capital Fund, and through BGH Capital, other BGH Capital Group entities. The BGH Capital Funds' other direct suppliers are audit, tax agent and fund administration service providers in Australia, Hong Kong and Japan.

Given the role of BGH Capital as the Manager or Adviser of the BGH Capital Fund and that the primary direct suppliers of the Trust are BGH Capital Group entities, this modern slavery statement focusses on the supply chain and operations of BGH Capital, and on the modern slavery risks in those supply chains and operations.

The supply chain and modern slavery risks of BGH Capital

The supply chain of BGH Capital relates generally to:

- 1** The operations of the funds and entities managed or advised by BGH Capital (predominantly being the suppliers of professional and consulting services);
- 2** The goods and services used in the running of the BGH Capital private equity management business (including the suppliers of office facilities and management, information technology hardware and software, office equipment, travel and hospitality expenses and legal, tax, accounting and financial services); and
- 3** The underlying portfolio companies in which BGH Capital Fund is invested (i.e., the investment portfolio).

Suppliers – professional services and goods and services (Supply chain items 1 and 2)

The suppliers of BGH Capital are predominantly located in Australia and New Zealand, although some suppliers do provide goods and services from other jurisdictions (to date, including the USA, Canada, the UK, countries in the European Economic Area and elsewhere in Europe, Japan, Hong Kong, Singapore and India).

In the reporting period to which this Modern Slavery Statement relates, BGH Capital engaged 375 suppliers, based both overseas and in Australia. These suppliers were engaged to service BGH Capital and the BGH Capital Group, the BGH Capital Fund and run business operations.

The first group of suppliers was largely comprised of professional services including:



Consultants, legal and investment advisors



Financial, information and insurance services



Software and information technology service providers

These suppliers are based in countries that are rated as low risk by the Global Slavery Index 2018. Accordingly, BGH Capital considers the risk of modern slavery in these suppliers to be low – however, BGH Capital acknowledges that some of these suppliers, may source their products or services from higher risk jurisdictions.

In the second group of suppliers – those engaged to run BGH Capital’s business operations – a small number operate in sectors that are identified as more likely to be vulnerable to risks of modern slavery due to their inherent characteristics (e.g., low skill, casual labour, labour hire or migrant labour). These include:



Commercial real-estate / property / facilities management and maintaining office space (e.g., cleaning staff and security staff)



Catering and underlying food purchased



Equipment (technology hardware and stationary supplies)



Marketing collateral

The number of BGH Capital suppliers that operate in these potentially higher risk sectors is low relative to the size of its overall supplier base. However, BGH Capital acknowledges that the most severe risks of modern slavery may not align with the majority of the volume of services or products that are supplied (i.e., financial materiality is not an indicator of risk to people from modern slavery).

By looking at commonly recognised geographic, sector and industry risks, BGH Capital identified that exposure to modern slavery risk is most likely in the catering and food, cleaning, and equipment hardware suppliers and marketing collateral. BGH Capital considers these industries have a medium to high risk of modern slavery. These suppliers will be prioritised as we develop and execute our risk management program.

In the next reporting period, BGH Capital will:

1. Notify all the panel professional services firms appointed of BGH Capital’s commitment to modern slavery and ask that they describe how (and attest to the fact that) they are managing the modern slavery risks inherent in their business operations and supply chains); and
2. Seek to engage with prioritised suppliers of goods and services (identified using a risk based approach) to better understand their supply chains, the extent of their anti-modern slavery measures, and to ensure their policies and practices are appropriate and consistent with those of BGH Capital.

Investment portfolio (Supply chain item 3)

As at the end of the reporting period, BGH Capital managed a portfolio of six investment companies with diverse operations and suppliers. While BGH Capital recognises that the risk of modern slavery can manifest in all sectors regardless of geography, its investments are based in countries that are rated as low risk by the Global Slavery Index 2018, including Australia, New Zealand and Canada.



However, the nature of risks will vary from company to company in that portfolio, and BGH Capital acknowledges that modern slavery is a potential risk in the supply chains of its portfolio companies. During the reporting period five of its six portfolio companies have conducted their own due diligence and completed their own Modern Slavery Statements.

One portfolio company was below the threshold for mandatory modern slavery reporting in the period. During the next reporting period, all portfolio companies will be required to conduct a detailed modern slavery risk assessment, develop modern slavery management plans, implement formal modern slavery training, and report regularly back to BGH Capital.

Over the course of the Financial Year 2022, BGH Capital intends to work with a third-party specialist to conduct more detailed risk assessment across the entire BGH Capital supply chain, including its portfolio companies.

