# Sustainability

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# A responsible approach

We aim to generate attractive returns across the cycle by behaving responsibly as an investor, an employer and a corporate citizen.

We employed only 223 people at 31 March 2025, and therefore our direct impact on the environment and other sustainability issues is limited. With assets under management of £38.7 billion, our impact on the environment and society is determined principally by our portfolio. We have a long-term, responsible approach to investment and aim to compound value through thoughtful origination, disciplined investment and active portfolio management, considering the consequences of our actions on stakeholders. This practice is built on our values, strong governance and robust processes, both at 3i itself and at its portfolio companies. This commitment has enabled us to build trust with our shareholders, co-investors and portfolio companies, and to recruit and develop employees who share our values and ambitions.

## Our reporting

We have chosen to report in accordance with the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") standards. Please refer to our website for the GRI content index and SASB disclosures. We also provide additional disclosures across a number of areas in our data appendix and in the summaries of relevant policies that are available on our website.

## Governance and resources

The Board of Directors is responsible for the oversight of the Group's sustainability strategy, approach and policies, including the Responsible Investment policy. It delegates day-to-day accountability for sustainability to the executive management and, in particular, the Chief Executive. The Chief Executive has established a number of committees that support him in overseeing and monitoring policies and procedures and that address issues if they arise. This includes a Sustainability Committee, which assists and advises the Chief Executive, directly and through the Investment and Group Risk Committees, on relevant sustainability risks and matters, including developing and proposing the Group's approach to managing sustainability. It also coordinates the Group's various sustainability activities, including the management of sustainability risks and opportunities across the portfolio.

We have several dedicated sustainability professionals, both at Group level, with a focus on the Group's overall sustainability strategy, objectives and reporting, and embedded within each of our Private Equity and Infrastructure investment teams, with a focus on the assessment and management of sustainability-related risks and opportunities within existing and potential portfolio companies.

## External benchmarking

We believe that it is important to evidence our commitment to operating sustainably. We therefore provide a wealth of relevant information to shareholders and other interested stakeholders. We also engage with multiple rating providers that assess our sustainability performance based on their own methodologies. The summary of our ratings is available on our website.

We have been signatories of the UN Principles of Responsible Investment since 2011.

**Page 101**
**Governance framework**

**GRI, SASB, Data appendix and summaries of sustainability policies**
**www.3i.com/sustainability**

**Further information on external ratings**
**www.3i.com/sustainability**

# Our sustainability strategy is defined by three key priorities:

## 1 Invest responsibly

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We give due consideration to the sustainability profile of portfolio companies before investing and throughout the holding period.

We use our influence with our portfolio companies to ensure that they consider their environmental and social impacts and dependencies and, where relevant, devise strategies to address them.

## 2 Recruit and develop a diverse pool of talent

Pages 52-55

Recruiting, retaining and developing our talent is a priority. We value diversity and believe that a variety of perspectives enhances our decision making.

## 3 Act as a good corporate citizen

Pages 56-57

We embed responsible business practices throughout our organisation, by promoting our values and culture.

1

# Invest responsibly

We believe that a responsible approach to investment aligns with our values and supports the delivery of attractive returns from our portfolio over the long term.

We have majority or significant minority holdings in our core portfolio companies and are represented on their boards. We exercise our influence to ensure that they consider their material environmental and social impacts and dependencies and, where relevant, support them in developing plans to mitigate sustainability risks and invest in value creation opportunities that may arise.

## Our investment approach is based on four pillars:

- Permanent capital and long-term stewardship
- Careful portfolio construction
- Active asset management
- Thematic origination

Page 14

The Sustainability Committee reviews how sustainability-related risks and opportunities are assessed throughout our investment and portfolio management activities and develops and recommends changes to our processes and to our Responsible Investment ("RI") policy, to ensure that they remain aligned with emerging best practice, evolving stakeholder expectations and recent and upcoming sustainability regulations across our markets.

## Our Responsible Investment policy

Our RI policy sets out the types of businesses in which 3i will not invest, as well as minimum requirements in relation to sustainability matters, which we look for new portfolio companies to either meet or commit to meeting over a reasonable time period. We screen all investments against the RI policy, irrespective of their country or sector. We monitor compliance with, and progress towards meeting, 3i's expectations on a regular basis.

### 3i's expectations as set out in the RI policy are to invest in businesses which are committed to:

**Good governance**

Implementing a strong corporate governance and risk management culture and complying in form and substance with established best practice in corporate governance, which is appropriate to the relative size and complexity of the relevant business and the markets in which it operates.

**Business integrity**

Upholding high standards of business integrity, avoiding corruption in all its forms and complying with applicable anti-bribery, anti-fraud, anti-money laundering and data protection laws and regulations.

**The environment**

A cautious and responsible approach to managing the environmental aspects of their business operations (and those of their supply chain) by making efficient use of natural resources and mitigating environmental risks and damage.

**Fair and safe working conditions**

Respecting the human rights of their workers and of the people working in their supply chain, maintaining safe and healthy working conditions for their employees, contractors and the people working in their supply chain, treating their employees fairly, upholding the right to freedom of association and collective bargaining, treating their customers fairly and respecting the health, safety and wellbeing of those affected by their business activities.

Our RI policy is reviewed regularly to ensure that it is aligned with 3i's strategic priorities and industry standards.

A summary of our Responsible Investment policy
www.3i.com/sustainability/responsible-investment

## Assessment and management of sustainability factors in our investment and portfolio management processes

The active management of sustainability risks and opportunities is integral to our investment, portfolio management and value creation processes. We embed an assessment of the long-term sustainability profile of existing and new investments in our processes. Once invested, we support companies as they develop strategies and respond to stakeholder expectations and we gather data to measure progress against sustainability objectives. This enables us to prepare companies ahead of any exit opportunity.

### Pre-investment →

#### Assessment and action planning

- Screen each opportunity against the requirements of the RI policy
- Identify and assess the most material sustainability factors relevant to each investment opportunity
- Commission specialist or technical due diligence on sustainability matters where appropriate
- Ensure sustainability considerations are reflected in Investment Committee materials
- Integrate key actions into the post-investment value creation plan

### During investment period →

#### Use of influence and engagement

- Establish robust governance and procedures within portfolio companies to ensure sustainability risks and opportunities are assessed and managed appropriately
- Use board participation and influence to ensure companies address relevant sustainability risks
- Provide a clear framework to guide companies as they mature and encourage year-on-year progress
- Leverage the 3i network and broader portfolio to facilitate introductions, share advisers' contacts and promote best practice
- Engage with companies as they develop sustainability strategies, supporting the implementation and delivery of related projects

#### Data collection and monitoring

- Collect sustainability data from portfolio companies annually to establish baselines and track progress over time
- Conduct detailed quantitative and qualitative sustainability assessments annually as part of the portfolio company review process
- Benchmark portfolio company performance in the context of the broader 3i portfolio
- Ensure sustainability is a standing agenda item in portfolio company review meetings, involving investment teams, Investment Committee members and 3i Board members
- Set and monitor progress against portfolio-wide sustainability objectives, aligned with the minimum requirements outlined in the RI policy

### Exit

#### Preparation and communication

- Anticipate and prepare the data collection, reporting and governance structures needed ahead of potential exit
- Collaborate with advisers to ensure relevant sustainability information is clearly and effectively communicated to prospective buyers

### Objectives

**Pre-investment:** The Investment Committee may decline opportunities where the pre-investment sustainability assessment highlights red flags that cannot be remedied post investment. Where appropriate, further specialist due diligence may be commissioned to evaluate whether specific issues can be resolved.

**Use of influence and engagement:** We use our influence to manage risk and ensure that value creation opportunities linked to sustainability are identified and captured.

**Data collection and monitoring:** We use data to strengthen our understanding and management of sustainability matters, to support decision making, identify key trends and opportunities across the portfolio and enable benchmarking. Data also helps us to comply with our reporting obligations.

**Exit:** Strong sustainability performance and management can protect and potentially enhance the value achieved in an exit.

In FY2025, we formalised and standardised our sustainability due diligence framework to ensure our approach is applied consistently for each new investment across business lines. This adaptable framework incorporates key sustainability topics aligned with 3i's strategic priorities, aiming to assess a company's sustainability maturity at the point of investment. This assessment helps to identify key expectations, risks and value creation opportunities, informing investment team decisions and supporting the development of targeted post-investment action plans. Following a comprehensive climate change scenario analysis conducted in FY2024, in FY2025 we implemented some changes to strengthen our climate risk approach by embedding physical and transition risk considerations into our due diligence framework. To support the consistent assessment and ongoing monitoring of climate-related risk and opportunities, we have now procured a specialist climate risk assessment software tool. During FY2025, we also advanced our understanding of key nature impacts and dependencies within our portfolio through a high-level assessment using open-source tools, identifying key nature hot spots that we would like to focus on in the future.

Building on the roll-out of our portfolio sustainability data collection tool in FY2024, we refined our annual sustainability assessment questionnaire to reflect evolving stakeholder expectations and 3i's strategic focus areas. For the first time, we produced individual benchmark reports for each portfolio company, offering comparative insights across the portfolio and practical actions to enhance sustainability maturity. We continued to offer training to our 3i staff, including our investment executives, on sustainability topics relevant to our portfolio and their roles as directors on portfolio company boards. In FY2025, we also provided dedicated training to employees and Board members on the science-based targets set by 3i and their implications for the portfolio.

**Pages 58-68**
**TCFD disclosures and climate change scenario analysis**

## Proactive engagement with our portfolio

Once invested, we use our influence to ensure that portfolio companies monitor sustainability factors and develop a proportionate sustainability strategy over the course of our ownership period. This involves taking actions, including:

- establishing board or management-level responsibility for sustainability, supported by appropriate resourcing;
- identifying and assessing material sustainability issues and devising strategies to address them;
- measuring their carbon footprint, setting science-based targets or appropriate decarbonisation plans, and demonstrating progress within a reasonable timeframe;
- establishing relevant and proportionate governance, sustainability-related policies and procedures, and reporting;
- preparing for and responding to evolving regulatory requirements; and
- considering stakeholders in their management of sustainability issues and communicating transparently.

We leverage our knowledge and expertise across our portfolio and facilitate the sharing of best practice, either through introductions to other companies or trusted advisers, or through forums on common themes which have historically included plastics, carbon and information security and digital innovation.

In FY2024, we strengthened knowledge sharing across our portfolio companies through our inaugural sustainability forum in Amsterdam, welcoming sustainability representatives from 30 of our Private Equity and Infrastructure portfolio companies. We are now organising a follow-up forum which will take place in June 2025.

Our activities involve both portfolio-wide engagement on topics that are material across the portfolio and to 3i as the investment manager, as well as one-on-one interactions with portfolio companies on topics that are material to them given their specific circumstances and level of sustainability maturity.

In FY2025, we focused our portfolio-wide engagement on a number of ongoing and emerging sustainability issues affecting our portfolio, including climate change, human rights across the value chain and upcoming sustainability regulations, such as the EU's Corporate Sustainability Reporting Directive.

On pages 45 to 48 we highlight a few examples of our engagement and the progress achieved by our portfolio companies on these topics. Additionally, we provide an update on some of Action's material sustainability topics on pages 50 and 51.

79%

**of portfolio companies with board or management team-specific responsibility for sustainability management and compliance[1]**

(FY2024: 69%)

54%

**of portfolio companies publish sustainability reports[1]**

(FY2024: 46%)

100%

**of portfolio companies report carbon emissions to 3i[1]**

(FY2024: 97%)

1 Excluding PPP project investments and some legacy minority and other minority investments where we have limited influence.

