



# 3i Group plc Sustainability report 2023



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


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## A guide to using this report



This interactive PDF is designed to help you easily navigate the report and find the information you are looking for. For optimal experience, it is recommended that this document is viewed in Adobe Acrobat Reader. Interactive functionality may not work when viewed in a web browser or other PDF readers.

Click on the dynamic links to access further relevant information within the report or online, and use the tabs at the top of the page to navigate between sections.

### Guide to the navigation buttons:

-  Return to contents
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### Guide to the dynamic link buttons:

-  READ MORE WITHIN THIS DOCUMENT
-  MORE INFORMATION ONLINE [www.3i.com](http://www.3i.com)

## About this report

This report aims to provide the information that is material and relevant for our stakeholders to form a view on how 3i Group plc ('3i' or 'the Group') is performing on environmental, social and governance ('ESG') matters. There have been no significant changes from previous reporting periods in the material topics we are reporting on. The greenhouse gas ('GHG') emissions, energy and waste comparative information has been restated as described on pages 46 and 47. The report relates to the financial year to 31 March 2023.

We have chosen to report in accordance with the Global Reporting Initiative ('GRI') and Sustainability Accounting Standards Board ('SASB') standards.

 READ MORE ON PAGES 54 TO 62  
GRI and SASB

This report is not externally assured but has been subject to verification work by our Internal Audit team. The Scope 1, location- and market-based Scope 2, and overall Scope 3 GHG emissions on page 64 have been verified to a limited level of assurance by Carbon Intelligence, part of Accenture, according to the ISO 14064-3 standard.

Please note that this document is electronic only and is not printed.

## Where else can you find sustainability information?

This report should be read in conjunction with our Annual report and accounts 2023 and with the Sustainability policies on 3i's website.

 FOR MORE INFORMATION  
[www.3i.com](http://www.3i.com)  
[www.3i.com/sustainability](http://www.3i.com/sustainability)

# Introduction

## Our purpose

We generate attractive returns for our shareholders and co-investors by investing in private equity and infrastructure assets.

As proprietary capital investors we have a long-term, responsible approach.

We aim to compound value through thoughtful origination, disciplined investment and active management of our assets, driving sustainable growth in our investee companies.

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# Our business at a glance

Founded in 1945, 3i is an investment company specialising in Private Equity and Infrastructure, in core investment markets in northern Europe and North America.

Our Private Equity and Infrastructure businesses manage a mix of proprietary and third-party funds. We generate a capital return from our investments, as well as fee income from the funds we manage on behalf of third parties.

3i, headquartered in London, listed on the London Stock Exchange in 1994 and has no controlling shareholders.



» OUR BUSINESS MODEL IS DESCRIBED IN DETAIL IN OUR ANNUAL REPORT [www.3i.com/investor-relations](http://www.3i.com/investor-relations)

## Proprietary capital value

# £18.4bn

(2022: £14.3bn)

Private Equity

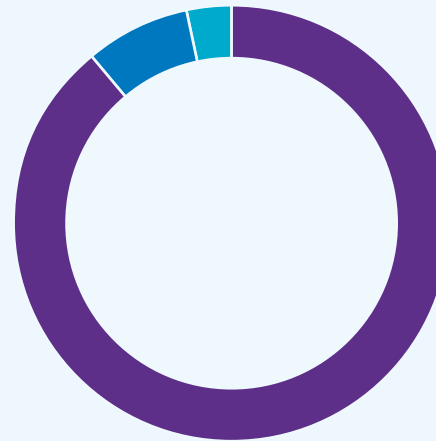
## £16.4bn

Infrastructure

## £1.4bn

Scandlines

## £0.6bn



## Total assets under management

# £29.9bn

(2022: £22.9bn)

Private Equity

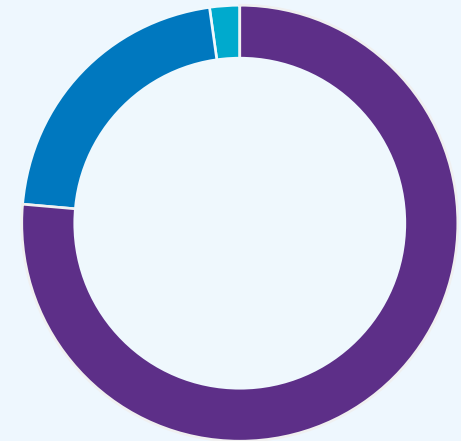
## £22.9bn

Infrastructure

## £6.4bn

Scandlines

## £0.6bn



## Our international reach

# 7

Offices

# 26

Nationalities

# 249

Employees

Data as at 31 March 2023.

# Message from the Chief Executive

“

We invest with the objective of generating attractive returns through the cycle for our shareholders and co-investors. We aim to achieve this objective sustainably by behaving responsibly as an investor, an employer and a corporate citizen.

**Simon Borrows**  
Chief Executive

”

A responsible approach to managing our business and our portfolio has been key to how we have operated since 3i was founded in 1945. Our purpose at that time was to contribute to rebuilding post-war Britain by providing growth capital to small businesses. The responsibility that came with that original purpose still guides our behaviour today.

We are a small organisation of approximately 250 employees. With assets under management of £29.9 billion, the impact of our actions on the environment and society is determined largely by our portfolio.

We invest in and manage our portfolio responsibly, with regard to 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 our portfolio companies. This approach has allowed us to earn the trust of our shareholders, co-investors and investee companies, and to recruit and develop employees who share our values and ambitions.

We adopt a transparent approach to corporate reporting. We are committed to communicating our progress on driving the sustainability agenda through our operations and portfolio in a clear, open and comprehensive manner and to maintaining an open dialogue with stakeholders. This report is important in ensuring that transparency. It should be read in conjunction with our Annual report and accounts 2023, which also contains our Task Force on Climate-Related Financial Disclosures ('TCFD') report.

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## Our sustainability strategy is defined by three key priorities

### 1 Invest responsibly

We believe that a responsible approach to investment adds value to our portfolio. As proprietary capital investors, we invest selectively in a few businesses every year, giving due consideration to the sustainability of investee companies' activities before deploying capital and throughout the holding period. We buy majority or significant minority holdings in our core portfolio companies and are represented on their boards, which enables us to ensure that they assess their environmental or social impacts, devise strategies to mitigate them, and invest in the development of sustainable goods and services. We adopt a thematic approach to origination and portfolio construction, backing businesses that benefit from structural trends which can support long-term sustainable growth.

### 2 Recruit and develop a diverse pool of talent

Our people are our main asset. Recruiting, retaining and developing our talent is therefore a priority. We have an open and non-hierarchical culture, provide an inclusive and supportive working environment with opportunities for training and career development and foster the physical and mental wellbeing of our employees. We value diversity and believe that a variety of perspectives enhances our decision making. Our employees are recruited, promoted and rewarded on merit. We are an equal opportunities employer and prohibit all forms of discrimination.

### 3 Act as a good corporate citizen

We embed responsible business practices throughout our organisation by promoting the right values and culture among our people and through the implementation of robust policies and processes. We expect our employees to act with integrity, to be accountable for their behaviour, and to approach their roles with ambition, rigour and energy. We evaluate our employees against our values as part of our formal appraisal process every year.

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A responsible investor

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A responsible employer

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A good corporate citizen

## Message from the Chief Executive continued

### Progress on our climate agenda

We made significant progress on our sustainability agenda in FY2023. This has been driven by our ESG Committee, which was set up to advise me on ESG-related matters, and implemented across the organisation and the portfolio by a combination of functional experts and investment professionals. For the second year running, the principal focus of the ESG Committee was on developing strategy, policy and governance for assessing and managing climate-related risks and opportunities across the Group and its portfolio. This is a topic of increasing urgency for governments, regulators and other stakeholders and it will be key to protecting and creating value in our portfolio.

The ESG Committee has also helped to prepare the Group for reporting in alignment with the TCFD framework by the 2024 deadline set by the FCA for asset managers such as 3i. This will require us to expand our current TCFD reporting to include portfolio emissions metrics, a more thorough assessment of climate risks and opportunities, as well as disclosures on how we plan to transition our business and portfolio to a low carbon economy.

In particular, we have achieved significant progress in the following areas:

#### Governance and resources

We embedded specialist sustainability resource in our Private Equity and Infrastructure investment teams. This has accelerated the implementation of a range of sustainability initiatives across our business, enhanced the quality of our engagement with portfolio companies on sustainability issues and improved our assessment of sustainability factors in our investment process and throughout the holding period. We also recruited a specialist resource in our central Investor Relations function to coordinate projects and initiatives across the organisation, help the ESG Committee to devise and implement our approach and manage sustainability reporting and stakeholder engagement.

### Portfolio data collection and management

We improved the quality of the annual sustainability data we collect from the portfolio by refining our ESG questionnaires to ensure that they reflect stakeholder needs. In addition, our Infrastructure business commissioned a specialist sustainability consultancy to assess the governance and processes for the collection of GHG emissions data in parts of our Infrastructure portfolio and to provide guidance on improving data collection. Consistent and comparable emissions data will be an important element in our future disclosures of portfolio emissions. The ESG Committee therefore selected a new dedicated software tool to help us gather, organise and analyse ESG data from the portfolio. This tool will be rolled out during FY2024. We also made significant progress in the collection of GHG emissions data from our portfolio. At 31 March 2023, we collected Scope 1 and 2 emissions from over 79% of our Private Equity portfolio companies<sup>1</sup> (2022: 70%) and over 95% of our economic infrastructure investments (2022: over 80%) by number. We are also increasingly able to collect Scope 3 data from the portfolio.

### Climate training

During the year we rolled out a programme of training sessions on climate-related topics for our Board of Directors, led by specialist consultants. We also arranged training sessions targeted at all staff focused on climate change, led by a leading expert and business adviser. These modules, delivered as webinars to all staff across our international offices, were attended by nearly two thirds of employees, including a significant proportion of our investment professionals. Our Infrastructure business also commissioned a specialist consultancy to provide training on the Science Based Targets initiative ('SBTi') to employees and to several of our infrastructure portfolio company management teams. We will continue to roll out both generic and more focused training sessions on this fast-evolving topic to our Board of Directors and employees, with specialist training offered to employees in specific functional areas as appropriate.

1. Excludes some legacy minority and other minority investments where we have limited influence.

## Message from the Chief Executive continued

### Climate scenario analysis

Early in FY2023 we carried out our initial, top-down climate scenario analysis to assess physical and transition risks and opportunities across our Private Equity portfolio and economic infrastructure investments in a number of climate warming scenarios. This top-down analysis did not provide detailed insights into our portfolio, which is very concentrated and exposed to a relatively small number of sectors and geographies. The analysis nevertheless confirmed our view, which was built on our periodic qualitative assessments, that our portfolio as a whole has limited exposure to material climate-related risks. It also highlighted that some of our assets, most notably some of our Infrastructure assets exposed to the energy transition, stand to benefit in a net zero scenario. We have now engaged a specialist consultancy to help us with our second phase of climate scenario analysis, which we expect to complete in FY2024. Our objective in this second phase will be to perform a deeper dive, bottom-up analysis of a number of our portfolio companies to inform our engagement with our portfolio on climate-related factors. As best practice and modelling tools evolve, our work in this area will be iterative in nature and develop over time.

### Transition plans and targets

On 5 April 2023 we wrote to the SBTi to indicate our commitment to set up near-term science-based targets for 3i. We are now working to formulate our targets, with the intention to submit them to SBTi for validation during the course of FY2024. Our science-based targets will cover our direct Scope 1 and 2 emissions, as well as our Scope 3 emissions associated with our portfolio and will be formulated in line with the guidance published by SBTi for the private equity sector.

Please refer to our TCFD disclosures in our Annual report and accounts for more information on this topic.

### Development and wellbeing of our employees

Our success is based on the continuous development of our employees. In FY2023, in addition to the usual specialist training we make available to employees, we delivered a Leading with Impact Programme to encourage our team leaders to reflect on personal and group biases and the possible impact of these on their everyday behaviours and decision-making. This programme was rolled out initially to partners and directors in our investment teams, and will be rolled out to functional heads and directors in the course of FY2024. We also launched an internal mentoring programme open to all employees across all geographies and levels of seniority, which contributes to our diversity, equity and inclusion efforts by ensuring that mentees are nurtured based on their diverse needs and individual career aspirations.

We have continued to invest in the wellbeing of our employees, building on measures we put in place in previous years. In the year we offered refresher mental health and wellbeing workshops to employees, partnered with Headspace for Work, the mindfulness-based mental health app, arranged menopause awareness workshops and offered enhanced access to menopause-related healthcare services for our London-based employees.

### Partnerships and community support

During the year we continued our partnerships with a number of charities here in the UK with donations of £1 million. In addition, we donated £500,000 to the Turkey Mozaik Foundation in support of the relief efforts following the Turkey and Syria earthquakes in February 2023.

### Outlook

We continue to manage our sustainability strategy and objectives proactively. Sustainability is becoming embedded in our daily work and our efforts in this field involve contributions from a significant proportion of our employees. In FY2024 we will continue to implement our busy climate agenda and to develop our other environmental and social priorities.

### Simon Borrows

Chief Executive  
May 2023

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+ READ MORE ON PAGE 11  
A responsible investor

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Community

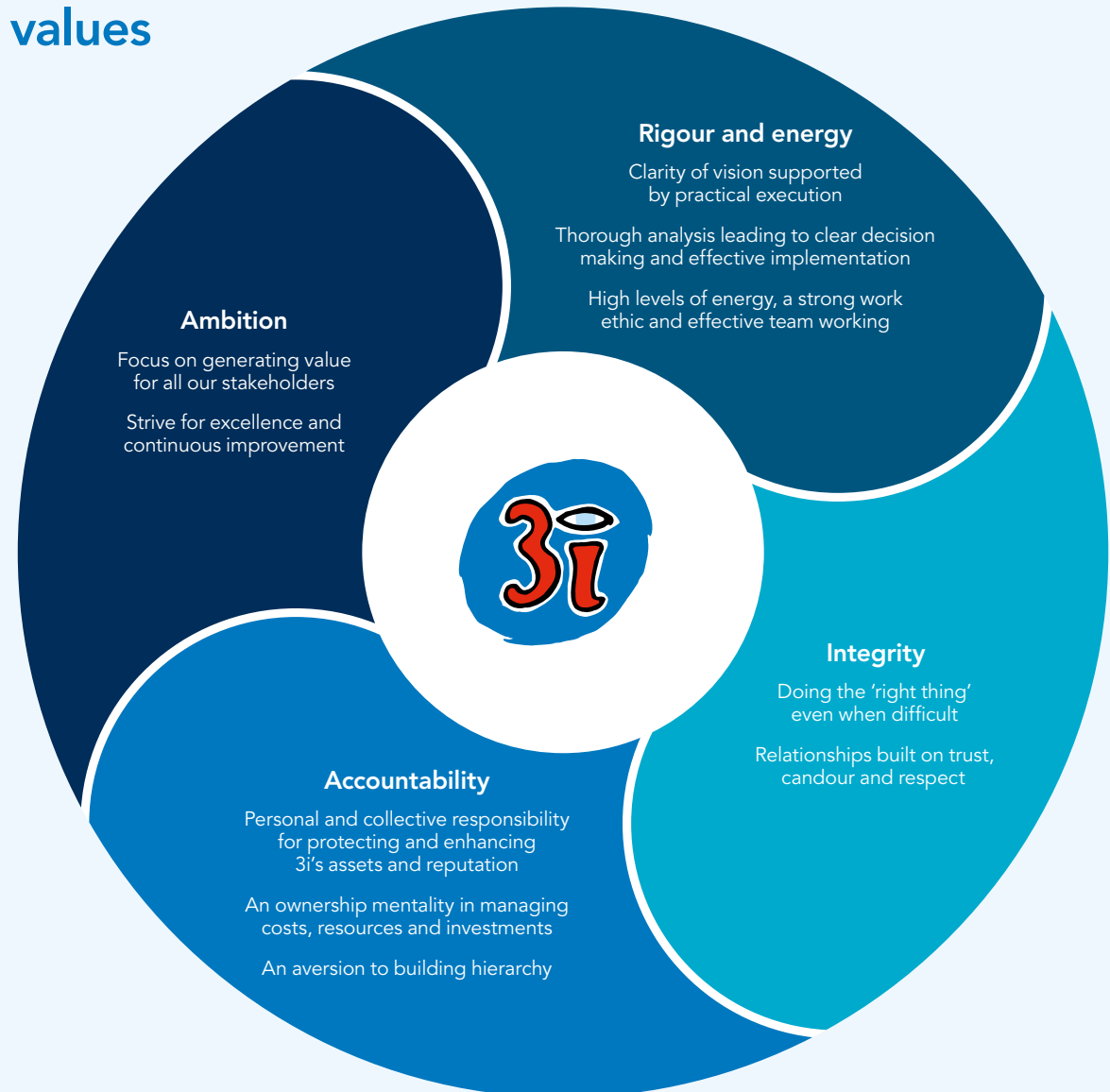
# Responsibilities and accountabilities

The Board of Directors as a whole is responsible for sustainability, directly and through its committees within their specific remits. It has adopted and promotes corporate values and Group standards which set out the behaviour expected of all employees in their dealings with shareholders, other investors, existing and potential portfolio companies, colleagues, suppliers and others who engage with 3i.

The Executive Directors and business and functional leaders (together, the 'Executive Committee') are responsible for ensuring compliance with 3i's corporate values and standards. Our values and corporate culture promote accountability and, together with our compliance, behaviour and environmental, ethical and social policies and procedures, are designed to ensure high standards of conduct.

