Sustainability

What's in this section

A responsible approach

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

We are a small organisation of fewer than 250 employees, with a limited direct footprint. With assets under management of £34.7 billion, our impact on the environment and society is determined largely by our portfolio. We have a long-term, responsible approach to investment and aim to compound value through thoughtful origination, disciplined investment and the active management of our portfolio, with regard to the consequences of our actions on stakeholders. This practice is built on our values, strong governance and robust processes, both at 3i itself and at its portfolio companies. This approach has allowed us to earn the trust of our shareholders, co-investors and portfolio companies, and to recruit and develop employees who share our values and ambitions.

Our reporting

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

Governance and resources

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

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

Page 101
Governance framework

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

Our sustainability strategy is defined by three key priorities:

1 Invest responsibly

We give due consideration to the sustainability profile of portfolio companies before investing and throughout the holding period. We use our influence with our portfolio companies to ensure that they assess their environmental and social impacts and dependencies and, where relevant, devise strategies to address them.

Pages 42-51
Read more

2 Recruit and develop a diverse pool of talent

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

Pages 52-55
Read more

3 Act as a good corporate citizen

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

Pages 56-57
Read more

Science-based targets

On 22 March 2024, the SBTi approved 3i's science-based targets. Our targets cover our own operations and our portfolio.

Scope 1 & 2 (own operations)

3i Group plc commits to reduce its absolute Scope 1 and 2 (market-based) GHG emissions by **42%** by FY2030 from a FY2023 base year.

Scope 3 (portfolio emissions)

3i Group's portfolio targets cover 82% of its total investment and lending[1] by invested capital as of FY2023.[2]

3i commits to:

- **31%** of its listed and eligible Private Equity portfolio by invested capital setting SBTi validated targets by FY2028 and **100%** by FY2040 from a FY2023 base year
- A **68%** per megawatt-hour ("MWh") reduction in GHG emissions from the electricity generation sector within its eligible portfolio by FY2030 from a FY2023 base year
- Continue providing electricity generation project finance only for renewable electricity through FY2030

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1 The target language makes reference to "lending activities". 3i does not engage in lending activities, but had to word its targets in alignment with the SBTi's standard language for Financial Institutions.

2 As of FY2023, required activities made up 82% of 3i Group's total investment and lending by invested capital while optional activities made up 3% and out of scope activities made up 15%.

External benchmarking

We believe that it is important to evidence our commitment to operating sustainably. We therefore provide a wealth of relevant information to shareholders and other interested stakeholders.

UN Principles for Responsible Investment

We have been signatories to the UN Principles for Responsible Investment ("UN PRI") since 2011. 3i scored four out of five stars for the Policy, Governance and Strategy, Private Equity and Infrastructure modules in the 2023 UN PRI assessment report.

Sustainability indices

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

Orbis Advisory 2023 Private Equity ESG Transparency Index

3i was recognised as the Top ESG Performer overall and in the mid-market category of the Orbis Advisory 2023 Private Equity ESG Transparency Index. This index assesses the ESG disclosures of 161 private equity firms listed in the BVCA directory across six categories: global buy-out funds, mid-market private equity, growth equity, alternative lenders, direct investors and infrastructure funds.

TOP ESG PERFORMER 1st MID-MARKET 2023 PRIVATE EQUITY ESG TRANSPARENCY INDEX orbis

TOP ESG PERFORMER 1st OVERALL 2023 PRIVATE EQUITY ESG TRANSPARENCY INDEX orbis

Sustainability ratings

We engage with multiple rating providers that assess our ESG performance based on their own methodologies. The summary of our ratings as at 8 May 2024 (except where indicated) is as follows:

Rating body	Latest rating and scoring scale
CDP	**Climate change score: B** Scale: A to D-
S&P Global CSA	**48 (93rd percentile)** Scale: 0-100 (higher scores are better)
FTSE Russell	**3.8 (81st percentile)** Scale: 0 to 5 (higher scores are better)
ISS ESG	**ISS ESG Corporate Rating: B-** Scale: A+ to D-
Sustainalytics[3]	**10.4 Low Risk** Scale: from Negligible (0-10) to Severe (40+)

3 As at October 2023. Copyright © 2024 Morningstar Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

1

Invest responsibly

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

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

Our investment approach is based on four pillars:

- Long-term stewardship
- Thematic origination
- Careful portfolio construction
- Assessment and management

Pages 16-17
Our long-term, responsible approach

The ESG Committee is responsible for refining our approach to ensure that it remains aligned with emerging best practice, evolving stakeholder expectations and recent and upcoming sustainability regulations across our markets. It reviews how ESG-related risks and opportunities are assessed throughout our investment and portfolio management activities and develops and recommends changes to our processes and to our Responsible Investment policy.

Our Responsible Investment policy

Our Responsible Investment ("RI") policy sets out the types of businesses in which 3i will not invest, as well as minimum requirements in relation to ESG matters, which we expect new portfolio companies to either meet or commit to meeting over a reasonable time period. We screen all investments against the RI policy, irrespective of their country or sector.

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

The environment

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

Business integrity

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

Fair and safe working conditions

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

Good governance

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

Our RI policy was updated in May 2024 to reflect the introduction of considerations and criteria to enable 3i to achieve its science-based targets over time, including:

- restrictions on coal investments and a referral mechanism for consideration of other fossil fuel investments and investments in companies that derive a significant proportion of their revenues from fossil fuel-related activities; and
- the introduction of a requirement for in-scope portfolio companies to set science-based targets within a reasonable timeframe.

