BGF GROUP PLC

MODERN SLAVERY STATEMENT

Financial year ended 31 December 2022

Introduction

The Modern Slavery Act 2015 requires large commercial organisations operating in the UK to publish a slavery and human trafficking statement setting out the steps they have taken to ensure their business and supply chains are free from modern slavery.

This statement is made by BGF Group PLC in respect of itself and the following of its subsidiary undertakings (as defined in the Companies Act 2006): Business Growth Fund Limited, BGF Investment Management Limited, BGF Services Limited, and BGF Investments LP (together "**BGF**").

It is made in respect of the financial year ended 31 December 2022.

About BGF's structure and business

BGF Group PLC is the United Kingdom-based holding company of a group of companies involved in the management of multiple investment funds.

BGF provides long-term, patient capital that management teams use to execute their strategic plans. With a £2.7bn evergreen balance sheet BGF provides funding for growth and equity release via secondary share sales, typically making initial investments of between £2m and £15m in return for a minority stake.

To date, BGF has invested £3.5bn and has been recognised as the most active growth investor in the world (1), having backed over 500 companies since 2011.

As of January 2023, BGF had over 189 employees based in sixteen offices in the United Kingdom and Ireland.

Our commitment and policies

BGF is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or any part of its business and operates a zero-tolerance policy in this regard. BGF recognises the importance of the Modern Slavery Act as a tool in combating the widespread human rights abuses comprised in modern slavery.

We have a modern slavery policy to ensure employees are aware of the risks and steps to be taken in respect of modern slavery, alongside a number of other internal policies to ensure that we are conducting business in a transparent and ethical manner, including a recruitment policy, a code of conduct, an ethical standards policy and a whistle-blowing policy.

Being at the forefront of doing business the right way has always been a central part of the BGF model and it is for this reason that BGF became a signatory to the UN's Principles for Responsible Investing in 2020.

As part of our commitment to support portfolio companies in improving their ESG maturity, in 2022 BGF engaged an independent ESG ratings agency to analyse the performance of companies. This agency is a global provider of ESG services. They use a standardised methodology to undertake annual ESG health checks for the majority of the portfolio and provide gap analysis as part of diligence for all new investments (excluding quoted investments) since the beginning of 2022. Modern slavery is one of the areas covered in the agency's assessment.

BGF underwent a health check by this agency in 2022 and was rated "Excellent". BGF has also expanded its expertise of demand service by including E, S, and G topic experts.

Portfolio companies have been engaging with these experts via BGF to improve their overall ESG maturity as well as manage critical areas such as best in class labour practices.

If any issues are identified in relation to modern slavery, these will be dealt with by the Legal and Compliance teams in conjunction with our Head of ESG.

(1) Pitchbook 2021 Annual Global League Tables (which includes deals tagged as growth/expansion by Pitchbook).

Our supply chain and due diligence

During the year, we completed a review of suppliers with whom BGF spent over £15,000 in the financial year, focussing on the:

- nature of the services provided by the supplier; and
- geography of the supplier's services.

209 suppliers were considered in the review (out of an overall 626 suppliers with whom BGF transact) which involved the Compliance, Legal, HR, Finance, Marketing and Facilities functions and comprised one- to-one briefings and consultations.

Our supply chain consists principally of regulated professional advisers, individual consultants, financial services firms and providers of office-related goods and services.

Nearly all our suppliers are based in the United Kingdom (183 of those reviewed), with 24 based overseas. The location of those suppliers and the ranking of each territory on the Global Slavery Index (2) is set out below.

We endeavour only to use reputable suppliers. We are continually reviewing and enhancing the effectiveness of how we engage with our suppliers, which includes an assessment of the risks of modern slavery at the initial stage when onboarding new suppliers. We ensure that material suppliers are contractually obliged to comply with the provisions of the Modern Slavery Act.

As part of our commitment to ensuring we engage with reputable suppliers, in 2022 we put in place a Supplier Code of Conduct which includes standards relating to modern slavery and ESG (amongst other standards).

(2) The GSI rating 2018 ranks 167 countries from 1 (most incidences of slavery) to 167 (least incidences).