All employees are required to be aware of, and abide by, 3i's policies and procedures. These are available to all staff through the intranet portal and reinforced through regular training. Employees are encouraged to make suggestions to improve them.

## Our values





# Governance framework

The Board of Directors is responsible for the oversight of the Group's sustainability approach and policies, including the Responsible Investment policy. It delegates day-to-day accountability for sustainability to executive management and, in particular, the Chief Executive.

The Chief Executive has established a number of committees to support him in overseeing and monitoring policies and procedures and to address issues if they arise. This includes an ESG Committee that assists and advises the Chief Executive, directly and through the Investment and Group Risk Committees, on relevant environmental, social and governance risks and matters, including developing and proposing the Group's ESG approach. The ESG Committee coordinates the Group's various sustainability activities, including the management of ESG risks and opportunities across the portfolio. Our governance framework is outlined opposite and more information is provided in our Annual report and accounts.

Board	
Ownership and oversight of the Group's ESG and sustainability approach and policies	
Principal Board Committees	
<b>Audit and Compliance Committee</b> Met six times in the year	<ul style="list-style-type: none"> <li>Financial and non-financial reporting (including reporting on ESG and sustainability matters), risk, internal controls and assurance</li> <li>Oversees ESG risks for 3i and its portfolio through regular reports from the Group Risk Committee</li> <li>Oversees the approach to tax policy and strategy</li> </ul>
<b>Remuneration Committee</b> Met six times in the year	<ul style="list-style-type: none"> <li>Director and senior management remuneration including remuneration-related ESG performance measures, and Group remuneration structure</li> <li>Oversees the implementation of fair remuneration for employees</li> </ul>
<b>Nominations Committee</b> Met two times in the year	<ul style="list-style-type: none"> <li>Size, balance, composition and diversity of the Board</li> <li>Board and senior executive succession</li> </ul>
<b>Valuations Committee</b> Met four times in the year	<ul style="list-style-type: none"> <li>Valuation policy</li> <li>Valuation of the investment portfolio</li> <li>Responsibilities include the consideration of ESG impacts on portfolio valuation</li> </ul>

Chief Executive	
Day-to-day accountability for sustainability	
Chief Executive Committees	
<b>Executive Committee</b> Meets monthly Assists the Chief Executive in managing the business	Sustainability responsibilities include: <ul style="list-style-type: none"> <li>Assisting the Chief Executive in setting the Group's strategy, including its sustainability aspects</li> <li>Recruitment and retention</li> </ul>
<b>Investment Committee</b> Meets frequently as required Acquisition, management and disposal of investments	Sustainability responsibilities include: <ul style="list-style-type: none"> <li>Implementation of the Responsible Investment policy</li> <li>Assessment and management of ESG risks and opportunities in the investment, divestment and portfolio management activities</li> <li>Due diligence of ESG risks and opportunities in the investment process</li> <li>Compliance with applicable ESG regulation in the portfolio (eg Modern Slavery Act, environmental regulations)</li> </ul>
<b>Group Risk Committee</b> Meets four times per year Oversees the Group's risk management framework	Sustainability responsibilities include: <ul style="list-style-type: none"> <li>Oversight and review of the Responsible Investment policy</li> <li>Oversight of relevant environmental legislation and regulation</li> <li>Oversight of ESG risks and performance for the Group and the portfolio</li> <li>Assessment of regulatory and compliance risks, including financial crime and bribery</li> <li>Assessment of operational risks, including cyber security and people risks</li> <li>Review of incident management, business continuity and disaster recovery plans</li> </ul>
<b>Group ESG Committee</b> Meets formally four times per year and informally as required Assists and advises the Chief Executive on relevant environmental, social and governance risks and matters	Responsibilities include: <ul style="list-style-type: none"> <li>Reporting on relevant ESG matters to the Chief Executive and proposing strategies for managing the ESG factors which have potential to impact our business</li> <li>Oversight of 3i Group's approach to ESG and ensuring 3i Group's compliance with relevant legal and regulatory requirements, industry standards and guidelines applicable to ESG matters</li> <li>Monitoring stakeholder expectations, market developments, trends and best practice in relation to ESG matters as relevant to the Group and its portfolio</li> <li>Co-ordinating ESG-related activities and initiatives across the Group</li> <li>Reviewing and monitoring the Group's ESG performance</li> </ul>

# 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.

## Sustainability ratings

We engage with multiple rating providers that assess our ESG performance based on their own methodologies. The summary of our ratings as at 08 May 2023 (except where indicated) is as follows:

Rating body	Latest rating	Scoring scale
<b>CDP</b>	Climate change score: B Supplier engagement score: A-	A to D-
<b>S&amp;P Global CSA</b>	48 (92nd percentile)	0-100 (higher scores are better)
<b>FTSE Russell</b>	3.8 (81th percentile)	0 to 5 (higher scores are better)
<b>ISS ESG</b>	ISS ESG Corporate Rating: B-	D- to A+
<b>Morningstar Sustainalytics<sup>1</sup></b>	11.1 Low Risk	from Negligible (0-10) to Severe (40+)

## Sustainability indices

3i is a member of FTSE4Good Index Series and of the Solactive Europe Corporate Social Responsibility Index.

» **FOR MORE INFORMATION**  
[www.ftse.com/products/indices/FTSE4Good](http://www.ftse.com/products/indices/FTSE4Good)  
[www.solactive.com](http://www.solactive.com)



## UN Principles for Responsible Investment

We have been signatories to the UN Principles for Responsible Investment ('UN PRI') since 2011. 3i's scores for the 2021 UN PRI assessment report were 4\* for Investment and Stewardship policy (scoring of 70% vs median of 60%), 4\* for Private Equity (scoring of 85% vs median of 66%) and 5\* for Infrastructure (scoring of 93% vs median of 77%). The UN PRI did not perform an assessment in 2022 and this scoring is therefore based on 2020 data.

» **FOR MORE INFORMATION**  
[www.unpri.org](http://www.unpri.org)

+ **READ MORE ON PAGE 11**  
 A responsible investor



<sup>1</sup> As at September 2022. Copyright © 2023 Morningstar Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics ([www.sustainalytics.com](http://www.sustainalytics.com)). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

# A responsible investor

With approximately 250 employees globally and a small office footprint, 3i has a relatively small direct impact on the environment and other sustainability issues. However, with assets under management of nearly £30 billion, we can achieve progress on many sustainability issues through the actions we drive in our portfolio companies.

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# Our approach to responsible investment

We believe that a responsible approach to investment is a material lever for value creation in our portfolio. Our approach is based on four pillars;

## • Long-term stewardship

Thanks to our permanent capital we have a medium to long-term investment horizon. We have majority or significant minority stakes in our core portfolio companies and are represented on their boards. We therefore have the influence to drive long-term, sustainable growth in our portfolio.

## • Thematic origination

We invest in businesses that benefit from structural growth trends. Our approach is flexible and can be adapted to take into account market developments and regulatory, policy, societal or environmental changes. For example, over the last few years we have backed businesses that have invested in the energy transition, the achievement of a more sustainable consumption model through a circular economy, improved health and wellbeing and the digital transition, all of which can contribute to delivering positive change over the long term.

## • Careful portfolio construction

We approach investment origination and portfolio construction with great care, with a focus on resilience across the cycle. We make a limited number of new investments each year, sourced from sectors and geographies where we have built a strong track record, in-house expertise and comprehensive networks.

## • Assessment and management

We screen investment opportunities against our Responsible Investment policy and embed an assessment of ESG risks and opportunities across our investment, portfolio management and value creation processes. We have been signatories to the UN PRI since 2011. We do not manage thematic ESG funds and it is not our intention to do so. Nevertheless, we are committed to evolving and improving our approach to responsible investment.

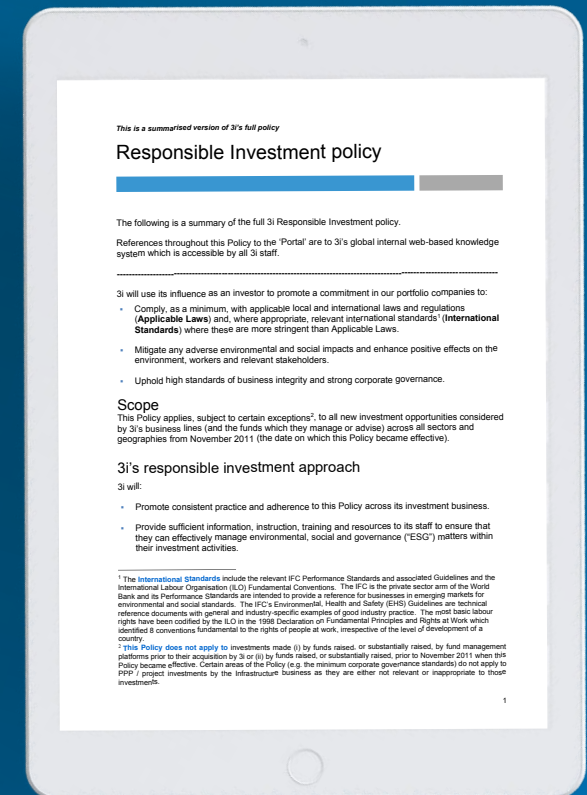
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ESG risks and risk management in our portfolio



# Our Responsible Investment policy

Our Responsible Investment ('RI') policy sets out the types of businesses in which 3i will not invest, as well as minimum standards in relation to ESG matters which we expect 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.

Our RI policy sets out our stewardship approach. 3i aims to use its influence as an investor to promote a commitment in its investee companies to:

- comply, as a minimum, with applicable local and international laws and regulations and, where appropriate, relevant international standards (such as the IFC Performance Standards and the ILO Fundamental Conventions), where these are more stringent than applicable laws;
- mitigate adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders; and
- uphold high standards of business integrity and good corporate governance.

## Objectives of our RI policy

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

### The environment

A cautious and responsible approach to the environmental management 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.

### 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.

### 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.



# Thematic approach to origination and portfolio construction

We adopt a thematic approach to origination and portfolio construction, backing businesses that benefit from structural trends which can support long-term sustainable growth.

## Value-for-money and discount

The last few years have been characterised by significant shocks, including the Covid-19 pandemic and Russia's invasion of Ukraine. These have had profound consequences on the global economy and have resulted in higher inflation, higher interest rates, pressure on corporate margins, challenges to supply chains and energy security and lower growth.

Our portfolio plays to this theme through our focus on value-for-money and discount, as we expect consumers' focus on value to increase as a result of growing economic uncertainty.



## Demographic and social change

Increasing life expectancy and reduced birth rates in most of our core markets are resulting in an ageing and often declining population, which is increasingly urban. These structural, long-term trends are causing profound changes in consumer behaviour and preferences, and in the development of policy responses to meet the challenges of greater longevity and the prevalence of age-related chronic illness. Many of our healthcare and consumer sector investments benefit from these trends.



## Thematic approach to origination and portfolio construction continued

### Energy transition, energy security and resource scarcity

The transition to a more sustainable consumption model and the development of solutions to tackle global warming and climate change, as well as the more recent challenges to energy security, will provide investment opportunities for many decades. We have exposure to the renewable energy and waste management and recycling sectors, as well as to companies making significant investments in the circular economy theme, either by adapting their business models or by offering products or services which directly support the circular model.



### Digitalisation, automation and big data

Technology is developing rapidly and changing business operating models across sectors. Digitalisation is part of daily life, permeating all spheres of human activity and interactions. It is also intertwined with climate change and a precondition to many of the available decarbonisation pathways. We have been careful to select investments that benefit from this megatrend, while avoiding areas likely to be impacted by disruption.



# Assessment and management of ESG factors

The active management of ESG risks and opportunities is key to our value creation process and to maintaining our reputation as a responsible investor. We embed an assessment of the long-term sustainability 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 ESG objectives. This enables us to prepare companies ahead of any exit opportunity.

Pre-investment	During investment		Exit
<p><b>Assessment and action planning</b></p> <ul style="list-style-type: none"> <li>• Screen each opportunity against the requirements of the RI policy at the first stage of our process.</li> <li>• Identify and assess the most material ESG risks inherent in each investment opportunity.</li> <li>• Commission specialist due diligence on ESG matters where required.</li> <li>• Include ESG considerations (both risks and value creation considerations linked to the investment case) in the Investment Committee materials.</li> <li>• Integrate relevant action points into the 180-day post-investment plan.</li> </ul>	<p><b>Use of influence and engagement</b></p> <ul style="list-style-type: none"> <li>• Implement robust governance and procedures at the portfolio company to ensure that ESG risks and opportunities are assessed regularly and managed carefully.</li> <li>• Use active participation and influence on portfolio company boards to ensure they are addressing the ESG factors impacting their businesses.</li> <li>• Leverage the 3i portfolio and network to provide introductions to other companies, useful contacts and advisers and share best practice, sometimes through dedicated forums such as the plastics, carbon and CIO roundtables we held for portfolio companies in recent years.</li> <li>• Provide a sounding board and support to portfolio companies as they devise their sustainability strategies and implement and deliver sustainability projects.</li> </ul>	<p><b>Data collection and monitoring</b></p> <ul style="list-style-type: none"> <li>• Collect ESG data from portfolio companies on an annual basis to understand the baseline and measure progress.</li> <li>• Prepare detailed quantitative and qualitative ESG assessment as part of the March semi-annual portfolio company review process.</li> <li>• Discuss ESG assessment during semi-annual portfolio company review meetings, involving investment teams as well as Investment Committee members and selected 3i Board members.</li> <li>• Set and monitor progress with portfolio-wide objectives (eg for portfolio companies to produce a carbon emissions baseline and implement a sustainability strategy).</li> </ul>	<p><b>Preparation and communication</b></p> <ul style="list-style-type: none"> <li>• Consider the data and governance structures which may be required in advance of a sale process.</li> <li>• Work with advisers to communicate relevant sustainability information to potential buyers.</li> </ul>

Objectives			
<p>The Investment Committee may decline investment opportunities where red flags are raised in the pre-investment ESG risk assessment that it does not believe can be remedied post investment or commission further specialist due diligence to assess whether a situation can be remedied.</p>	<p>We use our influence to assess and mitigate risks and ensure value creation opportunities are captured.</p>	<p>Data is used to develop our understanding and management of ESG matters, to enhance our decision making, to facilitate better financing opportunities and to identify key themes, trends and opportunities across the portfolio.</p>	<p>Good ESG performance can protect and potentially enhance the value achieved in an exit.</p>



# Proactive engagement with our portfolio

Once invested, we use our influence with portfolio companies with a view to ensuring, over the life of the investment, that they have a proportionate sustainability strategy in place. This involves:

- board or management-level responsibility and appropriate governance and reporting structures to manage ESG risks and opportunities that may impact their business over the holding period;
- considering the ESG and sustainability factors that have the potential to impact their business on a regular basis;
- measuring their carbon footprint (Scope 1 and 2 at a minimum) and considering appropriate reduction targets;
- ensuring they are well prepared to meet regulatory requirements; and
- considering all stakeholders in their management of ESG and sustainability issues and communicate transparently.

We also leverage our knowledge and expertise across our portfolio and facilitate the sharing of best practice, either through relevant introductions, or through thematic forums, such as the plastics, carbon and CIO roundtables we held for our portfolio companies in 2019, 2021 and 2023.

In addition, ESG is frequently on the agenda of portfolio events, such as our biennial CEO and chairman forums, where it is addressed through expert presentations or panel discussions involving portfolio company management teams. For example, ESG was a key agenda item at our portfolio company CEO and chairman forum in October 2022, where five portfolio company CEOs from across the Private Equity and Infrastructure portfolios shared their experiences and the benefits of embedding sustainability into their operations.

In the case studies that follow, we show examples of how we have engaged with portfolio companies and supported their actions across a number of material ESG themes.

 [READ MORE ON PAGE 18](#)  
Action

 [READ MORE ON PAGE 20](#)  
TCR

 [READ MORE ON PAGE 21](#)  
Evernex

 [READ MORE ON PAGE 22](#)  
Audley Travel

 [READ MORE ON PAGE 23](#)  
Scandlines

## 88%

of portfolio companies with board or management team specific responsibility for ESG management and compliance<sup>1</sup>

## 45%

of portfolio companies publish sustainability reports<sup>1</sup>

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

## Proactive engagement with our portfolio continued

### Action

Action, our largest portfolio company, is a pan-European non-food discount retailer with over 2,250 stores in 11 countries. Sustainability is an integral aspect of Action's strategy. It is committed to making sustainability accessible for everyone by continually investing to improve the quality and sustainability of its products and stores.

Action's Sustainability Programme is structured around the four pillars of people, planet, product and partnership, each with clear and measurable KPIs and targets. We highlight below the progress Action has made on some of its priorities.

#### Progress on material topic: GHG emissions reduction

Action is committed to reducing the absolute emissions from its own operations and to decreasing the impact the company has on the environment. In support of this, it has set an ambitious reduction target with several initiatives underway, including disconnecting its store base from the gas grid, installing solar panels on some distribution centres and stores, procuring electricity from renewable sources, as well as various other energy efficiency measures, such as the installation of LED lights in stores.

Action is also working to reduce the emissions associated with its logistics and delivered a 13% reduction in transportation

emissions from its own trucks in 2022, driven primarily by piloting the use of biofuels. In 2023, Action will take this further by piloting the use of electric trucks. The company has entered into a collaboration with key logistics partner Maersk to lower the emissions of its sea freight operations through Maersk's ECO Delivery programme, which involves the replacement of fossil fuels with ISCC certified green fuels. This will result in the reduction of Action's Scope 3 emissions by an estimated 29,000 tonnes of CO<sub>2</sub> in the current calendar year.

Importantly, Action is in the process of calculating its Scope 3 emissions to determine future targets and reduction strategies throughout the value chain.