# Our sustainability focus areas for FY2025

## Human rights

### Upholding human rights across the value chain is a key aspect of responsible business and a priority for 3i as a responsible investor.

While our core investment markets in Europe and North America are generally considered to carry a lower risk of human rights violations, we recognise that many of our portfolio companies operate in or source from higher-risk geographies or sectors. As regulatory expectations evolve and consumer scrutiny increases, we are committed to supporting our portfolio companies in developing robust processes to identify, manage and remediate potential human rights issues.

To support this objective, in FY2025 we launched a proprietary human rights framework, developed in collaboration with external specialists. The framework provides a structured, practical approach to 3i and our portfolio companies for identifying and assessing human rights risks across direct operations and supply chains. It is designed to be adaptable to businesses of different sizes and levels of maturity, and guides companies towards proportionate, risk-based actions. The framework aims to enhance regulatory readiness, strengthen supply chain resilience, and enable portfolio companies to meet growing stakeholder expectations.

### Health and safety

The health and safety of portfolio companies' employees, as well as that of others impacted by our portfolio companies, is a key priority for 3i, particularly for our Infrastructure portfolio, where the nature of operations typically leads to heightened risks in this area.

In the Infrastructure portfolio, each portfolio company board is responsible for overseeing health and safety. Incidents are reported and discussed during board meetings, while serious incidents are immediately escalated to 3i, with updates monitored as needed. We encourage companies to set leading and lagging health and safety indicator targets and monitor performance monthly. Annual metrics are captured through our annual sustainability assessment. Where results indicate a negative trend, the issue is followed up with the management team.

In addition to reporting, and to support 3i's team to be effective directors on the boards of portfolio companies, training was provided to the team focused on mitigating the risk of serious incidents. In December 2024, the Infrastructure team participated in immersive, in-person training, which included a practical workshop on safety leadership, with a particular emphasis on effective communication. Following the training, new internal processes were introduced to ensure the effective sharing of lessons learned, promoting continuous improvement across 3i's Infrastructure team.

### MPM is an international leader in branded, premium natural pet food, headquartered in the UK.

The company partners with a small number of long-term manufacturing suppliers, many of which have worked with MPM for over 16 years. These long-term relationships underpin strong understanding and oversight across the supply chain.

MPM has built its supply chain processes around quality, transparency and resilience. All raw materials can be traced to source within four hours, and dual sourcing is in place for all products to mitigate potential risks. Product safety and quality are key priorities, with clear supplier standards and regular audits performed.

In 2022, MPM formally integrated sustainability expectations into its supplier requirements. Its Sustainable Procurement Policy outlines criteria for supplier selection and evaluation, covering environmental and social considerations. These are monitored through bi-annual reviews, supplier self-assessments and additional specific sustainability questionnaires. All suppliers commit to a four-year agreement that includes adherence to MPM's Supplier Code of Conduct, with defined expectations around sourcing, subcontracting, certification and human rights.

To strengthen this further, MPM launched a dedicated human rights workstream in 2024. Supported by a specialist third party, the business undertook a Human Rights Due Diligence Assessment across its supply chain. This included a risk assessment, a diagnostic of current practices and a review of existing supplier relationships. The process also helped build internal capability by equipping key staff with knowledge of best-practice ways to identify and manage risks as the business grows.

Looking ahead, MPM has established a human rights and environmental due diligence policy, is developing a proprietary supplier scorecard across environmental and social areas, and will roll out targeted human rights training to a broader group of employees in 2025.

mpm

Read more
www.mpmproducts.co.uk

# Climate change and decarbonisation

## The impact of climate change is a material topic for 3i and many of our portfolio companies. It has the potential to affect long-term value through evolving regulatory requirements, shifts in consumer preferences and stakeholder expectations to address carbon and broader environmental footprints.

We recognise that understanding and managing climate-related risks and opportunities is an important factor in preserving and enhancing value across our portfolio. Despite the ongoing political differences on the subject, and diverging regional approaches, most decarbonisation targets in our markets remain in place. The UK increased its decarbonisation targets in January 2025 and the EU has referred to decarbonisation as a driver for future competitiveness.

We also believe that there is commercial momentum behind decarbonisation strategies, and that the private sector will play a central role in the transition to a low-carbon economy.

The approval of 3i Group's science-based targets in 2024 reinforced our commitment to reducing emissions in our own operations, while also supporting portfolio companies to measure, manage and reduce their emissions in line with climate science. This was a key focus area in our portfolio engagement activities during FY2025, which led to the validation of several of our portfolio companies' science-based targets during the year:

- Action, our largest portfolio company, set SBTi-validated near-term emissions reduction targets in 2025. Further detail on these targets and the progress achieved can be found on pages 50 and 51.
- Since its establishment in 2021, ten23 committed to reducing its Scope 1 and 2 emissions by 50% by 2025 on a revenue intensity basis. The company delivered a 57% reduction in Scope 1 and 2 emissions intensity in the three years to 2024 driven by the use of 100% renewable electricity and by energy efficiency improvements. In October 2024, ten23's near-term and net zero emissions reduction targets received validation from the SBTi. The company has now committed to reducing absolute Scope 1 and 2 emissions by 42% by 2030 (from a 2023 baseline) and to achieving a 90% reduction in Scope 1, 2 and 3 emissions by 2050.
- Belfast City Airport set an SBTi-validated target, committing to reduce its Scope 1 and 2 emissions by 42% by 2030 (from a 2022 baseline). Belfast City Airport has been working to reduce its GHG emissions for a number of years, measuring and reporting its carbon footprint since 2017 and participating in the Airports Council International's Airport Carbon Accreditation programme since 2019, with a current Level 3 'Optimisation' accreditation. In addition, Belfast City Airport is committed to measuring and working to reduce Scope 3 emissions where possible.

**Invest responsibly** continued

A number of companies had already set validated science-based targets prior to FY2025, and are beginning to demonstrate decarbonisation progress in line with these:

- BoConcept achieved a 52% reduction in Scope 1 emissions during FY2023/24 by investing in a new central heating system and phasing out the use of natural gas at its Ølgod manufacturing facility. While its Scope 2 emissions increased due to the shift from gas to electricity, the company has delivered a 32% reduction in combined Scope 1 and 2 emissions since its baseline year, FY2019/20, outperforming its initial SBTi target of a 25% reduction by 2030. BoConcept is now in the process of completing a comprehensive measurement of its Scope 3 emissions, covering raw materials, suppliers, product use and end-of-life disposal.
- In 2024, Ionisos reduced its GHG emissions in line with its science-based target, in spite of increased activity at two new plants. These reductions were achieved through the procurement of renewable electricity and improved monitoring processes, which led to a decrease in greenhouse gas leakage during operations.

The remainder of our portfolio is at varying stages of decarbonisation maturity. Our overall portfolio position is summarised using the Private Markets Decarbonisation Roadmap ("PMDR"), set out on page 66 as part of our TCFD disclosures.

Several of our portfolio companies are exploring ways to offer lower climate impact products or services, or to support the decarbonisation efforts of their customers:

- BoConcept has introduced lower-impact products into its range, including traceable, chrome-free leather, recycled and certified materials such as Forest Stewardship Council-certified wood and EU Ecolabel and GreenGuard Gold fabrics, and has calculated product-level carbon footprints for over 50% of its collection as part of its Scope 3 emissions measurement.
- Scandlines has confirmed plans to convert two of its four passenger vessels to plug-in hybrid ferries on the Puttgarden-Rødby route. Once converted, 80% of the power needed for a crossing will be provided by batteries charged in ports. This is a key milestone in the delivery of Scandlines' target of becoming operationally emissions free on this route in 2030, and at a group level by 2040.
- In January 2025, TCR was selected to deliver the world's first all-electric pool of ground support equipment at JFK International Airport's new Terminal One, scheduled to open in 2026. In addition to the environmental benefits, TCR will collaborate with local communities and partners to deliver the project, fostering a diverse workplace and creating around 50 local jobs, including roles for electric ground support equipment maintenance technicians.
- Future Biogas announced the opening of the UK's first unsubsidised biomethane plant in February 2025. The plant will supply 100 GWh of renewable energy annually to AstraZeneca UK. This is equivalent to 20% of AstraZeneca's total gas consumption, displacing approximately 18,000 $tCO_2e$ per year. The plant will provide clean biomethane for all of AstraZeneca's R&D and manufacturing in the UK, supporting the sustainable production of medicines.

# Sustainability regulations

## Many of our portfolio companies are becoming subject to new and rapidly evolving sustainability regulations.

These regimes increasingly cover sustainability matters, as well as enhanced sustainability-related disclosures. We work closely with our portfolio companies to help them stay abreast of relevant regulatory developments, understand the potential implications for their operations and financial planning, and ensure timely compliance.

Ahead of the publication of the EU Omnibus Simplification Package in February 2025, a significant proportion of 3i portfolio companies anticipated falling within the scope of the EU Corporate Sustainability Reporting Directive ("CSRD"). As a result, a great deal of our sustainability engagement in FY2025 focused on supporting companies in preparing for compliance with this regulation for the first time.

Following the publication of the EU Omnibus Simplification Package, and in recognition of the onerous nature of the CSRD regulation, the European Parliament has approved a two-year postponement of the CSRD. This package may also result in the regulation applying to fewer of our portfolio companies, although the full implications remain subject to European legislative approval. In response, companies are currently reviewing the most appropriate course of action, taking into account their specific circumstances. For those that remain in scope, the extended timeline provides headroom to continue building readiness for this important regime.

In compliance with the regulation, over 50% of portfolio companies subject to CSRD before the EU Omnibus Simplification Package simplification have now completed a double materiality assessment ("DMA"), with several using the process as an opportunity to engage with a broad range of stakeholders, including customers, finance providers and employees. Through our sustainability data collection exercise, we were able to gain insights into the sustainability topics most commonly identified as material through these assessments. These included portfolio companies' own workers as well as workers in their value chain, climate change, pollution, business conduct, and resource use and circular economy.

3i's engagement on CSRD readiness has included:

- supporting companies with their DMAs and data gap analyses;
- assisting in the identification of appropriate reporting tools and advisory support; and
- helping scope CSRD implementation projects.

In September 2024, we hosted our third portfolio-wide session focused on CSRD readiness, supported by a specialist adviser. During the session, portfolio companies Royal Sanders and BoConcept shared first-hand experiences of undertaking DMAs, while the adviser addressed common challenges and frequently asked questions raised in advance. This webinar followed two earlier forums held on this topic in 2023 and 2024, reflecting our ongoing engagement and support on this key regulatory topic.

We also supported our portfolio companies on a case-by-case basis for their specific regulatory requirements.

