Governance

What's in this section

Chair's governance review

David Hutchison
Chair

Our corporate governance framework remains an anchor for 3i's execution of its strategic objectives.

I am pleased to present our Corporate Governance Report. The purpose of this report is to summarise our corporate governance framework and to explain how we, as a Board, have taken decisions.

Robust and effective corporate governance is fundamental to 3i's operations and to the generation of consistent, long-term value for our shareholders.

As set out in my letter on pages 2 and 3, 3i has responded well to challenging macro-economic circumstances. As a Board, we are confident in 3i's ability to execute its strategic objectives and discussed more fully in the CEO's report on pages 6 to 11.

Board activities and consideration of stakeholders

The Board is conscious of its duty to consider the interests of a broad spectrum of stakeholders and other section 172 factors, particularly in the current challenging macro-economic and geopolitical climate. An overview of the range of matters that the Board discussed and debated at its meetings during the year can be found on pages 108 and 109. How we engaged with our stakeholders is summarised on pages 110 to 113. The Company's section 172 statement is available on page 94.

We work with 3i's management to ensure that the Company possesses the necessary financial and human resources to execute its long-term strategy and promote its long-term success.

Culture and values

Consistent with previous years, the Board recognises the importance and differentiation that culture and strong values bring to the delivery of performance. As a Board and as Directors individually we aim to lead by example, promoting a culture of integrity, rigour and energy, accountability and ambition in line with 3i's values as detailed on page 17, in addition to providing constructive challenge to management.

Board composition

As announced last year, Caroline Banszky retired from the Board at the end of the 2023 AGM. There have been no further changes to the Board composition this year and we continue to maintain an effective succession plan, more details of which are contained in my Nominations Committee report on pages 116 to 121.

Dividend

We have continued with our dividend policy to maintain or grow the dividend year-on-year, subject to the strength of our balance sheet and the outlook for investment and realisations. As a result the Board has recommended a second FY2024 dividend of 34.50 pence per share, taking the total dividend for the year to 61.0 pence per year. Subject to shareholder approval this will be paid in July 2024.

David Hutchison
Chair

8 May 2024

Governance at a glance

Strong corporate governance is essential to create value for our stakeholders and underpins the long-term success of our company.

Highlights
as at 31 March 2024

23%
Total return on equity

Supporting management in a challenging macro-economic climate to enable them to pursue 3i's long-term value creation strategy in the portfolio.

Read more in the Chief Executive's statement and the Financial review

2,085p
NAV per share

An increase of 19% in the NAV in FY2024.

Read more in Key performance indicators

61.0p
Dividend per share

Payment of the first dividend of 26.50 pence per share in January 2024 and recommendation of the second dividend in July 2024 of 34.50 pence per share.

Read more in Financial review

Board focus areas
as at 31 March 2024

Strategy
Read more in Key performance indicators

Financial
Read more in Financial review

Portfolio companies
Read more in Business review

Purpose, culture and values
Read more in Sustainability report

Risk management and internal control
Read more in Risk Management

Governance
Read more in Governance report

A balanced Board
as at 31 March 2024

44%
Female representation

11%
Ethnically diverse

66%
Independent directors

Board priorities for FY2025

Growth
To support the management in delivering the strategic plan

Shareholders
To achieve long-term growth for shareholders

Sustainability
Continue to oversee delivery of the sustainability strategy

Corporate governance statement

The Financial Reporting Council's UK Corporate Governance Code 2018 (the "Code") is the standard against which we measured ourselves in FY2024.

The Board is pleased to confirm that we complied with all of the provisions set out in the Code for the period under review, save for provision 19 of the Code in respect of tenure of the Chair.

Details on how we have applied the principles set out in the Code and how governance operates at 3i have been summarised throughout this Governance section and elsewhere in this Annual report as set out below.

Our Governance framework is set out on page 101. (The Code is available to view on the Financial Reporting Council's website).

Corporate Governance code

Board leadership and Company purpose

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Audit, risk and internal control

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Division of responsibilities

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Remuneration

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Composition, succession and evaluation

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Annual Board evaluation	114–115

Explanation on Provision 19 – Chair tenure

The Board and the Nominations Committee have carefully considered the extended tenure of the Chair.

As detailed in our FY2023 Annual report, when appointing David Hutchison as Chair, the Nominations Committee and the Board were fully aware of the Code's provision regarding a Chair's tenure exceeding nine years, and the fact that David had then already served as a non-executive Director for eight years. Despite this, the Nominations Committee and the Board, when considering the Company's long-cycle investment business, recognised that David's extensive knowledge of the Company's business and portfolio assets – gained in part from his seven-year tenure as Chair of the Valuations Committee – and his understanding of the Board's conservative balance sheet and selective investment strategies, made him the most suitable candidate to promote the success of the Company.

The Nominations Committee and the Board recognise the potential risks associated with extended tenure of a chair, including the possibility of compromised objectivity, inadequate management accountability, and insufficient promotion of constructive challenge among Board members. To mitigate these risks further, a number of additional steps were taken as detailed below.

Steps taken to mitigate risks associated with extended tenure

- The Committee and the Board sought to balance this appointment by appointing an experienced senior director as Senior Independent Director. This role, filled by Lesley Knox in October 2021, includes ensuring corporate governance arrangements remain robust and appropriate and leading the annual review of whether David's continued tenure as Chair is in the best interests of the Company.
- It was agreed that the Nominations Committee would undertake an annual review, led by the Senior Independent Director, of the continued appropriateness of David's appointment. This would be in addition to the mitigation provided by the Board and Chair annual performance reviews.

  The first such annual review was held by the Nominations Committee in March 2023 and a second review was conducted in March 2024 (both in the absence of David). Both reviews concluded that David continued to perform effectively as Chair, maintained objective judgement and independence, and promoted constructive challenge among Board members. The Committee also noted that in a business where long-term knowledge of the business and its assets is crucial, David's continued appointment was appropriate. The Committee's overall conclusion was that David's continued appointment as Chair for the coming year was in the best interests of the Company and that the balance and independence of the Board remained appropriate.
- Since 31 March 2023, David has not been a member of the Remuneration Committee.
- The appointment in November 2021 of Peter McKellar, an independent non-executive Director with extensive experience of asset management and asset valuation, as Chair of the Valuations Committee, provided continuity and effective governance of that Committee.

The Nominations Committee will undertake its next review in March 2025.

Recommendation

The Board has carefully considered the Chair's tenure and believes that it is in the best interests of 3i and its stakeholders that David remains as Chair. The Board is therefore recommending to shareholders the re-election of David at the forthcoming AGM on 27 June 2024.

For more information
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Corporate governance statement continued

Governance framework

Board

- Approves risk appetite and strategy
- Responsible for ensuring effective risk management and oversight processes exist
- Oversees ESG and sustainability strategy, approach and policies
- Assisted by four Board Committees with responsibility for specific areas
- Delegates management to the Chief Executive
- Assesses investment performance against objectives

Company Secretary

Nominations Committee

- Responsible for ensuring that the Board has the necessary skills, experience and knowledge
- Responsible for appointing a diverse Board
- Responsible for Board and senior executive succession

Audit and Compliance Committee

- Reviews and oversees financial and non-financial reporting (including sustainability matters), risks and internal controls, and the relationship with the External auditor
- Reviews and challenges management reports
- Receives updates from the Chief Executive on outputs from GRC
- Oversees tax policy and strategy

Valuations Committee

- Specific and primary responsibility for the valuation policy and valuations (including underlying assumptions) of the Group's investment portfolio
- Direct engagement with the External auditor, including its specialist valuations team

Remuneration Committee

- Ensuring a remuneration culture weighted towards performance based variable reward, whilst discouraging inappropriate risk taking and taking non-financial indicators, including ESG indicators, into account
- Approves carried interest and asset performance linked schemes
- Ensuring Executive Directors' remuneration is closely aligned with shareholder returns
- Oversees the implementation of fair remuneration for employees

Chief Executive

- Delegated responsibility for management of the Group
- Delegated responsibility for investment decisions
- Delegated responsibility for risk management
- Delegated responsibility and day-to-day accountability for sustainability matters

Executive Committee

- Assists the Chief Executive in setting the Group strategy, including sustainability aspects
- Monitors divisional performance
- Facilitates information sharing between divisions
- Responsible for recruitment and retention
- Meets monthly

Conflicts Committee

- Deals with potential conflicts as required

Treasury Transactions Committee

- Considers specific treasury transactions as required

Market Abuse Regulation Committee

- Considers potential disclosure matters as required

Investment Committee

- Manages the Group's investment portfolio and monitors its most material risks
- Meets when required
- Strict oversight of each step of the investment lifecycle
- Approves all investment, divestment and material portfolio decisions
- Monitors investments against original investment case
- Ensures investments are in line with the Group's investment policy and risk appetite
- Implements the Responsible Investment policy
- Chaired by the Chief Executive

Group Risk Committee

- Assists the Chief Executive with the oversight of risk management
- Implements the Group's risk appetite policy and monitors performance
- Maintains the Group risk review which details its principal risk exposures; a watch list of new and emerging risks; and appropriate mitigations and controls
- Two members of the GRC form the Risk Management function as required by FCA rules
- Maintains oversight of ESG risks, and relevant ESG regulations
- Oversight and review of the Responsible Investment policy
- Chaired by the Chief Executive

ESG Committee

- Advises the Chief Executive, directly and through the Investment and Group Risk Committees, on ESG risks and opportunities
- Develops the Group's ESG approach, and related policies and procedures
- Ensures the Group's compliance with relevant ESG-related legal and regulatory requirements, standards and guidelines
- Coordinates ESG-related activities and initiatives
- Reviews and monitors the Group's ESG performance
- Monitors stakeholder expectations, market developments, trends and best practice in relation to relevant ESG matters
- Chaired by the General Counsel

Board leadership and Company purpose

Board of Directors

at 31 March 2024

The Board promotes a culture of strong governance across the business.

David Hutchison
Chair

Chair since November 2021 and non-executive Director since 2013. David has considerable investment and banking experience across a range of asset classes which supports his leadership of the Board.

Previous experience
Chief Executive of Social Finance Limited from 2009 to March 2022. Until 2009 Head of UK Investment Banking at Dresdner Kleinwort Limited and a member of its Global Banking Operating Committee. From 2012 to 2017, a non-executive director of the Start-Up Loans Company.

Simon Borrows
Chief Executive

Chief Executive since 2012, and an Executive Director since he joined 3i in 2011. Chair of the Group's Risk Committee, Executive Committee and Investment Committee. Chair of the Supervisory Board of Peer Holding I B.V., the Dutch holding company for the Group's investment in Action.

Previous experience
Formerly Chair of Greenhill & Co International LLP, having previously been Co-Chief Executive Officer of Greenhill & Co, Inc. Before founding the European operations of Greenhill & Co in 1998 he was the Managing Director of Baring Brothers International Limited. Formerly a non-executive director of the British Land Company PLC and Inchcape plc.

James Hatchley
Group Finance Director

Group Finance Director since June 2022 and an Executive Director since May 2022. A member of the Executive Committee, Investment Committee, Group Risk Committee and ESG Committee. Joined 3i in 2017 and was Group Strategy Director until June 2022.

Previous experience
Formerly Chief Operating Officer of KKR in Europe and, before that, Co-CEO of Avoca Capital. Earlier in his career, James was a corporate finance professional for 20 years, principally with Greenhill & Co. and Schroders. He qualified as a chartered accountant in 1992. Formerly a non-executive director of Great Ormond Street Hospital for Children NHS Foundation Trust.

Jasi Halai
Chief Operating Officer

Chief Operating Officer and an Executive Director since May 2022. A Member of the Executive Committee, Investment Committee, Group Risk Committee and ESG Committee. Joined 3i in 2005 and has held a variety of posts in the business, most recently as Group Financial Controller and Operating Officer. Also a non-executive director of Barratt Developments PLC.

Previous experience
Prior to joining 3i, worked for CDC Group (now British International Investment) and at Actis following its demerger from CDC. Jasi is a chartered management accountant. Formerly a non-executive director of Porvair PLC.

Board leadership and Company purpose continued
Board of Directors continued

Stephen Daintith

Independent non-executive Director

Non-executive Director since 2016. Chief Financial Officer and an executive director of Ocado Group plc. Stephen contributes directly relevant financial and operating experience as Chair of the Audit and Compliance Committee, drawn from a range of consumer, digital, engineering and other international businesses, to the Board's decision making.

Previous experience
Formerly an executive director of Rolls-Royce Holdings plc from 2017 to March 2021 and Finance Director of Daily Mail and General Trust plc ("DMGT") from 2011 to 2017. Non-executive director of ZPG Plc. Prior to joining DMGT he was Chief Operating Officer and Chief Financial Officer of Dow Jones and prior to that Chief Financial Officer of News International. He originally qualified as a chartered accountant with Price Waterhouse (now part of PwC).

Lesley Knox

Independent non-executive Director

Non-executive Director since October 2021 and Senior Independent Director since November 2021. Also Senior Independent Director of Legal & General Group plc, non-executive director of Dovecot Studios Limited, Senior Independent Director and Chair of Remuneration Committee of Genus Plc, and a trustee of Grosvenor Group Limited pension fund and National Galleries of Scotland Foundation. Lesley brings to the Board's discussions a wealth of international, strategic and financial services experience having spent over 17 years in senior roles in financial services, including in asset management and corporate finance.

Previous experience
Formerly held a number of senior roles in financial services, including head of institutional asset management at Kleinwort Benson. Also previously served as Chair of Alliance Trust PLC, as Senior Independent Director at Hays plc and non-executive director of SAB Miller plc, Centrica plc and Thomas Cook Group plc.

Coline McConville

Independent non-executive Director

Non-executive Director since 2018. Also a member of the Supervisory Board of Tui AG and a non-executive director and Chair of the ESG Committee at King's Cross Central General Partnership. Coline has a diverse commercial background, having worked in a range of sectors and also brings to the Board significant listed board experience including chairing several remuneration committees and previously acting as Senior Independent Director at Fevertree. This enables her to make valuable contributions to the Board's discussions and to those of the Remuneration Committee, which she now chairs.

Previous experience
Formerly a non-executive director of Fevertree Drinks plc, Travis Perkins plc, Tui Travel plc, UTV Media plc, Wembley National Stadium Limited, Shed Media plc, HBOS plc and Inchcape plc. Prior to that was Chief Operating Officer and Chief Executive Officer Europe of Clear Channel International Limited and had previously worked for McKinsey and LEK.

Peter McKellar

Independent non-executive Director

Non-executive Director since June 2021. Also Chair of Princess Private Equity Holdings Limited, non-executive director of Investcorp Capital plc and a non-executive board member of Scottish Enterprise, from which he will retire in July 2024 . Peter brings to the Board significant experience and understanding of financial services and asset management, with a particular expertise in private equity and infrastructure. This enables him to bring a valuable asset management perspective to the Board's discussions and to those of the Valuations Committee, which he now chairs.

Previous experience
Formerly Deputy Chair of AssetCo plc, Global Head of Private Markets at Standard Life Aberdeen plc and previously led Standard Life Investments' private equity and infrastructure business and was their Chief Investment Officer. Prior to that, he held a variety of finance posts in industry and corporate finance positions.

Alexandra Schaapveld

Independent non-executive Director

Non-executive Director since January 2020. Also non-executive director and Chair of the Audit Committee at Société Générale S.A. Alexandra brings extensive financial services expertise in a number of important markets for 3i as well as considerable board experience in a variety of sectors. These help provide an international perspective to the Board's decision-making process.

Previous experience
Formerly on the boards of Bumi Armada Berhad, Vallourec S.A., FMO N.V., Stage Entertainment N.V., Holland Casino N.V., VU University and VU Medical Center and Duin & Kruidberg. Prior to that, many years of corporate and investment banking at RBS and ABN AMRO.

Board leadership and Company purpose continued

Executive Committee

at 31 March 2024

Simon Borrows
Chief Executive

James Hatchley
Group Finance Director

Jasi Halai
Chief Operating Officer

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See profiles

Simon Borrows
Chief Executive

James Hatchley
Group Finance Director

Jasi Halai
Chief Operating Officer

Kevin Dunn
General Counsel and Company Secretary

Joined 3i in 2007 as General Counsel and Company Secretary. Responsible for 3i's legal, compliance, internal audit and company secretarial functions. A member of the Executive Committee, Group Risk Committee and ESG Committee.

Previous experience
Prior to joining 3i, was a Senior Managing Director, running GE's European Leveraged Finance business after serving as European General Counsel for GE. Prior to GE, was a partner at the law firms Travers Smith and Latham & Watkins.

Board leadership and Company purpose continued
Executive Committee continued

Rob Collins
Managing Partner,
Head of North American Infrastructure

Joined 3i in 2017 as the Managing Partner for North American Infrastructure. A member of the Executive Committee. Also a non-executive director of Smarte Carte, Regional Rail and EC Waste.

Previous experience
Prior to joining 3i, led Hastings' infrastructure investment team in North America and Europe. Founded the infrastructure M&A practice at Morgan Stanley and Greenhill where he was a Managing Director at both firms. Started his infrastructure career at Goldman Sachs after serving as a nuclear-power officer in the US Navy.

Pieter de Jong
Co-Head of Private Equity

Joined 3i in 2004 and served as Managing Director of 3i Benelux between 2011 and 2019. A member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Yanga, Mepal, European Bakery Group, Royal Sanders and Weener Plastics.

Previous experience
Started his career at Stork in the US, before joining Van Den Boom Group, a corporate finance consulting firm in Benelux, where he became partner/owner responsible for M&A. After selling the firm to NIBC in 2000, he headed the M&A department until 2003.

Julien Marie
Chief Human Resources Officer

Joined 3i in 2001 as HR Manager and was appointed HR Director in 2004. A member of the Executive Committee and Group Risk Committee.

Previous experience
Prior to joining 3i, worked at Bouygues Construction and Bouygues Telecom for six years.

Scott Moseley
Managing Partner,
Co-Head of European Infrastructure

Joined 3i in 2007 and was made a Partner in 2012. Managing Partner, Co-Head of European Infrastructure since July 2022 and a member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Tampnet, ESVAGT and GCX.

Previous experience
Prior to joining 3i more than 16 years ago, Scott held various roles within the capital markets teams at WestLB and Credit Agricole.

Bernardo Sottomayor
Managing Partner,
Co-Head of European Infrastructure

Joined 3i in 2015 as a Partner with responsibility for origination and execution of new investments across Europe. Managing Partner, Co-Head of European Infrastructure since July 2022 and a member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of TCR and ESP.

Previous experience
Prior to joining 3i, was a Partner at Antin Infrastructure and his other previous infrastructure management experience includes roles as Managing Director at Deutsche Bank's European infrastructure fund, Head of M&A at Energias de Portugal and further infrastructure M&A advisory experience with UBS and Citigroup in London.

Peter Wirtz
Co-Head of Private Equity

Joined 3i in 1998 and served as 3i Germany Co-Head between 2009 and 2019. A member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Luqom and YDEON.

Previous experience
Prior to joining 3i, worked for Deutsche Bank and spent four years with Procter & Gamble in various finance functions.

The role of the Board

The Board's role is to lead the Company in promoting its long-term success and thereby generating value for shareholders. The Board operates within a robust corporate governance framework and ensures that this framework is embedded across the organisation.

The Board oversees the Company's purpose, values and strategy and satisfies itself that these are aligned with the Company's culture. All Directors are expected to demonstrate integrity, set a positive tone and adhere to the Company's culture and values.

The Board, through its Audit and Compliance Committee, assesses and monitors behaviours and adherence to the Company's values. Regular reports from the Internal Audit and Group Compliance teams consider and comment on culture within the business. The Remuneration Committee reviews workforce remuneration and the alignment of incentives and rewards with culture. The Board ensures that employee policies and practices are consistent with the Company's culture and values and supports its long-term success during its annual review of succession planning and strategic capability.

The Board approves the Group's strategic objectives and ensures the necessary resources are in place for the Company to meet these objectives through a Board approved planning and budgeting process. The Board measures performance against those objectives using the KPIs set out on pages 18 and 19 which are reported to the Board in the monthly Board report.

The Board meets formally on a regular basis for scheduled Board meetings and on an ad hoc basis when the need arises. There is a clearly defined schedule of matters reserved for the Board. The Board is assisted by various Principal Board Committees which report to it regularly. Details of their activities in the year are provided on pages 116 to 149.