#### Progress on material topic: responsible sourcing

Action has a global supply chain and is committed to sourcing its products responsibly with consideration for the environment, human and labour rights. The company uses a number of tools to achieve this ambition, including:

- an ethical sourcing policy, accepted by suppliers and which is built upon recognised international frameworks;
- responsible sourcing policies for timber products, cotton, cocoa, chemicals, plastics and packaging, implemented through third-party certification with partners such as FSC, Better Cotton and Fairtrade; and
- robust due diligence procedures on suppliers and factories, including a programme of social audits and spot checks applied to direct import suppliers, which can result in remediation actions or in the termination of supplier relationships.

### GHG emissions reduction

Key commitments	Progress to 2022
<b>60% reduction in Scope 1 and 2 emissions by 2030 (2021 baseline)</b>	<ul style="list-style-type: none"> <li>• 40% reduction in Scope 1 and 2 emissions in 2022 compared to 2021</li> <li>• 85% of stores disconnected from gas grid</li> <li>• 90% of electricity used or consumed from renewable sources</li> <li>• 95% of stores fitted with LED lights</li> </ul>

### Responsible sourcing

Key commitments	Progress to 2022
<b>100% sustainably sourced cotton by 2023</b>	<ul style="list-style-type: none"> <li>• 90% of cotton sustainably sourced (BCI/organic/recycled)</li> </ul>
<b>100% sustainably sourced cocoa for private label products by 2023</b>	<ul style="list-style-type: none"> <li>• 100% of own brand chocolate sourced with Fairtrade cocoa</li> </ul>
<b>100% sustainably sourced timber by 2024</b>	<ul style="list-style-type: none"> <li>• 92% of timber products sustainably sourced (FSC/PEFC)</li> </ul>
<b>100% private label and white label Tier 1 supply chain transparency by 2025</b>	<ul style="list-style-type: none"> <li>• Launched partnership with ImpactBuying to improve supply chain transparency across product categories</li> <li>• Engaged the consultancy firm Enact to assess and improve supplier due diligence practices</li> <li>• 100% private label product transparency (Tier 1 suppliers) achieved in 2022</li> <li>• 98% of direct import factories in high-risk countries assessed on social impacts through social audits and spot checks</li> <li>• Piloted the amfori BEPI assessment</li> </ul>

## Proactive engagement with our portfolio continued

### Action continued

#### Progress on material topic: product circularity and sustainable packaging

Key commitments	Progress to 2022
<p><b>100% recyclable packaging by 2025 (excluding A-brands)</b></p> <p><b>25% weight reduction target for the primary packaging of its fixed assortment (private and white label products) by 2025 (from 2019 baseline)</b></p>	<ul style="list-style-type: none"> <li>Completed circularity baseline assessments for all 14 product categories</li> <li>Improved 10 category scores from original baselines</li> <li>Currently assessing a product circularity goal</li> <li>100% of private label packaging recyclable (no PVC or black plastics)</li> <li>Launched sustainable packaging policy to aid buyers in purchasing decisions</li> </ul>

Action strives to improve product circularity, which is managed per product category. It has completed circular baseline assessments for each of its 14 product categories and set targets to improve the circularity scoring of each of these. Its Buying and Quality teams have been supported by Circle Economy, a circularity specialist, to improve their awareness and implementation of circularity through product sourcing. Action has also implemented policies for unsold and damaged goods which are separated into resaleable products or waste, which is separated and re-used where possible.

The company also aims to mitigate the negative impact caused by pollution from packaging by increasing the use of renewable materials, reducing the weight and improving the recyclability of packaging. Action's commitments on these topics are set out in the table above.

» FOR MORE INFORMATION  
<https://update2022.action.com/update2022/home>



## Proactive engagement with our portfolio continued

### TCR

TCR is an independent lessor of airport ground support equipment ('GSE') and operates at over 180 airports across the world. It aims to ensure that the equipment rented to its customers at airports is available and in good working condition to fulfil its mission: securing swift, on-time, safe and efficient ground handling operations whilst reducing costs for its customers and its environmental impact.

TCR identified GHG emissions and health and safety as the two most relevant ESG issues in a materiality assessment carried out in 2019. The outcome of this survey shaped TCR's sustainability strategy which was developed in 2021 and is now fully embedded within the organisation.

#### Progress on material topic: GHG emissions reduction

TCR determined that nearly two thirds of its carbon footprint in 2021 was linked to the utilisation of GSE by its customers, or the fuel combustion of GSE it rents out.

TCR focused its efforts on supporting its customers in reducing GHG emissions from the utilisation of its fleet by:

- optimising the use of GSE, eg reduction of idle running and use of telematics;
- optimising the fleet size, eg 'pooling' projects to share equipment between customers; and
- encouraging the procurement of green GSE and converting existing diesel GSE to alternative energy sources.

To encourage its customers to adopt green GSE, TCR proposes and procures alternative low-carbon equipment wherever possible, particularly on GSE categories identified as high emitting (such as buses, ground power units and pushback tractors).

It is helping customers in implementing electric GSE replacement plans where airport charging infrastructure allows, and working on a diesel-to-electric GSE conversion strategy where replacement is not feasible. TCR's objective is for 60% of new GSE capex investments to be green by 2030 (vs 22% today).

#### Progress on material topic: health and safety

TCR monitors health and safety performance on a monthly basis and has seen a decreasing incident trend since 3i Infrastructure plc's initial investment in 2016. In the early years of its ownership, 3i ensured TCR's management made safety a priority for the business, requesting increased resources, improved reporting and safety to be discussed first at each board meeting. Safety gradually became part of the company's culture and embedded into the organisation. The health and safety management at TCR became more proactive, with the introduction of additional training, inspections and monitoring of leading indicators at regional and country level.

Safety remains an important topic of attention. In 2021 the business launched quarterly group safety newsletters, participated in international safety campaigns, ran a group-wide campaign with regards to tyre handling, organised internal awareness initiatives and implemented a new occupational health and safety management platform with additional functionality to further reduce incidents in the workplace.

This was supplemented in 2022 with the launch of the 'TCR Academy', an online tool which includes resources on safety standards, as well as with a campaign to promote increased safety awareness among employees.

TCR has also established a set of standards and processes to ensure the safety of its customers' employees, from GSE procurement, where the highest specification standards are chosen, through to operations, where training programmes are provided to end users, and maintenance, where assets are being maintained properly, in time and to the highest standards. TCR is also ensuring its customers have the tools to report any defect or safety issue in the most efficient way possible.



## Proactive engagement with our portfolio continued

### Evernex

Evernex is the European leader in third-party IT infrastructure maintenance, providing services to over 10,000 customers globally by supporting critical IT systems used in data centres such as servers, storage and network hardware. The service model offers a circular IT solution incorporating the principles of repair, reuse and recycling by extending equipment life by up to 15 years, refurbishing spare parts for reuse and offering a WEEE (Waste from Electrical and Electronic Equipment) compliant recycling service to prevent end-of-life equipment from becoming landfill waste.

Eighty percent of equipment's lifetime emissions come from the manufacturing process. Evernex supports its customers to reduce waste and their carbon footprint while reducing opex and capex, by managing the lifecycle of their existing equipment. In 2021, the company provided service to nearly 360,000 assets worldwide and prevented the emission of c.114,000 tCO<sub>2</sub>e by delaying or avoiding equipment upgrades.

#### Progress on material topic: circular spare parts and recycling

Evernex buys and refurbishes second-hand parts and reuses components where possible, enabling the company to act as a worldwide broker of refurbished spares,

including parts that are no longer available from the original manufacturer. Currently, 30% of the components received by Evernex as 'IT waste' are reused, representing more than 142,000 spare parts and more than 6,000 servers put back in service every year.

The remaining 70% contains valuable minerals such as steel and ores which are separated into secondary raw materials which re-enter the production cycle. Overall, 95% of computer equipment waste received by the company is recycled (500 tonnes). The company has over 330 stocking locations and 850,000 IT parts in stock globally, ensuring that customers have access to the spare parts they need locally, with minimal carbon impact from delivery. Shipments from the warehouse to stocking locations are grouped as much as possible to enable both efficiency and reduced environmental impact.

To support future growth in its recycling activities, in October 2022 Evernex opened a new 6,000m<sup>2</sup> facility in Mityr-Compans, France. The opening of this facility, the largest reconditioning and recycling site for second-hand parts in EMEA, represents a key pillar of the company's strategy by significantly increasing capacity for future recycling. Spare part processing capacity has potential to increase by 30%, while storage capacity will also increase by 40%.

As well as increasing capacity for recycling, a key objective of the new site was to create a positive environment for employees by improving working and safety conditions, enabling both performance and creativity of employees, and supporting the development of a strong corporate culture. A multi-functional project team conducted a review of each step in the production process to determine improvement



opportunities, with changes implemented to improve efficiency and/or safety. One example included designing bespoke movable workstations which enable employees to safely assemble and move heavy equipment, eliminating any requirement for technicians to lift and carry products across the facility themselves.

#### Progress on material topic: GHG emissions reduction

Evernex was selected by ADEME, the French Agency for Ecological Transition, to join a three-year programme to establish a climate strategy, transition plan and decarbonisation roadmap. In 2022 the company completed the first year of the 'ACT' – Assessing Low Carbon Transition programme which involved establishing a full baseline and conducting an initial maturity assessment. This assessment demonstrated that most of Evernex's emissions are derived from Scope 3 and over 90% result from the supply chain, sourcing and delivering materials,

and shipping parts to customers. Analysis also demonstrated the benefits of Evernex's reliance on second-hand spare parts, leading to 6,570 tCO<sub>2</sub>e of avoided emissions compared to buying new ones.

Currently in the second year of the ACT programme, Evernex is training its executive committee, building a reduction trajectory and action plan to achieve it, and establishing ongoing carbon performance KPIs in line with external frameworks which include TCFD, CDP and the SBTi.

Evernex's customers are provided with Carbon Footprint Reduction certificates to raise awareness of the decarbonisation benefits provided through the Sustainable IT maintenance programme.

## Proactive engagement with our portfolio continued

### Audley Travel

Founded in 1996, Audley is the UK market leader in tailor-made travel. Since 3i invested it has made significant progress in developing its approach to sustainability.

#### Progress on material topic: GHG emissions reduction

Audley has taken steps to assess and reduce its corporate carbon footprint over many years, for example by moving all offices to renewable energy tariffs, reducing energy consumption, and installing electric car charging points and solar panels at its headquarters.

As a result the company was able to deliver a c.50% reduction in Scope 1 and c.83% reduction in Scope 2 emissions between 2019 and 2022.

In 2022 Audley measured its Scope 3 emissions associated with client trips, including an assessment of the total distance travelled and hotel stays in each location.

Audley has used this data to identify ways to reduce its Scope 3 intensity, and has set a goal to reduce the carbon footprint of its trips on a per person per day basis. It intends to achieve this by working with local partners to identify changes including the use of more electric vehicles for transfers, and supporting accommodation and cruise providers to explore ways to reduce their emissions. Audley also continues to engage with its airline partners on their emissions reduction plans.

Audley submitted a commitment letter to the SBTi at the end of 2022. It has been awarded the silver World Responsible Tourism award for 'Decarbonising Travel and Tourism' in acknowledgement of its efforts to date.

#### Progress on material topic: responsible travel

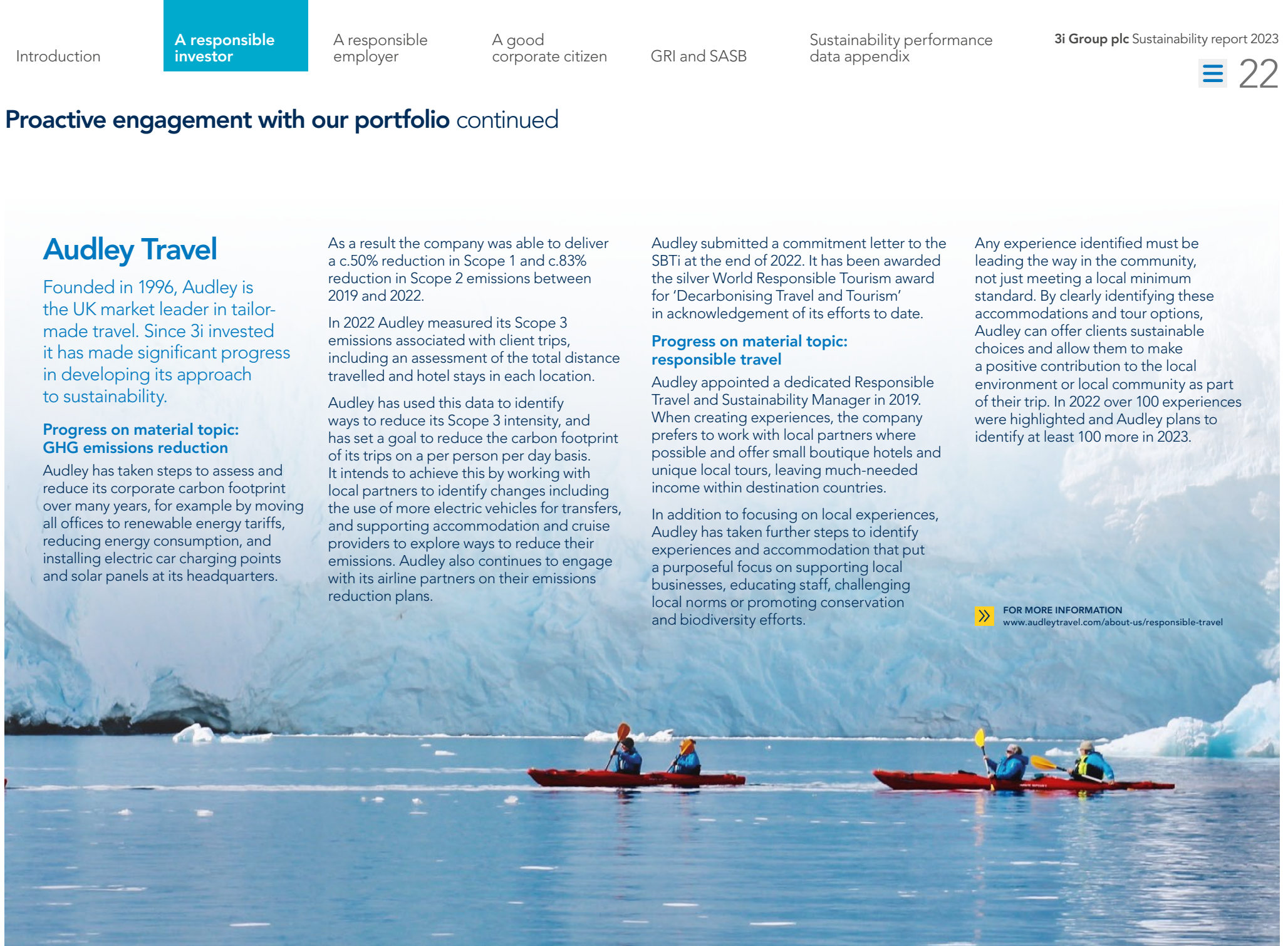
Audley appointed a dedicated Responsible Travel and Sustainability Manager in 2019. When creating experiences, the company prefers to work with local partners where possible and offer small boutique hotels and unique local tours, leaving much-needed income within destination countries.

In addition to focusing on local experiences, Audley has taken further steps to identify experiences and accommodation that put a purposeful focus on supporting local businesses, educating staff, challenging local norms or promoting conservation and biodiversity efforts.

Any experience identified must be leading the way in the community, not just meeting a local minimum standard. By clearly identifying these accommodations and tour options, Audley can offer clients sustainable choices and allow them to make a positive contribution to the local environment or local community as part of their trip. In 2022 over 100 experiences were highlighted and Audley plans to identify at least 100 more in 2023.



FOR MORE INFORMATION  
[www.audleytravel.com/about-us/responsible-travel](http://www.audleytravel.com/about-us/responsible-travel)



## Proactive engagement with our portfolio continued



### Scandlines

Scandlines operates ferry services between Germany and Denmark, along two routes: Puttgarden-Rødby and Rostock-Gedser. Its ferry fleet includes six hybrid ferries and a freight ferry which also acts as a replacement ferry when required. In 2021, Scandlines set an ambitious target of achieving zero Scope 1 and 2 emissions on its Puttgarden-Rødby route by 2030, and on the Rostock-Gedser route and other parts of the business by 2040. It has identified environmental protection, health and safety, people and a healthy supply chain among its sustainability priorities.

#### Progress on material topic: GHG emissions reduction and environmental protection

Scandlines has invested significantly toward its zero direct emission vision and expects green investments to total approximately €400 million in the period from 2013 to 2024.

The four passenger ferries it operates on its Puttgarden-Rødby route were converted to hybrid ferries in 2013/14. They have now all been equipped with new thrusters, reducing CO<sub>2</sub> emissions further and bringing down noise levels, thereby improving conditions for marine life.

The two ferries it operates on its Rostock-Gedser route were built as hybrid ferries in 2016. These newer ferries were tailor-made for the route to optimise for shallow waters and to reduce fuel consumption.

A rotor sail was installed on both ferries in 2020 and 2022 respectively, introducing wind power technology and further reducing emissions. With these ferries, fuel consumption can be reduced by two thirds per trip, per car, compared to previous ferries.

As a key step towards its net zero vision, in 2021 Scandlines ordered a new zero direct-emissions freight ferry which is expected to be commissioned on the Puttgarden-Rødby route in 2024.

Additionally, Scandlines switched all land-based electricity contracts to renewable sources in 2021, reducing the CO<sub>2</sub> footprint of the business by more than 1,800 tonnes, and installed 34 additional charging stations for electric and hybrid cars at all its ports.