Actions to address modern slavery

BGH Capital is deeply committed to addressing risks of modern slavery in its supply chains and operations and is putting in place a management framework to address modern slavery. Importantly, the BGH Capital General Counsel and Head of Operations (both of whom are Partners in the business) have formal responsibility for ESG matters, including modern slavery, demonstrating that modern slavery is overseen at the highest levels within BGH Capital. The BGH Capital Code of Conduct requires the highest standards of ethical conduct and fosters a culture of not only compliance but continuous improvement. The BGH Capital core values of integrity, performance and team inspire its people to engage and continuously learn to improve its services, its relationships and its workplace. Key to this is ensuring compliance with all relevant laws and regulations including those relating to modern slavery.

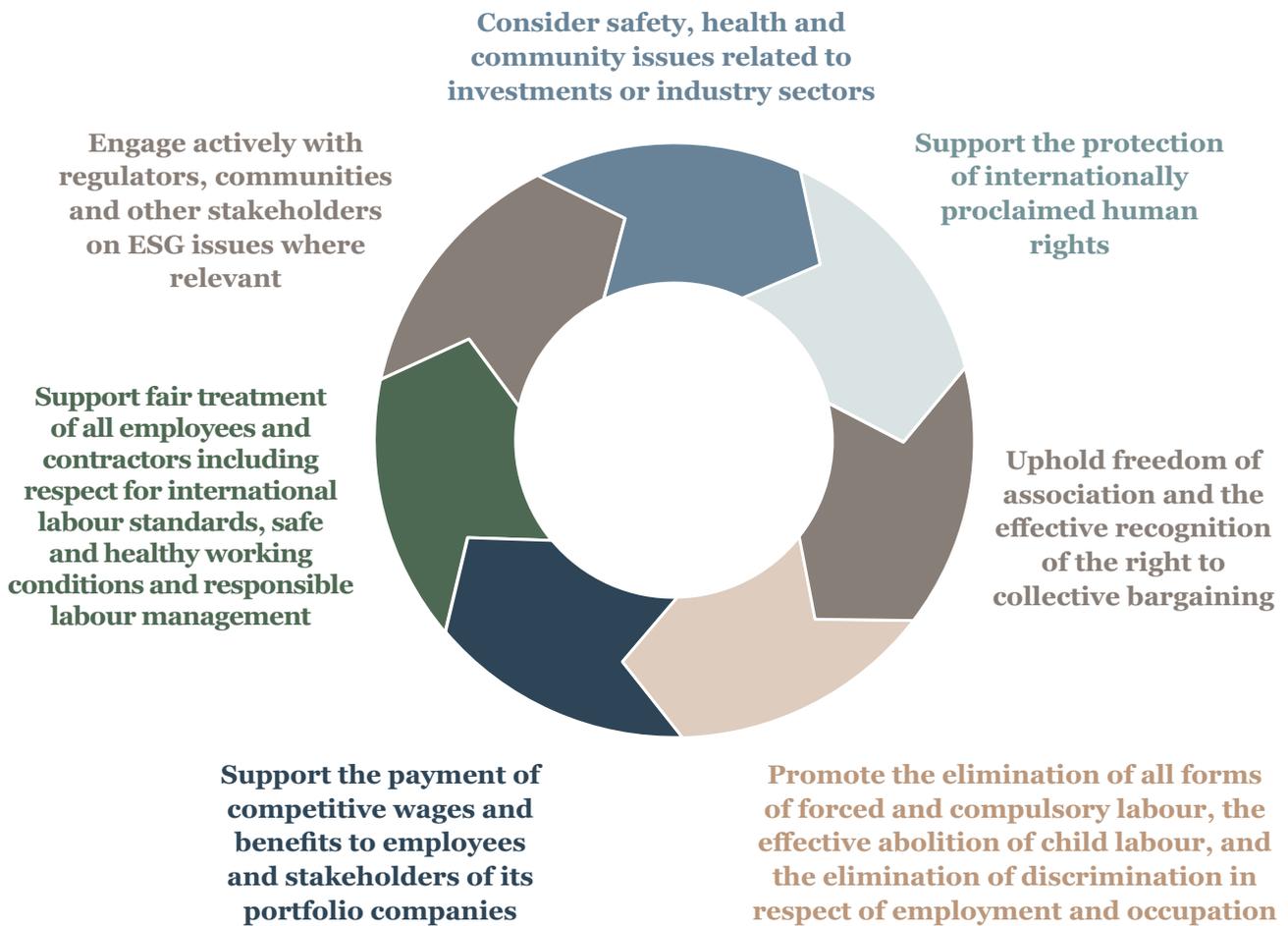
To raise awareness and assist BGH Capital to understand how modern slavery manifests itself in Australia and around the world, BGH Capital engaged external human rights experts to provide training to its directors and employees. This training covered aspects of the UN Guiding Principles on Business and Human Rights (UNGPs), a deep dive into modern slavery manifestations, risks, red flags, and an overview of modern slavery and human rights due diligence. BGH Capital extended this training to the general counsels of its portfolio companies who have oversight for modern slavery at their respective businesses.

