

BGH Capital

Modern Slavery
Statement
FY24



1. Introduction

BGH Capital Pty Ltd (BGH Capital) takes the need to manage, measure and report on environmental, social and governance (ESG) risks seriously, including modern slavery, human rights, and labour practices.

BGH Capital's policies includes behavioural expectations and principles that guide attitudes and activities across ESG areas, including addressing modern slavery risks in its operations and supply chains. Further, BGH Capital is well positioned to influence and initiate change regarding modern slavery risk management across its portfolio of investments.

BGH Capital is committed to reporting under the Modern Slavery Act 2018 (Cth) (the Act). As for prior reporting periods, this modern slavery statement (Statement) follows the mandatory reporting criteria, setting out:

- an overview of the BGH Capital business, including details of our structure, operations and supply chains, to provide context and background;
- the actions we have taken during the Reporting Period to assess potential modern slavery risks in our operations and supply chains; and
- the actions we have taken during the Reporting Period to address these modern slavery risks.

2. About BGH Capital and the BGH Capital Funds

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.

BGH Capital's team stands at over fifty team members, making it one of the largest private equity teams in Australia and New Zealand. BGH Capital partners with company founders and management teams in Australia and New Zealand to help them build and grow strong, sustainable market-leading businesses.

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 ("portfolio companies") with significant growth potential in Australia and New Zealand.

BGH Capital launched its first 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 I). BGH Capital Fund II was closed in FY22 with \$3.6 billion of committed capital. BGH Capital commenced deploying Fund II capital during the FY23 reporting period and continued to so across FY24.

For further detail please refer to: <https://www.bghcapital.com/>

3. Description of BGH Capital's structure, operations and supply chain

3.1 Structure and operations

The structure and operations of BGH Capital remain unchanged from the prior reporting period. BGH Capital is part of the BGH Capital group of companies. The core entities within the group are:

- BGH Capital Fund I and BGH Capital Fund II (collectively known as the BGH Capital Funds);
- BGH Capital Pty Ltd provides investment management and advisory services to the BGH Capital Funds.

These services are undertaken by BGH Capital investment professionals;

- BGH Capital Services Pty Ltd primarily conducts the operating activities and procurement arrangements for the group;
- BGH Capital Custody Services Pty Ltd provides custodial services.

The BGH Capital Funds generally hold a controlling, majority or significant stake in each portfolio company and are therefore well positioned to influence and initiate change regarding modern slavery risk management. BGH Capital has a formal and rigorous approach in place regarding the management of ESG considerations within each of its portfolio companies, which includes modern slavery, human rights, labour practices and other 'social' concerns. As part of this, BGH Capital collaborates with and supports its portfolio companies in managing and addressing ESG risks and opportunities.

3.2 Supply chains

The primary direct suppliers of the BGH Capital Funds are the Manager and other BGH Capital Group entities. The BGH Capital Funds' other direct suppliers are audit, tax agents and fund administration service providers predominantly based in Australia, Singapore and Hong Kong. As in previous reporting periods, there have been no material changes to BGH Capital's direct suppliers.

As for prior period reporting, given the role of BGH Capital as the Manager or Adviser of the BGH Capital Funds and that the primary direct suppliers of the BGH Capital Funds 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.

4. BGH Capital modern slavery risk assessment

4.1 Modern slavery risk assessment: BGH Capital's operations

The operations of BGH Capital primarily relate to the direct employment of investment and operations professionals and support staff. This team of over 50 people is employed directly by BGH Capital and primarily work from BGH Capital's offices in Melbourne. BGH Capital management has high visibility of employees (and their working environment) and has determined that there are no modern slavery practices within the Manager's direct operations.

BGH Capital is committed to ensuring compliance with all relevant laws, regulations and internal policies and seeks to foster a culture that goes beyond compliance. BGH Capital operates in a highly regulated environment and has robust policies and procedures concerning employment screening, employment conditions and appropriate workplace behaviour. These policies and procedures are periodically reviewed to further improve the employee experience. For example, during FY24 BGH Capital amended its parental leave policy increasing paid parental leave entitlements and expanded its Employee Assistance Program with a new service provider.