Attendance at Board and Committee meetings[1]

	Independence	Board	Audit and Compliance Committee	Nominations Committee	Remuneration Committee	Valuations Committee
Total meetings held[1]		7	6	2	6	4
Number attended:						
D A M Hutchison	Independent on appointment	7(7)	–	1(2)	–	4(4)
S A Borrows	Executive Director	7(7)	–	–	–	4(4)
J G Hatchley	Executive Director	7(7)	–	–	–	4(4)
J H Halai	Executive Director	7(7)	–	–	–	–
S W Daintith[2]	Independent	7(7)	6(6)	2(2)	–	1(4)
L M S Knox	Independent	7(7)	–	2(2)	5(6)	2(4)
C McConville	Independent	7(7)	6(6)	2(2)	6(6)	–
P A McKellar	Independent	7(7)	–	2(2)	6(6)	4(4)
A Schaapveld[3]	Independent	7(7)	6(6)	2(2)	3(3)	4(4)
C Banszky[4]	Independent	2(2)	1(1)	–	3(3)	–

1 This table shows the number of scheduled full meetings of the Board and its Committees attended by each Director who is a member thereof in the year, together with (in brackets) the number of meetings they were eligible to attend. In addition to these meetings a number of additional meetings of the Board and its Committees were held, often at short notice, to deal with ad hoc business as it arose. Non-attendance at meetings was due to unavoidable prior commitments or illness. As explained in this report Mr Hutchison did not attend the Nominations Committee meeting which included discussion of the Chair's tenure and performance.
2 Mr Daintith stepped down from the Valuations Committee when he was appointed Chair of the Audit and Compliance Committee after the 2023 AGM.
3 Ms Schaapveld joined the Remuneration Committee after the 2023 AGM.
4 Ms Banszky retired from the Board on 29 June 2023.

Non-executive Directors also attended a number of other Company meetings, portfolio company reviews and Infrastructure partner reviews to increase their understanding of the 3i business, the portfolio companies and the strength and depth of our people.

Division of responsibilities

How the Board operates

The Board holds one to two meetings a year at or near one of our non-UK offices or one of our portfolio companies, providing a chance for non-executive Directors to meet our local teams and the management of selected portfolio companies. In January of this year the Board and Committee meetings were held in Amsterdam where Directors met the Action senior management team at Action's headquarters and visited an Action store. They also met and received presentations from the CEO of Mepal and the Private Equity team for Royal Sanders. In March the Board and Committee meetings were held at 3i's New York office where Directors met 3i's US-based teams and received presentations from the CEOs of Cirtec, SaniSure and WilsonHCG.

The Board holds an annual Strategy Day.

The Board receives regular reports on potential conflicts of interests involving Directors and any actual conflicts of interest identified are managed appropriately. This may involve excluding the Director concerned from relevant information and discussions.

There is a clear division of responsibilities between the Chair and Chief Executive. Day-to-day management of the Group is the responsibility of the Chief Executive. To assist him in this role, the Chief Executive has established a number of additional management committees, including the Investment Committee, Group Risk Committee and ESG Committee, which are outlined in our governance framework on page 101.

The Board ensures that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Responsibilities of the Chair

- Leads the Board and is responsible for its overall effectiveness in directing the Company.
- Leads the Board in its oversight of the Company's purpose, values and culture.
- Leads the Board in setting its agenda, approving strategy, monitoring financial and operational performance, and establishing the Group's risk appetite.
- Organises the business of the Board, ensuring the Company's effectiveness, and the maintenance of an effective system of internal controls.
- Ensures that Directors receive accurate, timely and clear information. This includes ensuring that the non-executive Directors receive regular reports on shareholders' views on the Group.
- Responsible for the composition of the Board, facilitates constructive Board relations and the effective contribution of all non-executive Directors.
- Leads the annual Board and Board Committee evaluation process.

Responsibilities of the Chief Executive

- Direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.
- Chairs the Investment Committee to review the acquisition, management and disposal of investments.
- Leads the Executive management team to develop and implement the Group's strategy and manage the risk and internal control framework.
- Reports to the Board on financial and operational performance, risk management and progress in delivering the strategic objectives.
- Regularly engages with shareholders and other key stakeholders on the Group's activities and progress.
- Oversees the implementation of the ESG strategy.
- Oversees the Group's values and culture.

Role of the Senior Independent Director

- The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for the other Directors and the shareholders.
- Leads succession planning for the Chair.
- Leads the Chair's performance review and the annual review of the continued appropriateness of the Chair's appointment.

Role of non-executive Directors

- Provide constructive challenge, strategic guidance and hold management to account.
- Scrutinise the performance of management in meeting agreed objectives.
- Seek assurance on the integrity of the financial information and that financial and non-financial controls and systems of risk management are robust and defensible.
- Determine appropriate levels of remuneration for Executive Directors and Executive Committee and together with the Chair, have a prime role in appointing Directors and in succession planning for the Board.
- Ensure that they have sufficient time to meet their Board responsibilities.

Division of responsibilities continued

What the Board did in FY2024

In FY2024, the Board met for seven scheduled meetings and a strategy day in December 2023 (see page 106).

The Chair sets the Board's agenda. Board members and, as appropriate, executives from the relevant business areas are invited to present on key items allowing the Board the opportunity to debate and challenge initiatives directly with the senior management team.

As described on page 94, when making decisions the Board has regard to the interests of stakeholders, as well as the section 172 factors.

Examples of some important decisions taken by the Board in the year and how, where relevant, the Board had regard to the interests of relevant stakeholders are set out on page 95. Our key stakeholders are set out below and discussed in more detail on pages 110 to113.

In addition to the Board decisions referred to above, the Board also dealt with its regular annual cycle of business, examples of which are set out on the next page.

Our key stakeholders

Division of responsibilities continued

What the Board did in FY2024 continued

FY2024 Focus areas	Matters approved	Other matters considered/outcomes	Stakeholders
Purpose, culture and values	• Slavery and human trafficking statement • Operation and effectiveness of the Remuneration Policy both for Executive Directors and the wider employee group	• Executive and senior management succession planning • Organisational capability • Employee leadership and development initiatives • Diversity, equity and inclusion initiatives • Equal Opportunities and Diversity policy • Board evaluation • Ongoing meeting of Board diversity targets	
Portfolio companies	• Non-executive Director approvals for certain investments and divestments • Portfolio company valuations	• Presentations from the CEOs of Action, Mepal, Cirtec, SaniSure and WilsonHCG, and the deal team of Royal Sanders • Visit to Action HQ and Action store • Detailed reporting on Action and rotating updates on portfolio companies at Board and Valuations Committee • ESG reviews of portfolio companies • Attendance at portfolio company reviews and Infrastructure partner reviews	
Strategy	• Group's approach to environmental sustainability and climate change • Senior leadership succession and contingency planning	• Strategy day – 3i Group strategic financial planning and analysis – Private Equity strategic plan – Infrastructure strategic plan – ESG updates – designation of Royal Sanders as a longer-term hold asset – further investment in Action through the buy back of carried interest – visit to Action HQ and an Action store • Private Equity and Infrastructure business and portfolio updates	
Financial	• Payment of the first dividend in January 2024 and recommendation of the second dividend to be paid in July 2024 • Operating budget • Annual report, half-year report and quarterly updates • Approval of investment valuations • €500 million bond	• Financial reporting from the Group Finance Director including key financial highlights and performance against budget • Valuations reporting from Group Finance Director and Chief Operating Officer • Market overviews • Funding and Treasury review • Assessment of investment performance against objectives	
Risk management and internal control	• Board risk appetite • Risk review	• Compliance and internal controls updates • Detailed reporting from the Group Risk Committee including updates on the business continuity plan, cyber security and IT • Going concern, Viability statement, Resilience statement and stress testing	
Governance	• Approval of the Chair's continued tenure • Approval of a shareholder reunification programme and utilisation of funds realised as a result of this programme for charitable purposes	• Updates on the Code • Oversight of ESG strategy and compliance with ESG regulation	

Division of responsibilities continued

Engaging with stakeholders

Engaging and communicating with our stakeholders is an integral part of 3i's business and critical to ensuring our continued success. We engage with our stakeholders in a variety of ways, as detailed in this section.

Engaging with shareholders

In FY2024, shareholders engaged principally on the performance of Action and of the rest of the portfolio, capital allocation strategy and market conditions for new investments and realisations.

The CEO, Group Finance Director and the Group Investor Relations and Sustainability Strategy Director meet with institutional shareholders and potential investors after the announcement of the annual results and throughout the year. The Chair meets with institutional shareholders at their request.

The Investor Relations and Company Secretariat teams are available to retail shareholders to respond to their queries.

In addition to this ongoing investor engagement, the Company has an extensive engagement programme detailed below which enables investors to make informed decisions about their investment in the Company:

Our FY2024 Investor Relations programme

We engage shareholders through a full programme of events. Our results presentations and capital markets seminars are webcast live and available to all who are interested. On-demand webcasts and transcripts are also available on the Company's website after the events.

2023

May
- Annual results announcement and presentation webcast

June
- BNP Paribas Exane European CEO Conference
- Kepler Investment Companies conference
- Annual General Meeting

July
- Q1 performance update
- Chair's meetings with shareholders

September
- Private Equity capital markets seminar
- Bank of America Financial Services conference

November
- Half-yearly results announcement and presentation webcast

2024

February
- Q3 performance update

March
- Action capital markets seminar
- Morgan Stanley Financials Conference

Division of responsibilities continued
Engaging with stakeholders continued

Institutional investors

- UK and international one-on-one meetings with 3i's principal shareholders twice a year and throughout the year as required.
- Large group investor calls are held after the publication of the annual and half-year results, and quarterly performance updates, to target both existing and potential investors.
- Meetings held with the Chair at the request of institutional shareholders. The SID and the Audit and Compliance Committee Chair are also available as required.
- Meetings with potential shareholders on a regular basis as part of arranged UK and international roadshows and as required.
- Participation in conferences for institutional investors organised by a number of international banks and brokers.
- Engagement with analysts from investment banks by the Group Investor Relations and Sustainability Strategy Director.

Capital market seminars

- Two capital markets seminars in FY2024, held in September 2023 and March 2024, both held via a webcast accessible to all on the 3i website.
- The September 2023 seminar included presentations from the deal teams on our Private Equity investments of nexeye and European Bakery Group, and an update on the role and work of 3i's Private Equity banking team.
- The March 2024 seminar focused on Action with results and strategy updates from the CEO and CFO of Action, along with presentations on Action's sustainability programme.

Annual and half-year results presentations

- The annual and half-year results are presented via live webcasts accessible to all investors on the 3i website. Listeners are encouraged to submit questions during the webcasts.

Individual investors

- Can attend live webcasts of the results presentations and capital markets seminars.
- Can engage directly with non-executive Directors, Executive Directors, the Company Secretary and the Group Investor Relations Director at the AGM.
- Can engage with and contact the Group Investor Relations and Sustainability Strategy Director and the Company Secretary, whose contact details are on the website, to raise issues and provide feedback.

Annual General Meeting

- The AGM is held as an in person meeting, preceded by business presentations from the Chair and Chief Executive.
- Shareholders are encouraged to ask questions during the meeting, and have the opportunity to meet Directors before and after the formal proceedings.

Website

- The 3i website provides a wealth of useful and detailed information for all shareholders, who can also sign up for our email alert service to be notified of key announcements.

Outcome of engagement with shareholders

The outcome of this engagement is that we maintain a strong relationship with shareholders. The Board recognises the importance of fostering a proactive and meaningful relationship with current and prospective shareholders.

The extensive Investor Relations programme enables investors to understand 3i's performance, assists them in making their investment decisions and provides them with an opportunity to engage with Directors and senior management. Executive Directors routinely update the Board on investor relations activities and on any feedback received from analysts and shareholders. Any major issues brought up by shareholders concerning the Group are communicated to and discussed with the Board.

Division of responsibilities continued
Engaging with stakeholders continued

Engaging with other stakeholders

Stakeholders	Engagement	Outcome
Fund investors	**Why?** Fund investors, like shareholders, want to understand and have confidence in 3i's strategy, performance, culture, sustainability policies, compliance and governance. It is also important that the Board and management understand issues that are specific to them. **How?** There is an engagement programme with fund investors and co-investors led by the Fund Investor Relations team with regular and ad hoc meetings, supported by comprehensive reporting. The Chief Executive and relevant investment professionals participate in some of these meetings, as appropriate.	Fund investors have provided capital we have invested in certain assets as part of our investment management activities and which generates fee income for 3i. They are customers to whom we owe regulatory duties. Positive engagement with Fund investors enhances our relationship with them and provides them with the information they require to maintain their investment in the relevant fund. **Page 36 Total assets under management**
Employees	**Why?** 3i is a people business. Our people are critical to the success of the Company and we rely on having motivated people with the appropriate expertise and skills required to deliver our strategy. **How?** Our approach as a responsible employer is described in the Sustainability section. The Directors' report on page 154 includes details on their engagement with our employees. We continue to support our employees and to maintain strong employee engagement.	Having meaningful engagement with employees helps create a strong, supportive work culture, which develops and retains talent, enabling 3i to continue to deliver strong performance. **Pages 52 to 55 Sustainability report** **www.3i.com/sustainability/sustainability-reports-library**
Portfolio companies	**Why?** 3i's long-term, responsible approach to its investments means that it participates in the active management of its portfolio companies. Close engagement and a strong governance framework enables us to help them grow and create value. **How?** Our investment teams work closely with investee companies and their management teams. One or more investment team professionals are usually appointed as directors of each investee company. In addition, regular forums across the Private Equity and Infrastructure portfolios share best practice and experience. This year we held a Sustainability forum for ESG and sustainability representatives from across the PE and Infrastructure portfolios where colleagues could discuss best practice, shared experiences and develop peer networks. A CFO forum was held which included presentations on what data-driven organisations look like, the impact of artificial intelligence ("AI") on the role of the CFO, the evolving role of the CFO in enabling sustainability success and the debt markets and how to effectively mitigate the higher interest rate environments. The CTO forum focused on cyber security and how to enable generative AI adoption in companies. More recently an online forum was held for portfolio HR directors.	We are able to share best practice and connect management teams across the portfolio. Growing and generating value in the portfolio companies enables 3i to generate attractive returns for our shareholders and fund investors, contributing towards the long-term success of 3i. **Pages 14 to 15 Our business model** **Pages 42 to 51 Sustainability report** **Pages 21 to 38 Investment activity**

Division of responsibilities continued
Engaging with stakeholders continued

Stakeholders	Engagement	Outcome
Debt holders	**Why?** Access to debt markets provides important flexibility and resilience to the Company's financial structure. **How?** Together with the Group Finance Director, the Group Treasurer engages with debt providers and hedging counterparties through regular reviews and updates including the Group's results presentations. A dedicated section on 3i.com is maintained for debt investors.	The successful issue of the recent euro bond demonstrates the benefits of positive engagement with debt holders. This provided well priced additional liquidity, diversified our funding base and provided additional foreign exchange hedging whilst maintaining our conservative balance sheet strategy. Page 70 Financial review Page 94 Directors' duties under Section 172 Pages 184 to 185 Notes to the accounts
Government and Regulators	**Why?** The Company works in a regulated environment and can only continue to operate if it complies with relevant laws and regulations. **How?** Our Group Compliance team and local professionals lead our relationships with national and international regulators, including the UK FCA, the US SEC and the Luxembourg CSSF. The Company actively participates in policy forums, engages on regulatory matters and is a member of a number of industry bodies, including the British Private Equity & Venture Capital Association and Invest Europe. We maintain active relationships with other governance-related bodies including the FRC, relevant UK government departments, ESG rating agencies, the FTSE Women Leaders Review, the Parker Review and proxy advisers through participation in consultations, surveys and events.	Maintaining open and constructive dialogue and strong relationships with relevant authorities and governance bodies helps support the achievement of our strategic goals within a compliant framework.
Third-party professional advisers and service providers	**Why?** The Company relies on its extensive network of professional advisers and service providers to help it originate, analyse and execute new investments, to assist with portfolio management and to support the business operations of the Company. **How?** The investment teams, Executive Directors and functional teams lead these relationships and maintain close and regular dialogue with our professional advisers and service providers who include due diligence providers, operational and IT support providers, law firms, the Registrars, the External auditor and the Company's corporate brokers.	The support from our advisers and service providers contributes to 3i's long-term success.
Communities	We embed responsible business practices throughout our organisation by promoting our values and culture. We use our influence with our portfolio companies to ensure that they assess their environmental and social impacts and dependencies and, where relevant, devise strategies to address them. We also partner with organisations and charities that support charities which relieve poverty, promote education and support elderly and disabled people.	For details of the Company's contribution to and engagement with communities see the Sustainability section. Page 56 Act as a good corporate citizen

Composition, succession and evaluation

Board performance review

In accordance with the Code, the Board conducted its annual performance review of its own performance and that of its Committees and the Chair. The Board performance review process operates on a three-year cycle. This year, the performance review was undertaken internally led by the Chair and the Company Secretary.

Board performance review process

1. Each Director and the General Counsel and Company Secretary completed a Board performance review questionnaire and all Directors (except the Chair) and the General Counsel and Company Secretary completed a Chair performance review questionnaire.
2. Responses to the questionnaire were collated by the Company Secretary and shared with the Chair on a non-attributable basis.
3. Sections specifically relating to the Chair were shared with the Senior Independent Director.
4. The Chair held one-on-one discussions with each Director to discuss their performance and that of the Board.
5. Feedback was shared and discussed with the Board at its March 2024 meeting.

Topics covered in the performance review

- Board composition and expertise;
- stakeholder engagement;
- Board dynamics;
- Board support and meeting management;
- performance of the Board's Committees;
- Board's strategic and operational oversight;
- risk management and internal control;
- succession and talent oversight; and
- priorities for change.

Findings from the 2024 review and recommendations

The overall finding of the review was that the Board had continued to perform strongly and had benefitted from the leadership provided by the Chair. The Board agreed to focus on a number of areas including:

- continued oversight on the performance of Action and other longer-term hold assets, and ensuring the Board developed and maintained appropriate mechanisms to satisfy itself in this regard;
- maintaining oversight over the rest of the Private Equity and Infrastructure portfolio;
- non-executive Director succession planning; and
- the form and process for the FY2025 performance review.

Composition, succession and evaluation continued
Board performance review continued

Findings from the 2023 performance review	Actions and steps taken
The value of the January 2023 meeting with Action senior management and that this should be a more regular event.	In January 2024, the Board and Committee meetings were held in Amsterdam and included meetings with Action senior management, visits to the Action headquarters and an Action store. The Board also met with the Benelux investment teams.
The importance to the Board of visits and meetings with 3i's other significant overseas investment teams, visiting one of them each year as time permitted.	In March 2024, Board and Committee meetings were held in 3i's New York offices and included presentations from New York team members and US-based portfolio companies.
To continue focus on employee capability and development.	This was addressed in the annual organisational capability and succession planning review and on the Strategy day. This was supplemented by increased reporting to the Board from the Chair of the Remuneration Committee.
The Board's size and composition was broadly appropriate. The Board agreed that following the appointment of Stephen Daintith as the Audit and Compliance Committee Chair it would, in due course, be appropriate to search for a potential successor to him.	Russell Reynolds, an independent search firm, has been engaged to assist in the search for a new non-executive Director. The Directors agreed that any such recruitment process would include focus on diversity in its widest form, alongside finding a candidate with the appropriate skills and qualifications.
A desire to hear from more external speakers on topics of relevance and interest.	Directors received a presentation from Bain on artificial intelligence and from a senior Bank of America economist on developments in the US economy and its outlook. Presentations were given by the CEOs of Cirtec, SaniSure and WilsonHCG. In addition, members of the Private Equity team presented to the Board on ESG, data analytics and other topics during the year.
To maintain oversight of the Group's approach to sustainability.	Over the year the Directors received presentations on the science-based targets and their impact on the Group and the portfolio, on sustainability reporting requirements and on sustainability matters within portfolio companies.

Directors review of the performance of the Chair

In her role as Senior Independent Director, Lesley Knox led a review by the Directors of the performance of the Chair which was also facilitated by a questionnaire and summary results report prepared by the Company Secretary. Ms Knox subsequently reported back to the Board on the review and provided feedback to the Chair.