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

Invest responsibly continued

Assessment and management of ESG factors in our investment and portfolio management processes

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

Pre-investment

Assessment and action planning

- Screen each opportunity against the requirements of the RI policy at the first stage of our process
- Identify and give due consideration to the most material ESG factors inherent in each investment opportunity
- Commission specialist due diligence on ESG matters where required
- Include ESG considerations in Investment Committee materials
- Integrate relevant action points into the post-investment action plan

During investment period

Use of influence and engagement

- Implement robust governance and procedures at the portfolio company to ensure that ESG risks and opportunities are assessed and managed appropriately
- Use active participation and influence on portfolio company boards to ensure they are addressing the ESG risks in respect of their businesses
- Leverage the 3i portfolio and network to provide introductions to other companies, useful contacts and advisers and share best practice
- Engage with portfolio companies and provide support as they devise their sustainability strategies and implement and deliver related projects

Data collection and monitoring

- Collect ESG data from portfolio companies on an annual basis to understand the baseline and measure progress over time
- Prepare detailed quantitative and qualitative ESG assessments annually as part of the portfolio company review process
- Discuss ESG assessment during portfolio company review meetings, involving investment teams, Investment Committee members and selected 3i Board members
- Set and monitor progress with portfolio-wide objectives in line with ESG minimum requirements set in the RI policy

Exit

Preparation and communication

- Consider the data collection, reporting and governance structures which may be required in advance of a sale process
- Work with advisers to communicate relevant sustainability information to potential buyers

Objectives

Pre-investment: The Investment Committee may decline investment opportunities where red flags are raised in the pre-investment ESG risk assessment that cannot be remedied post investment. Further specialist due diligence may be commissioned to assess whether a situation can be remedied.

Use of influence and engagement: We use our influence to assess and mitigate risk and ensure value creation opportunities are captured.

Data collection and monitoring: Data is used to develop our understanding and management of ESG matters, to enhance our decision making, to facilitate better financing opportunities and to identify key themes, trends and opportunities across the portfolio.

It is also used to comply with our reporting obligations.

Exit: Good ESG performance can protect and potentially enhance the value achieved in an exit.

In FY2024, we undertook a second phase of climate change scenario analysis for our portfolio. This work improved our understanding of the critical drivers behind climate-related risks and opportunities in our existing holdings. We used some of the outputs of this work in the enhancement of our due diligence framework which we will use to assess our forthcoming investment pipeline.

During the year, we implemented a new software tool to increase the consistency and quality of the ESG data we receive from portfolio companies as part of the annual ESG assessment questionnaire. This tool enables us to prepare year-on-year analyses of portfolio company performance, enhancing our portfolio monitoring activities.

We continued to offer training to our investment executives on ESG topics that may be relevant to our portfolio, including human rights.

Pages 58-68
TCFD disclosures and climate change scenario analysis

Invest responsibly continued

Proactive engagement with our portfolio

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

- board or management-level responsibility and appropriate governance, reporting structures and resourcing to manage ESG risks and opportunities that may impact their business over the holding period;
- assessing material ESG issues and devising appropriate strategies to address them;
- measuring their carbon footprint, setting science-based targets or appropriate decarbonisation plans, and demonstrating decarbonisation progress within a reasonable timeframe;
- establishing relevant and proportionate governance and sustainability-related policies and procedures;
- ensuring they are well prepared to meet regulatory requirements; and
- considering stakeholders in their management of ESG issues and communicating transparently.

We leverage our knowledge and expertise across our portfolio and facilitate the sharing of best practice, either through introductions, or through forums on themes including plastics, carbon and information security and digital innovation. In addition, ESG was a key agenda item at our portfolio company CFO forum in November 2023, where a discussion facilitated by an external specialist consultancy and our internal portfolio sustainability team focused on the role of the CFO and finance team in enabling the delivery and monitoring of sustainability strategies with applicable KPIs. This theme is particularly relevant given upcoming sustainability regulations in the EU.

In February 2024, we held our inaugural sustainability forum in Amsterdam, welcoming sustainability representatives from 30 of our Private Equity and Infrastructure portfolio companies. The agenda included discussions and expert presentations on topics ranging from how to develop an effective sustainability strategy and prepare for ESG regulation, to science-based targets and value-led decarbonisation. A number of delegates from our portfolio companies also presented their strategies and experiences of these topics. The forum was an opportunity for the delegates to get to know one another in an informal setting and establish a network of peers across our portfolio. Following the forum, we launched a virtual space where our team and the sustainability representatives of our portfolio companies can remain engaged on these and other relevant topics.

The case studies on pages 46 to 51 highlight a few examples of the progress achieved by our portfolio companies on some of their material ESG issues.

69%

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

46%

of portfolio companies publish sustainability reports[1]

97%

of portfolio companies report carbon emissions[1]