## Sustainability risks in our portfolio

Through our pre-investment assessment and subsequent monitoring and engagement, we have identified a number of key sustainability risks that our portfolio companies are exposed to. These, together with applicable mitigating actions, are summarised in the table below.

| Key risk | Mitigation |
|---|---|
| **Climate change**<br>Risk of financial or operational losses due to the physical impacts of climate change or to the transition to a low-carbon economy | Climate-related risks and mitigation strategies are addressed in our report on portfolio company engagement activities (pages 46-47) and detailed further in our TCFD disclosures (pages 58-68). |
| **Human rights**<br>Risk of adverse human rights impacts arising from the actions or operations of portfolio companies or their supply chain | 3i's approach to human rights, set out in our RI policy, includes a commitment not to invest in businesses which we consider unethical, including those that do not respect workers' rights.<br>Examples of engagement and mitigation activities are described on page 45. |
| **Occupational health and safety**<br>Risk of injury or harm to employees and contractors due to inadequate health and safety practices | The safety and wellbeing of employees across the portfolio is a priority. We monitor health and safety data through our sustainability assessments and incidents are recorded on our central risk register. We support companies in maintaining robust policies and procedures, and in setting up clear board-level oversight, appropriate incident management and adequate resourcing for to this area.<br>Examples of engagement and mitigation activities are described on page 45. |
| **Environmental and social regulation**<br>Risk that evolving sustainability-related regulations or sudden directional changes could impact the operational or financial performance of portfolio companies | We ensure that portfolio companies stay informed about relevant regulatory developments, assess potential impacts, and prepare for compliance.<br>Examples of engagements activities are described on page 48. |
| **Cyber security**<br>Risk of disruption, data loss or financial impact from cyber attacks or data breaches | We consider cyber resilience as a key component of good corporate governance for our portfolio companies. We conduct an annual assessment of portfolio company cyber maturity which identifies appropriate remediation actions, and discuss the findings with management teams. We encourage the sharing of best practice between portfolio companies and held a CTO forum for portfolio companies in FY2025.<br>More information on how we manage portfolio cyber risks can be found in the Risk section, on page 93. |
| **Fraud**<br>Risk of financial loss due to fraudulent activity by internal or external actors | Fraud risk is monitored through our investment and portfolio management processes. We seek to ensure that portfolio companies have adequate governance structures and resources to manage this risk. Fraud incidents are logged and shared among investment teams. |
| **Sanctions**<br>Risk of legal or reputational harm arising from violations of economic sanctions imposed by international bodies or individual countries | 3i's policy is to comply with all applicable UK and international sanctions, both directly and in relation to its investment activities. Adherence to our sanctions policy is monitored by the compliance team. |
| **Changing consumer preferences**<br>Risk that companies may lose relevance if they fail to adapt to evolving expectations from consumers | We encourage portfolio companies to understand their material environmental and social impacts and respond to shifting market developments and customer or consumer preferences, by adapting their commercial offering to meet stakeholder expectations. |

# Action's sustainability progress

Action believes that it is possible to continue to offer its assortment at the lowest price, while continuing to invest in the quality and sustainability of its products. Its comprehensive Action Sustainability Programme is structured around four pillars: people, planet, product and partnership. It sets out Action's ambitions on the development of its people, on climate, on the sustainability and quality of its products, on ensuring minimum social and environmental standards in its supply chain and on community partnerships.

Since we became a long-term shareholder in Action in 2011, we have supported it as it has developed its sustainability strategy. Action performed its first double materiality assessment in 2023 and updated it in 2024, identifying eight material sustainability topics. We will cover progress on two of these in this section. Please refer to the Action Update 2024, linked below, for more detail on these and other material topics.

## Progress on material topic: energy and emissions

Since establishing its emissions baseline in 2021, Action has focused on opportunities to reduce its operational footprint, while delivering strong growth in its network of stores and distribution centres. A key milestone was achieved in February 2025, when the SBTi validated Action's near-term emissions reduction targets for Scopes 1-3.

Action has committed to reducing Scope 1 and 2 emissions by 60% by 2030, from its 2021 baseline year. To date, the company has already achieved a significant proportion of this target, whilst opening 935 new stores in the same period, with a 51% reduction delivered through disconnecting all stores from gas (excluding 67 stores that use externally provided heating), transitioning to 90% renewable electricity across sites, adopting energy efficiency measures such as LED lighting and smart meters, and installing solar panels at seven out of its 15 distribution centres. In 2024, Action also switched to renewable diesel (HVO 100) for its owned trucks. Going forward, all new distribution centres will be gas-free and built with the ambition of achieving the "outstanding" BREEAM certification. On the back of strong performance to date, in 2025 Action will formally increase its ambition for Scope 1 and 2 emissions reduction from 60% to 75% by 2030. The company is on track to meet this ambitious target, taking into account the planned increase in the number of Action stores and distribution centres in the coming years.

The company calculated its Scope 3 emissions for the first time in 2023, illustrating that these emissions account for most of Action's total carbon footprint (99.8% for 2024). To address this, Action has committed to ensure that suppliers responsible for 80% of its emissions set their own science-based emission targets by 2029. To make progress towards this target, Action will launch an engagement programme for supplier in 2025, providing support where needed, with an initial focus on suppliers with the highest emissions. Action has also put in place agreements with its most significant ocean freight carriers to use eco-fuels for shipments from Asia to Europe. In 2024, these eco-fuels reduced emissions by 42,495 tonnes of $CO_2e$.

## Progress on material topic: responsible sourcing

Action takes responsibility for ensuring that workers in its supply chain have a safe working environment where their human rights are respected, and suppliers are required to acknowledge Action's Ethical Sourcing Policy, which sets out minimum standards in areas such as forced labour, health and safety, pay and working rights.

Action is committed to full value chain transparency by 2030, to meet its objective of knowing where its products are manufactured and by whom. The company's current priority is to achieve 100% transparency for all final producers of products excluding A-brands in 2025 (99% of private label achieved in 2024), and aims to extend this to all white-label products by the end of 2025.
Action requires all its suppliers sourcing from one or more risk countries to be members of amfori BSCI (Business Social Compliance Initiative) in order to demonstrate their commitment to social compliance and transparency in value chains. Additionally, all factories in high-risk countries are required to have a valid social compliance audit report.

Action has an ongoing programme of supplier assessments, including full and repeat audits, as well as spot checks. It also provides the 'speak for change' whistleblowing programme, which resulted in the uncovering of a number of violations in the year, most of which were fully remedied, with the remainder in the course of resolution.

Pages 20-23
Action

Action Update 2024
www.action.com


Absolute reduction of Scope 1 and 2 $CO_2e$ emissions vs 2021

51%

**Invest responsibly** continued


Sustainably sourced cotton, timber and cocoa[1]

100%

Factories in risk countries covered by assessments

95%

1 Excluding A-brands.

2

# Recruit and develop a diverse pool of talent

Our people are our most valuable asset. Recruiting, retaining and developing talent is therefore our priority.

Our recruitment, promotion and reward processes are based solely on merit. As an equal opportunities employer, we prohibit all forms of discrimination.

We foster an open and non-hierarchical culture and provide an inclusive and supportive working environment with opportunities for training and career development. We promote the physical and mental well-being of our employees. We value diversity and believe that a variety of perspectives enhances our decision making.

223

**employees**[1]
as at 31 March 2025

22

**nationalities**
as at 31 March 2025

1 Global employee headcount.

## Diversity, equity and inclusion strategy and initiatives

We cultivate an inclusive environment for existing and prospective employees, which respects, involves and leverages diverse talent for greater organisational good. Our primary focus is to hire the best people based on merit. Gender and ethnic diversity, as well as diversity of thought, perspective and background are also important.

We have made reasonable progress in enhancing diversity within our organisation across a number of senior investment and non-investment roles. We aim to continue to improve diversity within our ranks by considering diversity in all recruitment processes. We do not have any formal diversity targets, as it is not feasible for us to implement any in light of the small size of our organisation, as well as our low turnover and recruitment volumes. We recognise, therefore, that achieving better diversity for us will continue to be an incremental journey over many years, and we aim to build on our progress with a number of initiatives.

Our Diversity, Equity and Inclusion ("DE&I") steering group, chaired by our Chief Human Resources Officer and with members drawn from across the organisation, continues its discussions on potential initiatives to improve our performance in this area.

During the year, we started the third cohort of our Leading with Impact Programme, through which we encourage leaders to reflect on personal and group biases, with the objective of gaining insights into how these influence their everyday behaviours and decision making. To date, 22 senior team members have taken part in this programme.

Our internal mentoring programme remains active and contributes to our DE&I efforts, by ensuring that mentees receive personalised guidance aligned with their individual needs and career aspirations. Our mentors undergo training in bias awareness and inclusion, building their DE&I knowledge, skills and confidence. This programme is open to all employees across all geographies and levels of seniority and supports our wider goal of creating a diverse pipeline of talent, based on the principles of merit, fairness and equity.

We place great importance on diversity of thought and perspectives. Recognising its significance, we have been evaluating our individual and team dynamics to enhance effectiveness and foster inclusivity. Having performed the Myers Briggs Type Indicator assessment across the organisation in previous years, we continue to run the assessment sessions for new joiners. The assessment is one of the most widely used tools for understanding normal personality variations and a great instrument to help shape the professional development of individuals and teams.

Our Equal Opportunities and Diversity and Global Recruitment and Selection policies provide that all 3i employees, contract workers and job applicants must be treated fairly and be offered equal opportunity in selection, training, career development, promotion and remuneration. These policies are available to all employees through the internal employee portal. No incidents of discrimination were reported in FY2025.

Read more
www.3i.com/sustainability/sustainability-policies

**Recruit and develop a diverse pool of talent** continued

## Gender diversity

We recognise the importance of achieving better gender diversity at 3i and believe we are moving in the right direction over time, within the constraints of a small organisation with modest staff turnover. Of the 18 new hires we made during the year, nine were female and nine were male[1].

As at 31 March 2025, 3i's total of 223 employees was broken down as follows, based on biological sex[1]:

| | Female | Male | Total |
|---|---|---|---|
| 3i employees | 88 | 135 | **223** |
| Senior managers[2] | 5 | 20 | **25** |

1 Note that we refer to "female" and "male" when discussing biological sex and to "women" and "men" when discussing gender. The information of biological sex is gathered through employees' legal documents shared with us.

2 Senior managers include Simon Borrows, James Hatchley and Jasi Halai, our Chief Executive, Group Finance Director and Chief Operating Officer, who are also Board members. This disclosure is based on the criteria set out in Section 414C of the Companies Act 2006. This data is different to the data provided for the FTSE Women's Leader review which defines senior management as Executive Committee members and their direct reports (excluding personal assistants and administrative staff). Using that definition, out of 58 senior managers, 16 were female while 42 were male as at 31 October 2024.

Gender diversity has long been a challenge in the investment industry. According to the BVCA and Level 20 Diversity & Inclusion Report 2023, there have been positive developments, but progress towards gender parity remains slow across the industry: women made up 40% of the UK private equity and venture capital workforce in 2022 (38% in 2021), but only 24% of UK investment team professionals (20% in 2020). Slow progress towards gender parity has been largely attributed to: (i) a narrow talent pool, as typical feeder industries (such as investment banking, accounting and consulting) remain male-dominated, particularly at more senior levels; (ii) other pipeline issues related to gender imbalances in graduate talent with finance, economics and STEM degrees; (iii) a perception of poor work/life balance, both in the investment industry and feeder industries; (iv) a lack of relevant role models; and (v) the perception of a male-dominated culture.

Achieving better gender diversity in our industry will take many years and will require action on multiple fronts, including early-stage education and advocacy efforts in schools and universities, alongside proactive measures by investment firms to enhance recruitment practices, promote flexible working and improve parental support policies. Our HR team periodically reviews our employment polices to ensure they are competitive and compliant with local practices.

We continue our contribution to industry-wide work and advocacy on gender parity through a number of industry associations and by participating in forums and initiatives that promote the advancement of women in the investment sector. 3i is a member of Level 20 in the UK and part of Synergist Network, a US national network of women in investing, focused on connecting women in the first decade of their investing careers and providing them with the infrastructure and network to support long-term success.