BGH Capital's policies and procedures apply across all employment types, are reviewed on a regular basis and are explained to staff through regular training. All staff are expected to abide by the spirit, as well as the strict requirements, of the Code of Conduct and applicable policies and procedures. These policies and procedures bolster BGH Capital's risk management across its operations, including labour-related risks.

4.2 Modern slavery risk assessment: Supply chains

BGH Capital's supply chain falls in two distinct categories:

1. **Professional advisory services core to the investment process procured by BGH Capital as Manager or Adviser of the BGH Capital Funds.** This relates mainly to the suppliers of professional and consulting services such as legal, tax, accounting and financial services. These services are predominately located in Australia and New Zealand, and the risk of modern slavery, within these jurisdictions, remains low.
2. **Goods and services used in the running of BGH Capital private equity firm.** Major expense categories include office facilities and management, other consulting (including recruitment and IT) services, information services, technology hardware and software and travel and hospitality expenses.

As outlined in BGH Capital's FY22 Modern Slavery Statement, BGH Capital, with support from an external specialist advisor identified three key risk areas in its supply chain; facilities, technology hardware and outsourced service providers.

Facilities

BGH Capital's office and facilities pose some of the higher supply chain risks given their nature (e.g. cleaning and security). The office at 101 Collins Street, Melbourne is owned and operated by a top-tier landlord from whom BGH Capital source facility services. BGH Capital has reviewed the landlord's most recent Modern Slavery Statements.

Further, in prior reporting periods, BGH Capital committed to engage in ongoing dialogue with the landlord to ensure appropriate risk management arrangements are maintained. Through this engagement, BGH Capital understands that 101 Collins Street achieved CAF ('Cleaning Accountability Framework') certification for their cleaners in FY24. CAF Certification is an independent assessment of a building's supply chain, seeking to improve labour standards in the cleaning industry in Australia. BGH Capital understands this to be a positive risk management activity actioned by this key service provider, and demonstrates 101 Collins' commitment to ongoing improvement, as they translated their FY23 commitment to reality within the year.

Technology Hardware

Electronic goods such as computer equipment often contain high risk commodities that are connected with child labour and forced labour. In FY24, BGH Capital retained the same three main direct suppliers in this category with spend at similar levels as in FY22 and FY23 respectively; less than 1% of total spend. In the FY22 reporting period, BGH Capital undertook further diligence in respect of these suppliers to satisfy itself that the suppliers have systems in place to manage modern slavery risks, notwithstanding their varying stages of maturity.

Outsourced Service Provider (IT Services and Hardware)

BGH Capital has maintained a managed services agreement with an existing third party for the provision of IT services across FY24. The supplier is an Australian privately owned company with operations located in Australia, New Zealand, India, Sri Lanka and the Philippines.

Geographically, India, Sri Lanka and the Philippines are considered higher risk countries. However, given the provider supplies high skilled labour and complies with more stringent, Indian labour law changes, modern slavery risk is considered moderate to low. Across FY24, BGH Capital undertook a procurement process to change outsourced IT services providers. A new supplier was selected and onboarded during the first half of FY25. The change in supplier has improved BGH Capital's modern slavery risk profile, as there is no reliance on offshore support beyond New Zealand, a country which presents lower risks of modern slavery in this industry vis a vis India.

4.3 Modern slavery risk assessment: BGH Capital portfolio companies

BGH Capital Funds are invested in ten portfolio companies as of FY24. These companies operate in diverse industries and face a variety of risks across Tiers 1, 2 and 3 of their supply chains. BGH Capital supports the ESG programs for all controlled portfolio companies.

Across FY24 no instances of modern slavery have been identified within BGH Capital portfolio companies' direct supply chains. One of BGH Capital's portfolio companies provided assistance to the Australian Federal Police (AFP) in relation to its investigation of concerns regarding modern slavery by a third party. The portfolio company supported the AFP to undertake its investigation (noting the

alleged instance was not caused, contributed to nor directly linked to its business), and used the learnings from this process in its modern slavery risk management framework. BGH Capital remains attuned to the risks of modern slavery and continues to work alongside portfolio companies to focus on continuous improvement in managing these risks, supporting lawful authorities as and when requested and appropriate.