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

Invest responsibly continued

ESG risks in our portfolio

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

Key risk	Mitigation
Climate change Risk of losses due to the physical effects of climate change or to the transition to a low-carbon economy	Climate change affects many of our investments through changes in the regulatory framework, changes in consumer preferences or stakeholder pressure to reduce their carbon and broader environmental footprint. In addition, many countries have set demanding net zero or emissions reduction targets, the achievement of which relies heavily on the decarbonisation of the private sector. We carried out climate change scenario analyses in each of the last two years. These have allowed us to refine our understanding and assessment of climate risks in our investment and portfolio management activities. Specific climate change risks and strategies we use to mitigate them are set out in our TCFD disclosures on pages 58 to 68.
Human rights Risk of potential adverse impacts on human rights resulting from the actions or operations of a portfolio company	3i's approach to human rights in the context of its investment portfolio is incorporated within its RI policy. 3i's policy has been not to invest in businesses which we view as unethical, including those which do not respect the human rights of their workers. We specialise in core investment markets in Europe and North America, which are generally considered to have a relatively low potential risk of human rights breaches. However, we are aware that many of the companies we invest in have operations and/or supply chains based in higher risk countries. Human rights risks are assessed in our detailed portfolio company reviews. For companies with higher-risk supply chains, there is a focus on whether the company has a supply chain policy or code of ethics in place, who at board level has responsibility for monitoring supply chain issues, the extent to which supply chain audits are carried out and whether there have been any material issues in these areas.
Occupational health and safety Risk that a person may be harmed or suffers adverse health effects if exposed to a hazard as part of their employment	The safety and wellbeing of our portfolio companies' employees is a priority for us. Occupational health and safety is a risk across many of our portfolio companies. We monitor health and safety data through our ESG assessments and log incidents on our central risk register. To mitigate health and safety risks, as significant shareholders we work to ensure that portfolio companies have robust health and safety policies and procedures in place, that incidents are logged appropriately and acted upon, that there is clear board-level responsibility for health and safety and that sufficient resources are dedicated to this area.
Environmental and social regulation Risk that the development of existing or new ESG laws and regulations could impact portfolio companies operationally or financially	We ensure that our portfolio companies stay abreast of regulatory developments, understand their impacts on their operations and finances, and that they comply in a timely fashion.
Cyber security Risk of exposure or loss resulting from a cyber attack or data breach	3i actively promotes cyber resilience in its portfolio companies as a key component of the corporate governance programme through its representatives on the boards. We use an external firm of cyber security specialists to conduct reviews of the cyber resilience of our core portfolio companies' key systems. The resulting reports are discussed with the management teams of the relevant portfolio companies and specific actions agreed where appropriate. Cyber resilience is one of the governance topics reviewed at the semi-annual portfolio company process using the cyber security-related data collected as part of the ESG questionnaire and is monitored on a portfolio-wide basis.
Fraud Risk of unexpected loss resulting from fraudulent activities carried out by either internal or external actors	We monitor and manage fraud risk in our portfolio companies through our investment and portfolio management processes and aim to ensure that all portfolio companies have adequate governance structures and resources to manage this risk. Fraud incidents are logged and shared among investment teams.
Sanctions Risk of potential exposure or harm resulting from violations of economic sanctions imposed by international bodies or individual countries	The increase in sanctions following Russia's invasion of Ukraine impacted a very small number of our portfolio companies. 3i's policy is to comply with all applicable UK and international economic sanctions, both directly and in relation to its investment activities. Compliance with our sanctions policy is monitored by our compliance team.
Changing consumer preferences Risk that consumers may switch to competitors who better understand and cater to their evolving ESG preferences	We ensure that our portfolio companies understand their material environmental and social impacts, stay abreast of market developments and of customer and consumer preferences, and that they develop their commercial offering so that it remains attractive and meets stakeholder expectations.

Action

Action believes that sustainability should be accessible for all. Its comprehensive Action Sustainability Programme is structured around four pillars: people, planet, product and partnerships. It sets out Action's ambitions on climate, the development of its people, on community partnerships and ensuring minimum social and environmental standards in its supply chain.

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

Progress on material topic: energy and emissions

Action has a target to reduce its Scope 1 and 2 emissions by at least 60% by 2030 from a 2021 baseline. By the end of 2023, it had achieved a 46% reduction against the baseline while delivering strong growth in its network of stores and distribution centres. To achieve this, 90% of electricity is now procured from renewable sources, most stores have been disconnected from the gas supply and solar panels have been installed at seven out of its 13 distribution centres. Action aims to have disconnected gas, and fitted LED lighting, at all stores by the end of 2024. In addition, the company is now using HVO fuel for all of its 150 owned trucks and is piloting four new zero-emission[1] e-trucks at distribution centres in the Netherlands and Germany.

Action calculated its Scope 3 emissions for the first time in 2023, using a 2021 baseline. The exercise showed that Scope 3 emissions account for 99% of Action's total carbon footprint, with product raw materials, manufacturing and transportation representing 75% of the total. The company will use the insights from this exercise to develop its climate strategy, engaging with suppliers and supply chain partners to reduce Scope 3 and product-related emissions in the future. As a first step to addressing its Scope 3 emissions, Action has agreed with its most significant ocean freight carriers to use eco-fuels for shipments from Asia to Europe. The company has committed to set near-term emissions reduction science-based targets covering Scopes 1, 2 and 3 and aims to submit these for validation by the SBTi during 2024.

Progress on material topic: supply chain transparency and responsible sourcing

Action requires its suppliers to sign up to an ethical sourcing policy, which sets out minimum standards in areas such as forced labour, health and safety, pay and working rights. In addition, it requires all factories in high-risk countries to have an annual social compliance audit. Regular spot checks are performed to ensure factories remain compliant. The company looks to expand this programme every year, and conducted 2,104 assessments at suppliers and factories in 2023, compared to 1,682 in 2022. Action works with external partners to ensure expected standards are upheld, including amfori and supply chain expert ImpactBuying.

Action has a long-term commitment to supply chain transparency and aims to deliver transparency to all tiers of production by 2030. The current priority is final manufacturing factories (tier 1), where the company has an ambition to achieve 100% transparency by 2024 (from 88% in 2023). This is an important step to ensure that suppliers respect human rights and safety.

The business thinks strategically about where it sources its products from and is actively diversifying its product sourcing to more geographies. Last year, despite significant sales growth, total European sourcing was maintained at 45%.

During 2023, Action achieved its goals to source 100% sustainable cotton (private and white label products) and cocoa (private label products) and made significant progress towards its goal of achieving 100% sustainably sourced timber by 2024, with 95% of timber products certified as sustainable in 2023.

Pages 22-25
Action

Read more
www.action.com

1 The trucks will have zero direct emissions if they are charged using renewable electricity.

Invest responsibly continued

ten23 health

ten23 is a leading development, manufacturing and testing provider of sterile products for the pharmaceutical and biotech industries. Since its establishment in 2021, ten23 has been strongly purpose-driven, with commitments to placing patients, people and planet at the centre of its decisions, and operating with a core principle of "fairstainability" (fairness and sustainability).

This ethos is a key differentiator in a market primarily focused on patient health and safety, and where the environment is frequently a secondary consideration.

ten23 has a number of initiatives ongoing across its patients and people pillars. As part of its planet strategy, ten23 identified plastic waste and GHG emissions reduction as material focus areas.

Progress on material topic: plastic waste

ten23 set an objective to reduce, substitute or recycle plastics wherever possible, with a goal of removing twice as much plastic from the environment than is sent to final disposal, by 2025.