During 2022, Scandlines increased its efforts to improve emission calculations. Scandlines established its Scope 3 emission inventory confirming that purchased goods and services as well as fuel and energy-related emissions comprise most of the indirect emissions. Further, Scandlines has partnered with Reflow, a Danish climate tech start-up, to use its cutting-edge technology to produce a lifecycle assessment of the new ferry. This will allow Scandlines to run simulations of green technology so that it can develop and improve the design in the future.

Scandlines estimates that various initiatives it has implemented since 2019 have allowed it to reduce CO<sub>2</sub> emissions by 12% per trip.



# ESG risks and risk management in our portfolio

We ensure that the companies that we invest in are aware of the longer-term ESG themes that could impact their business and take them into account in their longer-term planning. We screen out investment opportunities which are overly exposed to ESG or other risks and have the flexibility to sell investments that become or have the potential to become overly exposed to ESG risks.

We have robust portfolio risk management processes. As set out earlier in this report:

- we screen all new investment opportunities and undertake ESG due diligence before making new investments and monitor all relevant ESG and reputational risks through our portfolio monitoring processes (see page 16);
- we make majority or significant minority investments in our core portfolio companies and exercise influence through membership of their boards, where we ensure that ESG risks are assessed and that adequate mitigation plans are put in place;
- we ensure that there is board or management-level responsibility at our portfolio companies for the assessment and mitigation of material ESG risks and work with portfolio company management teams to ensure that ESG risks and long-term sustainability are addressed in their strategy; and
- our Investment Committee has responsibility for portfolio risk management (see page 9).

We carried out our initial, top-down climate scenario analysis to model the impact of climate change on our portfolio companies, in line with TCFD recommendations (refer to our TCFD disclosures in our Annual report and accounts) and are currently refining and improving our approach to scenario analysis better to understand climate physical and transition risks in our portfolio. Our annual stress test scenario planning, which underpins our Viability statement (set out in our Annual report and accounts), also models environmental impacts on our portfolio using the results of the portfolio companies' ESG assessments.

## Key portfolio ESG risks

### Environmental and social regulation

Companies are affected by a broad range of regulations with the potential to impact their environmental and social practices, which at times require material operational and commercial adaptations and carry a significant compliance cost. To mitigate this risk, we ensure that our portfolio companies understand their own environmental impacts and stay abreast of regulatory and market developments, and that they develop their commercial offering to ensure that it remains attractive to their customers and that it meets stakeholder expectations. We also encourage the sharing of best practice across the portfolio through thematic forums, such as the plastics and carbon roundtables we held for our portfolio companies in 2019 and 2021.

## Cyber security

Cyber security remains an important area of attention. 3i promotes cyber resilience in its portfolio companies actively as a key component of the corporate governance programme through its representatives on the boards. We use an external firm of cyber security specialists to conduct reviews of the cyber resilience of our portfolio companies' key systems. The resulting reports are discussed with the management teams of the relevant portfolio companies and specific actions agreed where appropriate. In some cases where the cyber maturity of a new portfolio company is deemed to be in its early stages, we ensure that a cyber security review is carried out and that the necessary controls and procedures are implemented across the organisation. Cyber resilience is one of the governance topics reviewed at the six-monthly business reviews of 3i's portfolio companies which are conducted as part of 3i's regular asset management and portfolio monitoring programme. We collect data from each portfolio company on cyber security and cyber breaches, log incidents and, where these occur, ensure that appropriate information on these is shared across our investment teams to promote our understanding of this evolving risk.



## ESG risks and risk management in our portfolio continued

In March 2023, we hosted a CIO roundtable, which brought together 20 portfolio companies from across our Private Equity and Infrastructure portfolios to discuss cyber security and the effective procurement of IT services. The event included presentations from expert speakers and panel discussions.

### Sanctions

The increase in sanctions following Russia's invasion of Ukraine impacted a very small number of our portfolio companies. 3i's sanctions policy is to comply with all relevant UK and international economic sanctions, both directly and in relation to its investment activities. Compliance with this policy is monitored by our compliance team.

### Fraud

We monitor and manage fraud risk in our portfolio companies through our investment and portfolio management processes and ensure that all portfolio companies have adequate governance structures and resources to manage this risk. Fraud incidents are logged and shared among investment teams.

### Occupational health and safety

The safety and wellbeing of our portfolio companies' employees is a priority for us. Occupational health and safety is a risk across many of our portfolio companies. We monitor health and safety data through our ESG assessments and log incidents on our central risk register. To mitigate health and safety risks, as significant shareholders we ensure that each portfolio company has robust health and safety policies and procedures in place, that all incidents are logged appropriately and acted upon, that there is clear board-level responsibility for health and safety and that sufficient resources are dedicated to this area.

### Climate change

Climate change affects many of our investments through changes in the regulatory framework, changes in consumer preferences or stakeholder pressure to reduce their carbon and broader environmental footprint. In addition, many countries have set demanding net zero or emission reduction targets, the achievement of which relies heavily on the decarbonisation of the private sector. The strategies we use to mitigate this risk are set out in our TCFD disclosures.

» OUR TCFD DISCLOSURES ARE IN OUR ANNUAL REPORT  
[www.3i.com/investor-relations](http://www.3i.com/investor-relations)

### Covid-19

The risks arising from the Covid-19 pandemic had already reduced significantly by the start of our financial year as a result of the comprehensive roll-out of vaccine programmes in our markets, but remained an important factor in our risk assessment and mitigation processes, particularly in relation to our portfolio companies' supply chains. The development of new, more contagious or deadly variants of the virus remains a potential risk to our operations and portfolio and we continue to monitor this proactively.

### Modern slavery

3i's approach to modern slavery in the context of its investment portfolio is incorporated within its RI policy. 3i's policy has, for some time, been to avoid investing in certain businesses which we view as unethical, including those which do not respect the human rights of their workers. With particular regard to modern slavery, one of the specific objectives set out in our RI policy is that 3i will only invest in businesses which are committed to: respecting the human rights of their workers and of the people working in their supply chain; maintaining safe and healthy working conditions for employees and contractors and for the people working in their supply chain; treating employees fairly; upholding the right to freedom of association and collective bargaining; and respecting the health, safety and wellbeing of those adversely affected by their business activities.

We specialise in core investment markets in northern Europe, the UK and North America, which have a relatively low potential risk of slavery according to the Global Slavery Index ('GSI'). However, we are aware that many of the companies we invest in have operations and/or supply chains based outside northern Europe and North America, including in countries which have a relatively higher potential risk of slavery according to the GSI.

These risks are assessed for each portfolio company in our detailed portfolio company reviews. For these companies, we have an increased focus on whether the company has a supply chain policy or code of ethics in place, who at board level has responsibility for monitoring supply chain issues, the extent to which supply chain audits are carried out and whether there have been any material issues in these areas.

» **DOWNLOAD OUR MODERN SLAVERY STATEMENT**  
[www.3i.com/sustainability/modern-slavery/](http://www.3i.com/sustainability/modern-slavery/)

## ESG risks and risk management in our portfolio continued

### Risk management

Effective risk management underpins the successful delivery of our strategy and longer-term sustainability of the business. Our values and culture at 3i are embedded in our approach to risk management.

The 3i Board has delegated day-to-day responsibility for risk management to the Chief Executive who is assisted by the Group Risk Committee which includes the heads of 3i's Private Equity and Infrastructure businesses and other functional heads drawn from across the business. The Group Risk Committee maintains the Group's risk review, which identifies the principal risks and new and emerging risks facing 3i, as well as the associated mitigating actions and key risk indicators. The risk review is updated quarterly.

Following the six-monthly portfolio reviews, detailed reports are prepared by the Private Equity and Infrastructure businesses and the team responsible for our investment in Scandlines, which summarise the short, medium and long-term ESG risk profiles and trends across their respective portfolios as well as detailed summaries of the specific ESG risks and opportunities relevant to each material portfolio company and any material ESG incidents in the period.

The reports are presented to the Group Risk Committee by the Private Equity and Infrastructure businesses and the team responsible for our investment in Scandlines. The Group Risk Committee reports to the Audit and Compliance Committee and an overview of the findings is also presented to the Board.

The ESG Committee advises the Chief Executive, directly and through the Group Risk and Investment Committees, on relevant environmental, social and governance risks and matters (see page 9).

- >> **A COMPREHENSIVE RISK REVIEW IS SET OUT IN OUR ANNUAL REPORT**  
[www.3i.com/investor-relations](http://www.3i.com/investor-relations)
- >> **OUR VIABILITY STATEMENT IS SET OUT IN OUR ANNUAL REPORT**  
[www.3i.com/investor-relations](http://www.3i.com/investor-relations)
- >> **OUR CLIMATE RISK MANAGEMENT IS SET OUT IN OUR TCFD DISCLOSURES IN OUR ANNUAL REPORT**  
[www.3i.com/investor-relations](http://www.3i.com/investor-relations)



# A responsible employer

The recruitment, development and retention of a capable and diverse team is key to our success. We provide training and opportunities for career advancement and reward our employees fairly. We recognise the importance of the satisfaction and wellbeing of our employees and support them by creating a healthy workplace and with tools to improve their mental and physical health.

With approximately 250 employees, we benefit from a flat organisational structure, which facilitates a culture of open communication.

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# Human rights

Our 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 such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination.

Due to the small number and diverse functions of our employees, as well as the nature of our business, our employees are not, in practice, unionised and do not engage in collective bargaining. We do not procure services from, nor invest in businesses which make use of slavery, human trafficking, forced labour, compulsory labour or harmful child labour.

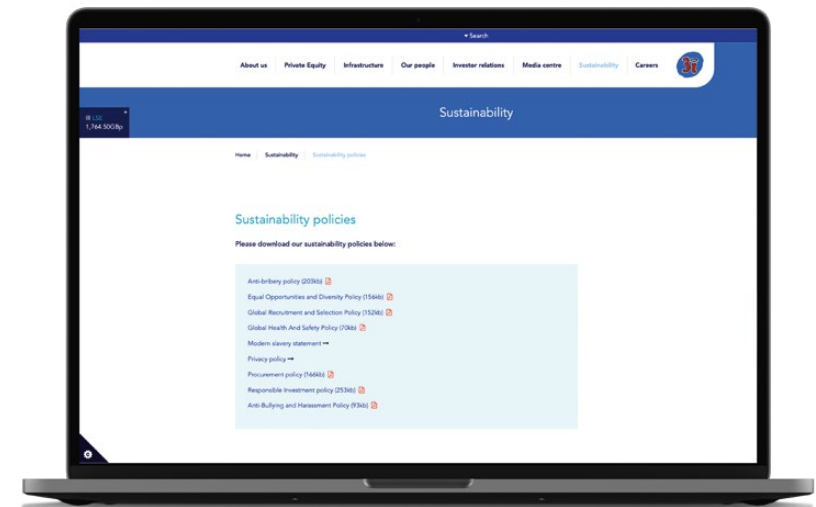
## Modern Slavery Act

We published our statement on modern slavery for the financial year ending 31 March 2022 on our website in September 2022, and will update this statement in September 2023. 3i is committed to ensuring that:

- there is no slavery or human trafficking in any part of its business or supply chains; and
- the companies in which it invests are also committed to ensuring that there is no slavery or human trafficking in any part of their businesses or supply chains.

3i has a suite of human resources policies and procedures covering areas including recruitment, vetting and performance management, family-friendly policies, equal opportunities and diversity, medical and dental insurance and health checks, health and safety and flexible working, and appropriate processes to monitor their application. Summaries of some of these policies can be found on our website.

» FOR MORE INFORMATION  
[www.3i.com/sustainability/sustainability-policies](http://www.3i.com/sustainability/sustainability-policies)



# Equal opportunities, diversity and inclusion

3i is an equal opportunities employer and prohibits unfair discrimination.

Our workforce is very international and our 249 employees at the end of March 2023 were of 26 different nationalities. We value highly the diversity of perspectives and experiences this brings.

3i's Equal Opportunities and Diversity, and Global Recruitment and Selection policies establish that all 3i employees (temporary and permanent), contract workers and job applicants are treated fairly and are offered equal opportunity in selection, training, career development, promotion and remuneration. We cultivate an inclusive environment for existing and prospective employees which respects, involves and leverages diverse talent for greater organisational good.

We have made reasonable progress in achieving greater diversity within our organisation, including across a number of senior investment and non-investment roles. We nonetheless strive to continue improving our performance on an ongoing basis. We consider diversity in all recruitment processes and explore initiatives to address the perceived barriers to entry into our sector. However, we are a small organisation with relatively low turnover and recruitment volumes, which means that achieving greater diversity will be a gradual process.

To reinforce our commitment to equal opportunities, our line managers have received training on unconscious bias, focused on raising awareness of the attitude and behaviours associated with a range of important line manager activities, such as performance management, team leadership and, where relevant, recruitment activity.

In FY2022 we engaged a specialist Diversity, Equity and Inclusion ('DE&I') consultancy, which supported us in building upon our DE&I practices. As a result of this work, in FY2023 we launched a number of practical initiatives to improve our practices further, including:

- the **Leading with Impact Programme**, which encourages leaders to reflect on personal and group biases and the possible impact of these on their everyday behaviours and decision making. This programme was rolled out initially to partners and directors in our Private Equity and Infrastructure investment teams, and will be rolled out to functional heads and directors in the course of FY2024; and
- an **internal mentoring programme** open to all employees across all geographies and levels of seniority, which contributes to our DE&I efforts by ensuring that mentees are nurtured based on their diverse needs and individual career aspirations. All mentors are trained in bias awareness and inclusion, building their DE&I knowledge, skills and confidence, which contributes to our wider goals of creating a diverse pipeline of talent based on the principles of fairness and equity.

In 2022, we surveyed employees in our UK office about their gender and ethnicity. Around three quarters of the employees responded to the survey. This information will help us to shape our DE&I approach.

As part of our DE&I Strategy we are considering how we work as individuals and in our teams to determine ways in which we can improve our effectiveness and inclusivity. In FY2023 we invited our Private Equity and Infrastructure business line employees to complete the Myers Briggs Type Indicator ('MBTI'), one of the most widely used tools for understanding normal personality differences among people and a great instrument when considering the professional development of individuals and teams. Following the completion of the MBTI online questionnaire, we explored our preferences in externally facilitated sessions. We will carry out the same exercise for our professional services employees in FY2024.

Since the end of FY2023 we have set up a DE&I steering group chaired by our Chief Human Resources Officer and with members drawn from diverse functions across the organisation. This steering group will drive the DE&I agenda by monitoring progress against our objectives, ensuring alignment and collaboration across the group, and by enabling each business area to have a voice and bring forward ideas for review and approval and to be put forward to our Executive Committee.

We continue to take part in a number of initiatives to improve DE&I at 3i and within our industry more broadly. These initiatives, which focus on gender, ethnic and social diversity, are described in the pages that follow.

» DOWNLOAD OUR EQUAL OPPORTUNITIES AND DIVERSITY POLICY  
[www.3i.com/sustainability/sustainability-policies](http://www.3i.com/sustainability/sustainability-policies)

» DOWNLOAD OUR GLOBAL RECRUITMENT AND SELECTION POLICY  
[www.3i.com/sustainability/sustainability-policies](http://www.3i.com/sustainability/sustainability-policies)

## Equal opportunities, diversity and inclusion continued

Our programme of diversity and inclusion talks continued in FY2023, with talks from the current chair of Level 20, a co-founder of the #10000BlackInterns Initiative and representatives of The Children's Society.

No incidents of discrimination were reported in FY2023.

### Gender diversity

Achieving better gender diversity is important to 3i and we believe we are making reasonable progress in that respect, within the constraints of being a small organisation with modest staff turnover.

Of the 41 new hires we made during the year, 15 were female and 26 were male. Note that we refer to 'female' and 'male' when discussing biological sex and to 'women' and 'men' when discussing gender.

Gender diversity is an issue that the investment industry has long struggled with. According to the BVCA and Level 20 Diversity & Inclusion Report 2021, women made up 38% of the private equity and venture capital workforce in 2020 and only 20% of investment team professionals.

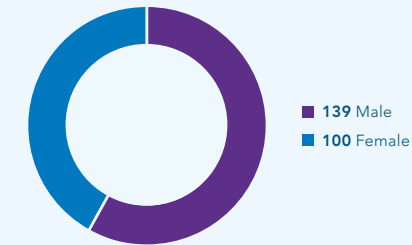
Slow progress towards gender parity has been largely attributed to: (i) a narrow candidate pool, as typical feeder industries (such as investment banking, accounting and consulting) tend to be male dominated, particularly at more senior levels; (ii) a perception of poor work/life balance, both in the investment industry and feeder industries; and (iii) a lack of relevant role models.

A sustainable step change in gender diversity in our industry will take many years and must start with grass-roots education and advocacy work in schools and universities, for example, as well as through positive action taken by us and other investment firms on recruitment, flexible working and parental policies. In addition to focusing on diversity in our recruitment processes and introducing the mentoring programme, we also offer flexibility at work and a range of family-friendly policies (see pages 34 and 35).

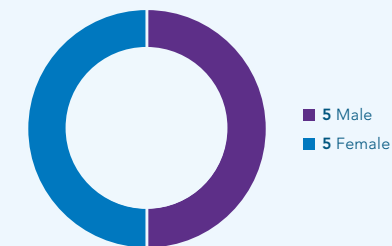
We contribute to industry-wide work and advocacy on gender parity through a number of industry associations, by being an official sponsor of Level 20 and through our participation in the GAIN Empower Investment Internship Programme.