Importantly, eight of BGH Capital's portfolio companies each prepare their own independent Modern Slavery Statement. A detailed view of each portfolio company's modern slavery risks, and management of these, is captured in their independent statements.

5. Modern slavery risk management at BGH Capital

This section of BGH Capital's Modern Slavery Statement outlines the FY24 actions taken to address and manage the potential risks of modern slavery in BGH Capital's operations and supply chain and as a Manager of BGH Capital's ten portfolio companies.

5.1 Actions taken to manage the risk of modern slavery within BGH Capital's Operations and supply chain

Existing policy settings

BGH Capital's existing policies mitigate the risks of modern slavery within the firm's direct operation.

BGH Capital's **Code of Conduct** requires the highest standards of ethical conduct as employers and as Fund Managers.

BGH Capital's **ESG Policy** has always included behavioural expectations and principles that guide attitudes and activities across environmental, social and governance areas including modern slavery. In FY24, BGH Capital updated its ESG Policy to holistically capture risks of modern slavery and explicitly align to the United Nations Declaration of Human Rights and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The policy commits to:

- promote the elimination of all forms of forced, bonded and compulsory labour, the effective abolition of child labour, child marriage and/or sex trafficking and the elimination of discrimination in respect of employment and occupation, and
- support fair treatment of all employees and contractors including respect for international labour standards, safe and healthy working conditions and responsible labour management.

BGH Capital's **Modern Slavery Policy**, introduced in FY23, has further formalised BGH Capital's commitment to managing modern slavery risks across the business' operations and supply chains. Employees' review of this policy within FY24's annual BGH Capital compliance processes served to refresh their understanding of the nature and management of modern slavery risks, including the role they play as Investment Managers.

Oversight and governance

As disclosed in prior year statements, modern slavery is managed and accounted for at the highest levels of BGH Capital. The BGH Capital Board is responsible for and has oversight of BGH Capital's

risk management framework, including management of modern slavery risk. The Head of the Operations Group and General Counsel, both Partners of the firm, are jointly responsible for ensuring BGH Capital manages and mitigates the risk of modern slavery and that all team members are aware of and understand the risks and internal practices and processes. BGH Capital's Chief Operating Officer and Director, Procurement Operations are responsible for embedding modern slavery considerations within procurement processes. In addition, the Investment Team is responsible for modern slavery considerations throughout the investment lifecycle.

Supplier risk assessment

In FY22, specialist counsel was engaged to assist with the supplier risk assessment, to ensure modern slavery risks were captured and addressed. Given continuity in BGH Capital's operations and supply chain the risk assessment remains unchanged.

Investment due diligence

Modern slavery considerations are explicitly included in BGH Capital's pre-investment screen phase of due diligence. This enhanced process continues to capture modern slavery risks within investment management and decision making, including a greater focus on the potential investment's value chain, and search for historical instances of modern slavery.

Diligence and contracting new outsourced IT service provider

In FY24, BGH Capital undertook due diligence on a new IT outsourced service provider in anticipation of contracting with this vendor. Through this process, BGH Capital understands that this vendor's workforce is based in Australia and New Zealand only, limiting former risk exposure across India, Sri Lanka and the Philippines. BGH Capital undertook a site visit as part of due diligence, obtained the business' ESG policies, and notes that they do not have a modern slavery policy. Modern slavery provisions have been included into the drafted contract. These demand: compliance with modern slavery and labour laws; the active undertaking of modern slavery risk management; and, that BGH Capital is notified if the provider becomes aware that there is a breach in modern slavery laws within its supply chain.

Renewed contract terms for other service providers

BGH Capital negotiates law firm master engagement agreements which require relevant firms to provide a modern slavery attestation further to the legal panel tender process requiring details of their modern slavery risk management frameworks. BGH Capital includes modern slavery clauses in its key lease agreement, IT managed services agreement and fit-out contract for its premises.

Internal education

BGH Capital has continued to deepen internal education on modern slavery through maintaining strong relationships with and seeking ongoing support from external experts.