To achieve this, ten23 reduced the use of plastic disposables in labs, switched to biodegradable or reusable materials where possible, and improved sorting and recycling rates through the use of plastic waste collection bins. During 2023, plastic waste sent to incineration reduced from 5.0 tonnes (in 2022) to 2.7 tonnes, thanks to an increase in the recycling rate from 34.4% to 43.3%, despite the company's year-on-year growth.

Any plastic waste which cannot be separated for recycling is offset through a partnership with Seven Clean Seas, an organisation which removes plastic waste from marine environments. Through this partnership, ten23 has removed 19 tonnes of waste from oceans and rivers to date, representing more than 150% of the plastic waste generated by the company since its inception.

Progress on material topic: GHG emissions reductions

ten23 aims to reduce Scope 1 and 2 emissions by 50% by 2025 on an intensity basis to reflect the growth and maturity of the business since its establishment. In the first two years of operations, the company established a baseline for 2021 and delivered a 44% reduction against this, through a combination of procuring 100% renewable electricity and implementing several energy efficiency measures throughout its two facilities, including a cooling system upgrade, a new HVAC system installation, office shut-downs implemented to reduce heating requirements between Christmas and New Year, retrofitting of motion sensors into lighting and the purchase of an electric minivan and electric bikes to enable commuting between company locations.

ten23 expects to meet its initial emissions reduction target one year ahead of plan and has an ambition to set further emissions reduction targets in line with the SBTi criteria during 2024.

Collaboration

In addition to making meaningful changes within its own operations, ten23 aims to address systemic industry issues by working in collaboration with its suppliers, other pharmaceutical companies and various other healthcare stakeholders.

One example of this includes a partnership between ten23 and Elio, an eco-design software provider, to co-design and develop a tool which will enable technical experts to integrate sustainability considerations into product and process design. The purpose of this collaboration is to enable change across the healthcare industry, by prioritising sustainable practices without compromising the innovation, efficacy, safety and quality of sterile medicine formulations and manufacturing practices.

Read more
www.ten23.health

Invest responsibly continued

WilsonHCG

WilsonHCG is a provider of talent solutions offering recruitment process outsourcing, executive search, contingent workforce solutions, labour market intelligence and talent consulting services.

As a professional services business, employee development and recognition, and diversity are material topics for WilsonHCG. The company is focused on attracting, developing and retaining a diverse, global pool of over 1,500 talented employees, and supporting their clients to do the same.

Progress on material topic: diversity

WilsonHCG is committed to fostering Diversity, Equity, Inclusion and Belonging ("DEIB") through its culture and values, and by hiring top talent from across a diverse society.

One way the company achieves this is through its BRITE programme (Belonging, Respect, Inclusion, Togetherness and Equity) to promote inclusiveness across the organisation by highlighting employees' upbringing and background to break down social barriers and enable greater understanding of others. To support DEIB, collaboration and networking across the workplace, nine Employee Belonging Groups have been established as safe places for individuals to discuss traits and experiences which make people diverse. These voluntary groups, which include the Black community, veterans and military spouses, and neurodivergent employees, have over 500 members.

Understanding that achieving diversity requires an ongoing commitment, a DEIB committee is tasked with implementing initiatives across the organisation. During 2023, the committee hosted its first company-wide Diversity Summit, attended by more than 1,200 employees. Highlights included a workshop on inclusive hiring practices, a leadership panel, and a discussion on DEIB hosted by an external speaker.

WilsonHCG extends its experience and expertise in DEIB to support clients to attract diverse and qualified candidates. For example, the company supported a global IT consulting company to achieve a specific objective of increasing diversity hires across North America and EMEA. WilsonHCG provided an inclusive and targeted approach to candidate sourcing, and networking strategies to encourage applications from underrepresented groups. This resulted in a 32% increase in the female diversity slate and a 98% offer-to-hire rate.

Progress on material topic: employee engagement and development

Employee development at WilsonHCG begins in the first 90 days of an employee's career, when a personalised onboarding plan ensures they are set up for success. Following this, multiple internal certification programmes provide dedicated training into specialist areas of recruitment. Once employees reach leadership positions, a dedicated programme provides them with foundational skills and helps to build a peer support network. An ongoing development programme with monthly content is attended by 87% of leaders across the business.

WilsonHCG's commitment to fostering an innovative working environment has enabled the company to become an employer of choice. Employees are supported to work how and where they are most effective, including through a flexible daily schedule and the opportunity to work from anywhere. As a result, the organisation has a blended workforce of office-based and virtual employees spanning 65 countries and 78% of employees state they have a healthy balance between work and personal life. The prioritisation of workplace culture led to the company earning Great Place To Work Certification™ for the third consecutive year in 2023, being named a Fortune Best Workplaces in Consulting & Professional Services™ for two years in a row and named as a Best Workplace for Millennials™.

Read more
www.wilsonhcg.com

Invest responsibly continued

Joulz

Joulz owns and provides essential energy infrastructure equipment and complementary services to industrial and commercial customers in the Netherlands, assisting them in their energy transition journey.

Joulz's service offering includes medium-voltage infrastructure (transformers and their related infrastructure), storage (mainly battery energy storage systems), solar (large-scale installations under operational lease or with government subsidies), metering (electricity and gas meters) and EV charging (AC and DC charge points). Its expertise is in the provision of integrated solutions which combine multiple service offerings to create a "virtual grid", addressing challenges such as grid congestion.

Progress on material topic: GHG emissions reduction

Given Joulz's key role in supporting customers with electrification, the business identified the development of its own credible decarbonisation plan as a key pillar of its sustainability strategy. Joulz's assessment of its Scope 1 and 2 emissions in 2022 indicated that they were limited and largely driven by its vehicle fleet, stationary combustion used in their operations and gas heating in offices, which accounted for c.83% of the combined Scope 1 and 2. The remaining 17% was due to purchased electricity, mainly for office use.