At 31 March 2023, 3i's total of 249 employees was broken down as follows, based on biological sex<sup>1</sup>:

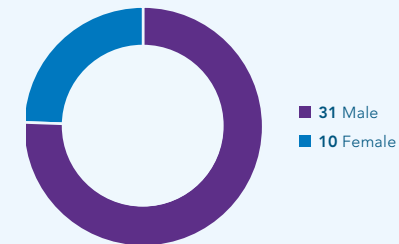
### 3i employees<sup>1</sup>



### 3i Group plc Directors<sup>2</sup>



### Senior managers<sup>3</sup>



1. The information of biological sex is gathered through employees' legal documents shared with us.
2. Includes non-executive Directors who are not 3i employees.
3. Senior managers excludes Simon Borrows, James Hatchley and Jasi Halai, our Chief Executive, Group Finance Director and Chief Operating Officer, who are included as Board members. This disclosure is based on the requirements of Section 414C of the Companies Act 2006.

## Equal opportunities, diversity and inclusion continued

### Gender diversity continued

#### 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 80 private equity firms.

Its ambition is for women to hold 20% of senior positions in this dynamic industry. It 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. It has four key pillars of activity which contribute to its goals:

- Mentoring and development
- Networking and events
- Outreach and advocacy
- Research

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

GAIN (Girls Are INvestors) is a community of investors, with charitable status, set to change the lack of gender diversity in investment management.

GAIN aims to inform young women with online resources, bringing helpful information on careers in investment to their fingertips and to inspire them with a strong network of relevant role models, who speak in high schools and universities around the UK and feature on its online channels, delivering compelling and high-impact messages on the many benefits of investing as a career.

Among the initiatives managed by GAIN is a summer internship programme, open to women and non-binary students across the UK. 3i was one of 78 firms participating in the 2022 summer internship programme, taking on two interns for paid internships. We will renew our participation in the scheme with three further interns joining 3i's investment teams for paid internships in the summer of 2023.

In addition to the internship programme, several of our employees are taking part in the GAIN 1-2-1 mentoring programme, both as mentors and mentees.

## Equal opportunities, diversity and inclusion continued

### Ethnic diversity

We continue to make good progress towards the fair representation of ethnic minorities within our organisation.

The McGregor-Smith review on 'Race in the Workplace', published on 28 February 2017, highlighted the under-employment and under-promotion of people of ethnic minority backgrounds in UK businesses and made the case for more inclusive organisations.

The review noted that, while one in eight of the UK working age population in 2015 was from an ethnic minority background, individuals from ethnic minorities made up only 10% of the workforce and held only 6% of top management positions. As at 31 March 2023, at least one in eight of 3i's total UK employees were people with an ethnic minority (excluding white minority) background, based on the responses to a DE&I survey we carried out for our UK office earlier in the year. In addition, the proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets significantly exceeded the one in eight proportion.

In FY2023 we appointed the first Director from an ethnic minority background to our Board. Jasi Halai was promoted from Group Financial Controller to Chief Operating Officer and became a member of the Board as an Executive Director in May 2022. Jasi joined 3i in 2005 and has held a number of positions in the organisation. Her promotion to the Executive Committee and Board demonstrates 3i's commitment to growing its own talent and fostering diversity within its ranks.

We are committed to improving further the representation of ethnic minorities at 3i and to advocating for better representation of ethnic minorities in our industry. We have been participating in the #10000BlackInterns (formerly #100BlackInterns) initiative since 2021.

### Social diversity

In 2018, we began a partnership with Career Ready, a UK social mobility charity that connects employers with schools and colleges to prepare disadvantaged young people for the world of work.

Since 2021 we have also been collaborating with Speakers Trust, which has over 15 years of experience in providing high quality professionally-delivered workshops, events and educational resources on public speaking and communication skills. These are enablers of social mobility and help build a stronger society in which the voices of young people are heard, irrespective of their background.

### 3i participates in the #10000BlackInterns initiative

Following the successful launch of the #100BlackInterns initiative in which 3i participated in 2021, the #10000BlackInterns initiative was set up in 2022 to help further transform the horizons and prospects of young black people in the UK.

The programme seeks to offer 2,000 internships each year for five consecutive years. To deliver this initiative #10000BlackInterns has partnered up with firms from 24 different sectors, delivering internships across a range of business functions.

Since its launch, the programme has garnered extraordinary support with over 700 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 as part of this programme for paid internships in our investment teams in each of the summers of 2021 and 2022 and will welcome one student in the summer of 2023.

 FOR MORE INFORMATION  
[www.10000blackinterns.com](http://www.10000blackinterns.com)

### 3i takes part in Career Ready's mentoring programme

Since 2002, Career Ready has connected employers with schools and colleges to provide disadvantaged young people aged 14-18 with mentors, internships, masterclasses, and employer-led activities that prepare them for the world of work.

3i takes part in the mentoring programme which supports young people aged 16 to 18 who lack the opportunities, professional networks and confidence to find their undiscovered talents.

Three of our employees are volunteering as mentors in the current academic year, meeting their mentees for an hour per month for up to 12 months.

 FOR MORE INFORMATION  
[www.careerready.org.uk](http://www.careerready.org.uk)



# Learning and development

Advancing our strategic objectives depends on our ability to attract, retain and motivate smart people. We therefore provide our employees with the opportunities, experience and training to contribute to the success of the organisation, achieve their potential and grow their knowledge and capabilities.

We encourage employees to take responsibility for their own development, working with their line managers to devise personal development plans to support the achievement of their individual aspirations, consistent with 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 appropriate 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.

During the year to 31 March 2023, we provided formal specialist training on areas and skills including:

- leadership training;
- executive coaching;
- financial modelling;
- presentation and communication skills;
- spotting and scoping;
- interview skills; and
- sustainability.

Our investment executives regularly receive education on issues of wider topical interest and impact. Last year, our Infrastructure investment team received training focused on GHG emissions target setting, sanctions and greenwashing litigation risk.

Importantly, in FY2023 we arranged training sessions targeted at all staff focused on climate change. These were held by a leading expert and business adviser and attended by nearly two thirds of staff, including a significant proportion of our investment professionals.

In addition, we launched an internal 3i mentoring programme in the year, open to all employees (see page 29). We organise periodic induction sessions to welcome new joiners, with presentations from the Chief Executive and other senior executives on different areas of the business, and allocate a buddy to new joiners to help with the induction process.

Key to personal development for all employees is a formal annual appraisal process, where performance is measured against agreed objectives and against 3i's values to inform decisions on remuneration, career development and future progression. Employees are encouraged to make use of an online facility to obtain 360-degree feedback as part of this process. All employees receive formal performance assessment and objective-setting reviews with their managers annually and may receive informal reviews throughout the course of the year.



# Working at 3i

We recognise the importance of supporting the wellbeing and satisfaction of our employees by providing a healthy working environment and work/life balance.

## Formal benefits

All employees from across our office locations enjoy a broad range of formal benefits aligned with local custom and practice and often enhanced relative to the statutory minimum. Our HR team periodically reviews the policies and legal requirements of our international offices to ensure they are competitive and compliant with local practices. In the UK, where approximately 60% of our employees are based, the benefits we offer include:

- family-friendly benefits (including maternity and paternity leave, adoption leave, shared parental leave, parental leave, bereavement and compassionate leave);
- private medical insurance and health checks;
- life insurance;
- long-term sickness insurance;
- pension contributions;
- flexible working, including remote working, flexible hours and job sharing; and
- share ownership.

All of the benefits above are available to all full-time, part-time and fixed-term employees, with the exception of long-term sickness insurance, which is not available to fixed-term employees who instead receive a cash equivalent.

## Maternity and paternity leave

In line with its objective of promoting equality and diversity, 3i's policy is to support employees before and after the birth or adoption of a child. Maternity, adoption and paternity leave is available to all eligible full and part-time employees and our policies meet at least the statutory minimum requirements. The summary opposite refers to our UK policies, however employees based outside of the UK enjoy similar benefits, aligned with local legislation.

## Shared parental leave

3i has developed a clear and accessible Shared Parental Leave ('SPL') policy in the UK for eligible mothers, fathers, partners (including same sex) and adopters to choose how to share their time off work after their child is born or placed for adoption. SPL at 3i is remunerated at 100% of salary for the first six weeks; thereafter, statutory shared parental pay will apply up to week 37 of the SPL. All other benefits remain in place for the duration of the SPL. Employees based outside the UK enjoy similar benefits, aligned with local custom and legislation.

## Parental leave

Most of our employees are entitled to parental leave in line with local legislation.

## Maternity and adoption leave

<b>Time off and leave</b>	<ul style="list-style-type: none"> <li>• 52 weeks of maternity or adoption leave, regardless of length of service</li> </ul>
<b>Maternity pay</b>	<ul style="list-style-type: none"> <li>• 100% of monthly basic salary for the first 18 weeks of the maternity or adoption leave</li> <li>• Statutory maternity or adoption pay between week 18 and week 39 of the maternity or adoption leave</li> </ul>
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>• Full entitlement to other benefits, including holiday entitlement, pension, death and disability benefits and private medical insurance</li> <li>• Shared parental leave for a period of 50 weeks (after the first two weeks from birth or adoption)</li> </ul>
<b>Return to work</b>	<ul style="list-style-type: none"> <li>• Right to return to the same job</li> <li>• Company open to requests for flexible working, subject to business requirements allowing it</li> </ul>

## Paternity leave

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Biological father of a child, or mother's husband or partner (including same sex), or spouse or partner (including same sex) of the adopter</li> </ul>
<b>Length of leave</b>	<ul style="list-style-type: none"> <li>• Up to two consecutive weeks' leave</li> <li>• Does not have to be taken straight after birth or adoption, but must be completed within 56 days of birth or adoption</li> </ul>
<b>Paternity pay</b>	<ul style="list-style-type: none"> <li>• No changes to normal salary</li> </ul>
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>• No changes to other benefits</li> <li>• Shared parental leave for a period of 50 weeks (after the first two weeks from birth or adoption)</li> </ul>

## Working at 3i continued

### Wellbeing at work

We adopt a holistic approach to employee wellbeing.

### Flexible working

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

After nearly two years of remote work as a consequence of the Covid-19 pandemic, our employees are mostly back in the office for the majority of the week, with the ability to work remotely for part of the time. Employees appreciate the flexibility to work from home for part of the working week and the benefits this brings in terms of work/life balance and the management of personal commitments.

### Physical health

3i promotes the physical wellbeing of its employees. For example, in the UK we provide our employees with annual medical insurance. All UK employees also qualify for annual health checks and have access to a Bupa Digital General Practitioner.

During the year, we also kicked off a programme to raise awareness of the menopause and its impact on female colleagues, family members and friends. We partnered with Fertifa, a provider of reproductive health benefits, to organise a fireside chat, livestreamed to all offices, to discuss the menopause, its symptoms and treatment. This session was followed by a menopause workshop for line managers and our mental health first aiders, with the objective of providing them with the tools to help female colleagues to manage their work commitments through this difficult phase in life.

Our UK-based employees have access to a range of menopause services, including access to Bupa's Women's Health Hub, to menopause-trained nurses on a 24/7 basis through the Bupa Anytime Healthline and, for a period of one year, to a dedicated Bupa Health Clinics Menopause Plan.

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. He also hosts twice-weekly fitness and pilates classes that are free to employees. These sessions are offered in person to our London-based employees and streamed to employees based in our other offices. This year, he added female wellbeing sessions to his offering, focusing on specific exercise and nutritional strategies to support our female employees on their perimenopause, menopause and post-menopause journeys.

### Mental health and employee assistance

We place great importance on employees' mental wellbeing. We have trained 18 'mental health champions' across the business, to act as first points of contact for employees experiencing issues.

Over the past four years, most employees have participated in workshops organised in partnership with a specialist mental health consultancy providing a basic understanding of mental health, how to develop and strengthen it, and how to spot the early warning signs that indicate an individual may be struggling. In FY2023 we offered refresher mental health and wellbeing sessions covering the fundamentals around protecting and strengthening mental health for employees who had already attended, as well as standalone sessions for new joiners. We also ran refresher workshops for employees with line management responsibilities, specifically to address 'positive prevention', a manager's 'duty of care' and how to provide support in a way that optimises long-term business performance.

In addition, during the year we partnered with 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 of psychological support without a requirement for General Practitioner referral.

### A supportive working environment

In support of our core values, we aim to establish and uphold high standards of behaviour and conduct. This means, among other things, that employees must treat colleagues and others with courtesy and respect. Harassment and bullying of colleagues is unacceptable and is an issue that we take extremely seriously. We arranged training on anti-bullying and harassment in previous years and will continue to provide training, guidance and support on this.

### Grievance procedure

All of 3i's offices comply with local legislation governing grievance procedures.

The UK office has a formal Grievance policy, which applies to all employees, which outlines the steps that employees can take to raise complaints or concerns and have these addressed by the Company.

## Working at 3i continued

### Compulsory redundancies

3i has not had a programme of compulsory redundancies affecting a material number of employees since 2012. Since then, we have had some redundancies associated with the closure of our offices in Spain, Sweden and Singapore and other occasional redundancies due to local reorganisation. In no year since 2012 have redundancies affected more than 5% of our employees.

3i's London-based employees at risk of redundancy are offered comprehensive outplacement services with an external service provider. This involves one-to-one consulting with a dedicated career coach, the opportunity to be part of a job search work team, access to a range of learning events, to an online career portal and to an office space with IT facilities and support. The support is provided for a period ranging between two and six months. Some employees outside of London are offered a similar service, based on local custom and practice.

3i did not furlough any employees, nor made any employees redundant as a result of the Covid-19 pandemic.

### Remuneration

3i's employment policies are designed to provide a competitive reward package which will attract and retain high-quality staff, while ensuring that the relevant costs remain at an appropriate level.

3i's Remuneration policy is influenced by 3i's financial and other performance conditions and other market practices in the countries in which it operates. All employees receive a base salary and are also eligible to be considered for a performance-related annual variable incentive award. For members of staff receiving higher levels of annual variable incentive awards, a proportion of such awards is delivered in 3i shares, vesting over a number of years.

The Remuneration policy is approved by shareholders at least every three years and is reviewed regularly by the Board's Remuneration Committee. Where appropriate, employees are eligible to participate in 3i share schemes to encourage their involvement in the performance of the business.

Investment executives in the Private Equity business line may also participate in carried interest schemes, which allow executives to share in future profits on realised investments. Similarly, investment executives in the Infrastructure business line may participate in asset-linked and/or fee-linked incentive arrangements.

Employees participate in local state or company pension schemes as appropriate to local market practice.

### 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.

### Employee engagement

Honest communication with our staff is important to us. We encourage a culture of open communication between our employees and senior management.

We benefit from being a small organisation, operating in a relatively flat structure with few hierarchies and the members of our Executive Committee have an open-door policy. We encourage feedback from employees to senior management through informal conversations and more formal forums, including regular team meetings and off-sites to discuss our strategy, as well as through the annual appraisal process.

Managers throughout 3i have a continuing responsibility to keep their teams informed of developments and to communicate financial results and other matters of interest.

The Board of Directors typically holds at least one of its meetings every year in one of our international offices. This provides an opportunity for non-executive Directors to meet the local teams, often in a more informal setting. 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.

The Chairman aims to visit all our major international offices on a rolling cycle and engages with as many employees as possible during these visits.

We promote and facilitate the ownership of 3i shares among employees 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.

# 87%

Participation in UK SIP<sup>1</sup>

# 9.5%

Voluntary employee turnover rate

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

# Health and safety

Our employees are engaged in low-risk occupational activities. As such, our occupational ill health and accident rates remain low. We are committed to the continuous improvement of our health and safety management through regular performance reviews, the testing of procedures, open communication and increasing awareness.

We operate in accordance with the Health and Safety at Work etc Act 1974 and all other applicable UK legislation. We adopt UK legislation and guidance globally, where practical, as a minimum benchmark for our health and safety standards, unless country-specific obligations exceed these requirements.

## Our health and safety priorities

We ensure that:

- a health and safety management system is established, documented, implemented, maintained and communicated throughout the business. This system covers all employees and contractors and is reviewed periodically as appropriate, and at least annually;
- health and safety risks which may arise throughout 3i's global operations are identified, evaluated and controlled, to prevent injury and ill health;
- all health and safety incidents are reported and investigated promptly in order to prevent a recurrence;
- our global health and safety performance is reviewed on a regular basis;
- 3i's employees and contracted partners participate actively in improving health and safety; and
- we regularly review our global health and safety standards and consult with our health and safety representatives across our offices to identify opportunities for improvement.

## Responsibilities and outcomes

Our Property, IT and Procurement team, which reports to the Chief Operating Officer, manages health and safety. The Head of Property, IT and Procurement oversees the governance of health and safety within the Group, ensuring that health and safety is considered in business decisions at all levels, and reports to the Group Risk Committee.

We seek expert advice as necessary when determining health and safety risks and the measures required to mitigate them. We have retained the services of System Concepts, a specialist independent consultancy, to provide competent health and safety advice. System Concepts has a consultant based on site at 3i's London headquarters to provide practical support to the business.

During the year to 31 March 2023, we had no RIDDOR ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013') reportable incidents, and no work-related accidents or cases of work-related ill health were reported.



» DOWNLOAD OUR GLOBAL HEALTH AND SAFETY POLICY  
[www.3i.com/sustainability/sustainability-policies](http://www.3i.com/sustainability/sustainability-policies)

+ READ MORE ON PAGE 35  
 Wellbeing at work

# A good corporate citizen

We promote a strong culture of integrity among our employees and embed that culture in our policies and processes. We expect all employees to act with integrity, accountability and a careful ownership mindset and to approach their roles with ambition, rigour and energy. We evaluate all employees annually against our corporate values. The corporate values are approved by the Board and the Executive Committee sets the tone and leads by example.