Read more on page 117
Nominations Committee report

Composition, succession and evaluation continued

Nominations Committee report

David Hutchison
Committee Chair

I am pleased to present the Nominations Committee report for the year ended 31 March 2024. My report explains the role of the Committee and its work this year.

What the Committee reviewed in FY2024

- Board and senior management succession
  - Chair tenure
  - Contingency Executive Director succession plan
  - Board and senior management succession plans
- Board and Chair evaluation
- Size, balance and composition of the Board

Committee membership	Meetings
David Hutchison (Chair)	1(2)
Stephen Daintith	2(2)
Lesley Knox	2(2)
Coline McConville	2(2)
Peter McKellar	2(2)
Alexandra Schaapveld	2(2)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. As explained in this report Mr Hutchison did not attend the meeting which included discussion of the Chair's tenure and performance.

Dear Shareholder

Role and purpose of the Committee

The Committee's principal role is to monitor the size, balance and composition of the Board to ensure that it has the necessary skills and experience to enable the Group to deliver its current and future strategic objectives. In doing so it ensures that plans are in place for orderly succession for both the Board and senior management positions, including contingency plans for unanticipated events. It also reviews the Company's work on diversity, equity and inclusion. The Committee's discussions are complemented by discussions at meetings of the full Board where appropriate.

Directors

Directors' biographical details are set out on pages 102 and 103.

All Directors are subject to re-appointment every year. Accordingly, at the AGM to be held on 27 June 2024, all the Directors will retire from office and, being eligible, will seek re-appointment. The Board's recommendation for re-appointment of Directors is set out in the 2024 Notice of AGM.

Caroline Banszky retired from the Board at the end of the 2023 AGM and there were no changes to the membership of the Board this year.

Throughout the year Lesley Knox continued to serve as Senior Independent Director. As Senior Independent Director, Lesley provides support to me, acts as an intermediary with the other Directors, if necessary, and oversees my appraisal and review of tenure by the other Directors. Lesley is also available to the Company's shareholders to address any concerns they have been unable to resolve through me, Simon Borrows or James Hatchley or where they consider these channels to be inappropriate.

Composition, succession and evaluation continued
Nominations Committee report continued

Appointments and appointment process

We maintain a structured and transparent procedure for identifying the requisite skills and experience, evaluating suitable candidates, and appointing new Directors. For non-executive Directors, the assessment process includes an evaluation of their availability to fulfil their roles. Recommendations for appointments require Board approval. There have been no non-executive Director appointments this year. However, the Committee has appointed Russell Reynolds, an external search consultancy, to assist in the next appointment process and the search is ongoing. The Committee conducted a review of its appointment process and confirmed its continued appropriateness.

Succession planning for the Board

The Committee considers long-term succession planning as part of ensuring an appropriate level of refreshment and diversity on the Board. Our approach to succession planning seeks to ensure that retirements are planned for and occur in a coordinated manner. This mitigates risks to the Company's strategic objectives by avoiding gaps in key skills or a lack of continuity. The Committee believes that length of service will not necessarily compromise the independence or contribution of Directors of 3i. The Nominations Committee evaluates the appropriate balance between the retention of the corporate memory of the Company (including detailed knowledge of portfolio companies in which it has been invested for many years), with maintaining a suitable rate of refreshment at any given point in time.

The Board and Nominations Committee have carefully considered the question of Chair tenure as detailed on page 100. In my absence the Nominations Committee, chaired by the Senior Independent Director, reviewed my tenure as Chair in March 2024. Further details are set out here in the Report from the Senior Independent Director and in the Corporate Governance statement on page 100.

The Board also recognises that in providing leadership, governance, challenge and support it must, when considering the Chair tenure, take account of matters including: the importance of Director independence; the need to periodically refresh the Board and its leadership; knowledge and understanding of the Company's investment business and its strategic objectives; as well as diversity, continuity and retention of corporate memory. We believe that an appropriate balance of all these factors is essential both for the effective functioning of the Board and the delivery of the Board's purpose. At times this may result in some longer-serving Directors, including the Chair.

Report from the Senior Independent Director on the Committee's annual review of Chair's tenure

David Hutchison, who was appointed as Chair of the Board in November 2021, has now served as a Director for more than ten years. This does not comply with the provisions of the UK Corporate Governance Code ("the Code") and a full explanation of the background to David's appointment as Chair and why the Nominations Committee and the Board believe it appropriate for the Chair to continue in office is therefore set out on page 100.

The Board and Nominations Committee are aware of the risks to good corporate governance which could follow from excessive Chair tenure. As one of the measures adopted to mitigate this risk the Nominations Committee has decided that it will review annually the continued appropriateness of the Chair's appointment. This review is led by the Senior Independent Director and will take place in the absence of the Chair.

The first such review, led by me, took place in March 2023 and a further review was conducted in March 2024. The Nominations Committee discussed the reasoning behind the provisions of the Code limiting Chair tenure, reviewed the circumstances of David Hutchison's appointment as Chair and reviewed his performance in this role over the past year. This review was conducted in parallel with the annual Chair evaluation which acts as a further mitigant to the risks associated with tenure beyond nine years.

At the 2023 AGM, over 91% of shareholders who voted at the AGM voted in favour of David Hutchison's continued appointment. To date, no shareholders have expressed any concerns to the Company relating to David's continued appointment. This year's review concluded that David continued to perform effectively as Chair, continued to exercise objective judgement and continued to appropriately promote constructive challenge amongst Board members. The Committee noted the very favourable results from the Chair evaluation review, in particular David's thoughtful and respectful approach and ability to build strong relationships with fellow non-executive Directors, Executive Directors and wider management whilst promoting constructive challenge. The Nominations Committee also noted that in the context of a company where long-term knowledge of the business and its portfolio companies was of great importance, David's continued appointment was all the more appropriate. The Committee concluded unanimously that David's continued appointment for the coming year was in the best interests of the Company.

Lesley Knox
Senior Independent Director
8 May 2024

Composition, succession and evaluation continued
Nominations Committee report continued

Diversity and inclusion

The Board strongly supports the principle of boardroom diversity and actively promotes diversity, inclusion and equal opportunity in 3i. The Board's aim is to have Directors who have an appropriate mix of skills, experience and knowledge and who are diverse in terms of gender, social and ethnic backgrounds, as well as cognitive and personal strengths. When we engage external consultancies to assist with Director appointments, they are instructed to put forward a diverse range of candidates for consideration from which the Board can make appointments on merit and against objective criteria.

The Board currently comprises nine Directors of whom four are women. This exceeds the 40% female gender diversity target set by the FTSE Women Leaders review. The Board meets the Parker Review recommendation of having at least one Director from a minority ethnic group.

During the year the Committee reviewed the Company's Equal Opportunities and Diversity policy and decided that no changes to the policy were required at this time. The Committee also reviewed the Company's diversity, equity and inclusion activities during the year and considered how the Company's Equal Opportunities and Diversity policy had been implemented. Further details are set out in the Sustainability report on pages 52 and 55.

The Committee reviews and monitors initiatives aimed at developing a diverse pipeline of talent within the Company below Board level through the succession planning process referred to above and the appointments process. When hiring, we seek to recruit on merit from a diverse pool of candidates.

Whilst we take a long-term approach to improving the diversity of our workforce and are committed to creating an inclusive culture in which both existing and newly-recruited staff can reach their potential, regardless of their sex, gender, social or ethnic backgrounds, the challenge nonetheless remains that there is a limited size talent pool, particularly at senior levels, within an extremely competitive market.

The gender balance of our employees and our senior managers is reported in more detail in the Sustainability section on page 53. At 31 March 2024, our employees were 59.4% male and 40.6% female. The under-representation of women in senior management and investment roles at 3i is an issue we share with much of the private equity and alternative asset investment sector. Nonetheless, 3i continues to focus on increasing the number of women in these roles, whilst recognising that significant change will take time to achieve. As at 31 March 2024, 29.2% of Executive Committee plus their direct reports who were senior managers were female (for further information and details on how this figure is calculated see page 53 of the Sustainability report).

As at 31 March 2024, approximately 15% of 3i's total UK employees declared to have an ethnic minority (excluding white minority) background. The proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets was approximately 16%.

The Company participates in a number of diversity, equity and inclusion initiatives, details of which are contained in the Sustainability section on pages 53 and 54.

Diversity of individuals on the Company's Board and in executive management

In accordance with LR 9.8.6 R (9) of the FCA Listing Rules the Board confirms that, as at 31 March 2024, the Company met the targets set out in that rule in that at least 40% of the Board were women, that at least one of the specified senior positions on the Board (the Chair, the Chief Executive, the Senior Independent Director or the Chief Financial Officer) was held by a woman and that at least one Director was from a minority ethnic background. There have been no changes to the Board since 31 March 2024 which would affect the Company's ability to meet these targets.

In accordance with LR 9.8.6 R (10) of the FCA Listing Rules, the following tables set out data, as at 31 March 2024, on the ethnic background and the gender identity or sex of the individuals on the Company's Board and in its executive management.

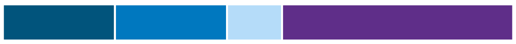
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender identity or sex					
Men	5	56%	3	9	90%
Women	4	44%	1	1	10%
Not specified/prefer not to say	–	–	–	–	–
Ethnic background					
White British or other white (including minority-white groups)	8	89%	4	6	60%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	11%	–	1	10%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	3	30%

The tables above include data for three individuals who are included in both the Board and executive management. The Company's approach to collecting the data used for the purposes of the above disclosures was to use data on gender or sex from our employee records and to ask the individuals which ethnic background was applicable to them together with permission to use it for this purpose, save where individuals were located in non-UK jurisdictions where we believe it would be inappropriate or unlawful to make such a request.

Composition, succession and evaluation continued
Nominations Committee report continued

Composition of the Board
at 8 May 2024

Tenure



- **22%** >9 years
- **22%** 6-9 years
- **11%** 3-6 years
- **45%** 1-3 years
- **0%** 0-1 years

Ethnicity

- **11%** Ethnically diverse
- **89%** Not ethnically diverse

Gender diversity

- **44%** Women
- **66%** Men

Directors' skills, experience and knowledge

The Directors have a range of core skills, experience and knowledge which enable them to effectively support and appropriately challenge management on the delivery of 3i's strategy. These skills include the following:

- Audit and finance
- Financial services and global markets
- Investment trusts and asset management
- Consumer/Commercial
- Remuneration
- Sustainability
- Digital
- UK plc governance
- Prior CEO/CFO/CIO

Training and advice

The Company has a training policy which provides a framework within which training for Directors is planned with the objective of ensuring Directors understand the duties and responsibilities of being a director of a listed company and are updated on developments that particularly impact 3i. All Directors are required to keep their skills up to date and maintain their familiarity with the Company and its business.

On appointment, all non-executive Directors participate in an extensive induction programme. They have discussions with the Chair and the Chief Executive. This is followed by briefings on: strategy; finance; Private Equity and Infrastructure including portfolio assets; external funds and co-investment and legacy funds; HR, remuneration and carry schemes; and legal, regulatory and compliance matters including the responsibilities of Directors. The Company provides opportunities for non-executive Directors to obtain a thorough understanding of the Company's business by meeting members of the senior management team who in turn arrange, as required, visits to investment or support teams.

In the year, Directors received presentations on data and generative AI and the US economy, in addition to presentations given by the CEOs and Private Equity investment teams of a number of portfolio companies. They also received, during the course of Board and Committee meetings, updates on developments in relation to regulatory matters, ESG, risk, financial and other reporting requirements and the UK and global tax environment. Directors have the opportunity to suggest additional subjects for presentations where they believe it would be helpful. All non-executive Directors have the opportunity to access the Company's compliance e-training modules which are used to train the Company's employees on regulatory compliance matters.

The Company has procedures for Directors to take independent legal or other professional advice in relation to the performance of their duties. In addition, Directors have access to the advice and services of the Company Secretary, who advises the Board, through the Chair, on governance matters.

Activities in the year

What was discussed	What the Committee did	Outcome
Board and senior management succession	**Size, balance and composition of the Board, and non-executive Director appointments** Whilst there were no new non-executive Director appointments during the year, the Committee has continued to keep the size, balance and composition of the Board under review. Immediately following the 2024 AGM, the Board will continue to comprise nine Directors, being the Chair, three executive Directors and five independent non-executive Directors.	The Committee remains of the view that a nine or 10 member Board is an appropriate size of Board for the Company and that the Board has the right balance of skills and experience. The Committee decided that whilst there was no immediate need for non-executive Director recruitment, in the interests of long-term succession planning it commenced a search process for a further non-executive Director to join the Board during FY2025. This process is ongoing.
	Contingency Executive Director succession plan The Committee reviewed its short-term contingency succession plans for scenarios where any of the executive Directors were unexpectedly unable to carry out their duties.	The Committee noted the existing contingency arrangements for circumstances where any of the executive Directors suddenly became unable to carry out their duties. No changes to these arrangements were recommended.
	Senior management succession plans In relation to succession planning below Board level, and as part of the Board's work to support the development of a diverse pipeline of talent, the Committee and the Board considered and discussed the 2024 Group Succession Planning and Strategic Capability Review, which was presented to the Directors by relevant Executive Committee members and the Chief Human Resources Officer. This annual review identifies development and succession plans for key staff, including all members of the Executive Committee and their direct reports, with details of short-term contingency arrangements in case of a sudden vacancy, planned successors and identification of those who, with further experience, could be potential longer-term successors.	The Board and the Committee were able to satisfy themselves as to the appropriateness of the succession planning process in place for senior positions within the Group.

Composition, succession and evaluation continued
Nominations Committee report continued

What was discussed	What the Committee did	Outcome
Board performance review	Details on how the annual Board performance review process was conducted and areas covered are on pages 114 and 115. The evaluation process for the year was conducted internally led by the Chair supported by the Company Secretary. The Committee reviewed the evaluation process which had been followed in the year with a view to identifying whether any changes or improvements should be made for future years.	Details on the outcome of the evaluation are set out on pages 114 and 115. The evaluation process informed the development of the Board's rolling agenda for the subsequent year and confirmed the Board's key strategic priorities and objectives. The Committee and the Board agreed that further consideration should be given over the coming year to evaluation arrangements going forward including benchmarking for external facilitators to conduct the Board's next externally facilitated evaluation process.
Review of Chair tenure	The Committee keeps the continued tenure of the Chair under regular review. This process is led by the Senior Independent Director and is particularly important given that the Chair has served as a Director for in excess of nine years.	Details of the review are set out on page 117 in the report from the Senior Independent Director. The Committee concluded that the Chair's continued appointment for the coming year was in the best interests of the Company.

David Hutchison
Chair, Nominations Committee

8 May 2024

Audit, risk and control

Audit and Compliance Committee report

Stephen Daintith
Committee Chair

> I am pleased to present the Audit and Compliance Committee report for the year ended 31 March 2024. This is my first report and I would like to thank the previous Committee Chair, Caroline Banszky, for her stewardship of this role over the last nine years. My report explains the Committee's work this year.

What the Committee reviewed in FY2024

- Financial and non-financial reporting
- External audit
- Internal control, compliance and risk management
- Risk review

Committee membership	Meetings
Stephen Daintith (Chair)	6(6)
Coline McConville	6(6)
Alexandra Schaapveld	6(6)
Caroline Banszky[1]	1(1)

1 Ms Banszky retired from the Board on 29 June 2023.

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. Other regular attendees at the Committee meetings include the following: the Chair; Chief Executive; Group Finance Director; Chief Operating Officer; Company Secretary; Director of Group Reporting and Valuations; Head of Internal Audit; Head of Group Compliance; and the External auditor, KPMG LLP.

Dear Shareholder

We held six regular scheduled meetings this year, four of which were coordinated with 3i's external reporting timetable.

On 24 May 2023, the Financial Reporting Council ("FRC") launched a consultation regarding the Corporate Governance Code and our response endorsed the views of the General Counsel 100 ("GC100") to the proposed changes to the Code. Subsequent to this consultation, the FRC published a revised version of the UK Corporate Governance Code 2024 ("revised Code") on 22 January 2024. The revised Code will apply to financial years beginning on or after 1 January 2025, other than Provision 29, which will come into effect for financial years beginning on or after 1 January 2026. We welcome the revised Code and specifically the focus on the effectiveness of material internal controls.

In addition to the Committee's usual focus on internal controls and the integrity of the Group's financial reporting, this year the Committee has overseen the implementation of a new financial reporting key internal controls system, an important enhancement to our existing control environment. The Committee will continue its focus on internal material controls across the Group.

The revised Code states that the Audit and Assurance policy and Resilience statement, which we published in 2021 and 2022 respectively in response to the Brydon Review, are no longer required. On that basis we have removed the Audit and Assurance policy from our Annual report and accounts this year, but will retain it as a standalone document for internal purposes. The intention is that the policy will be considered by the Committee as part of its review of the effectiveness of 3i's risk management and internal control system; in particular, in its assessment of the scope and adequacy of audit and assurance activities. We have, however, retained the Resilience statement as we believe the Resilience statement provides the user with important insight into how our business model remains a going concern and viable over the short, medium and long-term periods.

Audit, risk and control continued
Audit and Compliance Committee report continued

In advance of each Committee meeting, I met with the Group Finance Director, the Chief Operating Officer and the Heads of Compliance and Internal Audit to discuss their reports as well as any relevant issues. I also met privately with KPMG as part of my ongoing review of their effectiveness and, periodically, with other members of the 3i senior management team. I continue to have regular discussions and planning meetings with management and KPMG on delivering and effective audit.

The rest of the report sets out in detail the Committee's activities in the year. It is structured as follows:

- Governance
- Report on the year
- Areas of accounting judgement and control focus
- Risk management and internal control effectiveness
- Internal audit
- External audit

I look forward to engaging with you on the work of the Committee.

Stephen Daintith
Chair, Audit and Compliance Committee

8 May 2024

Audit and Compliance committee's terms of reference
www.3i.com/investor-relations/governance/principal-board-committees

What the Committee reviewed in FY2024

Financial and non-financial reporting

- Annual and half-year reports and quarterly performance updates
- Key accounting judgements and estimates
- Update on the relevant thematic reviews from the FRC
- Reviewed the Annual report to ensure that it is fair, balanced and understandable, including APMs
- Going concern, Viability and Resilience statement
- Bond issuance and RCF extension
- ESG disclosure enhancements including TCFD reporting and science-based targets

External audit

- Confirmation of the External auditor independence
- Policy and approval for non-audit fees
- FY2024 audit plan, including significant audit risks (being the valuation of the unquoted investment portfolio and the calculation of carried interest)
- Audit results report, including the results from testing Key Audit Matters
- External auditor performance and effectiveness

Internal control, compliance and risk management

- Review of 3i's system of risk management and internal control, including overseeing implementation of a new financial reporting key internal controls system, replacing the existing system
- Internal audit reports assessing internal control, processes, fraud and matters relevant to financial reporting
- Review of the Viability statement and the supporting stress test scenarios
- Update on cyber security and penetration tests
- Business resilience including IT and disaster recovery
- Annual staff verification exercise
- Audit and Assurance policy

Risk review

- Valuation reports and recommending the investment portfolio valuation to the Board
- Review of investment themes from portfolio company review process and portfolio performance including ESG issues and risks
- Regular reviews of compliance with regulatory rules and compliance monitoring findings
- Annual tax update and reports on tax policy and strategy
- Reports from the Group Risk Committee ("GRC") and the risk log
- Update on litigation matters

Governance

All members of the Committee are independent non-executive Directors. The Board believes members have the necessary range of financial, risk, control and commercial experience required to provide effective challenge to management. In particular, the Board is satisfied that Stephen Daintith has recent and relevant financial experience as outlined in the Code and the Committee as a whole has competence relevant to the sector in which it operates. The attendance of members at meetings is shown in the table on page 122.

The Committee meets privately for part of its meetings and also has regular private meetings with the External auditor, the Group Finance Director, the Chief Operating Officer, the Head of Internal Audit and the Head of Compliance in the absence of other members of the management team.

Report on the year

The review work of the Committee in the past year is summarised in the table on page 123. This work included the assessment and evaluation of the areas of significant accounting judgement, and monitoring the effectiveness of 3i's risk management framework as described in more detail later in this section. In addition, the Committee focused on a number of topics, which are set out below.