Following this assessment, Joulz set near-term emissions reduction science-based targets, receiving SBTi validation in January 2024. These targets include a commitment to reduce Scope 1 and 2 emissions by 42% by 2030 from a 2021 baseline and a commitment to measure and reduce Scope 3 emissions in due course. Due to its size, Joulz was able to follow the SME route developed by SBTi and did not have to include a specific Scope 3 reduction target.

Joulz plans to achieve its targets through: a detailed reduction plan aligned with its sustainability strategy, including the use of biofuels; a transition to a full electric car fleet; procuring renewable electricity in its offices; potential rooftop solar solutions; and the reduction of natural gas use in offices and operations.

Progress on material topic: occupational health and safety performance and initiatives

Health and safety is another important topic for Joulz. In 2023, the business expanded its health and safety team to increase safety efforts and deliver on safety initiatives. For example, emergency response procedures were refreshed and evacuation training provided to employees, and a number of safety campaigns were held.

An awareness campaign was executed during 2023, consisting of live sessions with employees, narrowcasting and intranet messaging. Special attention was given to asbestos, which is a risk in the environment in which Joulz operates. This is in addition to the regular workplace inspections, employee certifications and incident/near miss reporting which are part of Joulz's safety and quality certifications.

As a result, the business demonstrated improved performance in 2023 with the ratio of Lost Time Incident Frequency Rate decreasing to 0 (from 7.9 in the prior year).

Both emissions and health and safety incidents are on the Joulz top level scorecard, to which senior executive remuneration is linked.

Read more
joulz.nl

Invest responsibly continued

Future Biogas

Future Biogas is one of the largest anaerobic digestion ("AD") plant developers and producers of biomethane in the UK.

Established in 2010, it owns two AD plants with one further AD plant in construction, and operates 10 AD plants mainly on behalf of institutional investors under medium- to long-term contracts, converting energy crop feedstocks into biogas.

Biogas can be used to generate renewable electricity or be upgraded into biomethane and injected into the UK's national gas network. There is growing demand for domestically produced biomethane which, as a direct substitute for fossil natural gas, plays an essential role in decarbonising some of the UK's gas dependent sectors such as heat, transport and manufacturing.

Progress on material topic: decarbonisation

Future Biogas is developing a new generation of unsubsidised AD plants and plans to sell the resulting biomethane under long-term offtake agreements to its offtake partners. In September 2023, Future Biogas entered into a 15-year partnership with AstraZeneca to establish the UK's first unsubsidised industrial-scale supply of biomethane gas. Future Biogas will supply several of AstraZeneca's sites with up to 100 gigawatt hours (GWh) per year. Such a partnership provides a blueprint for wider commercial adoption of renewable gas in the UK. The collaboration with AstraZeneca, set to begin in early 2025, is expected to result in a significant reduction of GHG emissions of approximately 20,000 tonnes of CO_2 equivalent.

Future Biogas is optimising the carbon intensity of its biomethane production. This pioneering effort includes reducing methane slip and facilitating the accumulation of soil organic carbon in soils, alongside a range of other measures targeting emissions from both crop production and on-site activities at the AD facility.

Progress on material topic: sustainable farming

Future Biogas is actively engaging with the farmers it purchases feedstock from to support them in the transition to more regenerative land management practices. The co-production of food and energy can offer multiple environmental benefits – increasing crop yields, reducing the demand for plant protection products (pesticides), enriching biodiversity, and improving soil health, while decarbonising food and energy systems. In addition, the anaerobic digestion of the crops for the production of biogas has a by-product, known as digestate, which is used as a carbon and nutrient-rich bio-fertiliser displacing the need for artificial fertilisers, and replenishing soils with organic matter which is essential for healthy soil and its ability to act as a carbon sink.

In October 2023, Future Biogas established an agricultural advisory board made up of leading academics and industry experts to provide the business with independent farming, scientific and market expertise focusing on a broad range of subjects including sustainable farming, scientific research and policy. This will ensure a wide spectrum of perspectives and specialisms are considered in the scrutiny applied to Future Biogas' subsidy-free projects.

Read more
www.futurebiogas.com

2

Recruit and develop a diverse pool of talent

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

We have an open and non-hierarchical culture, provide an inclusive and supportive working environment with opportunities for training and career development, and foster the physical and mental wellbeing of our employees. We value diversity and believe that a variety of perspectives enhances our decision making. Our recruitment, promotion and reward processes are based solely on merit. We are an equal opportunities employer and prohibit all forms of discrimination.

Human rights

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

Our policies are consistent with internationally-recognised human rights principles such as the UN Global Compact. We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination. We also encourage our business partners and suppliers to adopt the same standards with respect to human rights. Given the composition of our workforce, which is characterised by a very small number of employees with very diverse roles, and considering the nature of our business, our employees are not unionised, nor do they engage in collective bargaining.

We published our statement on modern slavery for the financial year ended 31 March 2023 on our website in September 2023, and will update this statement in September 2024.

Diversity, equity and inclusion strategy and initiatives

We cultivate an inclusive environment for existing and prospective employees which respects, involves and leverages diverse talent for greater organisational good. Our main focus is gender and ethnic diversity, as well as diversity of thought, perspective and background.

We have made reasonable progress in achieving greater diversity within our organisation across a number of senior investment and non-investment roles. We aim to continue to improve diversity within our ranks by considering diversity in all recruitment processes. However, we are a small organisation with relatively low turnover and recruitment volumes, which means that it is not feasible for us to implement formal diversity targets. We recognise, therefore, that achieving better diversity for us will continue to be an incremental journey, and we aim to build on our progress with a number of initiatives.

In FY2023, we set up a Diversity, Equity and Inclusion ("DE&I") steering group chaired by our Chief Human Resources Officer and with members drawn from several functions across the organisation. This steering group provides a forum to discuss DE&I issues and suggest potential initiatives to improve our performance in this area.

During the year, we expanded the reach of our Leading with Impact Programme, through which we encourage leaders to reflect on personal and group biases, with the objective of gaining insights into how these influence their everyday behaviours and decision making. Building upon the successful implementation of this programme within our Private Equity and Infrastructure investment teams in FY2023, we extended it to our Professional services team leadership in FY2024. To date, 19 senior employees have taken part in this programme.