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## Standards of conduct and behaviour

3i's required standards of conduct and behaviour are promoted and enforced through a comprehensive suite of policies and procedures which, together with our compliance manual and our values, constitute our code of conduct.

All employees receive training on regulatory conduct rules and have a mandatory conduct objective against which they are assessed as part of their annual performance review. 3i employees must be familiar with and understand the obligations and restrictions that apply to them and must confirm in writing, on an annual basis, that they are in compliance. We review compliance with our established standards of conduct and behaviour through a combination of the cyclical programme of work of our Internal Audit and Group Compliance teams, the results of which are reported quarterly to the Chief Executive through the Group Risk Committee. These reviews are then reported to the Board's Audit and Compliance Committee which also conducts an annual review of risk and internal control effectiveness. Our Group Compliance team reviews all compliance policies and our data protection policy each year.



»» DOWNLOAD OUR ANNUAL REPORT  
[www.3i.com/investor-relations](http://www.3i.com/investor-relations)



# Compliance

As an investment manager and adviser, a number of 3i's activities require regulatory authorisation, licensing and/or registration. Several of 3i's subsidiaries are therefore authorised and regulated by the Financial Conduct Authority and, where applicable, by relevant local non-UK authorities, including the US Securities and Exchange Commission and the Luxembourg Commission de Surveillance du Secteur Financier, and must conduct their business in accordance with relevant regulatory requirements.

## Compliance manual

Our compliance manual applies to all employees. We provide below a brief description of some of the key areas covered by our compliance manual, given their relevance for our industry and their associated risks.

### Financial crime and market abuse

Financial crime poses a reputational and legal risk and is an area of focus for regulators and law enforcement agencies globally. As a regulated business, 3i maintains systems and controls for countering these risks. 3i's Financial Crime policy covers offences involving money laundering, terrorist financing, economic sanctions, bribery and corruption, market abuse and fraud. 3i will not engage in and is committed to preventing these offences.

The compliance manual provides employees with access to 3i's policies and resources including:

- detailed anti-money laundering procedures; and
- checklists to aid in the identification, verification and screening of customers and potential customers.

3i's Group Compliance team provides real-time advisory support to 3i's business lines in the application of its anti-money laundering and screening policies and procedures. In addition, 3i has policies and procedures to guide employees on:

- personal transactions; and
- managing inside information.

## Anti-bribery policy

3i has an Anti-bribery policy which applies to all those who work for, act on behalf of or represent 3i. 3i's Anti-bribery policy requires high standards of ethical behaviour in all our business interactions. Accordingly, 3i does not offer, pay or accept bribes and we only work with third parties whose standards of business integrity are substantively consistent with ours.

We expect the businesses we invest in to operate in compliance with all applicable laws and regulations and, where appropriate, work towards meeting relevant international standards where these are more stringent. This includes, in particular, upholding high standards of business integrity, avoiding corruption in all its forms and complying with applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.

3i is not aware of any breaches of its Anti-bribery policy by its employees.

## Hospitality, gifts and inducements

3i's Hospitality, Gifts and Inducements policy states that our employees may not receive, pay or provide any inducement which would impair their or our duty to act honestly, fairly and in accordance with the best interest of our customers.

In particular, employees must never offer or receive hospitality or gifts if this may improperly influence a business decision, impair independence or judgement or create a sense of obligation, create a conflict of interest or if there is a risk it is prohibited.

Any hospitality or gifts must have a clear and legitimate business purpose and, where they arise in connection with our investment activities, be designed to enhance the quality of service to our clients.

Charitable donations in 3i's name must be approved by the Chief Executive and follow the principles set out in 3i's Anti-bribery policy.

## Political donations

3i's policy is not to make political contributions, whether to political parties, political organisations or election candidates. In line with this policy, in the year to 31 March 2023, no donations were made to political parties or organisations or independent election candidates, and no political expenditure was incurred.

## Conflicts

Our Conflicts of Interest policy and associated procedures are designed to enable all relevant employees to identify actual or potential conflicts of interest and to manage them appropriately, including by reference to regulatory obligations. The overriding principle is that we will treat our customers fairly and, should conflicts of interest arise, we will manage them fairly in accordance with our conflict procedures.

We have a Conflicts Committee which is able to consider actual and potential conflicts as they arise, and also oversees 3i's general approach to conflict management.



## Compliance continued

### Compliance training

Our policies and procedures are communicated and enforced through annual training and periodic auditing. Our compliance team develops various e-learning modules, frequently followed by an assessment. These include:

- a general training module on 3i's key policies and procedures, including:
  - anti-money laundering;
  - anti-bribery;
  - personal transactions;
  - managing inside information;
  - dealing with conflicts of interests; and
  - hospitality and gifts;
- financial crime;
- anti-bribery;
- preventing market abuse; and
- regulatory conduct rules.

These e-learning modules are rolled out annually. All employees, including Executive Committee members, must complete these modules. All new joiners are required to complete all five modules within six weeks of joining.

### Data protection

3i's Data Protection policy reflects the requirements of UK and general European data protection legislation, supplemented or adapted as necessary for local regulatory requirements. 3i is committed to protecting the personal data of its staff, customers and contacts and using it in an appropriate manner. We recognise the rights afforded to individuals by data protection legislation and that we must notify data subjects of the fact that we process their personal data and the specific purposes for which we do so.

Our policy requires our employees to:

- comply with the key data protection principles;
- treat personal data in accordance with 3i's policies and procedures for safeguarding confidential information; and
- use personal data only for the purpose for which it has been provided and in the proper course of their duties as a 3i employee.

During the year to 31 March 2023 we did not receive any complaints from third parties or complaints by regulatory bodies regarding the use and disclosure of personal data.



## Compliance continued

3i maintains an Information Security Management System that:

- ensures that risks to the confidentiality, integrity and availability of information are managed to an acceptable level using a standard risk management framework;
- seeks to protect information from accidental or intentional damage, loss, unauthorised disclosure or modification;
- provides secure and reliable information to enable 3i employees to conduct their job effectively; and
- ensures compliance with legal and statutory obligations.

### Cyber resilience

3i's cyber resilience is overseen by the Group Risk Committee and managed on a day-to-day basis by the Group IT team. Non-executive governance is supported by the Audit and Compliance Committee and operational governance is provided by 3i's Chief Information Security Officer, Group IT team and Internal Audit team. The Internal Audit team carries out an annual audit of the Group IT team which covers cyber security and system access rights, service continuity and data recovery processes, as well as end-user support and outsourced services.

We test our cyber security incident management plan at least twice every year. The 3i Cyber Security Review Board meets monthly to discuss cyber security issues, including new and emerging threats, and to review the cyber risk register and dashboard of relevant cyber key performance indicators. We continue to engage the services of a leading cyber security services company which provides ready access to intelligence and expert advice on new and emerging cyber security threats.

3i runs a cyber resilience e-learning course for all 3i staff and an ongoing 'phishing' email programme to test and monitor 3i staff's 'click-rate' and to promote increased practical awareness of the risks associated with phishing emails. In FY2023 we also held cyber security awareness workshops for all employees.

3i has had no known information security breaches over the past three years.

For more information on cyber resilience for portfolio companies, refer to pages 24 and 25.

### Public policy

Although 3i will 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. This is done principally through industry representative bodies such as the British Private Equity and Venture Capital Association ('BVCA') and Invest Europe, where we might contribute to the formulation of their policy positions, although from time to time 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 a member of the Executive Committee and in a manner that is lawful and adheres to 3i's values.

### Whistle blowing

Our whistle blowing policy forms an integral part of our culture of openness, transparency and fairness. 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 one of the following individuals who have been designated to provide impartial advice on the appropriate course of action to follow:

- Director, Group Compliance;
- Director, Internal Audit; or
- General Counsel and Company Secretary.

Alternatively, all employees across our seven office locations may express and report their concerns on a completely confidential and anonymous basis to an independent 'hotline' service provided by EthicsPoint, an independent, external party.

Our policies are 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.

# Approach to taxation

3i's approach to taxation is built on the following principles:

- act lawfully and with integrity, including complying with all statutory obligations and disclosure requirements;
- maintain open and constructive relationships with UK HMRC and tax authorities worldwide;
- maintain 3i's approved investment trust status to safeguard the long-term growth and value of 3i; and
- work with industry bodies worldwide to establish a fair system that sustains economic growth and enhances the reputation for the industry in which the Group operates.

3i has offices in seven countries across Europe, North America and Asia, and its local entities pay taxes in these countries in respect of their local activities.

## Approved investment trust status

3i Group plc has operated in the UK as an approved investment trust company since its listing on the London Stock Exchange in 1994.

An approved investment trust is a UK investment company which is required to meet a number of conditions set out in UK tax legislation in order to obtain, and thereafter maintain, its approved status. These conditions include, among others:

- undertaking portfolio investment activity that aims to spread investment risk; and
- that the company's shares must be listed on an approved exchange.

If the conditions are met, certain profits of the company (broadly, its capital profits) are exempt from tax in the UK. For this reason, approved investment trust companies are particularly suitable as investment vehicles, because their tax status means that investors' investment returns do not suffer double taxation, once at the level of the investment trust company itself and then again in the hands of the investors. In other words, investors in the Company do not pay more tax than they would have incurred if they had been able to invest directly in the Group's underlying portfolio of investments.

The approved investment trust tax rules have existed in the UK tax code since the 1970s and were designed to allow investment trust companies to perform a number of important economic functions, including:

- encouraging investments and savings by providing individual and institutional investors with access to a professionally managed and diversified portfolio; and
- to help facilitate economic growth by providing funding for the underlying businesses in which investment trust companies invest.

## Tax Strategy

In compliance with rules applicable to large UK businesses, 3i publishes its Tax Strategy on its website and this is kept under annual review.

## Training

Employees are required to complete a periodic training course on preventing tax evasion.



# Environment

3i has approximately 250 employees worldwide and has a relatively low environmental impact.

We operate from a network of seven offices across the world, with approximately 60% of our employees based at our London headquarters. All our offices are leased.

We are committed to minimising our environmental impact and to improving our environmental performance wherever possible. We have an Environmental Management System that is proportionate to the operational size and environmental risk profile of our business. We use the precautionary principle to manage environmental risk for our business and our portfolio proactively.

Our strategy is to:

- meet the requirements of applicable environmental legislation;
- minimise our own waste and maximise recycling;
- work with our landlords to ensure the energy efficiency of our offices;
- include environmental considerations in our procurement processes;
- measure our operational carbon footprint annually, and publish the results in our Annual and Sustainability reports;
- include environmental considerations in our investment process and seek to minimise the environmental impact of our portfolio companies;

- measure the carbon footprint of our portfolio companies; and
- report to two external publicly disclosed benchmarking indices and use our performance in these benchmarking indices to assess and improve future performance; we choose the CDP and the S&P Global Corporate Sustainability Assessment.

## Our investment portfolio's carbon footprint

While our direct environmental impact is small, our materiality assessment and associated stakeholder engagement identified that the integration of environmental issues into our investment processes is important. We have made significant progress in portfolio emissions data measurement and as at 31 March 2023 collected Scope 1 and Scope 2 GHG emissions data from over 79% of our Private Equity portfolio companies<sup>1</sup> (2022: 70%) and over 95% of our economic infrastructure investments (2022: over 80%). We are also increasingly able to collect Scope 3 data from the portfolio albeit this remains challenging to compare across companies due to the range of approaches adopted. 3i will report in line with TCFD recommendations at the end of its FY2024. These disclosures will include our Scope 3 category 15 emissions.

Our approach to responsible investment and to portfolio sustainability is described in the 'A responsible investor' section of this report and our TCFD report is available in our Annual report and accounts.

<sup>1</sup> Excludes some legacy minority and other minority investments where we have limited influence.



## Environment continued

### Minimising our direct environmental impact

While our direct operations have a modest impact on the environment, we address our emissions related to energy use, waste and travel proactively.

#### Energy consumption

We work with our landlords to increase the use of renewable sources of energy across our offices where feasible. We also try to reduce our energy consumption where possible, for example by ensuring that all lights, computer and other equipment are powered off when not in use for extended periods of time, including at night and at weekends. Our London, New York, Amsterdam, Paris and Luxembourg offices, which accounted for over 90% of our overall electricity consumption in FY2023, procure electricity from 100% renewable sources. We plan to switch the energy supplier of our other offices to renewable sources in due course where possible.

### Energy Savings Opportunity Scheme ('ESOS') compliance

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The scheme is administered by the UK Environment Agency. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by these organisations' buildings, industrial processes and transport to identify cost-effective energy saving measures. Organisations must notify the Environment Agency by a set deadline that they have complied with their ESOS obligations. We undertook our last energy audit in October 2019 as part of our ESOS assessment for our London office. We lease part of a building owned and managed by Landsec and have limited control over the energy efficiency of the structure. However, the ESOS assessment identified a number of potential energy saving areas, which we have been implementing where possible in partnership with our landlord. These potential improvements, which were reported on in our 2020 sustainability report, are relatively modest in scope.

We will renew our ESOS assessment by October 2023.

### Travel

We manage our business travel through a set of clear guidelines and approvals which we rigorously adhere to. Most of our employees across our offices commute to the office on public transport. In London, we work in partnership with our landlord to encourage employees to cycle to work by providing secure cycle racks, changing and shower facilities.

The majority of our meeting rooms are equipped with audiovisual and teleconferencing solutions and employees are encouraged to make use of these, reducing travel where appropriate. The video conferencing facilities in our offices were upgraded to facilitate the greater use of hybrid meetings.



## Environment continued

### UK Cycle to Work scheme

In August 2020 we relaunched our Cycle to Work scheme. This is a UK government initiative introduced to encourage more people to commute to and from work by bicycle, enabling people to make healthier choices and reducing the UK's carbon footprint. The initiative also allows employees to make tax and National Insurance savings on the cost of a new bicycle and safety accessories. These savings are achieved via salary sacrifice which is managed by their employer.

### Paper usage

We use 100% recycled paper across our print solutions in our London and New York offices, and FSC-approved paper elsewhere. We have rolled out Microsoft 365 throughout the organisation. This facilitates the sharing and editing of documents online through a variety of mobile devices, significantly reducing the need for printing documents.

### Waste management

In our main location in London, we work with our landlord, Landsec, to minimise waste from our operations and help recycle as much waste as possible. Non-recyclable waste from our London office is sent to an Energy from Waste site, where it is incinerated to generate electricity.

We recycle paper, plastic, glass, cans and organic waste and have put in place a recycling scheme for our redundant computer hardware. Our providers offer on-site secure data destruction and recycling services in compliance with the Waste Electric and Electronic Equipment Regulations 2013.

Over the past few years we have implemented a number of initiatives in our London office to reduce office waste further:

- we upgraded the waste recycling facilities better to align them with the recycling activity carried out by our landlord's waste management supplier and carried out an awareness campaign to encourage full use of these facilities;

- we made reusable take-away coffee cups available to all employees. These cups can be used externally and returned to the office for cleaning;
- we installed dispensers of filtered still and sparkling water, eliminating the purchase of bottled water for staff;
- we introduced new compostable cups and lids for use in our coffee shop; and
- we made metal cutlery available in our kitchen hubs to reduce the use of plastic cutlery.

Details of waste from 3i's operations in the year to 31 March 2023 are set out in the Sustainability performance data appendix on page 65. Our waste data for FY2022 has been restated due to inaccuracies identified in the data collection process resulting in the reduction of the reported figures.



## Environment continued

### 3i Group's emissions performance

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 2023, our measured Scope 1 and 2 emissions (market-based) totalled 181.6 tCO<sub>2</sub>e.

This is equivalent to 0.8 tCO<sub>2</sub>e per full-time equivalent employee, based on an average of 241 employees (2022: 0.8 tCO<sub>2</sub>e; 234 employees). Overall, our Scope 1 and 2 (market-based) emissions increased by 2.0% year-on-year as office attendance increased as restrictions to contain the spread of Covid-19 were removed.

Our measured Scope 3 emissions totalled 6,802.3 tCO<sub>2</sub>e. In FY2023 we improved the methodology for the calculation of our Scope 3 emissions from purchased goods and services through the use of better proxy data as market practice and tools evolve.

The 130.6% increase in our Scope 3 emissions in FY2023 compared to the previous year is attributable to the change in methodology and use of more accurate proxy data, rather than to any substantial change to our supply chain. The data, however, reflects a near three-fold increase in the emissions associated with business travel, as pandemic-related travel restrictions were eased.

Our total fuel and electricity consumption was 1,420.3 MWh in FY2023, 72% of which was consumed in the UK.

Our GHG emissions and energy consumption data for FY2022 has been restated due to inaccuracies identified in the data collection process resulting in the reduction of the reported figures.

Details of GHG emissions and fuel consumption from 3i's operations in the year to 31 March 2023 and for the previous year are set out in the Sustainability performance data appendix on page 64.

### 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. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year to 31 March 2023 are:

- **Scope 1:** natural gas combustion within boilers and fuel combustion within leased vehicles;
- **Scope 2:** purchased electricity and heat consumption for our own use;
- **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 using either extrapolation of available data or by using data from the previous year as a proxy.

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 average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

Whilst we have a relatively low footprint on the environment, we are committed to reducing it further. In our London, New York, Amsterdam, Paris, and Luxembourg offices, which account for over 90% of our overall electricity consumption, we purchase our electricity from 100% renewable sources. Although the options for energy efficiency improvements for our offices are limited, we are assessing whether it is possible to switch to renewable tariffs in our remaining offices where we do not currently purchase all of our electricity from 100% renewable sources.