Taxation

The Committee received an annual update from the Group Tax Director on the Group's taxation status which covered liaison with fiscal authorities in the UK and other jurisdictions, relevant external developments, and material tax projects.

Cyber security and IT

The Committee also received an annual update on cyber security and key IT projects. There were no serious cyber incidents reported in the year and the Committee noted the steps taken to improve 3i's detective and protective controls, and maintain staff training and awareness on cyber security risks. The update on IT projects covered a new AI policy and related oversight process; the continued migration of "on-premise" data and services to cloud-based solutions; the device refresh strategy; resilience and continuity planning; and the roadmap for key systems projects, including the replacement of the Treasury Management, HR and ERP systems.

Going concern and viability

The Directors are required to make a statement in the Annual report and accounts as to 3i's viability. The Committee provides advice to the Board on the form and content of the statement, including the underlying assumptions. In advance of the year-end the Committee reviewed the Group's proposed stress test scenarios to support the going concern basis and Viability statement. At the year end, the Committee evaluated a report from management setting out its view of 3i's viability and content of the proposed Viability statement.

This report was based on the Group's strategic plan and covered forecasts for investments and realisations, liquidity and gearing, including forecast outcomes of the stress tests and forecast capital and liquidity performance against an assessment of the Group's risk profile. It incorporated the 31 March 2024 valuations and consideration of a range of economic outcomes. The Committee discussed whether the choice of the three-year period remained appropriate and concluded that it remained the most appropriate period and provided more certainty on the Group's performance due to the nature of the Group's business and its risk appetite to invest in Private Equity and Infrastructure investments for a period of four to six years, whilst acknowledging the reduced reliability of assumptions in the later period of the plan. See our Resilience statement on page 128 for further details.

The Directors believe the Group has sufficient financial resources and liquidity, is well placed to manage business risks in the current economic environment, and can continue operations for a period of at least 12 months from the date of issue of these financial statements. The Directors have also considered key dependencies set out within the Risk management section including investment and operational requirements.

Taking into account the assessment of the Group's stress testing results and its risk appetite statement on page 80, the Committee agreed to recommend the Viability statement and three-year viability period which was subsequently approved by the Board.

Audit and Assurance policy

3i first published an Audit and Assurance policy in FY2021, in response to the recommendations of the Brydon Review published in December 2019. We welcomed this initiative and anticipated that it would eventually become a requirement under the UK government's planned audit and corporate governance reforms. The final version of UK Corporate Governance Code 2024 published in January 2024, however, does not include the requirement for such a policy nor its publication.

Accordingly, the Committee has decided not to publish a policy going forward, but to maintain one for internal purposes. The intention is that the policy will be considered by the Committee as part of its review of the effectiveness of 3i's risk management and internal control system; in particular, in its assessment of the scope and adequacy of audit and assurance activities.

Areas of accounting judgement and control focus

The Committee pays particular attention to matters it considers to be important by virtue of their complexity, level of judgement and potential impact on the financial statements and wider business model. Significant areas of focus considered by the Committee are detailed on the next page, alongside the actions taken by the Committee (with appropriate challenge from the External auditor) to address them.

Audit, risk and control continued
Audit and Compliance Committee report continued

Areas of accounting judgement and control focus

Valuation of the proprietary capital investment portfolio

Area of significant attention

The most material area of judgement and estimation in the financial statements, and noted as a significant risk and Key Audit Matter by the External auditor, relates to the valuation of the unquoted investment portfolio, which, at 31 March 2024, was £20,690 million, or 92% of gross assets, under the Investment basis.

In recognition of the importance of this area, the Board has a Valuations Committee to review the valuations policy, process and application to individual investments. The Valuations Committee provides quarterly oral reports to the Audit and Compliance Committee and the Board, supported by the relevant minutes of the Valuations Committee.

What the Committee reviewed and concluded

On behalf of the Board, the Committee received and evaluated quarterly reports from the Chair of the Valuations Committee and the External auditor, with particular focus on the assumptions supporting the valuation of unquoted asset investments, any valuation uncertainties and the proposed disclosures in the financial statements. Members of the Committee also attend the Valuations Committee meetings.

The detail on the key valuation considerations and the review and challenge undertaken in the year is included in the Valuations Committee report on pages 131 to 135.

The Committee also reviewed and concluded that no fair value adjustment should be made to the investment entity subsidiaries' NAVs and judgement for control is appropriate for those investees and funds consolidated within the Group.

Carried interest payable

Area of significant attention

The valuation of the investment portfolio is a primary input into the carried interest payable and receivable balances, which are determined by reference to the valuation at 31 March 2024.

During the year the Group crystallised £778 million of carried interest liability, with the majority of payments being made to participants in the Buyouts 2010-12 scheme.

What the Committee reviewed and concluded

Internal Audit reviews the carried interest balances and carry plan distributions made to plan participants before the payments are made. Summaries of the work done are included in updates to the Committee.

The Committee reviewed a summary of carried interest payable as part of the overall summary prepared by management to support the Annual report and accounts 2024.

Fair, balanced and understandable and the presentation of 3i's reports and accounts

Area of significant attention

Under the Code, the Board should establish arrangements to ensure the Annual report presents a fair, balanced and understandable assessment of the Group's position and prospects.

The Group prepares the non-GAAP Investment basis financial statements to provide a disaggregated view of the underlying portfolio alongside the IFRS basis to aid in the understanding of the results and performance of the underlying portfolio.

What the Committee reviewed and concluded

The Committee reviewed the half-yearly and annual financial statements as well as the quarterly performance updates with management, focusing on the integrity and clarity of disclosures and enabling the Board to provide the fair, balanced and understandable confirmation to shareholders in the Annual report and accounts 2024.

A report summarising the considerations for the Annual report and accounts 2024 was reviewed by the Committee in advance of the year end and a summary of the detailed procedures undertaken was prepared alongside the Annual report and accounts 2024.

Internal audit

The Committee continued to monitor the scope, activity, and resources of the Group's Internal Audit function, including approving the internal audit plan and assessing whether its operating model remained effective and in line with relevant professional standards. The Committee receives quarterly updates on internal audit activity, including the results of reviews of 3i's investment offices and professional services teams; updates on outstanding agreed actions from previous reports; and any changes to the audit plan in response to business developments or new areas of higher risk.

In the absence of an external quality assessment in FY2024, the Committee also received an effectiveness self-assessment from the Head of Internal Audit which is designed to assist the Committee in its monitoring of the function.

Based on reports and other evidence seen, and meetings held over the course of the year, the Committee concluded that the Internal Audit function remained effective.

External audit

The Committee has responsibility for making recommendations to the Board on the appointment of the External auditor, determining its independence from the Group and its management and agreeing the scope and fee for the audit.

KPMG were appointed auditors of 3i Group plc for the year ending 31 March 2021, following a tender process in July 2018. Consistent with the IESBA Code of Ethics, the current audit partner on the 3i Group audit is expected to rotate after a maximum of five years.

Auditor independence

The Group has a policy for setting out what non-audit services can be purchased from the firm appointed as External auditor or a member of the firm's network. The aim of the policy is to support and safeguard the objectivity and independence of the External auditor and to comply with the FRC's Ethical Standards for auditors. It also ensures that where fees for approved non-audit services are greater than a pre-determined limit, they are subject to the Committee Chair's prior approval.

The policy permits certain non-audit services to be procured, following approval, when the Committee continues to see benefits for the Group in engaging KPMG. Examples of this include work:

- that is closely related to the external audit as described in para 5.36 of the FRC's Ethical Standards;
- where a detailed understanding of the Group is required; and
- where KPMG is able to provide a higher quality and/or better value service than other potential providers.

The key principle of our policy is that permission to engage the External auditor will always be refused when a threat to independence and/or objectivity is present or perceived or without any proper safeguards in place. In line with the FRC's Ethical Standards, 3i will not generally use KPMG for any non-audit services (unless explicitly permitted) that are not closely related to KPMG's role as 3i's External auditor. This includes tax and legal, consulting and investment-related services such as due diligence.

All proposals for services with KPMG must be forwarded to the Chief Operating Officer in the first instance and will require approval by the Chair of the Audit and Compliance Committee above a defined limit and provided the work is not closely related to KPMG's role as 3i's External auditor. Examples of services that require additional approval include:

- the fee exceeds £100,000; or
- the service is work other than services closely related to KPMG's role as 3i's External auditor.

Smaller engagements with fees of less than £100,000 and services that are explicitly permitted and are not considered closely related to the audit are approved by the Chief Operating Officer on behalf of the Committee.

KPMG has reviewed its own independence in line with these criteria and its own ethical guideline standards. This includes the review of due diligence processes undertaken within the Group's investment activities. KPMG has confirmed to the Committee that following its review it is satisfied that it has acted in accordance with relevant regulatory and professional requirements.

Audit and non-audit fees

The total audit fee for the year was £3.1 million (2023: £2.8 million). Non-audit fees paid to the External auditor were £0.4 million (2023: £0.4 million). The Committee concluded that these fees fell within its criteria for engaging KPMG and do not believe they pose a threat to the External auditor's independence or objectivity.

Assessing external audit effectiveness

The Committee reviews the effectiveness of KPMG through the use of questionnaires completed by management, by considering the extent of its contribution at Committee meetings throughout the course of the year, and in one-to-one meetings.

The FY2024 evaluation also reviewed the quality of the audit process, the use of KPMG's valuation specialists to support the audit of the portfolio valuations and the technical knowledge of the team.

The Committee concluded that the audit was effective and that there should be a resolution to shareholders to recommend the re-appointment of KPMG LLP at the 2024 AGM.

Risk management and internal control framework

The Committee is responsible, on behalf of the Board, for overseeing the effectiveness of the Group's risk management and internal control system. The overall framework is reviewed by the Committee in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC.

The GRC, Executive Committee and senior managers are required to provide the Committee with regular updates on a range of topics to enable the Committee to form a view on the Group's principal risks, risk mitigation plans and any significant new risks, themes or developments.

The GRC provides an update on the assessment of the Group's principal risks and new and emerging risks, together with details of how these are being managed or mitigated in the context of the Group's strategic objectives and risk appetite. The reports also include updates on key ESG risks and developments, both in relation to the Group and the investment portfolio. Further details on can be found in the Risk management section on pages 80 to 93.

The Committee receives a range of reports and information on the operation of the Group's system of internal control, including controls over financial reporting. The Group's external reporting is subject to a well-established input, review and verification process, which the Committee is briefed and consulted on.

Details of what the Committee reviewed can be found in the tables on pages 123 and 125. A summary of the key control framework is set out below.

Review of effectiveness

For monitoring and reporting purposes, a significant control failure or weakness is defined as one resulting in or with potential to result in a material misstatement in the financial statements or loss to the business, or significant reputational damage, penalties or sanctions.

Both the External and Internal Auditors provide the Committee with details of their respective reporting frameworks, including materiality limits and risk ratings. This is to ensure there is an understanding of how the definitions are applied in evaluating the nature and severity of any risk or internal control findings and the appropriateness of remedial action plans.

The Committee's review of the risk management and internal control system takes into account the various updates and reports outlined in this section. In addition, the Committee receives an annual risk and internal control effectiveness review from Internal Audit and an end-of-audit report from the External auditor. The Executive Committee, supported by their direct reports, is also required to sign-off an annual control attestation, the results of which are reported by Internal Audit. The Committee also reviews the Group's anti-fraud programme and use of the whistle blowing facility.

The Committee performed its annual review of the system's effectiveness and reported its conclusions to the Board. The Board noted that the system has been in place for the year under review and up to the date of approval of this Annual report and accounts 2024, and that there had been no significant control failings or weaknesses which required remedial action.

Summary of key control framework

Investment process

- Due diligence process
- Investment procedures
- Investment Committee review and approval
- ESG assessment
- Responsible Investment policy

Investment portfolio companies

- 3i board representatives
- Active management of senior appointments
- Minimum ESG requirements

Investment portfolio management

- Procedures for portfolio management
- Monthly portfolio company dashboards and performance monitoring
- Six-monthly investment and portfolio company reviews, including reporting against ESG requirements

Viability and going concern

- Stress testing methodology and modelling
- Analysis of assets and liabilities
- Capital adequacy review process
- Group strategy and liquidity forecasting models

Valuations process

- Approved Valuations policy
- Investment and portfolio company review processes
- Central oversight by the Valuations team, Investment Committee and Valuations Committee

Financial reporting

- Framework of key financial controls and reconciliations
- Portfolio, fund and partnership accounting processes
- Documented analyses of complex transactions and changes in accounting requirements and disclosures
- Operating expense budget

People and culture

- Values framework and HR policies
- Performance management framework
- Remuneration policies
- Conduct and compliance policies and monitoring
- Succession planning process

Advisory relationships

- Pre-approved suppliers of investment due diligence services
- Tendering and approval process for other advisers, eg legal, tax
- Monitoring of performance and patronage
- Confidentiality and conflicts management

Third-party service suppliers

- Use of 3i's Supplier Relationship Management tool
- Required contractual protections, eg data security and business continuity
- Oversight and governance frameworks for critical suppliers
- Independent service organisation reports

Balance sheet management

- Treasury policy and control framework
- Liquidity monitoring framework
- Fund transfer and release controls
- Portfolio concentration and vintage control monitoring framework
- FX hedging programmes

Change management

- Approval process for changes to corporate structure or new products/business areas
- Ongoing monitoring of legal and regulatory changes
- Active participation and engagement with government, regulators and trade bodies
- Business systems project governance and oversight

IT systems and security

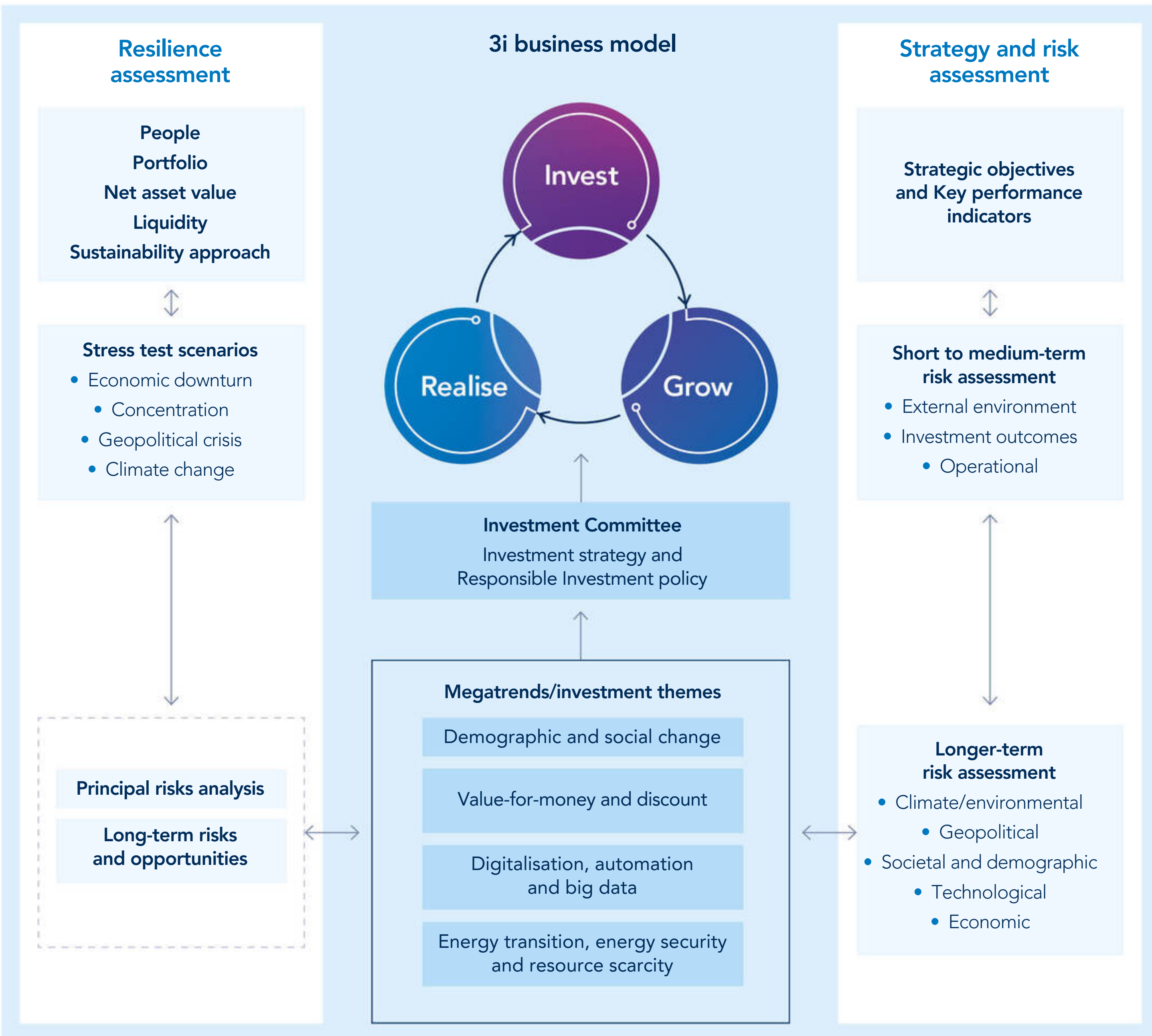
- IT governance and policy framework
- Access and data security controls
- Back-up and disaster recovery procedures and testing
- IT and cyber security monitoring and control framework, and regular penetration tests
- Staff cyber security awareness training

Resilience statement

Our resilience is dependent on the success of our investment strategy, careful management of our balance sheet and costs, and the ability to attract and retain a capable and diverse team. This is underpinned by a strong institutional culture and values, robust corporate governance, and effective risk and operational management.

The success of our investment strategy, in particular, requires a long-term, responsible and risk-based approach to building a resilient portfolio with strong growth potential, and maintaining and developing the expertise, relationships and institutional culture to support this. This foundation supports 3i's ability to generate attractive returns through sustainable growth.

Our resilience assessment draws upon a number of interdependent components, illustrated below. Further information can be found in the sections on the Group's business strategy (pages 12 to 17), Approach to risk management (pages 80 to 93) and Sustainability (pages 39 to 68).



Short-term resilience

In assessing our short-term resilience, we undertake regular portfolio monitoring, including six-monthly strategic portfolio company reviews and monthly trading updates for each portfolio company. These reviews highlight and appraise sources of risk at a portfolio company level and feed into the quarterly valuation process. Regular portfolio updates are provided to the Board and Audit and Compliance Committee.

We also carry out periodic assessments of the Group's operational resilience, including key people risks, IT systems and security infrastructure, and critical third-party suppliers.

Active management of liquidity underpins our short-term resilience, which is supported by the ready availability of short-term funding and a conservative balance sheet policy that ensures a low level of structural gearing at the holding company level.

The identification of material uncertainties, that could cast significant doubt over the ability of the Group to continue as a going concern, forms the basis of the Directors' Going concern statement below.

Going concern statement

Going concern is assessed for a period of at least 12 months from the date of approval of the Annual report and accounts. The Directors are required to evaluate whether the Group has adequate resources to continue in operational existence for at least the next 12 months. The Directors have made an assessment of going concern, taking into account both the Group's current performance and outlook using the information available up to the date of issue of these financial statements.

In carrying out their assessment of going concern and short-term resilience, the Directors considered a wide range of information, including:

- details of the Group's strategy, risk appetite, and business and operating models;
- information on the Group's principal risks and mitigation plans;
- a summary of the financial position considering performance; and
- current market volatility and geopolitical and economic uncertainties.

The Group monitors its funding position and its liquidity risk throughout the year to ensure it has access to sufficient funds to meet forecast cash requirements.

At 31 March 2024, the Group remained well funded with liquidity of £1,296 million (31 March 2023: £1,312 million). Liquidity comprised cash and deposits of £396 million (31 March 2023: £412 million) and undrawn RCF of £900 million (31 March 2023: £900 million). During the year, we successfully issued a six-year €500 million bond at a coupon of 4.875% and extended the tenor of the £400 million tranche of our £900 million RCF to November 2026. The Group monitors its liquidity regularly, ensuring it is adequate and sufficient. This is underpinned by the monitoring of investments, realisations, foreign exchange hedging (including the liquidity impact of the Group hedging programme implemented last year), operating expenses and receipt of portfolio cash income.