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

We place great importance on diversity of thought and perspectives. Recognising its significance, we have been evaluating our individual and team dynamics to enhance effectiveness and foster inclusivity. In FY2024, our professional services employees participated in the Myers Briggs Type Indicator assessment, one of the most widely used tools for understanding normal personality variations, and a great instrument to help shape the professional development of individuals and teams. This was followed by externally facilitated sessions, delving into our preferences and different ways of working. These sessions had already been implemented within our Private Equity and Infrastructure investment teams in the preceding financial year. During the year, we also arranged a training session with Dr Eliza Filby, an historian of generational evolution and contemporary values, on managing a multi-generational workforce in the post-pandemic age.

Our Equal Opportunities and Diversity, and Global Recruitment and Selection policies establish that all 3i employees, contract workers and job applicants are treated fairly and are offered equal opportunity in selection, training, career development, promotion and remuneration.

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

No incidents of discrimination were reported in FY2024.

249
employees[1]
as at 31 March 2024

27
nationalities
as at 31 March 2024

1 Global employee headcount.

Recruit and develop a diverse pool of talent continued

Progress and action on gender diversity

We recognise the importance of achieving better gender diversity at 3i and believe we are making reasonable progress in that respect, within the constraints of a small organisation with modest staff turnover. Of the 23 new hires we made during the year, 13 were female and 10 were male[1].

As at 31 March 2024, 3i's total of 249 employees was broken down as follows, based on biological sex[1]:

	Female	Male	Total
3i employees	101	148	**249**
Senior managers[2]	7	17	**24**

1 Note that we refer to "female" and "male" when discussing biological sex and to "women" and "men" when discussing gender. The information of biological sex is gathered through employees' legal documents shared with us.
2 Senior managers include Simon Borrows, James Hatchley and Jasi Halai, our Chief Executive, Group Finance Director and Chief Operating Officer, who are also Board members. This disclosure is based on the criteria set out in Section 414C of the Companies Act 2006. This data is different to the data provided for the FTSE Women's Leader review which defines senior management as a level below Executive Committee (excluding personal assistants and administrative staff). Using that definition, out of 61 senior managers, 15 were female while 46 were male as at 31 March 2024.

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

A substantial improvement in gender diversity in our industry will take many years, and will only be achieved through a multi-pronged approach which will include grass-roots education and advocacy work in schools and universities, for example, as well as positive action taken by us and other investment firms on recruitment, flexible working and parental policies. In addition to focusing on diversity in our recruitment processes and continuing our mentoring programme, we also offer reasonable flexibility at work and a range of family-friendly policies, the details of which can be found on our website. For example, as part of family-friendly benefits in the UK, we provide maternity and paternity leave, adoption leave, an option for shared paternal leave as well as bereavement and compassionate leave. Our HR team periodically reviews our polices and legal requirements to ensure they are competitive and compliant with local practices.

Read more on family-friendly policies
www.3i.com/sustainability/sustainability-policies/

We continue our contribution to industry-wide work and advocacy on gender parity through a number of industry associations and by participating in forums and initiatives that promote the advancement of women in the investment sector.

3i is a member of Level 20 in the UK. We also recently joined Synergist Network, the US national network of women in investing, focused on connecting women in the first decade of their investing careers and providing them with the infrastructure and network critical for long-term success.

We also have signed up two members of our Professional Services team to WeQual, a global, peer-led community for large organisations seeking to support, connect and develop their women leaders.

3i is an official sponsor of Level 20

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

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

Read more
www.level20.org

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

GAIN (Girls Are INvestors) is a community of investors, with charitable status, set to improve gender diversity in investment management by building a talent pipeline of entry-level female and non-binary candidates. GAIN aims to inform young women with online resources and to inspire them with a strong network of relevant role models, who speak in high schools and universities around the UK and feature on its online channels, delivering compelling and high-impact messages on the many benefits of investing as a career. Among the initiatives managed by GAIN is a summer GAIN empower investment internship programme, open to women and non-binary students across the UK. 3i was one of 98 firms participating in the 2023 summer internship programme, taking on three interns for paid internships. We will renew our participation in the scheme with three further interns joining 3i's investment teams for paid internships in the summer of 2024. In addition to the internship programme, a number of our employees are taking part in the GAIN 1-2-1 mentoring programme, both as mentors and mentees.

Read more
www.gainuk.org

Recruit and develop a diverse pool of talent continued

Progress and actions on ethnic diversity

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

As at 31 March 2024, approximately 15% of 3i's total UK employees declared to have an ethnic minority (excluding white minority) background. This statistic is based on the responses to a DE&I survey we carried out for our existing UK employees at the beginning of 2023 and among new joiners on an ongoing basis. The proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets was approximately 16%.

We are committed to advocating for better representation of ethnic minorities in our industry and have been participating in the #10000BlackInterns (formerly #100BlackInterns) initiative organised by the 10000 Interns Foundation since 2021.

3i participates in the #10000BlackInterns initiative by the 10000 Interns Foundation

3i has partnered with the 10,000 Interns Foundation since it was first established in 2021 to help transform the horizons and prospects of young black people in the UK. The #10000BlackInterns initiative seeks to offer 2,000 paid internships to black students and graduates each year for five consecutive years. The initiative has partnered up with firms across over 30 sectors, delivering internships across a range of business functions. Since its launch, the programme has garnered great support with over 500 companies offering internships to black students in the UK as a way of attracting a more diverse range of talent to their sectors. We welcomed two students for paid internships in our investment teams in each of the summers of 2021 and 2022 and one student in the summer of 2023. We look forward to welcoming another student for a paid internship in 2024.