During the reporting period, BGH Capital also undertook the following actions:

- continued to ensure that modern slavery is an explicit part of its pre-investment screening and due diligence programme in relation to potential acquisitions by the BGH Capital Fund;
- engaged in dialogue with its portfolio company management and boards regarding the importance of managing and mitigating modern slavery; and
- conducted a high-level assessment regarding the risk of modern slavery at its portfolio companies, and reviewed and discussed with management the Modern Slavery Statements prepared by five of its six portfolio companies.

To address risks of modern slavery in its operations, BGH Capital has a longstanding ESG Policy as a core feature of its investment approach. ESG training is provided to all BGH Capital staff and addresses the ESG Policy as well as the tools, roles and responsibilities of the investment team and the broader BGH Capital team throughout the investment lifecycle of a portfolio company. Training on the ESG Policy is provided to all new BGH Capital employees, supplemented with annual updates and more focussed training to address particular topics provided by external experts from time to time.

The purpose of the ESG Policy is to outline BGH Capital’s approach to the identification, consideration and integration of ESG issues in its investment and portfolio management processes. The ESG Policy commits BGH Capital to consider material ESG issues, including issues of modern slavery, in its investment cycle. In relation to modern slavery, BGH Capital is committed to promoting the following principles in relation to its private equity funds throughout the investment cycle:



The ESG Policy is supported by guidance and tools that requires the BGH Capital investment team to undertake an assessment of risks of modern slavery throughout the investment lifecycle: when first assessing an investment, during the due diligence process, during the first 100 days of ownership and then ongoing quarterly monitoring and review to BGH Capital’s senior management.

Future actions

Ultimately, BGH Capital's goal is to leave businesses better than when it found them. This naturally requires a dedication to driving continuous improvement in all aspects of how its portfolio companies are managed, and extends to the identification, management and remediation of modern slavery risk.

Consequently, BGH Capital is committed to continually developing and improving its approach to modern slavery. To this end, over the course of FY 2022 and FY 2023, BGH Capital will seek to:

- Develop a stand-alone Modern Slavery Policy
- Develop and execute a modern slavery risk management program, which will include:
 - Providing further 'refresher' training to its people
 - Continuing to engage with its portfolio companies regarding modern slavery risk, including conducting a modern slavery roundtable involving participation by, and collaboration across all of its portfolio companies
 - Requiring its portfolio companies to implement formal modern slavery training
 - Requiring its portfolio companies to conduct a modern slavery risk assessment in respect of their business, put in place modern slavery risk management plans and to report to BGH Capital (via their respective boards) on key findings and actions taken
 - Ensuring all new material supplier contracts include provisions regarding the prevention of modern slavery and engaging with Tier 1 suppliers identified as being at high risk of modern slavery to encourage them to address and reduce modern slavery risks
 - Including modern slavery in its organisation-wide risk register and formalising its modern slavery risk issue escalation process
 - Deepening its dialogue and collaboration at a market-wide level regarding modern slavery. For example, engaging with its peers, investors and industry associations (e.g., ILPA) regarding modern slavery risk.

Assessing effectiveness

Given that the Trustee is in the early stages of reporting on modern slavery, it is difficult to assess the effectiveness of actions taken to date. The Trustee is satisfied that BGH Capital is developing its modern slavery framework and is committed to ensuring that modern slavery is addressed in its supply chain and throughout the investment cycle.

Effectiveness measures are being developed by BGH Capital and will include:

- successful completion of modern slavery refresher training to all staff and recording of such training;
- implementation of the standalone Modern Slavery Policy;
- formalising the modern slavery issue escalation process and ensuring modern slavery risk is captured in its organisation-wide risk register;
- ensure modern slavery considerations are included in new supplier contracts;
- undertake an evaluation of the supplier contract engagement and negotiation process;
- ensure the BGH Capital whistle-blower and employee grievance processes include a mechanism to report modern slavery concerns in BGH Capital's supply chain and operations functions.

Consultation

The Trustee, BGH Capital and other BGH Capital Group entities have shared information in respect of their supply chains operations risk assessments and activities, facilitated by the BGH Capital General Counsel who has implemented a framework for information sharing and collaboration among the BGH Capital Group entities and BGH Capital Fund's portfolio companies.

BGH Capital has engaged with its portfolio companies, reviewed their Modern Slavery Statements and is building collaborative partnerships to assess and address risks of modern slavery. BGH Capital will convene a modern slavery roundtable with its portfolio companies to improve consultation, raise awareness of modern slavery issues, and share relevant knowledge.

BGH Capital is at the early stages of its modern slavery reporting journey and is committed to developing its approach year on year. In doing so, it will work across its supply chain and with portfolio companies to mitigate, manage, and (where necessary) remediate the risk of modern slavery.

Approvals

This report has been approved by the board of directors of the Trustee on 22 December 2021 and signed by each of the directors of the Trustee:



Robin Bishop
Founding Partner

22 December 2021



Ben Gray
Founding Partner

22 December 2021



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22 December 2021

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