Liquidity is also central to the Group's dividend policy to maintain or grow the dividend year-on-year. This policy is subject to maintaining a conservative balance sheet approach and is therefore informed by the outlook for investment and realisation levels. Allowing the Group to exercise discretion over the level of dividends paid ensures that the Directors can recommend a sustainable dividend which takes into account the need to maintain liquidity for new investment and operating expenses.

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2024. After making the assessment on going concern and short-term resilience, the Directors considered it appropriate to prepare the financial statements of the Company and the Group on a going concern basis.

The Group has sufficient financial resources and liquidity and is well positioned to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of this report. The Directors have concluded that there are no material uncertainties or risks that could cast significant doubt over the short-term resilience of the Group or its ability to continue as a going concern over the duration of that period based on investment and operational requirements.

Medium-term resilience

The assessment of medium-term resilience, which includes the modelling of stress tests and reverse stress tests, considers the viability and performance of the Group in the event of specific stressed scenarios which are assumed to occur over a five-year horizon in line with the Group's strategic planning process.

The stress testing focuses upon the principal risks, but also considers those new and emerging risks which are considered to be of sufficient importance to require active monitoring by the GRC; these include, for example, concentration risk in the portfolio and the impact of climate change. The medium-term resilience of the Group is examined through analysing the impact of these scenarios on key metrics such as net asset value and liquidity.

In each stress test scenario, the Group remains viable. The medium-term resilience of 3i is further supported by the availability of controllable management actions that can mitigate the impact of certain stress events. These actions include, for example, the flexing of investment and dividend levels for liquidity purposes.

Viability statement

The stress testing as detailed above forms the basis of the Viability statement. 3i conducts its strategic planning over a five-year period; the Viability statement is based on the first three years, which reflects the nature of the Group's business and its risk appetite to invest in Private Equity and Infrastructure investments for a period of four to six years and, therefore, provides more certainty over the forecasting assumptions used. The Directors assess 3i's viability and medium-term resilience over a three-year period from the date that the Annual report and accounts is approved. 3i's strategic plan and associated principal risks, as set out on pages 85 to 93, are the foundation of the Directors' assessment.

The assessment is overseen by the Chief Operating Officer and Group Finance Director and is subject to challenge by the GRC, review by the Audit and Compliance Committee and approval by the Board.

The Group's strategic plan projects the performance, net asset value and liquidity of 3i over a five-year period and is presented at the Directors' annual strategy meeting in December and updated during the year as appropriate. At the strategy meeting, the Directors consider the strategy and opportunities for, and threats to, each business line and the Group as a whole. The outcome of those discussions is included in the next iteration of the strategic plan which is then used to support the assessment of viability and medium-term resilience. The current iteration of the strategic plan reflects the current macro-economic headwinds and geopolitical uncertainty.

The Group's viability testing considers multiple severe, yet plausible, individual and combined stress scenarios. These scenarios include a range of estimated impacts, primarily based on providing additional support to portfolio companies as a result of a downturn and delaying the Group's ability to realise and make new investments. A key judgement applied is the extent of the impact of certain market and economic developments, including the outlook on interest rates, inflation and economic growth. The scenarios tested are as follows:

- widespread economic turmoil – considers the impact of a recession, triggered by persistent inflation, high interest rates and weak consumer demand, with a significant impact on valuations and realisations;
- concentration risk – considers a material adverse event affecting a single large asset in the investment portfolio;
- combined scenario with widespread economic turmoil and concentration risk – considers both scenarios occurring at the same time;
- impact of a significant event – considers the impact of a loss in value of certain portfolio companies following a material event such as significant operational underperformance, covenant breaches, fraud, a cyber security breach or other ESG issues; and
- climate change – considers the impact of climate change on 3i's portfolio, driven by changes in consumer behaviour, regulations, and other physical and business risks.

The assessment projects the amount of capital the Group needs in the business to cover its risks, including financial and operational risks, under such stress scenarios. The results of each of the stress test scenarios indicate that the Group is able to meet its obligations as they fall due for the viability period over three years from the date of approval of these financial statements by, in certain cases, making use of controllable management actions. In all these scenarios the Directors expect the Group to be able to absorb the impact on NAV, whilst the liquidity and solvency of the Group is protected.

Mitigating actions within management control include reducing new investment levels, dividend levels and drawing on the existing RCF. The analysis shows that, while there may be a significant impact on the Group's reported performance in the short term under a number of these scenarios, the resilience and quality of the balance sheet is such that solvency is maintained, and the business remains viable.

As part of the assessment of viability and medium-term resilience, the Group also undertakes reverse stress testing to identify the circumstances under which the Group's business model would no longer remain viable. These circumstances include a prolonged delay in the projected realisation date of investments, at the same time as continued investment by the Group at a level not supported by the liquidity forecast. In the absence of any mitigating management actions, these reverse stress tests determine the point at which the Group would lack the liquidity to remain viable. Overall, the reverse stress tests are sufficiently improbable as to provide a low risk of impact to the Group's viability and medium-term resilience. In practice, in the event of a market downturn and a significant delay in realisations, mitigating actions within management control would be exercised to provide sufficient liquidity.

Taking the inputs from the strategic planning process and its stress scenarios, the Directors reviewed an assessment of the potential effects of 3i's principal risks on its current portfolio and forecast investment and realisation activity, and the consequent impact on 3i's capital and liquidity.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due up to at least the end of the three-year period of the assessment.

Long-term resilience

The long-term resilience of our business is underpinned by our capabilities as a leading investor in Private Equity and Infrastructure assets and our effective risk management of the core elements of our business model (pages 14 and 15). This includes our long-term responsible approach to investment, conservative balance sheet strategy and an effective team built on a consistent set of shared values.

Fundamental to our long-term resilience is our investment strategy. We invest capital in businesses to deliver capital returns and portfolio and fund management cash income to cover our costs, and increase returns to our investors. Our long-term investment horizon is possible because we have a permanent capital base and are not driven by fundraising cycles. We adopt a sector and thematic approach to origination and portfolio construction which in turn supports long-term sustainable growth in the portfolio.

Crucially, this investment approach can be adapted in response to new and emerging risks and challenges including climate change, societal and demographic trends and technological changes. It also informs decision taking on portfolio realisations enabling the composition of the investment portfolio to evolve over time.

The analysis and management of our principal risks is focused on the short to medium term, and used as a basis to develop a range of stress test scenarios. Although these are modelled over a five-year horizon, the resilience shown by the Group, and its ability to recover from these stressed situations, supports the assessment of our resilience over a longer term. The availability and effectiveness of management actions employed in the stress testing scenarios demonstrates the flexibility with which we can respond to new and emerging risks.

Valuations Committee report

Peter McKellar
Committee Chair

> I am pleased to present the Valuations Committee report for the year ended 31 March 2024. My report explains the role of the Committee, as well as the work we reviewed this year.

Committee membership	Meetings
Peter McKellar (Chair)	4(4)
Simon Borrows	4(4)
Stephen Daintith[1]	1(1)
James Hatchley	4(4)
David Hutchison	4(4)
Lesley Knox	2(4)
Alexandra Schaapveld	4(4)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. Other regular attendees at the Committee include the following: Audit and Compliance Committee Chair; Chief Operating Officer; Group General Counsel; Managing Partners of Private Equity; Director of Group Reporting and Valuations; and the External Auditor, KPMG LLP.

1 Stephen Daintith stepped down from the Valuations Committee when he was appointed Chair of the Audit and Compliance Committee at the end of the 2023 AGM.

Dear Shareholder

The Valuations Committee plays a key role in providing the Board with assurance that the valuation methodology and process are robust and independently challenged. During the year, we met four times as part of the Group's external reporting timetable. We reviewed and challenged the assumptions behind management's proposed asset valuations and reported to the Audit and Compliance Committee and the Board.

Our principal focus year-on-year is the Group's unquoted investments in Private Equity and Infrastructure, as a high level of judgement is required to value this portfolio of assets. This portfolio accounts for 96% of 3i's investment portfolio. The valuation of the Group's largest Infrastructure investment, namely the quoted holding in 3iN, represents 4% of 3i's investment portfolio, and the valuation is based on the share price of 3iN at the relevant balance sheet date.

Audit, risk and control continued
Valuations Committee report continued

This year, we have predominantly focused on how our portfolio companies have navigated adverse macro-economic headwinds such as higher interest rates, inflation and weaker discretionary consumer sentiment, as well as geopolitical instability that introduced further volatility and uncertainty into capital markets. Whilst the majority of our portfolio companies continue to mitigate these headwinds well and demonstrate resilient trading, some of our portfolio companies have seen prolonged weaker end-markets or company-specific challenges. In these instances, alongside our usual rigour and challenge of earnings and multiples, we have also applied particular focus on the quality of the normalisations and the overall maintainability of earnings. In setting our valuation multiples, we have also applied particular focus and consideration to private market transactions where there have been difficulties matching buyers and sellers due to pricing misalignment, compared to quoted market multiples which have largely seen a good recovery.

Valuations Committee's terms of reference
www.3i.com/investor-relations/governance/principal-board-committees

At each Committee meeting, we received a detailed report from the Group Finance Director and Chief Operating Officer recommending the proposed valuation of the Group's investment portfolio. This report highlights the main drivers of value movement, analysed between performance (movement in earnings and net debt), multiple movements and other factors. At each meeting, we also reviewed selected assets for detailed discussion; examples of such assets covered during the year included Action, European Bakery Group, Royal Sanders, SaniSure, Tato and WilsonHCG.

I met the Group Finance Director and Chief Operating Officer in advance of each meeting to discuss the key valuation assumptions and to review management's paper before circulation. I also met the External auditor, KPMG, privately to discuss the results of its quarterly reviews. These reviews challenged management's approach to valuations, the selection of comparable companies and the relevance of earnings adjustments. Additionally, KPMG selected a sample of 13 assets, equivalent to 80% of the 31 March 2024 unquoted portfolio by value, across the half-year and full-year ends, for an in-depth review by its specialist valuations team to help to derive an independent valuation range. In March 2024, KPMG and I discussed their approach to the year-end audit and their sample of assets selected.

In advance of the full-year and half-year ends, management hold portfolio company review ("PCR") meetings with the respective investment teams. Non-executive Directors, including myself, the Chair and members of the Committee, attended a significant proportion of the meetings held in September 2023 and March 2024.

Our valuation methodology and process remains consistent. The valuation inputs for the Group's portfolio companies are reviewed on a case-by-case basis and considered against business plans, budgets, shorter and longer-term views on trading, and sector performance. Management considers various data points to support the fair value of investments, including estimates of run-rate and forecast earnings and the maintainability of these, in addition to historic earnings.

The judgements applied and resulting valuations were discussed with the Committee and the External auditor throughout the year.

We embed an assessment of ESG factors on our portfolio companies throughout our investment lifecycle. These assessments form part of our normal portfolio management process, and as part of our PCR process, which helps inform investment decisions, mitigation of risk or value creation opportunities. Management continues to progress the collection of quantitative and qualitative ESG data and the ability to store and monitor it. As part of our case-by-case review of our portfolio companies, the risks and opportunities from climate change and other ESG factors are an important consideration in the overall discussion on fair value.

By count, we have a relatively small portfolio of assets, which allows us to challenge each valuation on an individual basis. We welcome the FCA's upcoming review of the disciplines and governance around private market valuations. We believe our valuation methodology and process are rigorous and robust and, given we are a listed entity, we offer greater transparency on our valuation practice for our shareholders, regulators and other interested parties.

The rest of this report sets out in more detail what the Committee did during the year.

Peter McKellar
Chair, Valuations Committee

8 May 2024

Audit, risk and control continued
Valuations Committee report continued

The Committee focused on the following significant issues in FY2024:

Earnings and multiple assumptions

Area of significant attention

Of the total portfolio by value, 87% is valued using a multiple of earnings at 31 March 2024, or 22% excluding Action (see further detail on Action as an area of significant attention on page 134). This requires judgement, as the earnings of the portfolio company may be adjusted so that they are considered "maintainable". We also apply a liquidity discount to the enterprise value determined according to factors such as our alignment with management and other shareholders and our investment rights in the company. The liquidity discounts vary between 5%-33% of the enterprise value of each portfolio company.

There is also a significant degree of judgement in selecting the set of comparable quoted companies and transactions which are used as a key data point in determining the appropriate multiple to calculate an enterprise value. Multiples are selected by reference to the market valuation of quoted comparable companies, M&A transactions and input, in certain cases, from corporate finance advisers. We also take into account growth profile, geographic location, business mix, degree of diversification, and leverage/refinancing risk. The multiple implied by the quoted comparables may be adjusted if, in certain cases, the longer-term view (cycle or exit plan) supports the use of a different multiple. This continues to be an important exercise given the market volatility we have seen as a result of the macro-economic environment. We continue to consider the impact of IFRS 16 and ASC 842 on the quoted comparable companies for those assets that report under local GAAP.

Private Equity assets are typically valued using a multiple of earnings. However, alternative valuation methodologies, such as a DCF valuation or a sum-of-the-parts, may be considered as an alternative benchmark for potential values or as a cross-check relative to the earnings-based valuation.

In the year, the Committee placed a key focus on:

- the budgets and projections for each portfolio company versus performance, considering the uncertainty around the macro-economic outlook;
- the maintainability of earnings across LTM, forecast and run-rate earnings;
- the quality of earnings across the portfolio and the impact of one-off related normalisation adjustments;
- portfolio company leverage and covenant monitoring; and
- our long-term, through-the-cycle, view on multiples against a challenging environment for private market transactions and the recovery of capital markets and the average of the quoted comparable peer sets.

What the Committee reviewed and concluded

Earnings data is received monthly from Private Equity portfolio companies and monitored closely by management. Actual earnings may then be adjusted in management's proposed valuations, for example, to reflect a full year's trading of an acquired business, removing profit from discontinued activities, any forecast uncertainty or to exclude exceptional transaction costs. Material adjustments are highlighted to the Committee in the quarterly report for review and approval.

All multiples used by management have been adjusted, where the longer-term view of the exit or multiple supports the use of a different multiple. At 31 March 2024, two portfolio company valuation multiples, including Action, were valued above their peer set averages but remain well within the peer set range. Notable changes in multiples, which commonly result from significant bolt-on acquisitions, a change in performance or a shift in market sentiment in that sector, are presented to the Committee quarterly and adjustments are reviewed by the Committee at each meeting.

Audit, risk and control continued
Valuations Committee report continued

The Committee focused on the following significant issues in FY2024:

Action

Area of significant attention

Action forms 65% of the total portfolio by value. Valued on a multiple of earnings basis, Action is the largest investment for the Group and, therefore, its valuation is a key area of focus.

Action's run-rate earnings grew significantly in the 12 months to the end of Action's P3 2024 (which ended on 31 March 2024), driven by new store openings and increased transaction volumes. All geographies performed well, with a reduction in prices across 42% of its catalogue in 2023, contributing to the strong growth in volumes. Following the successful debut of a US dollar term loan, Action returned £762 million of proceeds to 3i, in addition to £375 million of cash dividends further to its strong cash generation. 3i reinvested £455 million of these proceeds, increasing its equity interest in Action from 52.9% to 54.8%.

Action was valued using its run-rate earnings for the 12 months to P3 2024 of €1,848 million and a run-rate multiple of 18.5x (31 March 2023: 18.5x) after applying a liquidity discount of 5%.

When considering the multiple for Action we paid particular attention to the following areas:

- the appropriateness of the comparable peers from both a forward and backward-looking view; and
- the strength of Action's performance across its key performance indicators compared to its peers.

Management also cross-checked the earnings-based valuation against a DCF model.

What the Committee reviewed and concluded

The Committee noted Action's impressive performance in the year and noted the momentum in its trading and strong like-for-like sales growth.

The Committee reviewed the work done by management on the comparable peer set and Action's relative performance across its key performance indicators, as well as the potential use of the DCF model.

The Committee agreed with management's approach of valuing Action on the basis of a multiple of earnings, but noted that the DCF model provides a useful reference point.

The Committee reviewed the run-rate adjustments and earnings normalisations to ensure a consistent valuation methodology was applied.

Assets valued using a DCF basis

Area of significant attention

For assets valued using a DCF basis, which represent 5% of the total portfolio by value, the key valuation judgements relate to longer-term assumptions that drive the underlying business plan and cash flows and decisions on the appropriate discount rates.

EC Waste, Regional Rail, Scandlines and Smarte Carte are the significant investments valued using a DCF valuation basis. A DCF model also forms the most significant input into an early-stage investment, ten23 health, which is valued on a sum-of-the-parts basis.

What the Committee reviewed and concluded

Material assumptions for the DCF valuations are reviewed by the Committee. Sensitivity to assumptions is also noted. Any material changes are reviewed by the Committee.

The Committee focused on the following significant issues in FY2024:

Imminent sale assets	Area of significant attention	What the Committee reviewed and concluded
	At any point in time, it is likely that a number of potential exit processes from the portfolio are underway. Judgement is applied by management as to the likely eventual exit proceeds and certainty of completion. This means that in some cases an asset may not be moved to an imminent sales basis until very shortly before completion; in other cases, the move may occur on signing, even if the time to completion is a period of some months. However, as a general rule an asset moves to an imminent sale basis only when a process is materially complete and the remaining risks are estimated to be small, given the completion risk around unquoted equity transactions. In April 2024, we reached an agreement to sell nexeye for expected proceeds of c.€452 million. The valuation at 31 March 2024 is in line with these proceeds, less a 2.5% discount to reflect the residual execution risk.	Active sales processes are reviewed by the Committee, including details such as the timeline to potential completion, the number and make-up of bidders for investments, execution and due diligence risks, and regulatory or competition clearance issues. Management proposes a treatment for each asset in a sales process, which the Committee reviews at each meeting.

Review process

As part of its challenge and review process, the Committee:

- considered the management information provided to support the Committee's review of the valuations, including management's responses to any challenges raised by Committee members or the External auditor;
- sought assurance from the External auditor as to whether and how they had considered the appropriateness of valuations and the underlying assumptions made;
- reviewed the consistency of the views of management and the External auditor and their valuation specialists; and
- reviewed and challenged the differential between carrying values and those implied by the multiples of comparable quoted companies and transactions.

The Committee was satisfied that the application of the valuation policy and process was appropriate during the period under review, and recommended the portfolio valuation to the Audit and Compliance Committee and the Board at each quarter end for approval by the Board.

In addition, the Committee is responsible for keeping the Group's valuation policy under review and recommending any changes to the policy to the Audit and Compliance Committee and the Board. The policy is reviewed at least annually, with the last update in January 2024.

More information on our valuation methodology, including definitions and rationale, is included in Note 13 – Fair values of assets and liabilities on page 178 and in the Portfolio valuation – an explanation section on page 217.

External audit

As part of its year-end audit, KPMG's specialist valuations team reviews a selection of investments to support its overall audit opinion on the financial statements as a whole.

Remuneration

Directors' remuneration report

Coline McConville
Committee Chair

Committee membership during the year

Name	Meetings
Coline McConville	6(6)
Caroline Banszky	3(3)
Alexandra Schaapveld	3(3)
Lesley Knox	5(6)
Peter McKellar	6(6)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend.
The Chief Executive, the Company Chair, the Remuneration Director and the General Counsel & Company Secretary attend Committee meetings by invitation, other than when their personal remuneration is being discussed.

Dear Shareholder

This letter summarises the key Executive Director remuneration issues considered by the Remuneration Committee in the year and decisions we arrived at.

FY2024 Performance

3i delivered a strong FY2024 total return on opening shareholders' funds of 23% (2023: 36%). The FY2024 scorecard, as set out in the Annual report on remuneration, shows a mix in performance within the quantitative section, with another year of excellent performance from Action resulting in it materially overachieving against its target range. The wider portfolio saw Infrastructure deliver above target performance, with the Private Equity (ex Action) portfolio delivering a 7% return, below its threshold target of 10%. These strong results were delivered in spite of challenging economic conditions during the year.

We saw a modest recovery in the global economy in 2023 as the fragile macro-economic environment and geopolitical uncertainty persisted. Although inflation has begun to moderate, consumer confidence remains strained, with a strong emphasis on affordability. During the year, these dynamics supported substantial growth for our value-for-money and private label portfolio companies. Notably, Action, with its impressive performance, continued its growth trajectory by expanding its store footprint across Europe. The healthcare market saw a positive rebound and our Infrastructure portfolio maintained its resilient performance.