Read more
10000internsfoundation.com

Employee engagement

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

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

The Board of Directors typically holds at least one of its meetings every year in one of our international offices. This provides an opportunity for non-executive Directors to meet the local teams, often in a more informal setting. In FY2024, the Board held meetings in our Amsterdam and New York offices. The non-executive Directors also have other opportunities to engage with employees, for example, by attending our semi-annual portfolio company reviews. These important meetings provide the non-executive Directors with an insight into how our investment business operates and into our culture. Employees also enjoy this opportunity to interact with the Board. Our Chair aims to visit all our major international offices on a rolling cycle and engages with as many employees as possible during these visits.

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

	FY2024	FY2023	FY2022	FY2021	FY2020
Participation in UK SIP[1]	**90%**	87%	89%	88%	87%
Voluntary employee turnover rate (global)	**6.0%**	9.5%	12.2%	7.3%	8.8%

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

Living wage

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

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

Recruit and develop a diverse pool of talent continued

Learning and development

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

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

In FY2024, we provided formal specialist training on areas and skills including value creation, presentation and communication skills, climate change and human rights. We also offered executive coaching for some employees. Our investment executives regularly receive education on issues of wider topical interest and impact. For example, our sustainability professionals delivered a number of training and information sessions on sustainability.

Some of our employees have access to the Sama Professional Coaching app, which provides individual personal career coaching by experienced, credentialed executive coaches, all DEIB trained.

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

This year, we held a two-day conference for our global support team, in recognition of the critical contribution of our executive assistants and support staff to our business. The conference provided a great opportunity to share knowledge and best practice and to build relationships and networks to facilitate better collaboration across the business. It also provided a forum to reflect on how we capitalise on developments in digitalisation and technology post pandemic. During the conference, we launched a dedicated learning hub, facilitated by an external provider, providing tools for our support teams to enhance their skills and own their professional development.

Our formal appraisal and objective setting process, held annually for each employee, is key to their personal development. During this process, we measure each employee's performance against their agreed objectives and 3i's values to inform decisions on remuneration, training, career development and future progression. We encourage employees to make use of an online facility to obtain 360-degree feedback as part of this process.

Employee wellbeing

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

Physical health

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

Building on our progress last year, in FY2024 we published a Menopause Policy formalising the details of support available to our employees. Specifically, our UK-based employees have access to a range of menopause services, including access to Bupa's Women's Health Hub, a consultation and a follow-up with a menopause-trained GP, personalised clinical advice on managing symptoms and access to menopause-trained nurses on a 24/7 basis through the Bupa Anytime Healthline for a period of one year.

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

Mental health and employee assistance

We recognise the importance of mental wellbeing for our employees. We have trained 18 "mental health champions" across our business. These individuals act as first points of contact for employees facing mental health challenges. Over the past five years, most employees have participated in workshops facilitated by a specialist mental health consultancy. These workshops offer a basic understanding of mental health, strategies to develop and strengthen it, and insights to recognise the early warning signs of struggle. In addition, our employees have access to Headspace for Work, the leading mindfulness-based mental health app offering meditations and exercises for stress, focus, sleep, and movement.

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

Flexible working

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

3

Act as a good corporate citizen

We expect our employees to act with integrity, accountability and a careful ownership mindset and to approach their roles with ambition, rigour and energy. We embed that culture in our policies and processes.

Governance

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

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

Standards of conduct and behaviour

Our standards of conduct and behaviour are promoted and enforced through a comprehensive suite of policies and procedures which, together with our compliance manual and our values, constitute our code of conduct. Our policies and procedures are reviewed annually.

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

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

Public policy

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

Compliance and policies

Our compliance manual includes policies on:

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

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

Transparency and openness

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

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

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

Environmental impact

With fewer than 250 employees globally, 3i has a relatively small direct impact in terms of the environment and other sustainability issues. Our impact on the environment is determined largely by our portfolio. We are committed to minimising our environmental impact and to improving our environmental performance wherever possible. We have an Environmental Management System that is proportionate to the operational size and environmental risk profile of our business.

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

Our GHG emissions and those associated with our portfolio are reported in our TCFD disclosures.

Pages 80-84
Risk management

Pages 42-51
Invest responsibly

Pages 58-68
TCFD disclosures

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

Act as a good corporate citizen continued

Community

3i is keen to support charities which relieve poverty, promote education and support elderly and disabled people. A few examples of the charities we support are set out on this page.

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

Ordinary charitable giving

The charities we partner with are supported on the basis of their effectiveness and impact. Our charitable giving for the year to 31 March 2024 totalled £1.05 million. This included supporting our nine charity partners, matching staff fundraising, making a number of one-off donations and promoting the give-as-you-earn scheme in the UK, which is administered by the Charities Aid Foundation, and through which 3i matched c.£55,000 of employee donations.

Career Ready

Since 2018 we have partnered with Career Ready, a UK-based organisation that connects employers with schools and colleges to provide disadvantaged young people aged 15-18 with mentors, internships, masterclasses, and employer-led activities that prepare them for the world of work. 3i takes part in the mentoring programme which supports young people aged 16 to 18 who lack the opportunities, professional networks and confidence to find their undiscovered talents.

Community Links

Community Links is a social action charity based in Newham, one of the most deprived boroughs in London. It offers free legal advice, provides youth and employment services, delivers projects to promote the early diagnosis of cancer by increasing the uptake of NHS screening programmes, and advocates for social change by contributing to public policy debates. At Christmas, our London-based employees raised £3,000 for the charity's Toy Appeal. This enabled the charity to buy c.250 toys, which were distributed to 135 families.

The Passage

The Passage, based near our London office in Westminster, is a homelessness charity whose services have a high impact on the local community. We support The Passage's Employment and Education team, which provides homeless people with life skills and helps them to end their homelessness by returning to work. Support includes computer training, literacy classes, help with CV writing and job hunting, and financial and welfare rights advice. During the year, 17 of our London-based staff volunteered for The Passage and the charity was one of the recipients of the funds raised by our London-based staff at our Summer Charity event.