5.2 Actions taken to manage the risk of modern slavery by BGH Capital for all of BGH Capital's portfolio companies

BGH Capital has continued to undertake a range of activities in FY24 to support the portfolio companies' to identify, understand and actively manage their modern slavery risks. Activities are outlined below.

Introduction of Modern Slavery clauses across portfolio companies' policy suite

In FY24, BGH Capital introduced a template portfolio company ESG Policy which was distributed to all controlled portfolio companies. This Policy sets out BGH Capital's minimum expectations for how its portfolio companies should manage their modern slavery risk frameworks, including in respect of labour standards, human rights and modern slavery. The template portfolio company ESG Policy explicitly reference UNDRIP, and remediation to be performed in alignment with the UN Guiding Principles of Business and Human Rights. This policy template has been provided to support portfolio companies to update and progress their current policies and commitments related to managing modern slavery risks, in FY24 or subsequent reporting periods.

BGH Capital's Modern Slavery Maturity Framework Assessments

As reported in prior periods, BGH Capital engaged external experts to assist the development of, and assessment against BGH Capital's Modern Slavery Maturity Framework. Each portfolio company received independent assessment against the Framework, alongside advice on how to strengthen their modern slavery program. Guidance provided in FY23 remains relevant and all portfolio companies continue to use the Framework and personalised roadmaps to guide next steps and improve their business' maturity.

BGH Capital's Modern Slavery Response and Remediation Guidance

Feedback from BGH Capital's portfolio companies identified a need for greater guidance on modern slavery response and remediation, leading to the development of Modern Slavery Response and Remediation Guidance. Prepared in line with the United Nations Guiding Principles on Business and Human Rights, this Guidance was drafted in FY23, then reviewed by external experts and finalised in FY24. BGH Capital distributed the Guidance to all controlled portfolio companies in FY24, with the encouragement to adopt and use this as required if and as alleged instances of modern slavery are identified within their business' value chain. The resource includes six steps of guidance from modern slavery identification, investigation, remediation, mitigation of future harms, and reporting and review processes. Further, it includes links to local agencies and organisations specialising in modern slavery support to provide practical advice when managing this issue.

Incident escalation and reporting

In FY22, an Immediate Incident Escalation and Reporting Policy was implemented for portfolio companies. Incidents are to be reported directly to the BGH Capital Board, including the identification of modern slavery within operations and/or supply chains. This policy remains operational and an expectation for all BGH Capital portfolio companies.

5.3 Actions taken to manage the risk of modern slavery by BGH Capital for specific BGH Capital portfolio companies

In addition to support provided across portfolio companies, BGH Capital has provided support to specific portfolio companies, as and where needed. Examples include:

- support and guidance to establish Working Groups, and once established, contribute to these working groups, to manage high risk items and identified issues, such as labour hire onboarding and governance;
- connection to expert counsel, when the need is identified, to provide issue and industry-specific guidance to the portfolio company;
- inclusion of modern slavery considerations into the assessment criteria of new supplier tenders, evaluation, and selection decisions, particularly for higher-risk categories, e.g. medical consumables;
- inclusion of modern slavery short-form clauses into portfolio companies' supplier contracts on an ongoing basis as contracts are commenced or renewed; across FY24 this often also included integration of modern slavery KPIs into new contracts to better measure and monitor suppliers' maturity managing this issue;
- ongoing engagement and specifically identified improvements, given involvement with the business, such as identifying channels through which to identify and investigate modern slavery concerns.
- reviewing and providing input to BGH Capital's portfolio companies' FY23 and FY24 Modern Slavery Statements.

6. Assessing the effectiveness of BGH Capital's actions

BGH Capital has a number of established methods to assess the effectiveness of its actions. As disclosed in FY23, these are necessarily both qualitative and quantitative in nature and will likely evolve in future reporting periods as the approach to modern slavery management and reporting progresses.