Against the backdrop of a subdued M&A market in 2023, we continued our disciplined approach to the deployment of capital, investing a total of £593 million in FY2024, including a further £455 million of investment into Action to increase our stake from 52.9% to 54.8%. Seven bolt-on acquisitions were completed in the Private Equity portfolio, one of which required further investment of £38 million.

During the year, we made significant progress with our ESG agenda, with a particular focus on our climate change strategy. We are reporting for the first time in alignment with TCFD recommendations, in compliance with FCA requirements, including aggregate portfolio emissions. Additionally, our near-term science-based targets were approved by the Science Based Targets initiative in March 2024.

Over the year, we delivered very strong total shareholder returns of 71%, the majority of which is based on our share price performance. We also further strengthened our balance sheet and liquidity position with the issue of a six-year €500 million bond.

FY2024 bonus outcomes

As reflected in our remuneration policy, when considering annual bonuses, the Committee uses the scorecard outcome as a "prompt and guide to judgement" and "has the discretion to adjust the annual bonus outcomes, both upwards and downwards (where significant adjustment is required), to ensure the outcome is a fair reflection of the overall performance of the Company and the individual".

In considering an appropriate FY2024 bonus, reflective of overall performance, the Committee considered whether the scorecard outcome of 70.6% reflected the exceptional overall Company performance. The Committee acknowledged that, in hindsight, the weighting of Action's returns within the scorecard was low. Had the weighting been allocated on the same ratio as the portfolio value (as at 31 March 2023) the overall scorecard outcome would have been almost 80%.

Action's continued exceptional returns have a substantial impact on the Company's overall results. The importance of this investment is reflected in the Chief Executive holding the position of Chair of Action. In addition, the Group Finance Director and Chief Operating Officer have been very engaged in executing our strategy of continuing to reduce the carried interest liability related to Action and increasing our investment in Action when opportunities arise, with our shareholding increasing from 52.9% to 54.8% in the year.

The Committee considered whether it was appropriate to exercise its discretion and award bonuses of 80% (FY2023: 85%) of maximum and concluded that while overall performance, as well as the shareholder experience, could be argued to warrant a higher bonus, the adjustment was not deemed to be sufficiently "significant" (as required within our Policy) to merit the exercise of discretion.

2021 LTIP outcomes

The 2021 LTIP award was based on two equally weighted performance conditions: absolute TSR and relative TSR against the FTSE 350. You will see in this report that based on performance over the three-year period, the 2021 LTIP achieved 100% vesting with absolute TSR growth of 33% per annum and relative TSR well above the upper decile of the peer group. The Committee considered that the value of awards vesting was appropriate without adjustment.

FY2025 scorecard

The scorecard structure and metrics have remained materially unchanged since the appointment of the Chief Executive in 2012. Following the Committee's discussion of the appropriate FY2024 bonus, it concluded that it will conduct a thorough review of the scorecard and the appropriate measures of performance for FY2025 and future years. The Company has undergone significant change since 2012, which should be reflected in the structure and metrics by which management is assessed. Details of these changes will be included in next year's remuneration report.

Looking forward

As noted in previous letters, Jasi Halai joined the Board on 12 May 2022, with remuneration arrangements set in line with the shareholder-approved policy and at a level that would allow progression in her role over time. The Committee reviewed Jasi's performance, continued progress in the role and overall remuneration opportunity against a relevant peer group, and decided that it would be appropriate to increase Jasi's base salary by 10%. As set out later in the report, the base salaries for Simon Borrows and James Hatchley will be increased by 4.5%, in line with other employees in the Group.

Thoughtful allocation of capital and rigorous management of invested capital are the core components underpinning 3i's ability to generate long-term sustainable returns. Our remuneration policy needs to reflect this and align with our strategy. The existing policy was approved at last year's AGM but has remained largely unchanged for more than 10 years. Whilst our Policy has delivered appropriate outcomes since the Chief Executive implemented the new strategy in 2012, the Company has changed significantly since then in terms of portfolio structure and overall size (by NAV and market capitalisation). Therefore, over the coming year the Committee will conduct a thorough review of this policy to ensure that it remains aligned with the Company's strategy and will continue to incentivise and reward management in the medium to long term. If changes to our policy are required, we will consult with our largest shareholders, and present any new policy to shareholders to approve in due course.

I hope that you will find this report a clear account of the way in which the Committee has implemented the remuneration policy during the year and I look forward to your support for our Annual report on remuneration at the upcoming AGM.

Coline McConville
Chair, Remuneration Committee

8 May 2024

The Annual report on remuneration (Implementation report)

During FY2024, we operated under the remuneration policy approved at the 2023 AGM, which can be found on our website at **www.3i.com**.

Director remuneration for the year (audited)

Single total figure of remuneration for each Director

								FY2024								FY2023
£'000	**Salary /fees**	**Benefits**	**Pension**	**Total Fixed Pay**	**Annual bonus**	**LTIP**	**Total Variable Pay**	**Total**	Salary/ fees	Benefits	Pension	Total Fixed Pay	Annual bonus	LTIP	Total Variable Pay	Total
S A Borrows	**713**	**17**	**21**	**751**	**2,031**	**5,483**	**7,514**	**8,265**	687	16	18	721	2,357	6,428	8,785	9,506
J G Hatchley	**503**	**17**	**53**	**573**	**895**	**283**	**1,178**	**1,751**	431	14	45	490	921	346	1,267	1,757
J S Wilson	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	121	5	13	139	–	–	–	139
J H Halai	**357**	**19**	**46**	**422**	**577**	**191**	**768**	**1,190**	298	16	31	345	573	232	805	1,150
D A M Hutchison	**335**	**–**	**–**	**335**	**–**	**–**	**–**	**335**	325	–	–	325	–	–	–	325
C J Banszky	**24**	**–**	**–**	**24**	**–**	**–**	**–**	**24**	96	–	–	96	–	–	–	96
S W Daintith	**89**	**–**	**–**	**89**	**–**	**–**	**–**	**89**	84	–	–	84	–	–	–	84
L M S Knox	**96**	**–**	**–**	**96**	**–**	**–**	**–**	**96**	94	–	–	94	–	–	–	94
P A McKellar	**98**	**–**	**–**	**98**	**–**	**–**	**–**	**98**	96	–	–	96	–	–	–	96
C McConville	**98**	**–**	**–**	**98**	**–**	**–**	**–**	**98**	96	–	–	96	–	–	–	96
A Schaapveld	**92**	**–**	**–**	**92**	**–**	**–**	**–**	**92**	84	–	–	84	–	–	–	84

- Benefits for Executive Directors include a car allowance, provision of health insurance and, for Mrs Wilson and Ms Halai, the value of the Share Incentive Plan matching share awards.
- The amounts shown as pension are salary supplements in lieu of pension contributions. These supplements were in line with pension contributions for the Group's employees generally (12% of pensionable salary).
- Annual bonus awards made in respect of the year are delivered as 60% 3i Group plc shares deferred over four years, and the remaining 40% as a cash payment in May 2024. All annual bonus awards are subject to the malus/clawback policy. Those shares deferred over four years are released in four equal annual instalments commencing June 2025 and all share awards carry the right to receive dividends and other distributions.
- In addition to the table above, dividends or dividend equivalents on unvested deferred share awards were paid during the year (Mr Borrows: £134k, Mr Hatchley: £53k and Ms Halai: £20k).
- The values shown in the FY2024 LTIP column represent the performance shares vesting from the 2021 LTIP, together with the value of accrued dividends on those shares. The shares have been valued using the three-month average closing share price to 31 March 2024 (2,450.92 pence). The 2021 LTIP value attributable to share price growth since the awards were granted is £2,585k, £134k and £90k for Mr Borrows, Mr Hatchley and Ms Halai respectively. Further detail is provided on page 141. The values shown in the FY2023 LTIP column represent the shares that vested from the 2020 LTIP last year, together with the value of accrued dividends on those shares. This value has been restated using the prevailing share price at the time of vesting (1,857 pence for Mr Borrows and 1,936.5 pence for Mr Hatchley and Ms Halai), being the third anniversary of grant.
- The fees shown for the non-executive Directors include fees used to purchase shares in the Company.
- Non-executive Directors receive reimbursement for their reasonable expenses for attending Board meetings. The Group meets the associated tax cost.
- Ms Halai retained Directors' fees of £70k from Barratt Developments plc.

The Annual report on remuneration (Implementation report) continued

FY2024 performance

Formulaic performance measures (70% of total. FY2024 payout 40.6%)

Area of strategic focus	Weighting	Metric	Threshold	Maximum	Performance	Pay-out
Portfolio returns (Action)	32.5%	Gross investment return (% of opening portfolio value)	16%	21%	33%	100%
Portfolio returns (excl. Action)	27.5%	Private Equity gross investment return (% of opening portfolio value)	10%	15%	7%	0%
Portfolio returns (Infrastructure)	7.5%	Gross investment return (% of opening portfolio value)	8%	10%	9.3%	74%
Operating performance	2.5%	Operating cash profit	£0m	>£0m	£467m	100%

- The threshold and maximum return targets are set in line with 3iN's public return objectives.
- Excluding the dividend received from Action the operating cash profit was £92 million.

Qualitative performance measures (30% of total. FY2024 payout 30%)

Area of strategic focus	Weighting	Metric	Expectation	Performance	Comments
Investment management and operations	7.5%	Private Equity portfolio earnings growth	>10%	24%	93% of our Private Equity portfolio by value grew earnings in 2023, with particularly strong performance from Action, Royal Sanders and European Bakery Group.
		New capital invested in Private Equity	Up to €700m	€642m	During the year, Action completed its debut US dollar term loan issuance in the US leveraged loan market raising $1.5 billion. Action also completed a capital restructuring with a pro-rata redemption of shares. 3i reinvested £455 million of the £762 million of proceeds from the Action share redemption to increase our gross equity stake from 52.9% to 54.8%. Across the remaining portfolio, we prioritised our capital deployment into further reinvestments into existing portfolio companies and continued our buy-and-build activities.
		New 3iN capital committed in Core/PPP	£100m	£99.5m	The 3iN team has continued to deploy capital while retaining its pricing discipline and during the year, the team completed follow on investments in Future Biogas, DNS:NET and Ionisos.
		Development of assets relative to their investment plans			Action delivered another year of very strong performance and across the remaining portfolio we have seen resilient performance. A number of assets operating in the value-for-money and private label consumer and healthcare sectors delivered strong growth. These stronger performing assets largely offset softer performance from companies working through adverse phases of their market cycles or experiencing company-specific issues. In aggregate, in a challenging environment, we generated total Private Equity proceeds of £866 million inclusive of the proceeds from the Action capital restructuring (£104 million ex-Action). During the year the Infrastructure business completed the realisation of Attero for proceeds of €214 million, a 31% uplift on opening value.

The Annual report on remuneration (Implementation report) continued

Area of strategic focus	Weighting	Metric	Expectation	Performance	Comments
ESG	10.0%	Environmental, social and governance targets across the portfolio and 3i Group			Our science-based targets were validated by the SBTi on 22 March 2024. These targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our investment portfolio. The second phase of climate change scenario analysis was completed in the year. The results provide further insights into climate change risks and opportunities across our portfolio and were used to enhance the climate element of our ESG investment assessment framework. The Company has supported nine charity partners which work across a variety of areas, donating a total of £1 million through the year.
Strategy	5.0%	Development of the strategic vision of the Group and progress of corporate projects			The Company continues to crystallise outstanding carried interest in the Buyouts 2010-12 scheme relating to Action. The North American Infrastructure Fund completed its final close in December 2023. The Fund completed a new investment in Amwaste and Regional Rail completed two bolt-on acquisitions adding over 100 miles of freight rail to the platform. Together with Action, a number of other companies are starting to demonstrate significant compounding potential, with impressive earnings growth and cash generation. We have designated Royal Sanders as a longer-term hold.
People	7.5%	Development of the quality and strength of the Group's staff			The Private Equity business presented its plans for the reorganisation of the team structure. The Private Equity leaders are now focused on executing the investment team reorganisation to support our continued origination and portfolio management. We continue to take part in various initiatives to improve DE&I internally and across the industry, including sponsorship of Level 20, offering internships as part of GAIN (Girls Are INvestors) and #10000BlackInterns programmes.

Consistent with previous years, the Board did not set a threshold and maximum for all metrics, and set expectations rather than targets for some. This is because the timing of investments and realisations is highly sensitive to market conditions, and a more prescriptive approach would run the risk of creating perverse incentives for executives. For example, setting a target level of realisations may result in the earlier sale of assets than would otherwise be appropriate, and setting a target level of investments may result in investing at inflated prices.

Executive Director annual bonus outcomes

In light of the performance detailed above, and following an assessment taking into account the shareholder, employee, and wider stakeholder experience, the Committee awarded bonuses to the Executive Directors of 70.6% of maximum. As set out in the Committee Chair's covering letter, the Committee considered whether it was appropriate to exercise its discretion and award bonuses above 70.6% and concluded that while overall performance could be argued to warrant a higher bonus, the adjustment was not sufficiently "significant" (as required within our Policy) to merit the exercise of discretion. Bonuses are delivered as 40% paid in cash immediately and 60% deferred into the Company's shares, vesting in equal instalments over four years. Annual bonus awards are subject to the malus/clawback policy.

Share awards vesting in FY2024 subject to performance conditions

2021 Long-term incentive award (audited)

The Long-term incentive awards granted in June 2021 were subject to performance conditions based on absolute and relative total shareholder return over the three financial years to 31 March 2024. The table below shows the achievement against these conditions and the resulting proportion of the awards which will vest in June 2024.

	Weighting	Threshold		Maximum		Actual		Total
Total shareholder return measure	%	Performance	% vesting	Performance	% vesting	Performance	% vesting	% vesting
Absolute total shareholder return	50%	10% pa	20%	18% pa	100%	33% pa	100%	100%
Relative total shareholder return (as measured against the FTSE 350 Index)	50%	Median	25%	Upper quartile	100%	Above Upper quartile	100%	

The table below shows the grants made to the Executive Directors in 2021, at a share price of 1,226.3 pence, and the resulting number of shares that will vest due to the achievement against the performance targets as set out above. The value of the shares vesting has been included in the single figure table using the three-month average closing share price to 31 March 2024 of 2,450.92 pence.

As set out in the cover letter from the Committee Chair, reflecting on performance delivered over the performance period (in terms of operational performance of the business and returns delivered to our shareholders), the Committee considered the formulaic out-turn to be an appropriate reflection of performance and therefore did not exercise any discretion or downwards adjustment in relation to the award.

	Basis of award at grant	Face value at grant £'000	Number of shares awarded at 1,226.3p per share	% vesting	Number of shares vesting	Value of shares vesting at 2,450.92p per share £'000
S A Borrows	Face value award of 4 times base salary of £647k	2,589	211,095	100%	211,095	5,174
J Hatchley	Discretionary award made in 2021	134	10,912	100%	10,912	267
J Halai	Discretionary award made in 2021	90	7,339	100%	7,339	180

The proportion of the award vesting to Simon Borrows is subject to a further holding period, and shares will be released on the fifth anniversary of grant together with the value of dividends that would have been received during the period from grant to the release date. The awards made to James Hatchley and Jasi Halai were granted before they became Executive Directors and are not subject to a further holding period. Accordingly, they will be released in June 2024.

Change in the remuneration of the Directors compared to other employees

The table below shows the percentage change in remuneration paid to each Director and employees as a whole for the past four performance years.

	FY2024			FY2023			FY2022			FY2021		
	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus
S A Borrows	4%	12%	(14)%	4%	–%	(10%)	3%	–%	9%	–%	–%	149%
J G Hatchley	17%	19%	(3)%									
J H Halai	20%	38%	1%									
D A M Hutchison	3%			74%			85%			9%		
C J Banszky	(75%)			3%			–%			–%		
S W Daintith	6%			4%			–%			–%		
L M S Knox	2%			114%			–%			–%		
P A McKellar	2%			33%			–%			–%		
C McConville	2%			3%			3%			3%		
A Schaapveld	10%			4%			(5%)			467%		
Employees	7%	27%	(5)%	13%	2%	6%	7%	9%	32%	2%	2%	76%

D A M Hutchison was appointed Chair in November 2021. The change in the fees shown above is due to part-year payments.

Details of share awards granted in the year

LTIP

Performance share awards were granted to the Executive Directors during the year as shown in the table below.

Description of award	A performance share award, which releases shares, subject to satisfying the performance conditions, on the fifth anniversary of award.
Face value	Chief Executive – 400% of salary, being 155,184 shares. Group Finance Director – 250% of salary, being 68,386 shares. Chief Operating Officer – 225% of salary, being 44,098 shares. The share price used to make the award was the average mid-market closing price over the five working days starting with the day of the announcement of the 2023 annual results (1,853.9 pence). We continue to apply our long-held consistent policy of measuring performance using the three-month average closing share price to 31 March and granting awards using the five-day average closing price (starting on the day of the announcement of the annual results).
Performance period	1 April 2023 to 31 March 2026.
Performance targets	50% of the award is based on absolute TSR measured over the performance period, and vests: • 0% vesting below 10% pa TSR; • 20% vesting at 10% pa TSR; • straight-line vesting between 10% and 18% pa TSR; and • 100% vesting at 18% pa TSR. 50% of the award is based on relative TSR measured against the FTSE 350 Index over the performance period, and vests: • 0% vesting for below median performance against the index; • 25% vesting for median performance against the index; • 100% vesting for upper quartile performance against the index; and • straight-line vesting between median and upper quartile performance. Total shareholder returns are calculated based on the average closing share price over the first three months of the calendar year.
Remuneration Committee discretion	The Committee can reduce any award which would otherwise vest if there are unauthorised breaches of the Group's liquidity and gearing policies or where significant adjustment is required to ensure the outcome is a fair reflection of the performance of the Company and the individual.

Deferred bonuses awarded in FY2024

All Directors are considered to be Identified Staff and, for awards made during FY2024, 60% of the annual bonus was delivered in 3i Group plc shares deferred over four years (and which vest one quarter per annum over those four years). The remaining 40% was delivered as a cash bonus in May 2023. The following awards were made on 4 June 2023 in respect of FY2023 performance:

	Face value at grant	Number of shares awarded at 1,853.9p per share	Vesting
S A Borrows	£1,406k	75,834	Four equal instalments annually from 1 June 2024
J G Hatchley	£620k	33,418	Four equal instalments annually from 1 June 2024
J H Halai	£386k	20,797	Four equal instalments annually from 1 June 2024

The face value of the awards were reported in the FY2023 single figure of remuneration. The share price used to calculate face value was the average of the mid-market closing prices over the five working days starting with the date of the announcement of the Company's results for the year ended 31 March 2023 (11 May 2023 to 17 May 2023), which was 1,853.9 pence. These awards are not subject to further performance conditions but are subject to our malus and clawback policy.

Share Incentive Plan

During the year, Ms Halai participated in the HMRC-approved Share Incentive Plan which allowed employees to invest up to £150 per month from pre-tax salary in ordinary shares ("partnership shares"). For each partnership share, the Company grants two free ordinary shares ("matching shares") which are forfeited if the participant resigns within three years of grant. Dividends are reinvested in further ordinary shares ("dividend shares").

Ms Halai purchased 85 partnership shares, and received 170 matching shares and 600 dividend shares at prices ranging between 1,728.67 pence and 2,805 pence per share, with an average price of 2,146.87 pence.

Hedging of share awards

As a matter of policy the Group ensures that it holds the maximum potential number of shares granted under the LTIP and Deferred Share Plan from the date of grant. Shares are purchased by the Employee Benefit Trust in the market as and when required to ensure that coverage is maintained.

Pension arrangements (audited)

The Executive Directors receive pension benefits on the same percentage basis (12%) of their pensionable salaries as other employees of the Company. During the year, they received salary supplements in lieu of pension of £21k (Mr Borrows), £53k (Mr Hatchley) and £37k (Ms Halai) respectively.

Prior to 2011, Executive Directors were eligible for membership of the 3i Group Pension Plan, a defined benefit contributory scheme. Pension accrual ceased for all members with effect from 5 April 2011. Salary linkage was removed in February 2023 and replaced with a time-limited cash allowance, which the Chief Operating Officer receives (£9k), in line with other, similarly affected staff.

Payments to past Directors (audited)

No payments to past Directors were made in the year.

Payments for loss of office (audited)

No payments to Directors for loss of office were made in the year.