We have also signed up six employees to join this year's "Executive Leaders" and "Rising Leaders" Programmes with WeQual, a global, peer-led community for large organisations seeking to support, connect and develop their women leaders.

## 3i is an official sponsor of Level 20

Level 20 is a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry. It is sponsored by over 120 private equity firms. Its ambition is for women to hold at least 20% of senior positions in this industry. Level 20 works to empower women who already work within the industry, encourage new talent to join and provide leadership teams with insight and best practice solutions to help them address current gender imbalances within the industry and their firms. Its mission and goal are underpinned by five key initiatives:

- Mentoring and development
- Advocacy and sponsor support
- Networking and development events
- Outreach and internships
- Research

**Read more**
**www.level20.org**

## 3i participates in the GAIN Empower Investment Internship Programme (in partnership with Level 20)

GAIN's (Girls Are INvestors) mission is to empower and educate the next generation of investment professionals by providing a platform for learning, development and networking. GAIN champions gender equality and strives to equip young women and non-binary students with the knowledge, skills and resources necessary to succeed in the world of investment management. Through their events, programmes and community, GAIN aims to foster a culture of continuous learning, growth and innovation in the investment industry. Among the initiatives managed by GAIN is a summer GAIN empower investment internship programme, open to women and non-binary students across the UK, that gives the opportunity to learn about and gain experience in investment management during a summer internship. 3i was one of 99 firms participating in the 2024 summer internship programme, taking on three interns for paid internships. We will renew our participation in the scheme with two further interns joining 3i's investment teams for paid internships in the summer of 2025. In addition to the internship programme, a number of our employees are taking part in the GAIN one-to-one mentoring programme, both as mentors and mentees.

**Read more**
**www.gainuk.org**

**Read more**
**www.3i.com/sustainability/sustainability-policies**

**Recruit and develop a diverse pool of talent** continued

## Ethnic diversity

We believe we have made some progress with the representation of ethnic minorities through all ranks of the organisation, including at Board level, where now two out of 10 directors are from an ethnic minority background. We recognise, however, that there is more to do.

We publish some limited statistics on employee ethnic diversity, in our data appendix, available on our website. This data is partial for a number of reasons, including legal restrictions in certain countries on the collection of this data and that where we have been able to conduct staff surveys on a range of diversity factors (namely in our UK and US offices) survey responses were voluntary, and a significant proportion of employees declined to respond.

We are committed to advocating for better representation of ethnic minorities in our industry and, since 2021, have been participating in the 10,000 Black Interns programme (formerly #100BlackInterns) organised by the 10,000 Interns Foundation.

### 3i participates in the 10,000 Black Interns programme by the 10,000 Interns Foundation

3i has partnered with the 10,000 Interns Foundation since it first organised internships in the summer of 2021 to help transform the horizons and prospects of young black people in the UK. The 10,000 Black Interns programme began in 2020 with a focused ambition: to provide 100 aspiring Black interns with valuable experience within the Investment Management industry. The success of this initial effort inspired a more ambitious vision – to create 10,000 internships across all industries throughout the UK by 2026. The initiative has partnered up with firms across 35 sectors, delivering internships across a range of business functions. Since its launch, the programme has garnered great support with approximately 1,000 companies offering internships to black students in the UK, as a way of attracting a more diverse range of talent to their sectors. We welcomed two students for a paid internship in our investment teams in the summer of 2023 and one in 2024. We look forward to welcoming two students for a paid internship in 2025.

**Read more**
**www.10000internsfoundation.com**

## Employee engagement

We encourage a collaborative culture, ensuring open communication between employees and senior management. As a small organisation, we operate a relatively flat structure with few hierarchies, which facilitates direct interaction and accessibility. In addition, our Executive Committee maintains an open-door policy, encouraging dialogue at all levels. We welcome feedback from employees to senior management through informal conversations and more formal forums, including regular team meetings, as well as through the annual appraisal process. Managers throughout 3i are expected to keep their teams informed of developments and to communicate financial results and other matters of interest.

Additionally, we organise regular conferences for our Private Equity, Infrastructure, Professional Services and global support teams to review progress against our strategy, align our goals and discuss future plans in an open and relaxed setting with all employees involved.

The Board of Directors typically holds two of its meetings every year in our international offices, of which one is in our Amsterdam office, in recognition of the importance of our investment in Action. This provides an opportunity for non-executive Directors to meet the local teams, often in a more informal setting. In FY2025, the Board held meetings in our Frankfurt and Amsterdam offices, as well as in London. The non-executive Directors also have other opportunities to engage with employees, for example by attending our semi-annual portfolio company reviews. These important meetings provide the non-executive Directors with an insight into how our investment business operates and into our culture. Employees also enjoy this opportunity to interact with the Board.

At 3i, we actively encourage and facilitate employee share ownership through variable compensation and share investment plans. The engagement and the sense of ownership we have fostered over the years are reflected in low employee turnover rates.

| | **FY2025** | FY2024 | FY2023 | FY2022 | FY2021 |
|---|---|---|---|---|---|
| Participation in UK SIP[1] | **89%** | 90% | 87% | 89% | 88% |
| Voluntary employee turnover rate (global) | **7.6%** | 6.0% | 9.5% | 12.2% | 7.3% |

1 Proportion of UK-based employees who subscribe to a Share Incentive Plan available to UK employees only.

## Living wage

3i is an accredited London Living Wage Employer. This means that every member of staff based in London, including contracted maintenance and reception teams, earns at least a 'living wage' which is an hourly rate higher than the UK minimum wage and is set independently, updated annually and based on the cost of living in London.

Outside of London, our overseas offices tend to employ only investment and professional services staff, as well as support staff, who are remunerated above applicable minimum or living wage requirements.

## Human rights

Our policy is that we do not procure services from, nor invest in, businesses which make use of slavery, servitude, human trafficking, forced labour, exploitation, compulsory labour or harmful child labour.

These policies are consistent with internationally recognised human rights principles such as the UN Global Compact. We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas including freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination. We also encourage our business partners and suppliers to adopt the same standards with respect to human rights. Considering the nature of our business, our employees are not unionised, nor do they engage in collective bargaining.

We published our statement on modern slavery for the financial year ended 31 March 2024 on our website in September 2024 and will update this statement in September 2025.

## Learning and development

We can only achieve our strategic objectives if we continue to attract, retain and develop capable people. We therefore provide our employees with opportunities, experience and training to contribute to the organisation's success, realise their potential and develop their knowledge and capabilities.

We encourage employees to take responsibility for their own development by working with their line managers to devise personal development plans that align with their individual aspirations and 3i's objectives. Given the specialised nature of many of the roles in 3i, an emphasis is placed on work-based learning, with the provision of development opportunities supported by targeted training and mentoring. This is supplemented by formal courses conducted both internally and externally and usually with a multinational group drawn from across the countries in which 3i operates.

In FY2025, we provided formal specialist training on areas and skills including presentation and communication skills, procurement and maximisation of portfolio potential, GenAI and science-based emissions reduction targets. We also offered executive coaching for some employees. Our investment executives regularly receive education on issues of wider topical interest and impact.

We also have comprehensive induction plans for all new joiners, including sessions with different teams across the business to help facilitate integration.

Our formal appraisal and objective-setting process, held annually for each employee, is key to their personal development. During this process, we measure each employee's performance against their agreed objectives and 3i's values to inform decisions on remuneration, training, career development and future progression. We encourage employees to make use of an online facility to obtain 360-degree feedback as part of this process. During the year, we updated our formal appraisal process with greater emphasis on self-evaluation, to spark deeper discussion on personal performance and development between employees and their line managers.

## Employee wellbeing

We recognise the importance of supporting the wellbeing of our employees by providing a healthy working environment and work/life balance. All employees enjoy a broad range of formal benefits aligned with local custom and practice and often enhanced relative to the statutory minimum. Summaries of our employment and benefit policies are available on our website.

### Physical health

We promote the physical wellbeing of our employees. For example, in the UK, we offer our employees annual medical and dental insurance. All UK employees also qualify for annual health checks and have access to a private Digital General Practitioner if they are members of the UK private medical insurance.

3i continues to provide services with the aim to support employees going through or approaching menopause. Our Menopause Policy formalises the details of available support. Specifically, our UK-based employees have access to a range of menopause services, including access to Bupa's Women's Health Hub, a consultation and a follow-up with a menopause-trained GP, personalised clinical advice on managing symptoms and access to menopause-trained nurses on a 24/7 basis through the Bupa Anytime Healthline for a period of one year.

For a number of years, we have provided the services of a personal fitness and nutrition adviser, bookable free of charge for one-on-one fitness, nutrition and broader wellness advice sessions. Our adviser also hosts twice-weekly fitness and Pilates classes which are complimentary for employees and accessible across our office network via videoconferencing. Recognising the unique needs of our female employees, our adviser offers specialised sessions focused on exercise and nutritional strategies to support them with their needs.

Following the move to new headquarters in London, 3i now offers 24/7 free gym access and subsidised food menu options chosen by the nutrition adviser to its UK-based employees.

### Mental health and employee assistance

We recognise the importance of mental wellbeing for our employees. We maintain a pool of qualified 'mental health first aiders' who have received dedicated training for a deeper knowledge, awareness and confidence to support anyone who is experiencing poor mental wellbeing or mental ill-health. Over the past five years, most employees have participated in workshops facilitated by a specialist mental health consultancy. These workshops offer a basic understanding of mental health, strategies to develop and strengthen it, and insights to recognise the early warning signs of struggle. In addition, our employees have access to Headspace for Work, the leading mindfulness-based mental health app offering meditations and exercises for stress, focus, sleep, and movement.

All UK-based employees have access to an Employee Assistance Programme that offers free, confidential telephone counselling on a range of personal and work-related issues and problems, as well as face-to-face counselling services. The service also provides legal and financial advice, and other information and services, and is run by Health Assured, an independent external service provider. Employees who are members of the UK private medical insurance, for which 3i covers premiums, have access to up to 10 sessions per annum of psychological support, without a requirement for General Practitioner referral.

### Flexible working

Employees are provided with the tools to work remotely and can apply to work flexibly to manage personal or family commitments, as and when required. Flexible working options include remote working, flexible hours and job sharing through part-time working.

# 3

# Act as a good corporate citizen

We expect our employees to act with integrity, accountability and a strong sense of ownership. They are encouraged to approach their roles with ambition, rigour and energy. We embed that culture in our policies and processes.

Our values are:

- Ambition
- Accountability
- Integrity
- Rigour and energy

**Read more**
**www.3i.com/about-us/our-values**

## Governance

Good corporate governance is fundamental to 3i and its activities and is critical to the delivery of value to our stakeholders. The Board approves corporate values and the Executive Committee sets the tone and leads by example.

For full details of our governance structure and processes, please see the Governance section of this report.

## Standards of conduct and behaviour

We promote and enforce our standards of conduct and behaviour through a comprehensive suite of policies and procedures which, together with our compliance manual and our values, form our code of conduct. Our policies and procedures are reviewed annually.

Our Internal Audit and Compliance teams perform regular reviews, which include reviews of compliance with our established standards of conduct and behaviour. Their findings are reported quarterly to the Audit and Compliance Committee, which also carries out an annual review of risk and internal control effectiveness, including standards of conduct and policy compliance. The Board of 3i's main regulated entity, 3i Investments plc, which includes members of the Executive Committee, also receives quarterly updates.

