

# **VOLUNTARY MODERN SLAVERY, HUMAN TRAFFICKING AND LABOUR STANDARDS STATEMENT**

## **DATE OF PUBLICATION: 2020**

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (“**MSA**”). It covers the financial year ended 31 December 2020. It describes the commitment and steps taken by IP Group plc (the “**Company**”) to date to prevent modern slavery in its business and supply chains, as well as the steps intended to be taken by the Company over the next financial year. The statement applies to all subsidiaries of the Company whether incorporated within or outside the UK. The Company does not meet the thresholds under section 54 of the MSA however, given the importance of this issue, has elected to produce this statement on a voluntary basis.

## **STATEMENT IN DETAIL**

### **What is modern slavery?**

Modern slavery is a crime and a gross violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain.

### **Company’s organisational structure and supply chains**

The Company evolves great ideas, mainly from our partner universities, into world-changing businesses. The Company helps to create, build and support outstanding intellectual property-based companies. The Company’s group has over 100 employees (together with several contractors and temporary workers) and operates in the UK, US, Hong Kong, and Australasia.

The Company operates in low-risk industries and geographic locations; its supply chains consist primarily of partner universities, legal and tax advisors, consultants and IT service suppliers.

### **What is the Company’s approach to modern slavery and labour standards?**

The Company operates a number of internal policies to ensure that it is conducting business in an ethical and transparent manner, including an Anti-Slavery Policy, an Anti-facilitation of Tax Evasion Policy, a Sustainability and ESG Policy, an Anti-corruption and Bribery Policy, an Environmental Policy, an Equality, Diversity and Inclusion Policy and a Speaking Up Policy.

The Company is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its business or in its supply chains. The Board, assisted by the Audit and Risk Committee and the ESG Committee, has overall responsibility for the internal control and risk management and ESG compliance systems.

The Company expects the same high standards from all its contractors, suppliers and other business partners. The Company expects that its suppliers will hold their own suppliers to the same high standards. It is important to the Company that we only engage suppliers who

comply with all applicable laws including, but not limited to, those relating to human and labour rights (including forced labour, child labour and applicable employment, environmental, anti-corruption, fair competition and intellectual property laws). We detail our Risk Assessment and Due Diligence in this regard below.

The Company seeks to promote a working environment where workers are treated with respect, dignity and consideration.

The Company complies fully with applicable human rights legislation in the countries in which it operates, which includes upholding freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination. The Company has an Equality, Diversity and Inclusion Policy available on its website.

The Company has opted to pay the London Living Wage to its employees. The Living Wage is an hourly rate set independently and updated annually. It is calculated according to the basic cost of living using the 'Minimum Income Standard' for the UK. Decisions about what to include in this standard are set by the public; it is a social consensus. Employers choose to pay the Living Wage on a voluntary basis. Current levels for the Living Wage and details of how it is calculated can be found on the [Living Wage Foundation website](#).

Whilst the Company's investment portfolio does not fall within the ambit of section 54 MSA, the Company is nevertheless committed, where it has influence, to ensuring that the companies in which it invests are themselves committed to ensuring that there is no slavery or human trafficking in any part of their business.

In addition, in 2020 the Company created an Ethical Investment Framework to guide investment decisions into new opportunities and support and measure its portfolio companies' compliance and governance regimes.

## **Risk Assessment and Due Diligence**

The Company considers that the risk of modern slavery within its own business is low - almost all of its employees work in roles that are low risk e.g. office-based roles that require specialist training or qualification. The Company considers the risk of slavery or human trafficking is most likely to be found in its supply chain, although the risks within its supply chain remain low. The Company's supply chain generally involves regulated professional advisers (legal advisers, tax firms, accountants) and financial services firms (brokers). The Company's IT infrastructure and operational requirements are typically provided by services businesses who specialise in servicing financial companies and asset managers.

During the course of 2020, the Company conducted a risk assessment of its suppliers' modern slavery threat. This was based on an understanding of the services we receive, data from the Company's procurement systems and publicly available research into high risk factors. The risk assessment led the Company to review the MSA compliance of (i) its top 10 suppliers in 2020 (by value) and (ii) certain other suppliers which were deemed to be relatively high risk, whether by reason of the industry/sector or geographic location in which the supplier operates (or otherwise). This review covered 13 suppliers in total, representing 39.9% of the Company's suppliers.

This review involved the diligence of the policies and procedures each supplier has in place to combat modern slavery, human trafficking or human rights generally. We have found no evidence or indication of any modern slavery at any of our reviewed suppliers. However,

challenges and opportunities for further development were revealed, and we will address these in the course of 2021.

- All our reviewed suppliers have robust policies in place to combat modern slavery, save as set out below.
- One supplier has no relevant policy in place to combat modern slavery, on the basis that they do not meet the turnover threshold at which this is mandatory. We have followed up with this supplier to understand what relevant procedures they have in place and whether there have been any investigations, reports or concerns raised regarding their business or supply chains. The supplier confirmed that there have been no reports on concerns raised during 2020 regarding modern slavery in their supply chain.
- We will update our new supplier checklist in 2021 to include a confirmation from new suppliers that they comply in all respects with the MSA.

As part of the Company's initiative to identify and mitigate risk, the Company will continue to:

- identify and assess potential risk areas in supply chains;
- mitigate the risk of slavery and human trafficking occurring in supply chains;
- monitor potential risk areas in supply chains; and
- protect individuals who speak up where there are concerns about suspected wrongdoing or dangers (please see the Company's Speaking Up policy available on its website).

The Company's Speaking Up policy encourages employees to raise concerns about any issue or suspicion of modern slavery in any parts of the business or supply chains of any supplier tier and at the earliest possible stage. In 2019, the Company adopted a Speaking Up hotline and web reporting service, operated by an independent third-party provider. No reports relating to modern slavery were reported during 2020.

The Company aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. The Company is committed to ensuring that no one suffers any detrimental treatment as a result of reporting, in good faith, their suspicion that modern slavery, of whatever form, is or may be taking place in any part of the Company's business or in any of its supply chains.

## **Monitoring and Effectiveness**

The Company uses the following processes to monitor how effective it has been in ensuring human trafficking is not taking place in any part of its business or supply chains:

- use of labour monitoring and payroll systems;
- inclusion of anti-slavery compliance warranties and undertakings in relation to our Ethical Investment Framework in our standard form legal documentation for use when undertaking investments into portfolio companies; and
- level of communication and personal contact with the next link in the supply chain and their understanding of, and compliance with, our expectations.

## Further Steps

As a focus for 2021, the Company intends to take the following further steps to combat slavery and human trafficking in 2021:

- review the requirement for additional staff training. All staff are notified on an annual basis of the Company's stance on combating slavery and human trafficking;
- update its supplier due diligence checklist to include specific confirmations regarding compliance with the MSA;
- continue to review its key suppliers and any suppliers identified as higher risk areas of the Company's supply chain and undertake an assessment of compliance with the MSA;
- review the number of breaches reported using its Speaking Up policy and external hotline as regards human trafficking or modern slavery; and
- communicate the Company's zero tolerance to modern slavery to all suppliers, contractors and business partners at the outset of any business relationship with them and reinforce this message as appropriate thereafter, along with the addition of a confirmation relating to MSA compliance to our new supplier checklist as mentioned above.

The Company proposes to review, on an annual basis, the effectiveness of the steps the Company has taken to ensure that there is no slavery or human trafficking in its supply chains.

This statement was approved by the Board of IP Group plc on 16 December 2020.

**Signed:**



Greg Smith

Chief Financial Officer, IP Group plc

**Date:** 03/03/21