Statement of Directors' shareholding and share interests (audited)

The Company's share ownership and retention policy requires Executive Directors to build up over time and thereafter maintain a shareholding in the Company's shares equivalent to at least 3.0 times gross salary in the case of the Chief Executive and 2.0 times gross salary for the Group Finance Director and Chief Operating Officer. In addition, shareholding targets have been introduced for other members of the Executive Committee at 1.5 times their gross salaries and for partners in the Group's businesses at 1.0 times their gross salaries. Since 2018 non-executive Directors and the Chair are required to build up over time and thereafter maintain a shareholding in the Company's shares equivalent to at least the same as their respective annual base fees (cash and shares).

Executive Directors are expected to maintain a shareholding in the Company for two years post-employment, at the lower of their shareholding at the time they leave employment and the levels set out above.

Details of Directors' interests (including interests of their connected persons) in the Company's shares as at 31 March 2024 are shown in the table below. The closing share price on 31 March 2024 was 2,809 pence.

	Owned outright	Deferred shares	Subject to performance	Shareholding requirement	Current shareholding (% salary)
S A Borrows	16,502,204	835,442	365,976	300%	69,142
J G Hatchley	357,798	105,374	161,278	200%	3,459
J H Halai	87,990	54,072	101,908	200%	1,886

	Shares owned outright	Shareholding requirement	Current shareholding (% base fee)
D A M Hutchison	107,170	100%	898
S W Daintith	20,902	100%	836
L M S Knox	2,607	100%	104
P A McKellar	103,030	100%	4,120
C McConville	9,886	100%	395
A Schaapveld	10,054	100%	402

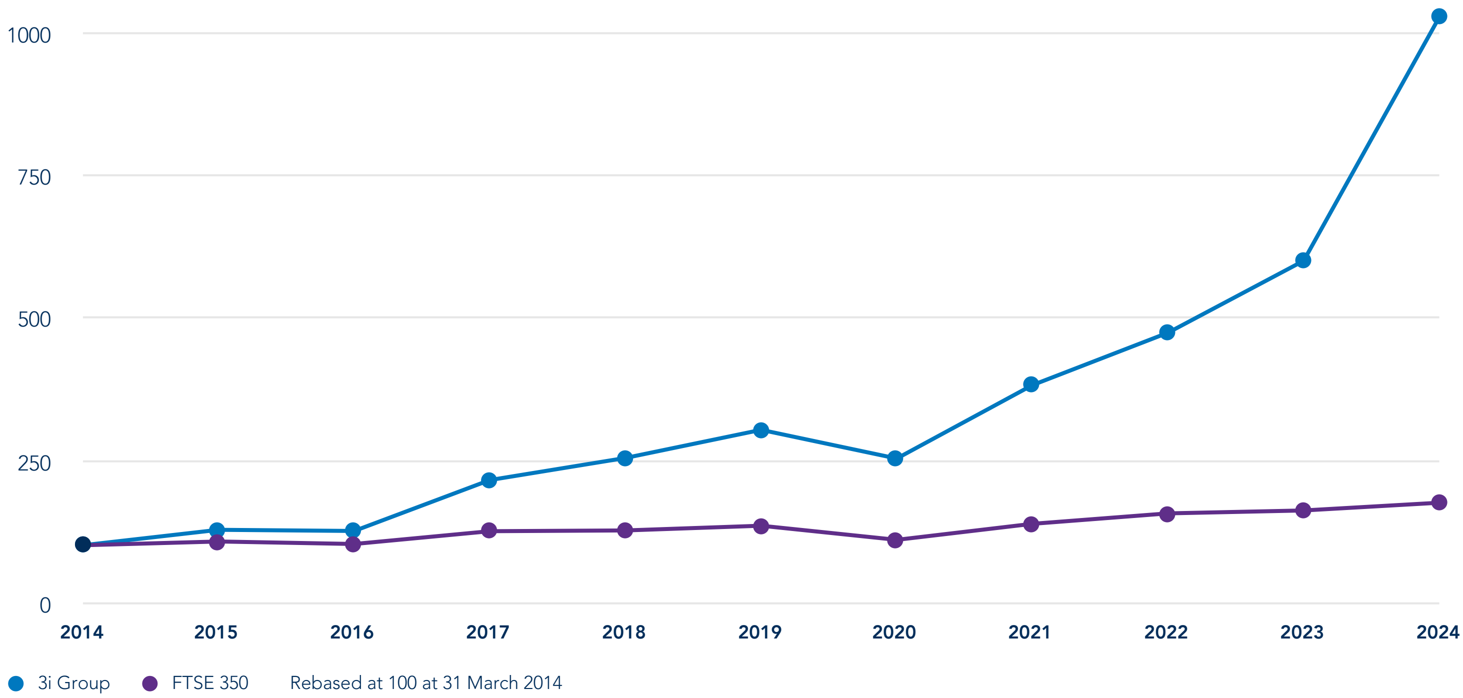
- The share interests shown for Ms Halai include shares held in the 3i Group Share Incentive Plan. The owned outright column includes partnership and dividend shares under the SIP. The deferred shares column includes matching shares under the SIP.
- The number of shares shown includes the 2021 Performance Share award. The performance against the performance targets results in 100% of the shares being released as described on page 141.
- Directors are restricted from hedging their exposure to the 3i share price.
- From 1 April 2024 to 8 May 2024, Ms Halai became interested in a further 5 shares overall outright (SIP Partnership Shares) and a further 10 deferred shares (SIP Matching Shares). There were no other changes to Directors' share interests in that period.

The Annual report on remuneration (Implementation report) continued

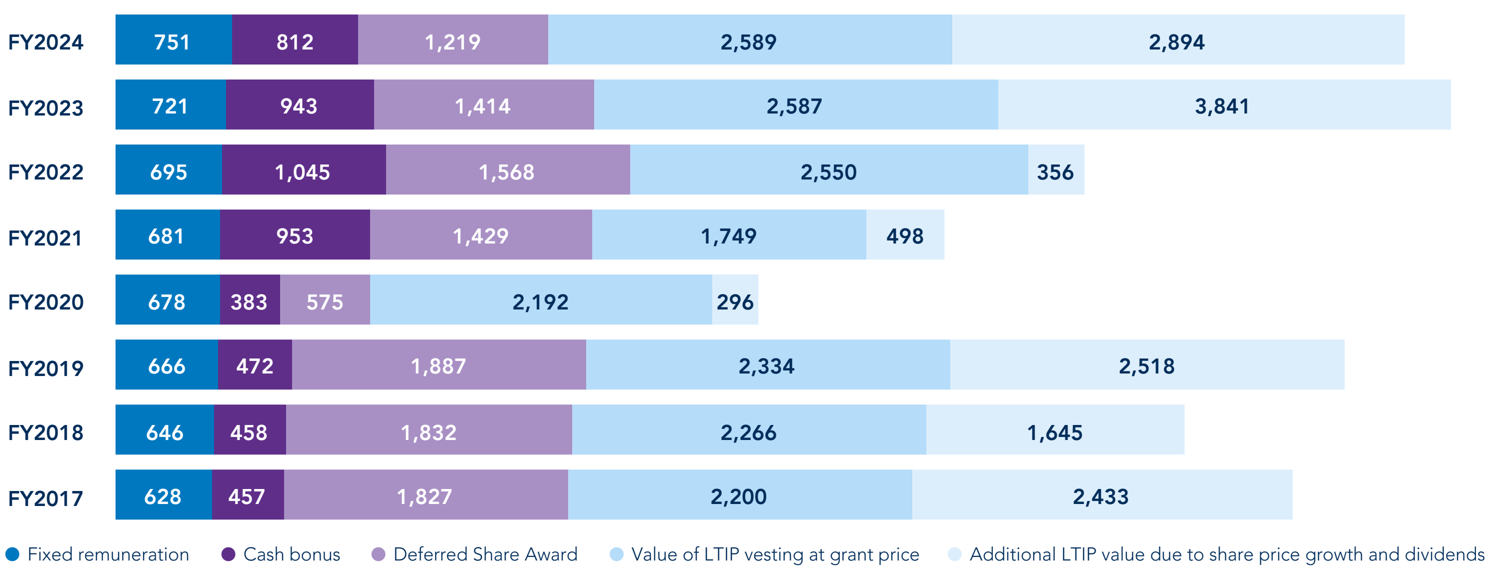
Performance graph – TSR graph

This graph compares the Company's total shareholder return for the 10 financial years to 31 March 2024 with the total shareholder return of the FTSE 350 Index. The FTSE 350 Index is considered to be an appropriate comparator as it reflects both the variety of the Company's portfolio of international investments as well as the diverse currencies in which those investments are denominated.

3i Total shareholder return vs FTSE 350 total return over the 10 years to 31 March 2024



Chief Executive's single figure remuneration history (£'000)



The Annual report on remuneration (Implementation report) continued

Performance table

Table of historic Chief Executive data

Year	Chief Executive	Single figure of total remuneration £'000	Percentage of maximum annual bonus paid	Percentage of maximum LTIP vesting
FY2024	S A Borrows	8,265	70.6%	100%
FY2023	S A Borrows	9,506	85.0%	100%
FY2022	S A Borrows	6,215	98.0%	100%
FY2021	S A Borrows	5,310	92.0%	71%
FY2020	S A Borrows	4,124	37.0%	91%
FY2019	S A Borrows	7,877	92.5%	100%
FY2018	S A Borrows	6,847	92.5%	100%
FY2017	S A Borrows	7,544	95.0%	100%
FY2016	S A Borrows	5,821	92.5%	98%
FY2015	S A Borrows	8,278	92.5%	91%

Relative importance of spend on pay

	FY2024	FY2023	Change %
Remuneration of all employees	**£102m**	£97m	5%
Dividends paid to shareholders	**£541m**	£485m	12%

Statement of implementation of the remuneration policy in the coming year

The table below sets out how the Committee intends to operate the remuneration policy in FY2025. As mentioned in the Chair's letter, whilst our Policy has delivered appropriate outcomes since the Chief Executive implemented the new strategy in 2012, the Company has changed significantly since then in terms of portfolio structure and overall size (by NAV and market capitalisation). Therefore, over the coming year the Committee will conduct a thorough review of this Policy to ensure that it remains aligned with the Company's strategy and will continue to incentivise and reward management in the medium to long term. If changes to our Policy are required we will consult with our largest shareholders, and present any new Policy to shareholders to approve at the 2025 AGM.

Policy element	Implementation of policy during FY2025
Base salary	Base salaries for most employees will be increased by 4.5%. The 4.5% increase will also be applied to the Chief Executive and Group Finance Director. The base salary of the Chief Operating Officer will be increased to reflect development in the role. Effective from 1 July 2024, salaries for the current Executive Directors will therefore be as follows: • Chief Executive: £751,605 (4.5%) • Group Finance Director: £529,951 (4.5%) • Chief Operating Officer: £399,685 (10%)
Pension	No changes to the current arrangements are proposed for FY2025 and a pension contribution or salary supplement will be as follows: • Chief Executive: 12% of benefit salary (subject to a 3i earnings cap. FY2025: £217,241) • Group Finance Director: 12% of base salary • Chief Operating Officer: 12% of base salary Prior to 2011, Executive Directors were eligible for membership of the 3i Group Pension Plan, a defined benefit contributory scheme. Pension accrual ceased for all members with effect from 5 April 2011. Salary linkage was removed in February 2023 and replaced with a time-limited cash allowance, which the Chief Operating Officer receives, in line with other, similarly affected staff.

The Annual report on remuneration (Implementation report) continued

Policy element	Implementation of policy during FY2025
Annual bonus	The maximum annual bonus opportunities for FY2025 will remain unchanged, in line with the remuneration policy, as follows: • Chief Executive: 400% of salary • Group Finance Director: 250% of salary • Chief Operating Officer: 225% of salary The scorecard structure and metrics have remained materially unchanged since the appointment of the Chief Executive in 2012. Following the Committee's discussion of the appropriate FY2024 bonus it concluded that it will conduct a thorough review of the scorecard and the appropriate measures of performance for FY2025 and future years. The Company has undergone significant change since 2012, which should be reflected in the structure and metrics by which management are assessed. Details of these changes will be included in next year's Remuneration Report. The Committee considers that the specific targets and expectations contained within the FY2025 scorecard are commercially sensitive and therefore will not be disclosed in advance. We will report to shareholders next year on performance and the resulting bonus out-turns. At least 50% of any bonus award will be deferred into shares vesting in equal instalments over four years. Awards are subject to the Company's malus and clawback policy.
Benefits	No changes to the current arrangements are proposed for FY2025. Benefits will continue to include a car allowance, provision of health insurance and any Share Incentive Plan matching share awards.
Long-term Incentive Plan	Awards under the Long-term Incentive Plan in FY2025 will remain unchanged and be made as follows: • Chief Executive: 400% of salary • Group Finance Director: 250% of salary • Chief Operating Officer: 225% of salary Performance will be measured over a three-year period and will be determined by the Remuneration Committee. Performance measures remain unchanged from the previous year and will be as follows: 50% of the award is based on absolute TSR measured over the performance period, and vests: • 0% vesting below 10% pa TSR; • 20% vesting at 10% pa TSR; • straight-line vesting between 10% and 18% pa TSR; and • 100% vesting at 18% pa TSR. 50% of the award is based on relative TSR measured against the FTSE 350 Index over the performance period, and vests: • 0% for below median performance against the index; • 25% for median performance against the index; • 100% for upper quartile performance against the index; and • straight-line vesting between median and upper quartile performance. Total shareholder returns are calculated based on the average closing share price over the first three months of the calendar year. Awards are subject to the Company's malus and clawback policy. To the extent that shares vest, awards are subject to a holding period whereby they are released on or around (but not earlier than) fifth anniversary of grant. The Chief Executive, Group Finance Director and Chief Operating Officer do not participate in carried interest plans or similar arrangements.

The Annual report on remuneration (Implementation report) continued

Policy element	Implementation of policy during FY2025
Shareholding requirements	Shareholding requirements will be as follows: • Chief Executive: 300% of salary • Group Finance Director: 200% of salary • Chief Operating Officer: 200% of salary • Non-executive Directors (including the Company Chair): 100% of base fee (cash and shares) • Executive Directors will be expected to maintain a shareholding in the Company for two years post-employment, at the lower of their shareholding at the time they leave employment and of the levels set out above. Deferred bonus awards and shares to be released under the Long-term Incentive Plan may be reduced or withheld if the post-employment shareholding targets for the Executive Directors are not met.
Non-executive Director fees	The base fees for the non-executive Directors have increased by the same percentage (4.5%) as salaries for employees. The Chair, Senior Independent Director, Committee Chair and Committee membership fees have been benchmarked against other FTSE 100 organisations and have been increased accordingly. Overall, fees remain moderately positioned relative to similar FTSE 100 companies. Fees for FY2025 will be: **Chair fee:** £288,000 plus £82,000 in 3i shares **Non-executive Directors:** Board membership base fee: £56,500 plus £17,000 in 3i shares Senior Independent Director fee: £20,000 Committee Chair: £25,000 Committee member: £10,000 Committee fees are payable in respect of the Audit and Compliance Committee, Remuneration Committee and Valuations Committee.
Malus and clawback policy	Long-term incentive awards and deferred bonus share awards made during the year to Executive Directors may be forfeited or reduced in exceptional circumstances, on such basis as the Committee considers to be fair, reasonable and proportionate, taking into account an individual's role and responsibilities. Such exceptional circumstances include: (1) a material misstatement in the financial statements of the Company or Group or any Member of the Group; or (2) where an individual has caused, wholly or in part, a material loss for the Group as a result of: (i) reckless, negligent or wilful actions or omissions; or (ii) inappropriate values or behaviour; (3) an error in assessing any applicable Performance Conditions or the number of shares; (4) the assessment of any applicable Performance Conditions and/or the number of shares to be released being based on inaccurate or misleading information; (5) misconduct on the part of the individual concerned; (6) a Member of the Group is censured by a regulatory body or suffers a significant detrimental impact on its reputation, provided that the Committee determines that the individual was responsible for, or had management oversight over, the actions, omissions or behaviour that gave rise to that censure or detrimental impact; or (7) the Company (or entities representing a material proportion of the Group) becomes insolvent or otherwise suffers a corporate failure so that ordinary shares in the Company cease to have material value, provided that the individual is responsible (in whole or in part) for that insolvency or failure. In exceptional circumstances (and on such basis as the Committee considers fair, reasonable and proportionate taking into account an individual's role and responsibilities), the Group may recover amounts that have been paid or released from awards (including cash bonus awards), as long as a written request for the recovery of such sums is made in the two-year period from the date of payment or release and in circumstances where either (a) there has been a material misstatement of Group financial statements or (b) the Group suffers a material loss. In arriving at its decision, the Committee will take into consideration such evidence as it may reasonably consider relevant including as to the impact of the affected individual's conduct, values or behaviours on the material misstatement or material loss, as the case may be.

Remuneration Committee advisers

The Committee appointed Deloitte LLP as advisers in 2013 and during the year they provided the Committee with external, independent advice.

Deloitte LLP are members of the Remuneration Consultants Group and as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. During the year, Deloitte LLP also provided 3i with certain tax advisory services. The Committee has reviewed the advice provided during the year and is satisfied that it has been objective and independent. The total fees for advice during the year were £50,250 (excluding VAT) (2023: £63,500 (excluding VAT)).

Result of voting at the 2023 AGM

At the 2023 AGM, shareholders approved the Remuneration report that was published in the 2023 Annual report and accounts. At the 2023 AGM, shareholders approved the Directors' remuneration policy. The results for both of these votes are shown below:

Resolution	Votes for	Votes against	Total votes cast	Votes withheld
Approval of the Directors' remuneration report at the 2023 AGM	717,956,004 95.23%	35,957,994 4.77%	753,913,998	8,479,583
Approval of the Directors' remuneration policy at the 2023 AGM	717,765,664 95.05%	37,374,379 4.95%	755,140,043	7,253,538

Audit

The tables in this report (including the Notes thereto) on pages 138 to 149 marked as "audited" have been audited by KPMG.

By order of the Board

Coline McConville
Chair, Remuneration Committee
8 May 2024

Additional statutory and corporate governance information

This section of the Directors' report contains the corporate governance statement required by FCA Disclosure Guidance and Transparency Rule 7.2.

Corporate governance

The Corporate Governance Code to which the Company is subject is the UK Corporate Governance Code (the "Code") which was published by the FRC in July 2018 and which is available on the FRC website.

Details on the Company's compliance with the Code and an explanation as to why the Company has not complied throughout the year with provision 19 of the Code in respect of Chair tenure are set out in the Corporate Governance statement on pages 99 and 100 and in the report on the Nominations Committee's review of Chair tenure on page 117.

The Group's internal control and risk management systems, including those in relation to the financial reporting process, are described in the Risk management section on pages 80 to 93.

Directors: independence and time commitments

Directors' biographical details are set out on page 102. The Board currently comprises the Chair, five non-executive Directors and three Executive Directors. Mr D A M Hutchison (Chair), Mr S A Borrows, Mr J G Hatchley, Ms J H Halai, Mr S W Daintith, Ms L M S Knox, Mr P A McKellar, Ms C L McConville and Ms A Schaapveld all served as Directors throughout the year under review.

The Board regularly considers the independence of non-executive Directors. The Board considers all of the Company's non-executive Directors to be independent for the purposes of the Code. The Chair was independent on appointment as Chair. Consideration was also given to time commitments when Directors seek to take on any additional external appointments and on any Director's appointment.

Investment policy

The UK Listing Authority's Listing Rules require 3i, as a closed-ended investment fund, to publish an investment policy. Shareholder approval is required for material changes to this policy. Non-material changes can be made by the Board. The current policy is set out below. No changes have been made to the policy since it was published in the Company's 2018 Report and Accounts.