We evaluate our employees against our values as part of our annual formal performance review process. In addition, all employees have a mandatory conduct objective against which they are formally assessed as part of their annual performance review.

## Public policy

Although 3i does not participate directly in party political activity, it may engage in policy debate on subjects of legitimate concern to 3i, its staff and the communities in which it operates. We primarily do this through industry representative bodies such as the British Venture Capital Association and Invest Europe, where we might contribute to the formulation of policy positions. Occasionally, we may engage directly with government and regulatory bodies on matters of particular and direct importance to 3i and its businesses. Lobbying must only be undertaken with the prior approval of the Executive Committee and in a manner that is lawful and adheres to 3i's values.

### Compliance and policies

Our compliance manual includes policies on:

- Anti-bribery and corruption
- Hospitality, gifts and inducements
- Political donations
- Public policy and activity
- Data protection

**Read more**
**www.3i.com/sustainability/sustainability-policies**

## Transparency and openness

We believe that all employees and people connected with 3i deserve fair treatment and respect for their fundamental rights and therefore encourage everyone to speak up and report their concerns.

Where any employee discovers information which they believe shows malpractice or wrongdoing within 3i, under most circumstances they will raise concerns with their line manager, who will pass this information to the appropriate Executive Committee member. Should this route not be suitable, then the employee may approach the Directors of Compliance or Internal Audit, or the General Counsel and Company Secretary, who have been designated to provide impartial advice on the appropriate course of action to follow.

Alternatively, all employees across all our office locations may express and report their concerns on a completely confidential and anonymous basis to an independent 'hotline' whistle-blowing service provided by EthicsPoint, an independent, external party. Our policies make clear that there should be no fear of reprisal or victimisation or harassment for whistle blowing. There were no incidents of whistle blowing in the year.

## Environmental impact

With fewer than 230 employees globally, 3i has a relatively small direct impact on the environment and other sustainability issues. Our impact on the environment, society and communities is determined largely by our portfolio. We have set near-term science-based targets for the reduction of both our direct emissions and those associated with our portfolio. We are committed to minimising our direct impact on the environment through more efficient use of resources and energy and to improving our environmental performance through the reduction of emissions and waste wherever possible. We have an Environmental Management System that is proportionate to the operational size and environmental risk profile of our business. We monitor our environmental performance on an annual basis through a number of environmental metrics. Our GHG emissions and those associated with our portfolio, as well as progress against our targets, are reported in our TCFD disclosures.

We use the precautionary principle to manage environmental risk for our business and our portfolio proactively.

**Pages 80-84**
**Risk management**

**Pages 42-51**
**Invest responsibly**

**Pages 58-68**
**TCFD disclosures**

**Environmental information**
**www.3i.com/sustainability/corporate-citizenship/environment**

## Community

3i is keen to support charities which relieve poverty, promote education and support elderly and disabled people.

The charities we partner with are supported on the basis of their effectiveness and impact. Our charitable giving for the year to 31 March 2025 totalled £1.2 million. This included supporting our nine charity partners, matching staff fundraising, making a number of one-off donations and promoting the give-as-you-earn scheme in the UK, which is administered by the Charities Aid Foundation, and through which 3i matched c.£55,000 of employee donations.

**Read more**
**www.3i.com/sustainability/corporate-citizenship/charitable-giving**

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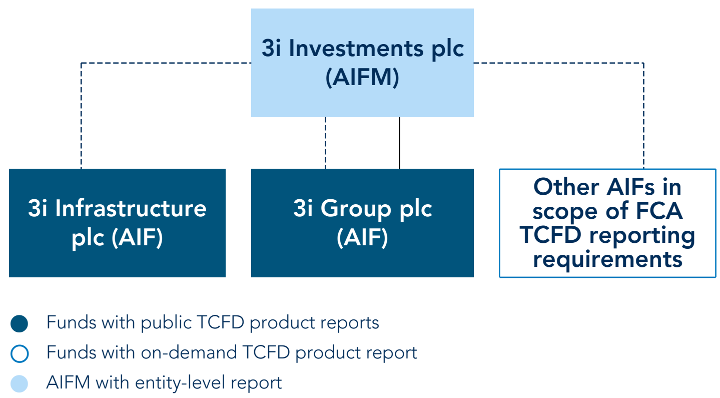
# Our TCFD disclosures

These disclosures reflect 3i's response to the TCFD recommendations. They set out how we incorporate climate-related risks and opportunities for our business and portfolio into our governance, strategy and risk management. They also include our direct GHG emissions metrics, climate-related metrics associated with our portfolio, as well as emission reduction targets for our operations and our portfolio.

## Regulatory background

3i Group plc is an Alternative Investment Fund managed by 3i Investments plc, a UK Alternative Investment Fund Manager. 3i Investments plc is a wholly-owned subsidiary of 3i Group plc. This TCFD report is published in line with the requirements outlined in the FCA's Environmental, Social and Governance ("ESG") sourcebook. They require 3i Investments plc to disclose publicly specific climate-related metrics and processes as part of a product report for 3i Group plc based on the TCFD recommendations. These disclosures also cover the Group's, including 3i Investments plc's, overall approach to climate change in line with the TCFD recommendations.

The diagram below shows the TCFD reporting requirements for the entities described above.




This TCFD report should be read in conjunction with the 3i Investments plc TCFD entity report, which is available on 3i's website, and with the rest of this Annual report, which contains other relevant information. Specific references are provided where applicable.

**Read more**
**www.3i.com/sustainability**

## Governance

### TCFD recommendations

Disclose the organisation's governance around climate-related risks and opportunities:

- Describe the board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

The management of climate-related risks and opportunities is integral to our processes and operations, including our investment and portfolio management activities, with oversight by the Board and delegated authority to the Chief Executive. In determining 3i's strategy and approach to climate change, both the Board and the Chief Executive, assisted by a number of committees, consider the laws and regulations of the countries where 3i and its portfolio companies operate, along with the perspectives of relevant stakeholders, such as those identified on pages 110-113. The governance structure is set out in the diagram on the next page.

Board of Directors

Chief Executive

Audit and Compliance Committee

Sustainability Committee

Group Risk Committee

Investment Committee

Oversight

Implementation

## Non-executive oversight

The Board as a whole is responsible for the approval of the Group's approach in relation to sustainability matters (including climate-related matters) and has oversight of the Group's sustainability strategy, approach and policies, including our Responsible Investment policy. It is assisted by the Audit and Compliance Committee in the review and consideration of any disclosures related to sustainability matters, including climate-related disclosures.

The Board and Audit and Compliance Committee receive regular updates on sustainability matters and climate-related issues from the Chief Executive and members of the Sustainability Committee as they become relevant and material. In FY2025, the main updates on climate-related issues included:

| | |
|---|---|
| **May 2024** | Review and approval of the FY2024 Annual report by the Audit and Compliance Committee, including the TCFD disclosures and other climate- and sustainability-related disclosures contained elsewhere in the report |
| **June 2024** | Update to the Board on the sustainability risk profile and progress of the portfolio, following presentations made to the Group Risk Committee by sustainability professionals within our investment teams on the results of the annual sustainability assessment of portfolio companies in March |
| **September 2024** | Update to the Board on Action's progress on its sustainability agenda |
| **November 2024** | Update to the Board from the Chief Executive on a number of sustainability-related themes, including the development and setting of science-based targets, the second phase of our portfolio climate change scenario analysis, and the implementation of a portfolio sustainability data gathering tool |
| **December 2024** | Update during the Board Strategy Day on progress towards portfolio sustainability objectives and future trends in sustainability |

## Board skills and training

The Board received dedicated training on sustainability, including climate change, over the past two years. This training has provided the Directors with the tools necessary to improve their oversight of the Group's approach to climate change and the resulting impacts on the portfolio and investment strategy, and to inform the Board's decision making.

During FY2025, some of the Directors attended a learning session on 3i's science-based emissions reduction targets. The session explained how and why we set the targets, the commitments involved in our targets and our plans to achieve them.

Our Directors also regularly attend our semi-annual portfolio company reviews, which include discussions of the material aspects of portfolio companies' climate strategy.

A number of our Directors have experience of assessing climate-related factors and have received training on this topic through other executive and non-executive roles.

## Executive responsibility

Day-to-day accountability for sustainability, including climate-related issues, rests with executive management and, in particular, the Chief Executive. The Chief Executive is supported by a number of committees in overseeing and monitoring policies and procedures and addressing issues that arise. These include the Sustainability Committee, Investment Committee and Group Risk Committee.

### Sustainability Committee

The Sustainability Committee membership, shown in the diagram below, is drawn from a range of investment and non-investment functions across the Group. The Sustainability Committee also benefits from input from relevant functional areas as required.

General Counsel and Company Secretary (Chair)

| Central functions | Investment teams |
|---|---|
| Group Finance Director | Sustainability Director, Private Equity |
| Chief Operating Officer | Sustainability Director, Infrastructure |
| Group Investor Relations and Sustainability Strategy Director | |
| Group Treasurer | |

The Sustainability Committee focuses on three main areas:

- reporting to the Chief Executive (directly and through the Group Risk Committee and Investment Committee) on relevant sustainability matters, including climate-related risks and opportunities, and developing and reviewing policies, processes and strategies to manage sustainability risks and opportunities for the Group and its investment activities;
- developing and recommending the Group's sustainability approach (including a climate strategy) to the Chief Executive for review by the Board; and
- coordinating and facilitating sustainability-related activities and initiatives across the Group.

The Committee considers relevant legal and regulatory requirements and industry standards, as well as best market practice, and monitors progress against its agenda.

The Sustainability Committee met formally five times in FY2025 and held an additional informal meeting to discuss the outcomes of the COPs on climate, biodiversity and desertification and the UN Plastics Treaty talks. The Sustainability Committee's activities and focus for the year are described throughout this TCFD report.

**Investment Committee**

The role of the Investment Committee is described on page 82. In performing its activities, the Investment Committee ensures that material sustainability matters, including relevant climate-related risks and opportunities, are properly identified, assessed and managed in the course of our investment, divestment and portfolio management activities.

The Investment Committee is chaired by our Chief Executive and comprises individuals drawn from our central functions (including the Group Finance Director and Chief Operating Officer), as well as from our Private Equity and Infrastructure investment teams (including the heads of Private Equity and Infrastructure and other senior investment team members). It meets on an ad-hoc basis to discuss potential new investments, divestments and significant portfolio activity.

**Group Risk Committee**

The role of the Group Risk Committee ("GRC") is described on pages 82 and 83. As part of its responsibilities, it identifies the principal risks and new and emerging risks, including climate-related risks, facing 3i, as well as the associated mitigating actions and key risk indicators. During the year, the GRC received semi-annual updates on our sustainability approach and strategy from the Sustainability Committee, as well as semi-annual updates on the sustainability progress of the portfolio and associated risks and opportunities, including climate-related matters.

This committee also maintains oversight of the Responsible Investment policy and considers and recommends to the Board for approval amendments to this policy as required, taking into account legal, regulatory and market developments regarding climate change.

The GRC, which meets four times a year, is chaired by the Chief Executive, and also comprises the Group Finance Director, Chief Operating Officer, the General Counsel and the Chief Human Resources Officer, as well as the heads of our Private Equity and Infrastructure businesses and a number of functional heads drawn from across the organisation, including the Group Compliance, Internal Audit and Investor Relations and Sustainability Strategy Directors.