### Third-party verification

The Scope 1, location- and market-based Scope 2, and overall Scope 3 emissions disclosed in the Sustainability performance data appendix on page 64 have been verified to a limited level of assurance by an external third party according to the ISO 14064-3 standard.

# Sustainable procurement

3i's supply chain consists predominantly of the procurement of professional services from blue-chip organisations in the markets in which we operate (mainly Europe and North America), and which therefore are at lower risk of exposure to ESG-related issues.

## Our approach to procurement

We have developed policies and procedures in relation to services received from third-party providers. As far as possible, we will only work with suppliers who support our aim to source products and services responsibly. We aim to have a collaborative relationship with our service providers and, wherever possible, will work with them when problems or issues arise to help them meet our requirements.

We monitor ESG issues with key suppliers and ask for progress reports on a regular basis. Where appropriate, we ask potential suppliers to provide a statement detailing the existence of any policies or commitments with regards to the following areas, including the details of any accreditation of participation in sustainability indices or associations:

- workplace labour rights, equal opportunities, occupational health and safety;
- environment green policies and practices;
- marketplace advertising and marketing ethics; and
- community charities, participation in local communities.

Suppliers are also asked to confirm that they have adequate anti-bribery and corruption controls in place, in line with applicable legislation and that they comply with the Modern Slavery Act, where relevant.

3i's principal facilities management supplier, ISS, publishes a comprehensive Corporate Responsibility report annually to document and measure its performance across a number of ESG factors.

## Due diligence on proposed suppliers

Our Procurement policy requires that an appropriate level of due diligence be conducted on prospective suppliers before they are appointed or any expenditure is committed. The nature of the due diligence conducted is to be determined on a case-by-case basis by our procurement team, however, as a general rule, our Procurement policy suggests that:

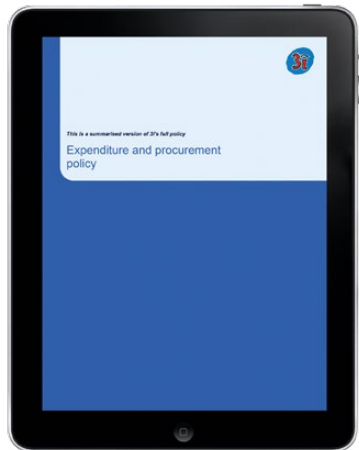
- integrity due diligence must be conducted on prospective suppliers that are considered to be at a high risk of bribery and corruption;
- due diligence on information/data security (including cyber security) must be conducted if confidential 3i data will be processed or held by the supplier;

- due diligence on human rights policies, equal opportunity policies and employment policies, with particular focus on the provider's commitments on the use of child or forced labour in their operations or supply chain, must be conducted where Group procurement deems there is a risk of non-conformity with 3i's approach; and
- a thorough evaluation of business resilience must be undertaken that will include the financial performance of the supplier, insurance cover, evidence of accreditation, of contingency planning and third-party dependencies.

## Human rights and forced labour in 3i's supply chain

We published on our website our slavery and human trafficking statement in relation to FY2022 in September 2022 and will update this statement for FY2023 in September 2023.

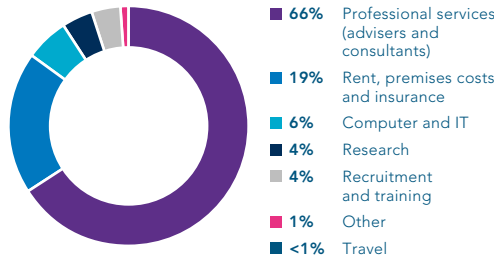
A large majority of 3i's direct suppliers are professional advisers and consultants engaged to advise 3i on potential investments, divestments and other matters in relation to our portfolio and various corporate matters. Other significant items in our overall procurement spend were rent, premises costs and insurance, as well as computers and IT. We consider these categories to be relatively low risks in terms of modern slavery. The charts overleaf show the breakdown of 3i's total relevant spend with suppliers in FY2022 by reference to the type of supplier and by geography.





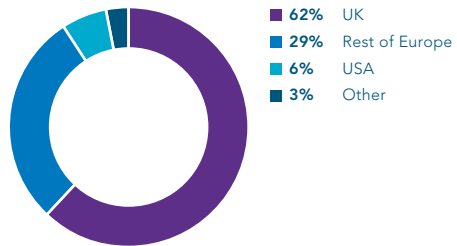
## Sustainable procurement continued

### Supplier spend by type of supplier (FY2022)



The geographical analysis of our supplier spend shows that c.97% of total 3i relevant supplier spend was situated in Europe and North America. We use the Global Slavery Index produced by Walk Free as a guide to the prevalence of modern slavery in particular countries. The GSI ranks 167 countries according to their estimated prevalence of slavery per 1,000 population. The country with the lowest estimated prevalence of slavery (Japan, with 0.3 per 1,000) is ranked 167th whilst the country with the highest estimated prevalence of slavery (North Korea, with 105 per 1,000) is ranked 1st. The 167 countries are then divided into quartiles by ranking, with the top (lowest-risk) quartile consisting of the countries ranked 127th to 167th and so on.

### Supplier spend by geography (FY2022)



Almost 97% of 3i's total in-scope supplier spend in FY2022 was with suppliers based in countries appearing in the top (lowest-risk) quartile. The lowest ranking country was Turkey (ranked 48th with an estimated prevalence of 6.5 people per 1,000 population) which accounted for c.0.03% of total supplier spend. The spend relates to one supplier in Istanbul who is a professional adviser and therefore we consider it to be a relatively lower-risk supplier in terms of potential exposure to modern slavery.

The second lowest ranked country was India (ranked 53rd with an estimated prevalence of 6.1 people per 1,000 population) which accounted for c.2.7% of total in-scope supplier spend in FY2022. c.80% of the supplier spend in India related to one supplier (Infosys) which provided 3i with outsourced financial and accounting services from its centre in Bangalore. Infosys is a NYSE listed global consulting and IT services company and a signatory to the United Nations Global Compact. We consider Infosys to be a relatively lower-risk supplier in terms of potential exposure to modern slavery.

3i continues to include specific Modern Slavery Act wording in its standard request for proposal document which it issues to potential suppliers when it procures the supply of goods and services. In addition, 3i continues to use a supplier relationship management tool to help monitor the performance of certain existing significant suppliers. Specific Modern Slavery Act language has been included in this tool to ensure that Modern Slavery Act issues are addressed regularly as part of 3i's ongoing monitoring of these particular suppliers.

### Payment practices reporting

Reporting on Payment Practices and Performance Regulations came into force in the UK for all reporting periods beginning 1 April 2017. The regulations require large companies and LLPs to report on their payment practices, policies and performance on a half-yearly basis. The reports are published on a government website and are publicly available. 3i is fully compliant with these regulations.

### Prompt Payment Code

3i is a signatory to the Prompt Payment Code. The Code encourages and promotes best practice between organisations and their suppliers. Signatories to the Code commit to paying their suppliers within clearly defined terms, and to ensuring there is proper process for dealing with any issues that may arise. Budget holders are reminded of their responsibility under the Code at least annually when the budget is approved.

# Community

We focus our charitable activities principally on the disadvantaged, on the elderly, on young people and on education.

FOR MORE INFORMATION  
[www.3i.com/sustainability/corporate-citizenship/charitable-giving/](http://www.3i.com/sustainability/corporate-citizenship/charitable-giving/)

## Ordinary charitable giving

The charities we partner with are supported on the basis of their effectiveness and impact. Our ordinary charitable giving for the year to 31 March 2023 totalled £1 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.

In addition, during the year our London-based staff raised funds for Community Links' Christmas Toy Collection and held a Big Tea for Independent Age. Our Infrastructure team participated in the Macquarie Capital Cup which raised funds for Street League.

Our London team also raised almost £16,000 for three charities (RBLI, The Passage and Community Links) at our Summer Charity Event. Finally, a number of our employees also volunteered with Sal's Shoes, The Trussell Trust, The Passage and Greenhouse Sports during the year.

## Turkey and Syria earthquakes

Following the devastating earthquakes in Turkey and Syria in February 2023 we donated £500,000 to the Turkey Mozaik Foundation. This foundation provides support for charities working in Turkey and its grantees participated in search and rescue operations providing food, clean water, tents and heaters, and offered counselling and other services to the survivors in the areas affected.

FOR MORE INFORMATION  
<https://turkeymozaik.org.uk/>

## Our nine charity partners



# Transparency and stakeholder engagement

The Board recognises that effective communication is integral to building stakeholder value.

As a publicly listed company, we operate within a framework of formal legal and regulatory disclosure requirements, as well as meeting the high expectations for transparency of our shareholders, fund investors, employees and the media.

We are committed to communicating both our financial and non-financial performance in a clear, open and comprehensive manner and in a way which addresses the issues identified as material to our key stakeholders.

Our objective is to present a balanced and understandable assessment of our position, highlighting the key risks to which we are exposed in our day-to-day activities.

The Group Communications and Group Investor Relations teams have day-to-day responsibility for communications with key stakeholders and, together with the Group Secretarial team, they ensure that 3i meets all relevant disclosure obligations.

Please also refer to our Section 172 disclosures on pages 92 and 93 in our Annual report and accounts.

Stakeholder/ interested party	Material issues	Communication
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Attracting and retaining talent</li> <li>• Fostering a supportive working environment</li> <li>• Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>• Regular team meetings and off-sites hosted by executive management and team leaders and periodic engagement with the Board</li> <li>• Regular all-staff updates by email</li> <li>• Comprehensive staff portal</li> <li>• Remuneration policy and performance management system</li> </ul>
<b>Shareholders and potential investors</b>	<ul style="list-style-type: none"> <li>• Financial performance and returns</li> <li>• Awareness of strategy and implementation</li> <li>• Access to executive management</li> <li>• Transparency</li> <li>• ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Two results presentations and regular capital markets seminars</li> <li>• Annual and half-yearly reports and quarterly performance updates</li> <li>• Sustainability report</li> <li>• Comprehensive Investor Relations website</li> <li>• Regular meetings with executive management and Investor Relations team</li> <li>• Chairman and SID available for meetings</li> <li>• Regular email and telephone communications</li> <li>• CDP and S&amp;P Global Corporate Sustainability Assessment submissions</li> </ul>
<b>Fund investors</b>	<ul style="list-style-type: none"> <li>• Financial performance and returns</li> <li>• Awareness of strategy and implementation</li> <li>• Access to key investment professionals</li> <li>• Transparency</li> <li>• ESG performance</li> <li>• Alignment with 3i</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly reporting produced in line with the Invest Europe Investor Reporting Guidelines and including ESG performance updates</li> <li>• Annual investor meetings</li> <li>• Fund Advisory Board meetings held on an annual or semi-annual basis as required</li> <li>• Regular and ad hoc meetings and telephone calls with Fund Investor Relations team and relevant investment professionals</li> <li>• Regular email communications</li> <li>• Access to a web-based investor portal used to host and distribute investor correspondence</li> <li>• UN PRI submission</li> </ul>
<b>Investee companies</b>	<ul style="list-style-type: none"> <li>• Support for strategy and implementation</li> <li>• Alignment with 3i as key shareholder</li> <li>• Executive remuneration</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with investee companies formally at board level and informally on an ongoing basis</li> <li>• Regular chairman and CEO forums to share best practice and experience</li> </ul>

## Transparency and stakeholder engagement continued

Stakeholder/ interested party	Material issues	Communication
<b>Equity and debt analysts</b>	<ul style="list-style-type: none"> <li>Financial performance and returns</li> <li>ESG performance</li> <li>Transparency</li> <li>Access to executive management</li> </ul>	<ul style="list-style-type: none"> <li>Two results presentations and regular capital markets seminars</li> <li>Annual and half-yearly reports and quarterly performance updates</li> <li>Comprehensive Investor Relations website</li> <li>Regular communications with Investor Relations and Treasury teams</li> <li>Annual General Meeting</li> </ul>
<b>Rating agencies</b>	<ul style="list-style-type: none"> <li>Financial performance and returns</li> <li>Balance sheet strength</li> </ul>	<ul style="list-style-type: none"> <li>Annual meetings with the Group Finance Director and Treasury team</li> <li>Annual and half-yearly reports and quarterly performance updates</li> <li>Comprehensive Investor Relations website</li> <li>Tailored presentations</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Transparency and clear communication</li> <li>Access to management</li> </ul>	<ul style="list-style-type: none"> <li>Open and transparent approach with the media</li> <li>Proactive press programmes for executive management</li> <li>Press releases on material developments including investments and realisations and product development</li> <li>Comprehensive website hosting press releases and other resources such as videos, factsheets and case studies</li> <li>Use of LinkedIn, Twitter and YouTube social media channels to disseminate 3i and portfolio news</li> </ul>
<b>Government and regulatory bodies</b>	<ul style="list-style-type: none"> <li>Compliance with relevant rules and regulations</li> <li>Engagement on relevant issues and regulatory developments</li> </ul>	<ul style="list-style-type: none"> <li>Active participation in policy forums</li> <li>Response to engagement on regulatory matters</li> <li>Membership of industry consultative bodies, eg British Venture Capital Association and Invest Europe</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Conduct and standards of employment</li> <li>Service provision</li> <li>Management of costs</li> </ul>	<ul style="list-style-type: none"> <li>Central procurement team</li> <li>Standardised procedures</li> <li>Procurement policy available on our website</li> <li>Supplier relationship management tool and regular meetings</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Contribution to the communities and society in which we operate</li> <li>Minimise adverse environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Management System proportionate to the operational scale and environmental risk profile of the business</li> <li>Comprehensive Responsible Investment policy</li> <li>Charitable activities focused on the disadvantaged, young people and education</li> <li>Give-as-you-earn scheme and employee donations matching</li> </ul>

## Transparency and stakeholder engagement continued

### Industry collaborations

We collaborate with industry peers on a number of initiatives on sustainability, with the objective of developing best practice, industry standards and consistent measurement frameworks. We also view these industry collaborations as opportunities to learn from experts and our peers to refine our own understanding and approach to some of these issues.

In July 2022, we joined the Initiative Climat International ('iCI'), a global, practitioner-led community of over 200 private markets firms and investors representing over US\$3.2 trillion in AUM that seek to improve the understanding and management of the risks associated with climate change. Since joining the group, we have contributed our feedback towards the guide published by iCI and the BVCA for the private equity industry on the implementation of TCFD (TCFD Implementation Considerations for Private Equity) and joined the working group in relation to developing the guidance for the calculation of the Scope 3 emissions of portfolio companies and on the development of decarbonisation strategies.

3i is also a member of the PFI Net Zero Working Group, working with the Infrastructure and Projects Authority in the UK to develop an industry-wide approach to emissions disclosure and to net zero for the PFI/PPP investment industry.

We participate in a number of working groups for the BVCA and Invest Europe to develop responses to new regulation impacting the investment industry, including the EU's SFDR and the UK's SDR. Our representation in these working groups ensures that regulators are provided with relevant feedback from the private markets industry as they develop their regulatory regimes. We also contributed to the drafting of a guide by the ICAEW and Deloitte entitled 'ESG in Deals and Investment'.

### Private Equity Reporting Group

3i endorses the 'Guidelines for Disclosures and Transparency in Private Equity', published in 2007 following the Walker Review. The annual reports of the Private Equity Reporting Group (which monitors and reports on the UK private equity industry's conformity with the guidelines) can be found at [www.privateequityreportinggroup.co.uk](http://www.privateequityreportinggroup.co.uk)

The only 3i portfolio companies which met the criteria set out in the guidelines and were included in the fifteenth annual report for the year to 31 December 2022 were Infinis, held within the 3i Infrastructure plc portfolio, and East Surrey Pipelines, held within 3i Managed Infrastructure Acquisitions LP, both of which are vehicles managed by 3i's Infrastructure business.

# GRI and SASB

Due to increasing requests from stakeholders for relevant and comparable sustainability information, we have chosen to report in accordance with the Global Reporting Initiative ('GRI') and Sustainability Accounting Standards Board ('SASB') standards for the period from 1 April 2022 to 31 March 2023.

GRI	55
SASB	61

# GRI

For a number of years we have been reporting according to GRI and are doing so again this year.

In early 2021 we renewed a materiality assessment to identify the GRI indicators that are relevant to us and our stakeholders and that we should report on. As part of this assessment, we reviewed the reporting requirements of sustainability reporting initiatives such as the CDP, FTSE4Good and the S&P Global Corporate Sustainability Assessment, and engaged with key internal and external stakeholders to understand which sustainability issues are of concern to them. Our stakeholder engagement focused on our employees, existing and potential shareholders, existing and potential fund investors, portfolio companies, policymakers and regulators.

As part of our assessment, we sent out surveys to understand the level of stakeholder concern regarding a wide range of sustainability issues (based on our review of current sustainability reporting requirements) and interviewed a number of key internal and external stakeholders. This analysis, combined with the analysis of our ordinary-course engagement, allowed us to select a number of material GRI sustainability indicators and disclosures against which we report. We will aim to renew our materiality assessment every five years, or sooner in the event of a material change in strategy.

The themes identified as material to our stakeholders in our assessment in 2021 were confirmed by an internal exercise this year and are indicated in the table opposite.