- 3i is an investment company which aims to provide its shareholders with quoted access to private equity and infrastructure returns. Currently, its main focus is on making quoted and unquoted equity and/or debt investments in businesses and funds in Europe, Asia and the Americas. The geographies, economic sectors, funds and asset classes in which 3i invests continue to evolve as opportunities are identified. Proposed investments are assessed individually and all significant investments require approval from the Group's Investment Committee. Overall investment targets are subject to periodic reviews and the investment portfolio is also reviewed to monitor exposure to specific geographies, economic sectors and asset classes.
- 3i seeks to diversify risk through significant dispersion of investments by geography, economic sector, asset class and size as well as through the maturity profile of its investment portfolio.
- Although 3i does not set maximum exposure limits for asset allocations, it does have a maximum exposure limit that, save as mentioned below, no investment will be made unless its cost[1] does not exceed 15% of the investment portfolio value as shown in the last published valuation. A further investment may be made in an existing portfolio business provided the aggregate cost of that investment and of all other unrealised investments in that portfolio business does not exceed 15% of the investment portfolio value as shown in the last published valuation. A higher limit of 30% will apply to the Company's investment in 3i Infrastructure plc. For the avoidance of doubt, 3i may retain an investment, even if its carrying value is greater than 15% or 30% (as the case may be) of the portfolio value at the time of an updated valuation.
- Investments are generally funded with a mixture of debt and shareholders' funds with a view to maximising returns to shareholders, whilst maintaining a strong capital base. 3i's gearing depends not only on its level of debt, but also on the impact of market movements and other factors on the value of its investments. The Board takes this into account when, as required, it sets a precise maximum level of gearing. The Board has therefore set the maximum level of gearing at 150% and has set no minimum level of gearing. If the gearing ratio should exceed the 150% maximum limit, the Board will take steps to reduce the gearing ratio to below that limit as soon as practicable thereafter. 3i is committed to achieving balance sheet efficiency.

1 Where 3i makes an investment in an existing portfolio business as part of a restructuring or reorganisation of its investment in that existing portfolio business (which restructuring or reorganisation may involve, without limitation, 3i disposing of all or part of its existing investment in the relevant portfolio business and reinvesting all or part of the proceeds into a different entity which acquires or holds the relevant portfolio business or a substantial part thereof), the cost of that investment, for the purposes of determining the maximum exposure limit under this policy, shall, to the extent that the investment does not increase 3i's exposure to the relevant portfolio business, be deemed to be the cost of 3i's existing investment in the relevant portfolio business (or, in the case of a partial reinvestment, the pro-rated cost of 3i's existing investment in the relevant portfolio business) immediately prior to the restructuring or reorganisation. If 3i's investment includes a further investment, such that 3i increases its overall exposure to the relevant portfolio business as part of the restructuring or reorganisation, the cost of any such further investment at the date of such investment shall be added to the cost of the investment in the existing portfolio business as determined pursuant to the previous sentence.

Appointment and re-election of Directors

Subject to the Company's Articles of Association, the Companies Act and satisfactory performance evaluation, non-executive Directors are appointed for an initial three-year term. Before the third and sixth anniversaries of first appointment, the Director discusses with the Board whether it is appropriate for a further three-year term to be served.

Under the Company's Articles of Association, the minimum number of Directors is two and the maximum is 20, unless otherwise determined by the Company by ordinary resolution. Directors are appointed by ordinary resolution of shareholders or by the Board. The Company's Articles of Association provide for all Directors to retire from office at every Annual General Meeting of the Company although they may offer themselves for re-appointment by the shareholders.

Shareholders can remove any Director by special resolution and appoint another person to be a Director in their place by ordinary resolution. Shareholders can also remove any Director by ordinary resolution of which special notice has been given.

Subject to the Company's Articles of Association, retiring Directors are eligible for re-appointment. The office of Director is vacated if the Director resigns, becomes bankrupt or is prohibited by law from being a Director or where the Board so resolves following the Director suffering from ill health or being absent from Board meetings for 12 months without the Board's permission.

The Board's responsibilities and processes

The composition of the Board and its Committees, as well as the Board's key responsibilities and the way in which it and its Committees work, are described on pages 97 to 149. The Board is responsible to shareholders for the overall management of the Group and may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Articles of Association and any directions given by special resolution of the shareholders. The Articles of Association empower the Board to offer, allot, grant options over or otherwise deal with or dispose of the Company's shares as the Board may decide.

The Companies Act 2006 authorises the Company to make market purchases of its own shares if the purchase has first been authorised by a resolution of the Company.

At the AGM in June 2023, shareholders renewed the Board's authority to allot ordinary shares and to repurchase ordinary shares on behalf of the Company subject to certain limits. Details of the authorities which the Board will be seeking at the 2024 AGM are set out in the 2024 Notice of AGM.

The Board's diversity policies in relation to Directors are described in the Nominations Committee report on page 118 and such policies in relation to employees are described on pages 153 and 154.

Matters reserved for the Board

The Board has approved a formal schedule of matters reserved to it and its duly authorised Committees for decision. These include matters such as the Group's overall strategy, strategic plan and annual operating budget; approval of the Company's financial statements and changes to accounting policies or practices; changes to the capital structure or regulated status of the Company; major capital projects or changes to business operations; investments and divestments above certain limits; policy on borrowing, gearing, hedging and treasury matters; and adequacy of internal control systems.

Rights and restrictions attaching to shares

A summary of the rights and restrictions attaching to shares as at 31 March 2024 is set out below.

The Company's Articles of Association may be amended by special resolution of the shareholders in a general meeting. Holders of ordinary shares enjoy the rights set out in the Articles of Association of the Company and under the laws of England and Wales. Any share may be issued with or have attached to it such rights and restrictions as the Company by ordinary resolution or, failing such resolution, the Board may decide.

Holders of ordinary shares are entitled to attend, speak and vote at general meetings and to appoint proxies and, in the case of corporations, corporate representatives to attend, speak and vote at such meetings on their behalf. To attend and vote at a general meeting a shareholder must be entered on the register of members at such time (not being earlier than 48 hours before the meeting) as stated in the Notice of general meeting. On a poll, holders of ordinary shares are entitled to one vote for each share held.

Holders of ordinary shares are entitled to receive the Company's Annual report and accounts, to receive such dividends and other distributions as may lawfully be paid or declared on such shares and, on any liquidation of the Company, to share in the surplus assets of the Company after satisfaction of the entitlements of the holders of any shares with preferred rights as may then be in issue.

There are no restrictions on the transfer of fully paid shares in the Company, save that the Board may decline to register: a transfer of uncertificated shares in the circumstances set out in the Uncertificated Securities Regulations 2001; a transfer to more than four joint holders; a transfer of certificated shares which is not in respect of only one class of share; a transfer which is not accompanied by the certificate for the shares to which it relates; a transfer which is not duly stamped in circumstances where a duly stamped instrument is required; or a transfer where in accordance with section 794 of the Companies Act 2006 a notice (under section 793 of that Act) has been served by the Company on a shareholder who has then failed to give the information required within the specified time.

In the latter circumstances, the Company may make the relevant shares subject to certain restrictions (including in respect of the ability to exercise voting rights, to transfer the shares validly and, except in the case of a liquidation, to receive the payment of sums due from the Company).

There are no shares carrying special rights with regard to control of the Company. There are no restrictions placed on voting rights of fully paid shares, save where in accordance with Article 12 of the Company's Articles of Association a restriction notice has been served by the Company in respect of shares for failure to comply with statutory notices or where a transfer notice (as described below) has been served in respect of shares and has not yet been complied with. Where shares are held on behalf of former or current employees under employee share schemes, those participants can give instructions to the holder of such shares as to how votes attached to such shares should be exercised.

In the circumstances specified in Article 38 of the Company's Articles of Association, the Company may serve a transfer notice on holders of shares. The relevant circumstances relate to: (a) potential tax disadvantage to the Company, (b) the number of "United States Residents" who own or hold shares being 75 or more, or (c) the Company being required to be registered as an investment company under relevant US legislation. The notice would require the transfer of relevant shares and, pending such transfer, the rights and privileges attaching to those shares would be suspended.

The Company is not aware of any agreements between holders of its securities that may restrict the transfer of shares or exercise of voting rights.

Share capital and debentures

The issued ordinary share capital of the Company as at 1 April 2023 was 973,312,950 ordinary shares and at 31 March 2024 was 973,366,445 ordinary shares of 73 19⁄22 pence each. It increased over the year by 53,495 ordinary shares on the issue of shares to the Trustee of the 3i Group Share Incentive Plan.

At the AGM on 29 June 2023, the Directors were authorised to repurchase up to 97,000,000 ordinary shares in the Company (representing approximately 10% of the Company's issued ordinary share capital as at 8 May 2023) until the Company's AGM in 2024 or 28 September 2024, if earlier. This authority was not exercised in the year. Details of the authorities which the Board will be seeking at the 2024 AGM are set out in the 2024 Notice of AGM.

As at 31 March 2024, the Company had sterling and euro fixed rate notes in issue as detailed in Note 17 to the accounts.

The Articles of Association also specifically empower the Board to exercise the Company's powers to borrow money and to mortgage or charge the Company's assets and any uncalled capital and to issue debentures and other securities.

Portfolio management and voting policy

In relation to unquoted investments, the Group's approach is to seek to add value to the businesses in which the Group invests through the Group's extensive experience, resources and contacts and through active engagement with the Boards of those companies. In relation to quoted investments, the Group's policy is to exercise voting rights on all matters affecting its interests.

Tax and investment company status

The Company is an investment company under section 833 of the Companies Act 2006. HM Revenue & Customs has approved the Company as an Investment Trust under section 1158 of the Corporation Tax Act 2010 and the Company directs its affairs to enable it to continue to remain so approved.

Where appropriate, the Company looks to the provisions included within the Association of Investment Companies SORP.

Major interests in ordinary shares

The table below shows notifications of major voting interests in the Company's ordinary share capital (notifiable in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules or section 793 Companies Act 2006) which had been received by the Company as at 31 March 2024 and 18 April 2024.

	As at 31 March 2024	% of issued share capital	As at 18 April 2024	% of issued share capital
BlackRock, Inc	104,843,078	10.77	104,462,265	10.73
Vanguard Group Inc	44,327,827	4.55	44,444,774	4.57
Invesco Asset	35,481,279	3.65	35,781,215	3.68
FMR LLC	34,428,051	3.54	34,485,382	3.54
J.P. Morgan	30,091,063	3.09	29,405,869	3.02

3i Investments plc

3i Investments plc is authorised by the FCA to, among other things, manage Alternative Investment Funds ("AIFs"). It is currently the Alternative Investment Fund Manager ("AIFM") of seven AIFs, including the Company and 3i Infrastructure plc. In compliance with regulatory requirements, 3i Investments plc has ensured that a depository has been appointed for each AIF. This is Citibank UK Limited.

The Annual report and accounts meet certain investor disclosure requirements as set out in FUND 3.2.2R, 3.2.3R, 3.2.5R and 3.2.6R of the FCA's Investment Funds sourcebook ("FUND Disclosures") for the Company as a standalone entity. The Company's profit for the year is stated in its Company statement of changes in equity on page 159 and its financial position is shown on page 158. The Company performs substantially all of its investment-related activities through its subsidiaries and therefore the Group's Consolidated statement of comprehensive income is considered to be more useful to investors than a Company statement.

Furthermore, in some instances the relevant FUND Disclosures have been made in relation to the Group on a consolidated basis rather than in respect of the Company on a solo basis. This is because the Company operates through its Group subsidiaries and therefore reporting on the Group's activities provides more relevant information on the Company and its position. There have been no material changes to the disclosures required to be made under FUND 3.2.2R in the past year.

Although certain FUND Disclosures are made in this Annual report, full disclosures are summarised on the 3i website at **www.3i.com**. This will be updated as required and changes noted in future Annual reports.

For the purposes of the FUND Disclosures set out in FUND 3.3.5(R)(5) and (6), the total amount of remuneration paid by the AIFM to its staff for the year to 31 March 2024 was £292 million, of which £48 million was fixed remuneration and £244 million was variable remuneration. The total number of beneficiaries is 242. The aggregate total remuneration paid to AIFM Remuneration Code Staff for the year to 31 March 2024 was £82 million, of which £68 million was paid to senior management and £13 million was paid to other AIFM Remuneration Code Staff. A summary of the remuneration policy of 3i can be found on the Company's website.

Dividends

A first FY2024 dividend of 26.50 pence per ordinary share in respect of the year to 31 March 2024 was paid on 12 January 2024. The Directors recommend a second FY2024 dividend of 34.50 pence per ordinary share be paid in respect of the year to 31 March 2024 to shareholders on the Register at the close of business on 21 June 2024.

The trustee of The 3i Group Employee Trust and the trustee of the 2010 Carry Trust have each waived (subject to certain minor exceptions) dividends declared on shares in the Company held by those trusts and the trustee of The 3i Group Share Incentive Plan has waived dividends on unallocated shares in the Company held by it.

Directors' conflicts of interests, external appointments and indemnities

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association enable Directors to approve conflicts of interest and include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, if necessary, to appropriate conditions.

The Board has adopted a policy on Directors' other appointments under which additional external appointments should not be undertaken without prior approval of the Board. Executive Directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

As permitted by the Company's Articles of Association during the year and as at the date of this Directors' report, there were in place Qualifying Third-Party Indemnity Provisions (as defined under relevant legislation) for the benefit of the Company's Directors and Qualifying Pension Scheme Indemnity Provisions for the benefit of the directors of one associated company, Gardens Pension Trustees Limited.

Directors' employment contracts

Mr S A Borrows, Ms J H Halai and Mr J G Hatchley each have employment contracts with the Group with notice periods of 12 months where notice is given by the Group and six months where notice is given by the Director. Save for these notice periods their employment contracts have no unexpired terms. None of the other Directors has a service contract with the Company.

Employment

The employment policy of the Group is one of equal opportunity in the selection, training, career development and promotion of employees, regardless of age, gender, sexual orientation, ethnic origin, religion and whether disabled or otherwise. Further details on equal opportunities and diversity are included in the Sustainability report on pages 52 to 54 and in the Nominations Committee report on pages 118 and 119.

3i treats applicants and employees with disabilities fairly and provides facilities, equipment and training to assist disabled employees to do their jobs. Arrangements are made as necessary to ensure support to job applicants who happen to be disabled and who respond to requests to inform the Company of any requirements. Should an employee become disabled during their employment, efforts would be made to retain them in their current employment or to explore the opportunities for their retraining or redeployment within 3i. Financial support is also provided by 3i to support disabled employees who are unable to work, as appropriate to local market conditions.

3i's principal means of keeping in touch with the views of its employees is through employee appraisals, informal consultations, team briefings and employee conferences. Managers throughout 3i have a continuing responsibility to keep their staff informed of developments and to communicate financial results and other matters of interest. This is achieved by structured communication including regular meetings of employees. Members of the Board have regular formal and informal interaction with a significant number of 3i employees, including through office visits and one-to-one meetings.

3i is an equal opportunities employer and has clear grievance and disciplinary procedures in place. 3i also has an employee assistance programme which provides a confidential, free and independent counselling service and is available to all UK employees and their families in the UK.

3i's employment policies are designed to provide a competitive reward package which will attract and retain high-quality staff, whilst 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 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 those 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. Remuneration policy is reviewed by the 3i Group plc Remuneration Committee, comprising 3i Group plc non-executive Directors.

Where appropriate, employees are eligible to participate in 3i share schemes to encourage employees' involvement in 3i's performance. Investment executives in the Private Equity business line may also participate in carried interest schemes, which allow executives to share directly in future profits on 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 conditions.

Employees are able to raise in confidence with the Company any matters of concern. Issues can be raised with line management, the Internal Audit team and the Human Resources team as appropriate. Employees can also raise matters with an externally run confidential telephone reporting line, and can do so anonymously if they wish. Matters raised are investigated and followed up as appropriate. The Board monitors any matters reported to the externally run telephone reporting line through an annual report to Audit and Compliance Committee from Internal Audit.

Workforce engagement

The Company has a Staff Engagement strategy which has been adopted by the Board as the most appropriate way for the Company to comply with the relevant requirements of the Code. This is in preference to adopting one of the three workforce engagement examples specifically mentioned in the UK Corporate Governance Code. The Board believes this Strategy is appropriate and proportionate in the context of an office-based workforce with in the region of 250 employees worldwide, all of whom engage regularly with members of senior management. Senior management and members of the Board meet formally and informally with staff in a variety of contexts including office visits, investment reviews, Board and Committee presentations and Board dinners with investment teams. A general "open door" policy (whether physically or virtually) adopted by senior management encourages interaction with staff. The Human Resources team are a point of contact for all members of staff and they, as well as line managers, report issues requiring management attention to senior management as they occur. The Internal Audit and Group Compliance teams consider employee matters including culture, compliance with the Company's values and staff turnover in their reports to senior management. The formal annual appraisal process provides a further opportunity for engagement.

During the year the Board visited 3i's Amsterdam and New York offices and met formally and informally with the teams based there. Directors receive updates on employee matters in presentations from the business line heads, as well as from the Chief Human Resources Officer, in the annual Board consideration of the Group Succession Planning and Strategic Capability Review. Committee Chairs held a number of private and other meetings with function heads during the year. Non-executive Directors also meet with a wide range of members of the investment teams at the twice-yearly PCR meetings.

Diversity and inclusion policy

Details of the Company's approach to diversity and inclusion are set out under the heading Employment on page 153, in the Sustainability section on pages 52 and 55 and in the Nominations Committee report on pages 118 and 119.

Political donations

In line with Group policy, during the year to 31 March 2024, no donations were made to political parties or organisations, or independent election candidates, and no political expenditure was incurred.

Share reunification programme

The Board approved a programme to reunify shareholders with their dormant shareholding. A tracing programme was conducted by the Registrar to attempt to contact dormant shareholders, and where this was not possible, the relevant shares and unpaid dividends were forfeited in accordance with 3i's Articles of Association. The Board agreed that the proceeds of such forfeiture would be used for charitable purposes. Those dormant shareholders affected by this programme have a further six years from the point of forfeiture to contact the Registrar to make a claim.

Significant agreements

As at 31 March 2024, the Company was party to one agreement subject to a renegotiation period on a change of control of the Company following a takeover bid. This agreement is a £900 million multi-currency Revolving Credit Facility Agreement dated 13 March 2020 and as amended from time to time between the Company, Barclays Bank PLC and a number of other banks. The Company is required to promptly notify Barclays Bank PLC, as agent bank, of a change of control. This opens a 20-day negotiation period to determine if each lender is willing to continue participating in the facility. For any lender with whom no agreement is reached, amounts outstanding to that lender would be repayable and their commitment cancelled, with no less than 10 business days' notice after the end of the negotiation period.

Internal control and risk management systems

A description of the Group's internal control and risk management systems in relation to the financial reporting process is set out in the Risk management section on pages 80 to 93.

Going concern

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2024.

After making enquiries, the Directors considered it appropriate to prepare the financial statements of the Company, and the Group, on a going concern basis. The Viability statement is included on pages 129 and 130.

Audit information

Pursuant to section 418(2) of the Companies Act 2006, each of the Directors confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of such information.

Additional statutory and corporate governance information continued

Appointment of Auditor

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of KPMG LLP as the Company's Auditor will be put to members at the forthcoming AGM.

Information required by Listing Rule 9.8.4

Information required by Listing Rule 9.8.4 not included in this section of the Directors' report may be found as set out below:

Topic	Location
Capitalised interest	Portfolio income on page 71
Share allotments	Note 20 on page 186

Website

3i's website provides a brief description of 3i's history, current operations, strategy and portfolio, as well as articles, interviews and videos to showcase specific themes and investments. It also includes an archive of over 10 years of news and historical financial information on the Group and details of forthcoming events for shareholders and analysts.

Information included in the Strategic report

In accordance with section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' report has been included in the Strategic report: risk management objectives and policies; post-balance sheet events; likely future developments in the business; engagement with suppliers, customers and others; employee involvement; and greenhouse gas emissions. The Directors' Viability statement is also shown in the Resilience statement on pages 129 and 130.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the Group and parent Company financial statements for each financial year in accordance with applicable United Kingdom law and regulations. They are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards and applicable law;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual financial report

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider this Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors of the Company and their functions are listed on pages 102 and 103.

3i Group plc is registered in England with company number 1142830.

Directors' report

For the purposes of the UK Companies Act 2006, the Directors' report of 3i Group plc comprises the Governance section on pages 97 to 155 other than the Directors' remuneration report on pages 136 to 149.

The Strategic report, Directors' report and Directors' remuneration report have been drawn up and presented in accordance with and in reliance upon English company law and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by that law.

By order of the Board

K J Dunn
Company Secretary

8 May 2024

Registered office:
16 Palace Street
London SW1E 5JD