## Dedicated sustainability resource

We have dedicated sustainability resources embedded across the organisation, including:

- a Sustainability Director and a Sustainability Senior Associate in our Private Equity investment team;
- a Sustainability Director and a Sustainability Senior Associate in our Infrastructure investment team; and
- a Sustainability Senior Manager in the Group Investor Relations function to coordinate the Group's work on sustainability and implement Group-wide projects.

This resource is key in implementing the Sustainability Committee's many activities.

## Participation in industry working groups

We are part of the Initiative Climat International ("iCI"), a global, practitioner-led community of private markets investors that seek to understand and manage climate-related risks better. As of March 2025, the iCI had 290 members globally, representing more than US$4 trillion in AUM. iCI members share a commitment to reduce the carbon emissions of private companies and secure sustainable investment performance by recognising and incorporating the materiality of climate risk. We participate in iCI's Net Zero working group.

In March 2025, we signed up to the ESG Data Convergence Initiative ("EDCI") which facilitates the effective collection and reporting of ESG data across the private equity industry and enables us to benchmark our performance across a broad peer set.

As members of the BVCA, we contribute to the BVCA's engagements with relevant bodies on relevant sustainability topics, including climate change.

## Executive remuneration

The Executive Directors receive, in addition to their salary, an annual bonus and long-term share incentive awards based on the achievement of a number of performance conditions. For FY2025, annual bonuses for executive management were awarded based on a balanced scorecard of both financial and strategic measures agreed by the Remuneration Committee of the Board, alongside a consideration of the wider context of personal performance (including values and behaviours), risk, market and other factors.

Among the strategic and qualitative measures included in the balanced scorecard to determine the FY2025 annual bonus award, up to 5% of the maximum annual bonus opportunity was tied to progress against a number of sustainability targets. The Remuneration report on pages 135 to 147 sets out the Remuneration Committee's assessment of the performance of the Executive Directors against the scorecard's sustainability objectives. This TCFD report and the broader Sustainability section of this Annual report describe the measures taken by the Group to make progress against these objectives.

**Pages 80-84**
**Risk management**

**Page 101**
**Governance framework**

**Pages 135-147**
**Directors' Remuneration report**

## Strategy

### TCFD recommendations

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our investment strategy is to make a small number of new investments each year in our Private Equity and Infrastructure businesses, selected within our target sectors and geographies on the basis of their compatibility with our return objectives. We screen investments against our Responsible Investment policy, which has been in place for many years and is reviewed as appropriate, and most recently in May 2025. We believe that the careful assessment and management of sustainability factors, including climate-related risks and opportunities, can be an important lever for value preservation and, at times, for value creation in our portfolio. We therefore integrate this assessment into our investment screening and portfolio management processes and provide the necessary training and guidance to our investment professionals. These processes are described on pages 43 to 44 of this Annual report.

### Resilience of our strategy to climate-related risks

Our business model is simple: we invest our proprietary capital and manage a small number of third-party funds, mainly in our Infrastructure business. We do not manage products with specific sustainability mandates or labels. Our investment and portfolio construction approach is flexible and not constrained by overly prescriptive investment mandates or by limited duration funds, given the permanent nature of our proprietary capital. The third-party funds we manage in our Infrastructure business are either permanent or of very long duration. We make majority or, in a small number of cases, significant minority investments in our portfolio companies, and exert influence on their boards.

This flexibility in mandates and holding periods is a considerable strength. It supports our ability to manage climate-related risks and opportunities and pivot our investment towards sectors and niches that can benefit from sustainable growth trends. Combined with the influence we exert on portfolio companies this has allowed us, for example, to build a good track record of investment in renewable energy generation and the energy transition theme in our Infrastructure portfolio over the last few years. It has also allowed us to approve investments within our portfolio companies that support climate change resilience, for example, through a reduction in their GHG emissions or the development of products and services with lower associated emissions.

We do not invest directly in extractive industries (including coal, oil and gas), albeit a small number of our investments do have exposure to some of these sectors.

### Climate change scenario analysis

Climate change scenario analysis can be a useful tool to assess the potential future exposure of a portfolio to climate-related risks under different climate warming scenarios.

We did not perform an updated portfolio-wide climate change scenario analysis in FY2025, in light of the substantial scenario analysis work performed in the previous two financial years, and considering the fact that our portfolio developed only incrementally through investment and divestment activity during the year.

We are aware that there are political differences in relation to the climate transition, with diverging regional approaches. This could result in some delay to transition measures in the markets in which we and our portfolio operate. If that were the case, the focus of climate risk management in future years could therefore shift from transition risks to physical risks. Any such developments would have an impact on the risk models which we would need to use in future climate change scenario analyses. We therefore procured a physical risk assessment tool in April 2025 to facilitate the evaluation of physical risks in our portfolio through updated climate models on an ongoing basis (see page 62).

During the year, we did, however, consider potential climate-related risks and opportunities for new investments where relevant and material as part of our ordinary due diligence activities described on page 43.

For completeness, and in compliance with TCFD requirements, we report below on the key elements of the findings of our most recent climate scenario analysis, which we carried out in FY2024. These were already reported in full in the TCFD disclosures we made last year.

The climate change scenario analysis we conducted in FY2024, with the support of a specialist consultancy, used the scenarios described in detail overleaf and was carried out in two stages. As an initial step, we performed an analysis of approximately half of our portfolio companies by number. For each company, we assessed potential physical and transition risks using sector information and the geolocation of their main operations and suppliers. This first step helped us to identify potential hot spots of inherent climate-related risks within this part of our portfolio and to select a small number of portfolio companies for the second step.

As a second step, using additional data and in-depth interviews with portfolio companies or investment teams, we carried out a more detailed assessment of inherent and residual physical and/or transition risks for these portfolio companies. This allowed us to improve our assessment of the residual risk levels for each risk driver significant to the portfolio companies analysed, and to identify additional engagement levers that we can use, as significant shareholders, to drive progress. We communicated the results of this analysis to the relevant portfolio companies.

**Pages 42-51**
**Invest responsibly**

**Orderly transition –** We used an orderly transition scenario, which assumes that policies to mitigate the impacts of climate change are introduced early and become gradually more stringent, culminating in the achievement of global net zero $CO_2$ emissions in around 2050 and likely limiting global warming to below 2°C on pre-industrial averages.

Under this orderly transition scenario, our portfolio is potentially exposed to a number of inherent risk drivers and respective opportunities in the categories described on the next page.

**Disorderly transition –** A disorderly transition scenario assumes that climate policies are delayed or divergent, requiring sharper emissions reductions, achieved at a higher cost and with increased physical risks in order to limit the temperature rise to below 2°C on pre-industrial averages by 2050.

Under this scenario, the risks identified as part of the orderly transition scenario are delayed but amplified in the run-up to 2050, with a higher potential impact on portfolio companies. For example, carbon prices could be higher and regulations could have much quicker implementation timeframes, resulting in higher costs to achieve compliance. However, the mitigation strategies and opportunities remain broadly the same and would include investment in low-carbon products and more resilient and efficient supply chains, as well as the active monitoring of and compliance with upcoming regulations and a proactive approach to developing transition plans.

**Hot-house world –** A hot-house world scenario assumes that no new climate change mitigation policies are introduced and that only those that have been implemented already are preserved, that current commitments are not met and that emissions continue to rise, resulting in a failure to limit temperature increases, as well as in high physical risks and severe social and economic disruption.

The climate change scenario analyses we have performed to date have not identified significant physical risk drivers for the majority of the portfolio companies assessed in the medium term, with moderate to low inherent physical risks driven principally by chronic temperature changes, heatwaves and flooding. A few companies, however, were identified as having medium or high physical risks in relation to their own operations or key suppliers. We focused our attention in the deep dive analysis on some of the companies identified as having higher risks and have engaged with them with the results of that assessment.

For our deep dive physical risk analysis, we used a >4°C, SSP5-8.5 2050 climate scenario, which shows an end-of-century temperature rise of 4.5°C and is considered to be the worst-case hot-house scenario.

The results of this climate change scenario analysis work were used to develop a more detailed climate change assessment framework, which was then incorporated into our overall sustainability risk and opportunity assessment processes.

We refine our approach to climate scenario analysis on a regular basis. This iterative process builds on our understanding and on market and scientific developments over time. To support the consistent assessment and ongoing monitoring of climate-related risks and opportunities under different warming scenarios, we selected a specialist climate risk assessment software tool in April 2025. Once implemented, this tool will draw on third-party models, data and expertise and improve our ability to identify and track potential exposures to climate-related risks across the portfolio over time.
The tool will be updated on an ongoing basis.

Additionally, we expect more of our portfolio companies to perform their own climate scenario analysis as they grow and mature in this space, or in response to regulatory requirements. In 2024, Action, our largest portfolio company which represented approximately 70% of our portfolio at 31 March 2025, carried out its climate risk assessment covering both physical and transition risks using the IEA Net Zero Emissions by 2050 and IPCC SSP5-8.5 scenarios. This analysis identified Action's material physical (increased severity and frequency of extreme weather events and increasing heat and precipitation stresses) and transition risks (increased product and activity cost due to regulation and supply chain changes and non-compliance with reporting requirements), which will ensure that they are adequately managed.

## Value at risk

Following careful consideration, we decided not to conduct an analysis of value at risk from climate change impacts. Current climate models to determine value at risk are at an early stage of development, and do not yet provide sufficiently reliable results for a concentrated portfolio like ours. Where relevant and possible, we embed certain climate-related considerations in the valuations of our portfolio companies. We will continue to assess climate modelling tools as they develop and will report on this annually.

## Viability statement

In addition to the climate change scenario analyses described above, we have been assessing the potential financial impact of climate change on our portfolio as a whole for some time through the work we do to conduct our annual viability assessment (see pages 128 and 129). When preparing our Viability statement, we carry out a number of tests which consider the impact on the Group of multiple severe, yet plausible individual and combined stress scenarios, including the impact that climate change might have on the value of a number of our potentially more vulnerable assets through changes in regulation, in consumer preferences, an increase in physical risks and other business risks. This analysis is carried out over a three-year timeframe, and is different to climate change scenario analysis, which analyses the impacts of climate change over a much longer time period. Because of the diverse exposures of our current portfolio companies and the flexibility we have in portfolio construction, our analysis showed that a climate-related stress scenario is unlikely to impact the viability of the Group over the three-year time period.

## Transition to a low-carbon economy

Last year, the Sustainability Committee established that the most appropriate approach to align 3i and its portfolio to the UK's net zero ambitions was to set SBTs, which were validated by the SBTi in March 2024. We made significant progress towards our portfolio engagement and electricity generation targets this year. Information on our SBTs and on the progress we have achieved to date can be found within the Metrics and targets pillar of this report on page 68.