Themes	Material issues
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Environmental and climate reporting</li> <li>• Business risks and opportunities</li> <li>• Engagement with supply chain on climate change</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Non discrimination</li> <li>• Equality, diversity and inclusion</li> <li>• Employee benefits</li> <li>• Employee training and development</li> <li>• Health, safety and wellbeing</li> <li>• Charitable donations</li> <li>• Supplier screening</li> </ul>
<b>Economic/governance</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Business ethics</li> <li>• Anti-bribery and corruption</li> <li>• Data protection</li> <li>• Cyber security</li> <li>• Financial risks of climate change</li> <li>• Tax transparency</li> <li>• Governance of portfolio companies</li> <li>• Incorporation of ESG considerations in our investment and asset management approach</li> <li>• Engagement with portfolio companies on ESG issues</li> <li>• ESG risks and opportunities for the portfolio</li> </ul>

## GRI content index

GRI standard title	Disclosure number	Disclosure title	Page number	Fully reported/other comment
<b>GRI 2: General Disclosures 2021</b>	2-1	Organizational details	SR: 02, 04, 68; ARA: 04, 05, 153-156 and 207	Fully reported
	2-2	Entities included in the organization's sustainability reporting	ARA: 203-206	Fully reported
	2-3	Reporting period, frequency and contact point	SR: 02	Fully reported
	2-4	Restatements of information	SR: 02, 46, 47, 64 and 65; ARA: 66	Fully reported
	2-5	External assurance	SR: 02 and 47; ARA: 66	Fully reported
	2-6	Activities, value chain and other business relationships	SR: 04, 48-49; ARA: 04, 05, 104-105, 203-206	Fully reported
	2-7	Employees	SR: 66	3i does not have non-guaranteed hours employees. Fully reported
	2-8	Workers who are not employees	SR: 49	Partially reported A number of functions, including IT desktop support and catering, cleaning and reception staff at our London office, are fulfilled by contractors.
	2-9	Governance structure and composition	SR: 09; ARA: 94-158	Fully reported
	2-10	Nomination and selection of the highest governance body	ARA: 109-113	Fully reported
	2-11	Chair of the highest governance body	ARA: 96-97	Fully reported
	2-12	Role of the highest governance body in overseeing the management of impacts	SR: 09, 51-52; ARA: 01, 15, 80, 93, 102-108	Fully reported
	2-13	Delegation of responsibility for managing impacts	SR: 09; ARA: 60-62	Fully reported
	2-14	Role of the highest governance body in sustainability reporting	SR: 09, ARA: 80, 103	Fully reported
	2-15	Conflicts of interest	SR: 40; ARA: 80, 103, 156	Fully reported
	2-16	Communication of critical concerns	ARA: 78-83	There were no critical concerns during the reporting period. Fully reported
	2-17	Collective knowledge of the highest governance body	ARA: 60-61 and 108	Fully reported
	2-18	Evaluation of the performance of the highest governance body	ARA: 108	Fully reported
	2-19	Remuneration policies	ARA: 131-152	Fully reported
	2-20	Process to determine remuneration	ARA: 131-152	Fully reported

SR: 3i Group Sustainability report 2023 (this report)

ARA: 3i Group Annual Report and accounts 2023 (<http://www.3i.com/investor-relations>)

ABP: Anti-bribery policy (<https://www.3i.com/sustainability/sustainability-policies/>)



## GRI content index continued

GRI standard title	Disclosure number	Disclosure title	Page number	Fully reported/other comment
GRI 2: General Disclosures 2021 continued	2-21	Annual total compensation ratio	N/A	These disclosures are not made available in light of the small number of employees and the nature of compensation arrangements in our industry.  Refer to pages 175 and 176 of ARA for staff costs. Detailed information on executive compensation is available on pages 131-144 of ARA.
	2-22	Statement on sustainable development strategy	SR: 05-07	Fully reported
	2-23	Policy commitments	SR: 08, 12, 13, 24, 25, 28, 44, 48 and 49	Fully reported
	2-24	Embedding policy commitments	SR: 08, 09, 12, 13, 16	Fully reported

## GRI content index continued

GRI standard title	Disclosure number	Disclosure title	Page number	Fully reported/other comment	
<b>GRI 2: General Disclosures 2021</b> continued	2-25	Processes to remediate negative impacts	SR: 17-23, 35, 44-46, 51-52, 55; ARA 60-66, 104-105	This report addresses how 3i identifies and manages its material topics and mitigates their potential negative impacts. The topics identified by 3i as material in its latest materiality assessment are set out on page 55. However, as an investment company, most of 3i's impacts on society or the environment are determined largely by its portfolio. This report does not identify all material topics for each of our portfolio companies. However, it describes how we engage with our portfolio companies to ensure that they identify and manage their material topics. As described on page 17, as significant shareholders in our portfolio companies we ask our portfolio companies to identify and communicate their material topics to us and to other stakeholders to ensure that they are managed appropriately. Pages 18 to 23 provide examples of how we have engaged with some of our portfolio companies to manage some of their material topics.	
	2-26	Mechanisms for seeking advice and raising concerns	SR: 42	Fully reported	
	2-27	Compliance with laws and regulations	N/A	No significant instances of non-compliance with laws and regulations occurred during the reporting period.	
	2-28	Membership associations	SR: 53	Fully reported	
	2-29	Approach to stakeholder engagement	SR: 51-52; ARA 104-105	Fully reported	
	2-30	Collective bargaining agreements	SR: 28	Fully reported	
	<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	SR: 16-23	Refer to response for disclosure 2-25.
		3-2	List of material topics	SR: 55	Fully reported
		3-3	Management of material topics	SR: 16-23	Refer to response for disclosure 2-25.

## GRI content index continued

GRI standard title	Disclosure number	Disclosure title	Page number	Fully reported/other comment
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	ARA: 20-41, 68-76	Fully reported
	201-3	Defined benefit plan obligations and other retirement plans	ARA: 193-195	Fully reported
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	SR: 40; ABP	Fully reported
	205-2	Communication and training about anti-corruption policies and procedures	SR: 40-41	Fully reported
	205-3	Confirmed incidents of corruption and actions taken	SR: 40	Fully reported
<b>GRI 207: Tax 2019</b>	207-1	Approach to tax	SR: 43	Fully reported
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	SR: 47, 64	Fully reported
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	SR: 47, 64	Fully reported
	305-2	Energy indirect (Scope 2) GHG emissions	SR: 47, 64	Fully reported
	305-3	Other indirect (Scope 3) GHG emissions	SR: 47, 64	Fully reported
	305-4	GHG emissions intensity	SR: 47, 64	Fully reported
	305-5	Reduction of GHG emissions	SR: 47, 64	Fully reported
<b>GRI 306: Waste 2020</b>	306-3	Waste generated	SR: 46, 65	Fully reported
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	SR: 30, 66	Fully reported
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: 34	Fully reported
	401-3	Parental leave	SR: 34	Partially reported
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	SR: 37	Fully reported
	403-6	Promotion of worker health	SR: 35	Fully reported
	403-9	Work-related injuries	SR: 37	Fully reported
	403-10	Work-related ill health	SR: 37	Fully reported
<b>GRI 404: Training and Education 2016</b>	404-2	Programs for upgrading employee skills and transition assistance programs	SR: 33, 36	Fully reported
	404-3	Percentage of employees receiving regular performance and career development reviews	SR: 33	Fully reported
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	SR: 30 and 66; ARA 111	Partially reported
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	SR: 30	Fully reported

SR: 3i Group Sustainability report 2023 (this report)

ARA: 3i Group Annual Report and accounts 2023 (<http://www.3i.com/investor-relations>)

ABP: Anti-bribery policy (<https://www.3i.com/sustainability/sustainability-policies/>)

## GRI content index continued

GRI standard title	Disclosure number	Disclosure title	Page number	Fully reported/other comment
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR: 13, 25 and 48-49	Fully reported
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions	SR: 40; ARA: 57	Fully reported
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR: 41	Fully reported
<b>Sustainability Reporting Guidelines &amp; Financial Services Sector Supplement</b>	FS8	Financial Services Sector Specific performance indicators – Product Portfolio – Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	SR: 12	Fully reported
<b>Sustainability Reporting Guidelines &amp; Financial Services Sector Supplement</b>	FS10	Financial Services Sector Specific performance indicators – Active Ownership – Percentage and number of companies held in the institution’s portfolio with which the reporting organisation has interacted	SR: 12	Fully reported

# SASB

The table below sets out 3i's SASB disclosures for the year ending 31 March 2023 in line with the SASB standard for Asset Management & Custody Activities issued in December 2021 that is applicable for accounting periods beginning on or after 1 January 2022.

**Table 1. Sustainability Disclosure Topics & Accounting Metric**

Topic	Code	Indicator	Details
<b>Transparent Information &amp; Fair Advice for Customers</b>	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.	<p>We have no records of investment-related investigations, consumer-initiated complaints or other regulatory proceedings that are pending or threatened against any current employee.</p> <p>Employees may engage in private civil litigation but we are not aware of any proceedings of significance.</p>
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers.	None.
	FN-AC-270a.3	Description of approach to informing customers about products and services.	<p>3i does not have 'retail' customers. It has shareholders, for whose benefit the Company is managed. We also manage private funds and co-investment vehicles, whose investors are professional clients, and various employee carried interest vehicles. Please refer to:</p> <ul style="list-style-type: none"> <li>• Pages 51 and 52 of this Sustainability report for a discussion of our stakeholders</li> <li>• Pages 105, 107 and 108 of our Annual report and accounts 2023, available on <a href="http://www.3i.com/investor-relations">www.3i.com/investor-relations</a> for a discussion of how we engage with our shareholders and fund investors.</li> </ul>
<b>Employee Diversity &amp; Inclusion</b>	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	We make partial disclosures under this heading due to our small headcount. Please refer to pages 30 and 66 of this Sustainability report and pages 54 and 112 of our Annual report and accounts 2023.

## SASB continued

**Table 1. Sustainability Disclosure Topics & Accounting Metric** continued

Topic	Code	Indicator	Details
<b>Incorporation of Environmental, Social and Governance Factors (ESG) in Investment Management &amp; Advisory</b>	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening.	<p>Amount of assets under management that employ:</p> <p>(1) integration of ESG issues: 100% of total AUM (excluding some of our legacy and minority investments), 100% of Private Equity AUM (excluding some of our legacy and minority investments), 100% of Infrastructure AUM.</p> <p>2) Sustainability themed investing: none, we do not manage thematic sustainability assets or funds.</p> <p>(3) Screening: 100% of total AUM, 100% of Private Equity AUM; 100% of Infrastructure AUM.</p> <p>Please refer to pages 11-26 of this Sustainability report.</p>
	FN-AC-410a.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies.	Please refer to pages 11-26 of this Sustainability report.
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures.	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>• Pages 11-26 of this Sustainability report.</li> <li>• Page 155 of our Annual report and accounts 2023, available on <a href="http://www.3i.com/investor-relations">www.3i.com/investor-relations</a></li> </ul>
<b>Business Ethics</b>	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.	None.
	FN-AC-510a.2	Description of whistle blower policies and procedures.	Please refer to page 42 of this Sustainability report.

**Table 2. Activity Metrics**

Topic	Code	Indicator	Details
	FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM).	<p>We do not manage any assets subject to the regulations of the Investment Company Act of 1940 (1940 Act).</p> <p>Please refer to pages 4, 5 and 40 of our Annual report and accounts 2023, available on <a href="http://www.3i.com/investor-relations">www.3i.com/investor-relations</a>, for information on our AUM.</p>
	FN-AC-000.B	Total assets under custody and supervision.	Not applicable. We do not perform regulated custody or supervision activities.

# Sustainability performance data appendix

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Sustainability performance data appendix

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# Sustainability performance data appendix

## Environmental Indicators

		FY2023	FY2022 <sup>2</sup>	% Change
<b>GHG Emissions</b>	Scope 1			
	UK	105.6	102.6	2.9%
	Rest of the world	34.4	27.2	26.5%
	<b>Total</b>	<b>140.0</b>	<b>129.8</b>	<b>7.9%</b>
	Scope 2 (location-based) <sup>1</sup>			
	UK	86.6	93.8	-7.7%
	Rest of the world	72.4	67.0	8.1%
	<b>Total</b>	<b>159.0</b>	<b>160.8</b>	<b>-1.1%</b>
	Scope 2 (market-based) <sup>1</sup>			
	UK	–	–	–
	Rest of the world	41.6	48.3	-13.9%
	<b>Total</b>	<b>41.6</b>	<b>48.3</b>	<b>-13.9%</b>
	Scope 3, including relevant categories:			
	1. Purchased goods and services	4,698.8	2,418.7	94.3%
	2. Capital goods	617.2	N/A <sup>3</sup>	N/A <sup>3</sup>
	3. Fuel- and energy-related activities (FERA) not included in Scope 1 or Scope 2	44.0	45.1	-2.4%
	5. Waste generated in operations	10.6	16.4	-35.4%
	6. Business travel	1,270.2	322.2	294.2%
	7. Employee commuting (including emissions from working from home)	161.5	147.9	9.2%
	<b>Total</b>	<b>6,802.3</b>	<b>2,950.3</b>	<b>130.6%</b>
Scope 1 & Scope 2 (location-based)	<b>299.0</b>	<b>290.6</b>	<b>2.9%</b>	
Scope 1 & Scope 2 (market-based)	<b>181.6</b>	<b>178.1</b>	<b>2.0%</b>	
Scope 1 & Scope 2 (location-based) & Scope 3	<b>7,101.3</b>	<b>3,240.9</b>	<b>119.1%</b>	
Scope 1 & Scope 2 (market-based) & Scope 3	<b>6,983.9</b>	<b>3,128.4</b>	<b>123.2%</b>	
GHG emissions intensity (Scope 1 & Scope 2 (market-based) per average number of employees)	0.75	0.76	-1.0%	
Average number of employees	241	234	3.0%	

<sup>1</sup> Based on IEA data from the IEA (2022) Emissions factors, [www.iea.org/statistics](http://www.iea.org/statistics). All rights reserved; as modified by 3i Group plc.

<sup>2</sup> FY2022 GHG emissions data re-stated due to inaccuracies identified in the data collection process.

<sup>3</sup> Emissions from capital goods were previously included in purchased goods and services.



## Sustainability performance data appendix continued

### Environmental Indicators continued

		FY2023	FY2022 <sup>1</sup>	% Change
Energy consumption (MWh)	Electricity			
	UK	447.6	441.7	1.3%
	Rest of the world	225.8	218.9	3.2%
	<b>Total</b>	<b>673.4</b>	<b>660.6</b>	<b>1.9%</b>
	Fuel <sup>2</sup>			
	UK	578.6	560.1	3.3%
	Rest of the world	168.3	138.9	21.2%
<b>Total</b>	<b>746.9</b>	<b>699.0</b>	<b>6.9%</b>	
<b>Total energy consumption</b>		<b>1,420.3</b>	<b>1,359.6</b>	<b>4.5%</b>
Type of electricity used	Renewable	93.6%		
	Non-renewable	6.4%		
Waste (tonnes) <sup>3</sup>	Recycled waste – mixed	22.7	14.2	59.9%
	Recycled waste – paper	1.0	2.2	-54.5%
	<b>Total recycled waste</b>	<b>23.7</b>	<b>16.4</b>	<b>44.5%</b>
	Combustion	4.1	4.7	-12.8%
	Anaerobic digestion	3.8	5.6	-32.1%
	Landfill – mixed	19.2	36.9	-48.0%
	<b>Total non-recycled waste</b>	<b>27.1</b>	<b>47.2</b>	<b>-42.6%</b>
<b>Total waste</b>	<b>50.8</b>	<b>63.6</b>	<b>-20.1%</b>	
Water usage (cubic metres)	5,544.5	12,392.3	-55.3%	

1 FY2022 energy consumption data re-stated due to inaccuracies identified in the data collection process.

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

3 FY2022 waste data re-stated due to inaccuracies identified in the data collection process.

## Sustainability performance data appendix continued

### Social Indicators

	Office Location	Female	Male	Total
<b>Employees by region<sup>1</sup></b> As at 31 March 2023	London	68	85	153
	Amsterdam	3	9	12
	Frankfurt	7	16	23
	Luxembourg	4	2	6
	New York	8	20	28
	Paris	8	16	24
	Mumbai	2	1	3
	<b>All offices</b>	<b>100</b>	<b>149</b>	<b>249</b>

		Female	Male	Total
<b>Employees by contract type<sup>1</sup></b> As at 31 March 2023	Full Time	78	146	224
	Part Time	22	3	25
	Fixed Term	4	1	5
	Permanent	96	148	244

		FY2023
<b>Employees by age group</b> As at 31 March 2023	Below 30	46
	30-50	152
	Over 50	51

		FY2023
<b>Ethnicity (UK office only)<sup>2</sup></b>	Ethnic Minority (excluding white minority)	19
	White	90
	Prefer not to say	44

		FY2023
<b>Employee turnover</b>	Voluntary	9.5%
	Overall	11.5%

<b>Employee nationalities</b> As at 31 March 2023	26
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	FY2023
<b>Participation in SIP<sup>3</sup> (UK office only)</b>	87%

		FY2023
<b>Health and safety</b>	Number of RIDDOR reportable incidents	–

		FY2023
<b>Charitable donations</b>	Ordinary charitable donations	£1,000,000
	Turkey Mozaik Foundation	£500,000
	<b>Total donations</b>	<b>£1,500,000</b>

		FY2023
<b>Number of paid internships by scheme</b>	GAIN	2
	#10000BlackInterns	2

1 The information of biological sex is gathered through employees' legal documents shared with us.

2 Data is based on a DE&I survey covering UK employees, carried out in FY2023.

3 Share Incentive Plan available to UK employees only.

## Sustainability performance data appendix continued

### Governance Indicators

		FY2023	FY2022	FY2021
<b>Compliance</b>	Number of breaches of the Anti-bribery policy	–	–	–
	Number of whistle-blower incidents	–	–	–
<b>Data breaches and cyber security</b>	Number of complaints from third parties or complaints by regulatory bodies regarding the use and disclosure of personal data	–	–	–
	Number of known information security breaches	–	–	–

# Contacts

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