Qualitative

- **Annual Board reporting:** BGH Capital's Modern Slavery Statement is reported to the BGH Capital Board annually. This provides the Board and internal subject matter experts the opportunity to discuss and critically evaluate actions, effectiveness, and opportunities for improvement.
- **Education and feedback:** Whilst informal and qualitative, internal education levels and awareness of modern slavery risks provide a strong measure of effectiveness. Example indicators include: human rights considerations increasingly incorporated in BGH Capital procurement practices and legal contracting; feedback from portfolio companies' communicating the value of trainings, resources, and their future needs to enable maturation; identification of modern slavery risks for companies during diligence by BGH Capital's investment team; and instances of internal escalation of modern slavery risks.

Quantitative

- **Instances of modern slavery identified:** The number of instances of modern slavery identified is a clear quantitative measure of effectiveness. To date, no instances have been identified within BGH Capital’s operations (or those of its portfolio companies). Modern slavery risks are being identified and flagged by BGH Capital’s Investment team as part of investment due diligence, reflecting the efficacy of employee education and improvements in due diligence processes.
- **Investigations into higher risk areas of business:** The number of investigations into instances of suspected modern slavery can be used to assess effectiveness. More investigations reflects a more successful, well-resourced modern slavery program. Refer also to section 4.3 in respect of support for an AFP investigation into a third party.
- **Ethical Audit results, and progress:** Sedex Members Ethical Trade Audit (SMETA) results provides both qualitative and quantitative information to assess efficacy. The year-on-year comparison of the number of “non-compliances” and remediation of audit findings can demonstrate improvements. Two portfolio companies had a SMETA audit undertaken in FY24. BGH Capital will continue to monitor progress and results and SMETA audits will be utilised where considered appropriate.
- **Results of the BGH Capital Modern Slavery Maturity Framework:** As described in section 5.2, BGH Capital’s Maturity Framework has independently assessed the maturity of each portfolio company across nine criteria. Each portfolio company will be re-assessed every 24 months to understand, quantify and demonstrate modern slavery maturity progression.

7. Process of consultation

As in prior reporting periods, entities within the BGH Capital Group have shared information in respect of their supply chains, operational risk assessments, activities and plans to improve maturity in managing modern slavery risks. Consultation has been facilitated by the BGH Capital General Counsel, with support from BGH Capital’s ESG Associate and involved senior advisors and professional services firms. BGH Capital has proactively engaged in consultation with and collaborated with portfolio companies, some more extensively than others depending on risk assessments and program support required.

8. Future actions

BGH Capital welcomed the opportunity to collaborate with and support portfolio companies across the FY24 reporting period to deepen and continuously improve their approach to modern slavery risk management.

Future activities and next steps will be guided by BGH Capital’s Modern Slavery Maturity Framework (as explained in section 5.2), alongside additional education and feedback from the portfolio companies. In combination, this will further progress our portfolio companies’ focus and approach to assessing, mitigating and managing risks of modern slavery.

Future actions to progress BGH Capital’s modern slavery management in the next reporting periods include to:

- investigate options to support portfolio companies’ to mature their modern slavery risk assessments;

- periodically re-assess each portfolio company against the BGH Capital Modern Slavery Maturity Framework;
- encourage and support BGH Capital portfolio companies to adopt modern slavery clauses within their policy suite or adopt the portfolio company template ESG Policy, tailored for their organisation (if not already in place);
- continue to update BGH Capital’s master engagement agreements to mandate a modern slavery attestation for panel professional services firms (across 3-year rolling reviews);
- further review procurement processes of portfolio companies (where relevant) to identify and implement opportunities to improve modern slavery mitigation and controls;
- provide further collaborative opportunities across modern slavery identification, assessment, management and mitigation education at BGH Capital, and across the portfolio companies; and
- seek ongoing feedback on BGH Capital’s modern slavery program from portfolio companies to support continuous improvement for both BGH Capital and its controlled companies.

All future activities will be designed and implemented to contribute to reducing the prevalence and damaging impacts of modern slavery in both Australia and across global supply chains.

Approvals

This report has been reviewed and approved by the board of directors of BGH Capital Pty Ltd and signed by each of the directors:



Robin Bishop
Founding Partner
8 December 2024



Simon Harle
Founding Partner
8 December 2024



Ben Gray
Founding Partner
8 December 2024

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