Territory	% overall spend	GSI Index ranking
United Kingdom	89.85%	132
Ireland	3.95%	147
United Arab Emirates	2.62%	148
USA	1.27%	158
Portugal	1.18%	120
Sweden	0.86%	152
Israel	0.10%	90
France	0.09%	136
Netherlands	0.08%	143

Assessment, management and effectiveness

Suppliers

Based on the review completed in 2022 and given the nature of our suppliers, we consider the risk of slavery or human trafficking within our supply chain to be low. We continue to assess this.

There are currently no known matters of concern in relation to BGF's supply chain.

Investments

BGF makes minority investments in UK and Ireland based businesses. Although our investments are not part of our supply chain and we do not have control over those businesses, we seek to ensure compliance with laws, including the Modern Slavery Act, through warranties at the time of our initial investment and compliance undertakings thereafter.

Under these portfolio companies are specifically required to comply with the Modern Slavery Act and report any concerns or suspicions regarding modern slavery.

A portfolio company's approach to managing labour practices in the supply chain is considered at the time of investment and annually thereafter at minimum. We ask that our portfolio companies engage with the independent ESG ratings agency (referred to above) who administer the relevant checks and verify the portfolio company's underlying policies and documents in line with industry best practice.

The agency provides recommendations to the portfolio company and also provides us with feedback on ESG related factors (including modern slavery). No instances of modern slavery were reported in the 2021/2022 reporting cycle. BGF also actively shares information on managing supply chain risks via thematic webinars with experts.

Furthermore, ESG and modern slavery considerations have been incorporated into our investment process to ensure these are explicitly considered as part of the investment decision. Two new processes launched in 2022 to further refine this process, as follows:

- ESG due diligence is carried out on proposed investee companies (with the independent ESG ratings agency as detailed above); and
- a pre investment screening tool is used by the investment team to consider the labour practices (including but not limited to any areas of concern) within the direct operations and supply chain of potential investee companies.

As we have BGF representatives sat on the board of many of our portfolio companies, any modern slavery issues raised at board level will be reported to the Head of Compliance and we have processes in place to ensure they are given appropriate consideration by BGF to ensure the portfolio company manages the situation in a timely fashion. In 2022 no such instances were raised.

People

Our recruitment processes are transparent and we have comprehensive vetting procedures in place, involving the use of external service providers, in relation to the hiring of new employees. We are therefore able to confirm their identities, their right to work in the UK and ensure that their compensation is paid directly into a personal bank account. All employees are paid above the UK's national living wage.

Training

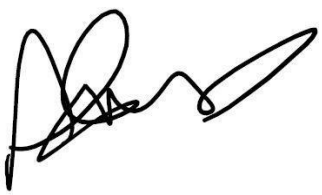
We provide our staff with training on a range of compliance matters, which includes their obligations under the Modern Slavery Act and test awareness of this through the annual compliance process. We also aim to increase awareness of these issues amongst those employees who sit on the boards of portfolio companies.

Priorities for 2023

During the course of 2023, BGF intends to:

- Review and update this statement
- Continue to evaluate the risk of modern slavery and human trafficking in any new suppliers. In order to ensure a consistent approach across the business, we are in the process of putting in place organisational wide due diligence requirements which will be embedded into an appropriate platform for efficient supplier onboarding
- Continue to pro-actively engage with our investee companies to understand the steps they have taken to comply with the Modern Slavery Act
- Evolve our approach to ESG and the portfolio and as part of that, reflect on further ways in which we can ensure that portfolio companies under our stewardship are complying with modern slavery requirements
- Review our existing policies and processes and refine as required by the upcoming Modern Slavery Bill
- Continue to train internally, including in relation to the upcoming Modern Slavery Bill

This statement was approved by BGF Group PLC's board of directors on 26 January 2023 and was approved by the boards of each of Business Growth Fund Limited, BGF Investment Management Limited, BGF Services Limited and BGF GP Limited (the general partner of BGF Investments LP) on 26 January 2023.



Andy Gregory
Chief Executive Officer, BGF Group PLC
26 January 2023