## Principal climate-related transition risks under the Orderly transition scenario

| Risk category | Risk drivers | Time horizon | Potential impact, mitigation and opportunities |
|---|---|---|---|
| **Policy and legal** | • New regulations and commitments | Short and medium term | **Potential impact**<br>• Non-compliance with regulations and commitments could result in reputational damage for 3i and its portfolio as well as in legal fees and fines.<br>**Mitigation**<br>• 3i and its portfolio companies actively monitor the evolution of the regulatory landscape to ensure that they are prepared for compliance.<br>• Minimum sustainability requirements within our RI policy include compliance with applicable laws and regulations.<br>**Opportunities**<br>• Proactivity and early action on compliance with regulations facilitates the exit process. |
| | • Carbon pricing mechanisms | Medium term | **Potential impact**<br>• The introduction of carbon pricing could increase the operating costs of our portfolio companies directly or through their supply chain.<br>**Mitigation**<br>• Where material, 3i has begun to engage with portfolio companies to identify those at risk from the introduction of carbon pricing mechanisms, and understand the potential impacts before addressing next steps.<br>**Opportunities**<br>• Portfolio companies subject to carbon pricing mechanisms could develop low-carbon processes and products to reduce this impact. |
| **Technology** | • Increased investment required in sustainable or green technologies and low-carbon processes<br>• Competitor innovation | Medium and long term | **Potential impact**<br>• Increased investments in new technology and processes to reduce carbon emissions may result in higher costs.<br>• Successful competitor innovation could result in reduced revenue and market share.<br>**Mitigation**<br>• Portfolio companies monitor their markets to identify potential technology risks and, with the support of 3i on their boards, assess the new investments required to stay abreast of developments.<br>**Opportunities**<br>• Investment in lower-emissions products and services could lead to improved revenues and profitability over time. |
| **Market** | • Changing consumer and investor preferences<br>• Unexpected shifts in market<br>• Changes in job market | Medium and long term | **Potential Impact**<br>• Changes in consumer preferences in response to climate change (eg preference for products and services with a lower carbon impact) could result in decreased revenues for portfolio companies.<br>• An increasing employee focus on sustainability could make it harder for portfolio companies to retain and attract talent if they are not perceived to be responding adequately to the challenges posed by climate change.<br>**Mitigation**<br>• Portfolio companies monitor their offerings against evolving consumer preferences and employee/potential employee expectations.<br>**Opportunities**<br>• Portfolio companies could invest in innovation to ensure that their products and services align with evolving consumer preferences. |
| **Reputation** | • Stigmatisation of the sector<br>• Increased stakeholder concerns | Short and medium term | **Potential impact**<br>• Stigmatisation and stakeholder concerns may result in decreased revenue and increased operating costs for certain portfolio companies operating in sectors perceived as having a high impact on climate change.<br>**Mitigation**<br>• Where material, 3i has begun working with portfolio companies to develop transition plans and develop their business models to ensure that they transition away from carbon-intensive sectors or end markets.<br>**Opportunities**<br>• Portfolio companies that adopt a proactive approach to climate transition could strengthen their market position, particularly in a disorderly transition scenario. |

## Risk management

### TCFD recommendations

Disclose how the organisation identifies, assesses, and manages climate-related risks:

- Describe the organisation's processes for identifying and assessing climate-related risks
- Describe the organisation's processes for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We recognise the increasing importance of climate-related risks and monitor them as we do other risks through our comprehensive risk governance framework, both on a portfolio company level and for the Group as a whole. The framework is detailed on pages 80 to 84, and our portfolio sustainability assessment process (which covers an assessment of material climate-related risks for each portfolio company) is described on page 43 of this report.

3i's own operations are not in themselves exposed to material physical climate risks. We employ 223 people across six offices, all of whom can work remotely if needed. Nevertheless, the business is affected directly by climate-related legal, regulatory and reporting risks, as well as by the related reputational risks.

The majority of 3i's climate risk exposure is through its portfolio. We describe our processes to identify and manage climate-related risks and opportunities in detail under the Strategy pillar above.

### Identification, assessment and management of climate-related risks

We consider climate-related risks on the Group and the portfolio through our risk management framework, which is coordinated by the Group Risk Committee and implemented across the organisation as described in the Risk review. Specifically, in relation to the management and mitigation of climate-related risks in the portfolio, we rely, over the life of the investment, on:

- **a pre-investment assessment**: material climate-related risks are assessed internally and reviewed as appropriate by external specialists. This can lead to the Investment Committee requiring further due diligence to be performed or in investments being declined. Our climate change assessment framework was enhanced following the second stage of our climate scenario analysis in FY2024 and was implemented in our investment process in FY2025;
- **our ongoing portfolio monitoring process**: this involves, in addition to the monthly monitoring of bespoke financial and operational KPIs and in-depth semi-annual portfolio company reviews, a detailed annual sustainability assessment, which covers a number of climate factors. This annual sustainability assessment was also enhanced with the benefit of the outputs of our climate change scenario analysis;
- **Investment Committee oversight**: the Investment Committee manages portfolio risks, including climate-related risks;
- **our influence on portfolio companies**: we make majority or significant minority investments in our core portfolio companies and exercise influence through membership of their boards;
- **GHG emissions measurement**: the measurement of portfolio company GHG emissions (see "Metrics and targets" on the next page) and engagement with portfolio companies on abatement, mitigation and adaptation strategies; and
- **climate change scenario analysis**: described under "Strategy" on pages 61 to 63.

Our investment processes are described on page 43 of this Annual report. We further mitigate climate-related risks by improving our understanding of climate change and refining our processes over time. These processes involve an increasing number of employees. We have been encouraged by the level of staff engagement on this topic and intend to continue to provide forums for employees to provide their input and views on how to improve our performance.

### Portfolio data collection and management

To support the assessment and management of portfolio sustainability risks, including climate-related risks, in FY2025 we continued to work on improving the quality of the annual sustainability data (including GHG emissions) we collect from portfolio companies by refining our sustainability assessment questionnaires to ensure that they reflect our improved understanding of climate drivers across the portfolio, as well as evolving disclosure requirements, market practice and other stakeholder needs. We continue to work on the consistency and comparability of portfolio GHG emissions data, as this will underpin the quality of our portfolio emissions disclosures. See "Metrics and targets" on the next page for more information on portfolio emissions data.

**Page 43**
**Assessment and management of sustainability factors in our investment and portfolio management processes**

## Metrics and targets

### TCFD recommendations

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

### 3i Group's portfolio climate metrics

The metrics below provide information on the GHG emissions from our portfolio companies. These metrics cover 99.6% of the portfolio value[1] of 3i Group plc as at 31 March 2025 and are calculated in line with the TCFD recommendations implementation guidance.

| Definitions of climate metrics | FY2025 | FY2024 |
|---|---|---|
| **Portfolio emissions** ($tCO_2e$)<br>Total portfolio emissions is the absolute Scope 1 and 2 GHG emissions associated with a portfolio. We are allocating GHG emissions for each portfolio company using 3i Group's fully diluted equity ownership[2]. | **228,936** | **323,539** |
| **Carbon footprint**<br>($tCO_2e$/£m invested)<br>Carbon footprint is total portfolio emissions (Scope 1 and 2) normalised by the value of the portfolio[2], expressed in tonnes of $CO_2e$/£m invested. | **9.0** | **15.0** |
| **WACI**<br>($tCO_2e$/£m revenue[3])<br>Weighted Average Carbon Intensity ("WACI") is a portfolio's exposure to carbon-intensive companies, expressed in tonnes $CO_2e$/£m revenue. It is calculated using the carbon intensity for each portfolio company (Scope 1and 2 emissions/revenue) apportioned based on the relative weight of each portfolio company in the reporting boundary. | **24.4** | **42.5** |

1 Note that 3i Investments plc manages a number of co-investment vehicles whose investors are employees or former employees of 3i. For the purpose of this calculation, we have included these co-investment vehicles within the 3i Group scope.
2 Sourced from 3i's finance systems.
3 Sourced from portfolio companies.

The significant reduction in portfolio emissions was driven by: (i) refinements in the methodologies used by certain portfolio companies to calculate their emissions; (ii) changes in portfolio composition; and (iii) reductions in the portfolio emissions of some portfolio companies. We continue to work with our portfolio companies to improve the quality of the GHG emissions data they report to us. At times, this may mean that GHG emissions data for an individual portfolio company is not comparable year on year. We do not ask portfolio companies to restate prior-year data as they improve the quality of the data they report to us.

#### Methodology and GHG emissions data source

The reporting boundary includes all companies in the portfolio at the balance sheet date. As a private equity and infrastructure asset manager and owner, 3i is able to collect data from its portfolio companies. 3i requests Scope 1 and Scope 2 (location and market-based) GHG emissions data from all portfolio companies, excluding a small number of legacy minority investments, on an annual basis. This data is provided directly to 3i from portfolio companies through a sustainability data collection tool, or via emails in rare cases, and typically covers the year to 31 December. If a company provides Scope 2 market-based data, this is used for the climate metrics calculation. If Scope 2 market-based data is unavailable, location-based data is used. Portfolio companies provide their Scope 3 GHG emissions data to us where available and we are working with the portfolio to improve this data further before we are able to disclose it.

#### Estimations and data gaps

Where current year data is not available, but previous year data is available, we estimate the current year data using data from the previous year, adjusted based on year-on-year changes in revenue. Where the data is not available, it is noted as a data gap. The significance of the data gap is disclosed through the data coverage indicator (99.6% of the portfolio value for FY2025).

#### Data quality

As we invest in private companies that are at different levels of climate maturity, we have decided to add a quality score to the data that we are disclosing to ensure that readers understand the reliability and quality of the data provided. Some of our portfolio companies have only just started to estimate their GHG emissions, while others have robust processes in place to calculate and assure the data. We have used a custom scale to reflect the overall data quality using the Partnership for Carbon Accounting Financials ("PCAF") methodology as a guide and adjusting it to reflect the specificities of our business model:

| Characteristics of the data | Data quality | Certain |
|---|---|---|
| Emissions of the company are available and reported by the portfolio company as being verified by a third party and calculated using activity-based data or through direct monitoring | 1 | |
| Emissions of the company are available and reported by the portfolio company as being verified internally and calculated using activity-based data or through direct monitoring | 2 | |
| Unverified emissions of the company are available and calculated using activity-based data or through direct monitoring; or emissions of the company are available and reported by the portfolio company as being verified by a third party and calculated using spend-based data | 3 | |
| Emissions of the company are available and reported by the portfolio company as being verified internally and calculated using spend-based data | 4 | |
| Unverified emissions of the company are available, including those calculated using our sustainability data collection tool | 5 | |

Uncertain

The data quality score for 3i Group plc is 1.85. It is derived by assigning to each portfolio company a data quality score, weighted by that company's emissions as a percentage of total portfolio emissions.

**Our TCFD disclosures** continued

## Portfolio net zero alignment scale

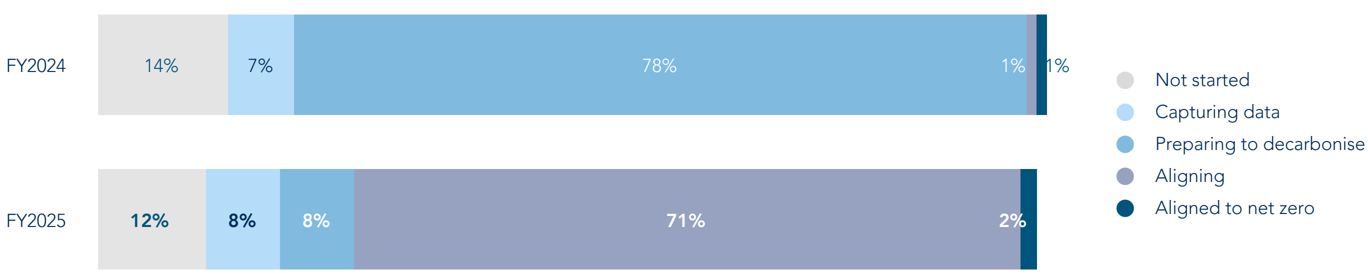
iCI and the Sustainable Markets Initiative's Private Equity Task Force have developed the Private Markets Decarbonisation Roadmap to enable private markets firms to drive their transition to a low-carbon economy. The metric used within this roadmap is based on the climate maturity of each portfolio company rather than on an implied temperature rise metric which is the methodology suggested by the FCA for climate disclosures. We are using the Private Markets Decarbonisation Roadmap metric because it aligns best with our science-based targets.
The Alignment Scale of the Roadmap (as published by the leaders of the initiative) is summarised in the table below:

| | Not started | Capturing data | Preparing to decarbonise | Aligning | Aligned to net zero |
|---|---|---|---|---|---|
| Definition | Not started to measure emissions or plan how to reduce them | Reporting emissions data but currently no plan in place to reduce emissions | Planning to reduce emissions in line with an approach agreed with the GP | Committed to a decarbonisation plan aligned to a transition pathway | Delivering against a net zero plan and operations aligned to science-based target |
| Criteria | • Minimal or no emissions data<br>• No decarbonisation plan in place | • Measuring Scope 1 and 2 emissions from operations, alongside material Scope 3 emissions, and making data available to fund | • Decarbonisation plan in place but level of ambition not aligned to net zero pathway | • Committed to near-term science-based target aligned to a long-term net zero pathway | • Demonstrated YoY emissions profile in line with pathway |

3i Group plc categorised portfolio companies covering 99.6% of its investment portfolio value as at 31 March 2025 in line with the roadmap's Alignment Scale. The current alignment of the portfolio based on total portfolio emissions is set out in the chart below.

The PMDR alignment scale requires companies to capture and report all material Scope 3 data in order to be included in the "capturing data" category. While all of our portfolio companies measure and report their Scope 1 and 2 emissions to us, many are not yet in a position to measure and report to us all their material Scope 3 emissions categories and, as a result, we have had to include them in the "not started" category.

We have categorised companies that have set science-based targets using the SBTi's SME target setting process as "aligning" or "aligned to net zero", even though some of them have not yet reported all material Scope 3 categories to us. The year-on-year changes in the portfolio alignment scale are due in large part to Action having set SBTi-validated near-term science-based targets in February 2025.



**Our TCFD disclosures** continued

## 3i Group's emissions from its own operations

This section has been prepared in accordance with our regulatory obligation to report GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the year to 31 March 2025, our measured Scope 1 and 2 emissions (market-based) totalled 187.5 $tCO_2e$. This comprised:

| GHG emissions (Scope) | FY2025 ($tCO_2e$) UK | Rest of the world | Total | FY2024 ($tCO_2e$) UK | Rest of the world | Total |
|---|---|---|---|---|---|---|
| 1 | **63.9** | **26.7** | **90.6** Δ | 101.0 | 34.7 | 135.7 |
| 2 – location-based | **112.0** | **94.5** | **206.5** Δ | 92.2 | 118.7 | 210.9 |
| 2 – market-based | **–** | **96.9** | **96.9** Δ | – | 97.1 | 97.1 |
| **Total 1 and 2 (location-based)** | **175.9** | **121.2** | **297.1** | 193.2 | 153.4 | 346.6 |
| **Total 1 and 2 (market-based)** | **63.9** | **123.6** | **187.5** | 101.0 | 131.8 | 232.8 |
| **3** | **n/a** | **n/a** | **3,800.3** Δ | n/a | n/a | 4,211.9 [1] |

Δ FY2025 Total data above marked with the Δ symbol has been subject to independent limited assurance by KPMG LLP in accordance with ISAE (UK) 3000 and ISAE 3410. Please refer to www.3i.com/sustainability/sustainability-reports-and-data-library/ for the Reporting Criteria and KPMG's limited assurance report.

1 FY2024 Scope 3 data has been restated. Please refer to the explanation below.

This is equivalent to 0.8 $tCO_2e$ per full-time equivalent employee, based on an average of 237 employees (2024: 1.0 tCO2e; 244 employees). Overall, our Scope 1 and 2 (market-based) emissions decreased by 20% year-on-year. Most of the decrease can be attributed to the move of our Amsterdam office to a renewable electricity contract and the resolution of an air conditioning cooling liquid leak at the London premises we occupied for the entire financial year while preparing our new office for a move in February 2025.

Our measured Scope 3 emissions totalled 3,800.3 $tCO_2e$. We restated our FY2024 Scope 3 emissions from 9,612.8 tCO2e to 4,211.9 $tCO_2e$ in accordance with this year's methodology that uses more widely available emissions factors. Please see our reporting criteria, available on our website, for more information.

Our total energy consumption was 1,404.1 MWh (1,404,100 kWh) in FY2025, 63% of which was consumed in the UK. The split of energy consumption is shown in the table below.

| Energy consumption (kWh in 000s ) | FY2025 UK | Rest of the world | Total | FY2024 UK | Rest of the world | Total |
|---|---|---|---|---|---|---|
| Electricity | **540.8** | **239.5** | **780.3** | 445.5 | 297.2 | 742.7 |
| Fuels[1] | **349.2** | **99.8** | **449.0** | 378.1 | 155.1 | 533.2 |
| District heating, cooling, steam | **–** | **174.8** | **174.8** | – | 175.5 | 175.5 |

1 Natural gas and transportation fuels (petrol and diesel).

### Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. Scope 3 emissions are calculated in line with the World Resources Institute's Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as well as the World Resources Institute's GHG Protocol Technical Guidance for Calculating Scope 3 emissions. We consolidate our organisational boundary according to the operational control approach, which includes all our offices. The GHG sources that constituted our operational boundary for the year to 31 March 2025 are:

- Scope 1: natural gas combustion within boilers, fuel combustion within leased vehicles and use of refrigeration and air-conditioning equipment;
- Scope 2: purchased electricity and heat, cooling and steam consumption for our own use, including leased vehicles;
- Scope 3: purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel and employee commuting and emissions associated with working from home.

In some cases, where data is missing, for example, due to the timing of invoices from our utilities providers, values have been estimated either by using data from the previous year as a proxy in the first instance, or extrapolation of available data.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using the average emissions intensity of grids for the country in which the reported operations take place; and (ii) the market-based method, which reflects the emissions from purposefully chosen energy (eg bundled electricity, supplier-specific rates, direct electricity contracts).

Although we have a relatively low environmental footprint, we are committed to reducing it further in line with the science-based targets described on the next page. We purchased our electricity from 100% renewable sources during FY2025 for our London, Paris and Frankfurt offices, as well as for the premises we previously occupied in New York, which we leased until the end of March 2025. Together, these offices accounted for over 80% of our overall electricity consumption. We switched to renewable electricity in our Amsterdam office in January 2025, bringing the total renewable electricity consumption to approximately 85%. The landlord of our new office in New York is working on delivering green energy, but it relies on initiatives to be implemented by the New York state government to achieve that objective. In February 2025, our London office moved to new premises that use only renewable electricity and are not connected to the gas supply. As a result, we expect a further reduction in GHG emissions in FY2026.

A more detailed description of our methodology can be found in the reporting criteria published on our website.

### Third-party assurance

GHG emissions figures marked with a "Δ" symbol on this page have been subject to independent limited assurance by KPMG LLP in accordance with ISAE (UK) 3000 and ISAE 3410.

**Reporting criteria and KPMG limited assurance opinion**
**www.3i.com/sustainability/library**

## Science-based targets

During FY2024, we set SBTi-validated near-term science-based targets that cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our portfolio. These were formulated in line with the guidance published by SBTi for financial institutions and the private equity sector.

### Operational emissions target

3i has committed to reducing its absolute Scope 1 and 2 (market-based) GHG emissions by 42% by FY2030 from a FY2023 base year.

While our emissions slightly increased by 3.2% from FY2023 (our base year), we have done the work that will allow us to reduce operational emissions in the future, involving mainly the reduction in gas consumption and the number of leased vehicles provided as a benefit to employees.

Our strategy to meet this target involves engaging with our landlords on the energy efficiency of our premises and on using less carbon-intensive energy sources. We are also engaging with energy suppliers directly or through our landlords on the procurement of renewable electricity.

### Financed emissions targets

3i's portfolio engagement target commits us to ensuring that 31% of our listed and eligible portfolio by invested capital sets SBTi-validated targets by FY2028 and 100% by FY2040. We have made significant progress against this target this year, with 23.3% of our portfolio by invested capital setting SBTi-validated targets. The companies with validated targets include Action, BoConcept, ten23, Ionisos, Joulz and BCA. WaterWipes, a portfolio company which we acquired in January 2025, already has validated targets, but we have excluded it from our progress chart, as we apply a two-year grace period for all new investments.

3i also committed to reducing GHG emissions from the electricity generation sector within its eligible portfolio by 68% per MWh by FY2030 from a FY2023 base year. 3i achieved a 51% per MWh reduction towards that target, mainly due to the sale of Attero, a waste treatment company which was held in one of the Infrastructure portfolios.

Our strategy to meet the portfolio targets remains consistent with last year's and includes the following actions:

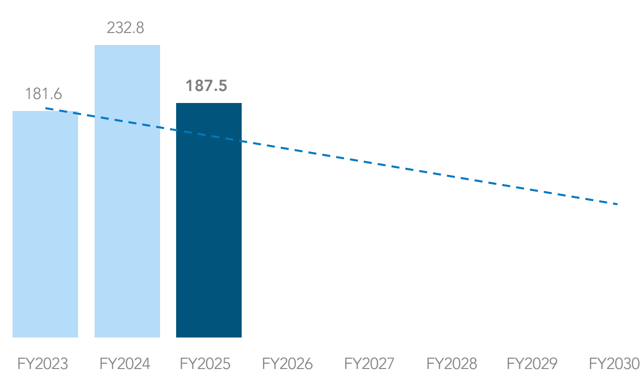
1 As a majority or significant minority investor in our core portfolio companies, we will continue to use our influence and engage with portfolio companies to support them to:
   (i) measure and report on Scope 1 and 2 GHG emissions at least annually;
   (ii) measure and report on material Scope 3 GHG emissions at least annually when appropriate; and
   (iii) develop decarbonisation plans and set science-based targets.

2 We will manage our electricity generation portfolio to reduce its GHG emissions intensity as a whole.

3 We will facilitate knowledge sharing between portfolio companies in relation to formulating decarbonisation plans and setting science-based targets.

## GHG Operational emissions

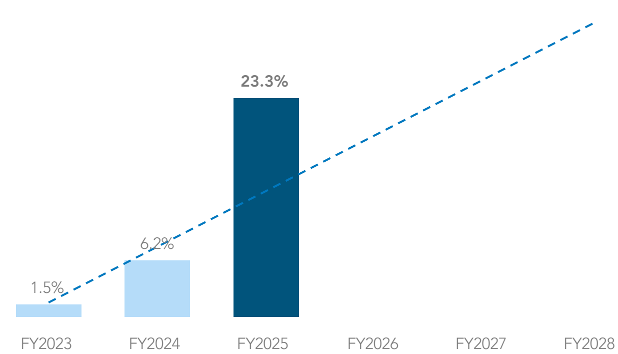
Scope 1 and 2 (market-based) – tCO2e




3i's GHG emissions – Scope 1 and 2 (market-based)
– SBTi's linear reduction assumption

## Portfolio engagement target

% of invested capital




Percentage of 3i plus funds invested capital with SBTi-validated targets
– SBTi's linear progression assumption