Re-engage

Re-engage is a UK national charity dedicated to tackling loneliness and social isolation amongst older people. It provides life-enhancing social connections for older people at a time in their lives when their social circles are diminishing. Supported by a network of volunteers, the charity provides regular opportunities for companionship for thousands of older people across the UK.

Snowdon Trust

The Snowdon Trust aims to break down barriers for disabled students on their journey through post-school education and into employment, for instance through grants to cover the additional costs that students incur because of their disability or through scholarships. Snowdon Trust was one of the recipients of the funds raised by our London-based staff at our Summer Charity event.

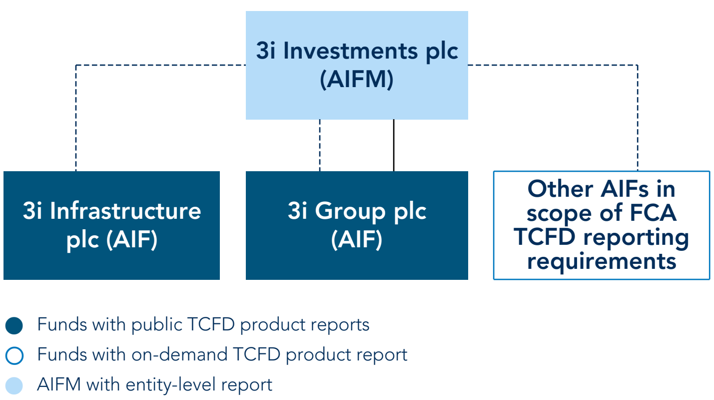
Our TCFD disclosures

These disclosures reflect 3i's response to the recommendations of the TCFD. They set out how we incorporate climate-related risks and opportunities for our business and portfolio into our governance, strategy and risk management. They also include disclosures on our direct GHG emissions metrics and, for the first time, those associated with our portfolio.

Regulatory background

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

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



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

Read more
www.3i.com/sustainability/

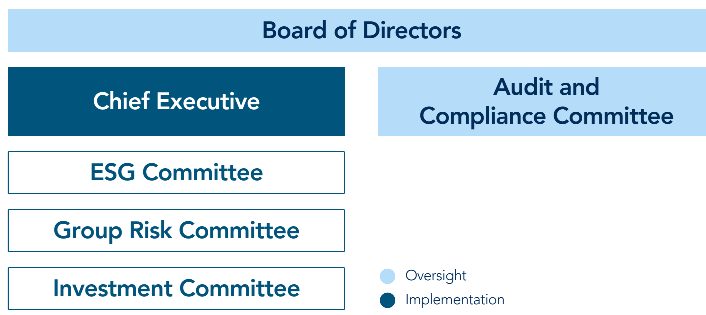
Governance

TCFD recommendations

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

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

The management of climate-related risks and opportunities is integral to our processes and operations, including our investment and portfolio management activities, with oversight by the Board and delegated authority to the Chief Executive. In determining 3i's strategy and approach to climate change, both the Board and the Chief Executive, assisted by a number of committees, take into account the laws and regulations of the countries in which 3i and its portfolio companies operate, as well as the perspectives of relevant stakeholders, such as those identified on pages 112 and 113. The governance structure is set out in the graphic below.



Non-executive oversight

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

The Board and Audit and Compliance Committee receive regular updates on ESG matters and climate-related issues from the Chief Executive and members of the ESG Committee as they become relevant and material. In FY2024, the main updates on climate-related issues included:

Our TCFD disclosures continued

May 2023	Review and approval of the FY2023 Annual report, including the TCFD disclosures and other climate- and sustainability-related disclosures contained elsewhere in the report
June 2023	Update to the Board on the ESG risk profile of the portfolio, following presentations made to the Group Risk Committee by our investment teams on the results of the annual ESG assessment of portfolio companies in March
November 2023	Update to the Board from the Chief Executive on a number of sustainability-related themes, including the development and setting of science-based targets, the second phase of our portfolio climate change scenario analysis, and the implementation of a portfolio ESG data gathering tool
December 2023	Session held during the Board Strategy Day, led by members of the ESG Committee, covering 3i's science-based targets and implications for 3i and its portfolio

Board skills and training

The Board received four dedicated training sessions on climate change during FY2023, which were externally facilitated by EY's sustainability practice. This training programme provided the Board with some of the tools necessary to improve its oversight of the Group's approach to climate change and the resulting impacts on the portfolio and investment strategy, and to inform the Board's decision making.

During FY2024, the Directors engaged with members of the ESG Committee on a regular basis on 3i's approach to climate change and related workstreams and received updates on regulatory and other relevant developments. For example, the annual Board Strategy Day in December included a dedicated session on the science-based targets that 3i had submitted for validation to the SBTi. In addition, our Directors attend our semi-annual portfolio company reviews, which include discussions of the material aspects of portfolio companies' climate strategy.

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

Executive responsibility

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

ESG Committee

The ESG Committee membership, shown in the diagram below, is drawn from a range of investment and non-investment functions across the Group. The Group Treasurer joined the Committee in FY2024. The ESG Committee also benefits from input from relevant functional areas as required.

General Counsel and Company Secretary (Chair)

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

The ESG Committee focuses on three main areas:

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

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

The ESG Committee met formally four times in FY2024, but held three additional informal meetings in the year to implement its busy agenda. The ESG Committee's activities and focus for the year are described throughout this TCFD report.

Our TCFD disclosures continued

Investment Committee

The role of the Investment Committee is described on page 82. In performing its activities, the Investment Committee ensures that material ESG matters, including relevant climate-related risks and opportunities, are properly identified, assessed and managed in the course of our investment, divestment and portfolio management activities. The Investment Committee is chaired by our Chief Executive and comprises individuals drawn from our central functions (including the Group Finance Director and Chief Operating Officer), as well as from our Private Equity and Infrastructure investment teams (including the two heads of Private Equity, the two heads of Infrastructure and other senior investment and professional services team members). It meets frequently on an ad-hoc basis to discuss potential new investments and significant portfolio activity.

Group Risk Committee

The role of the Group Risk Committee is described on pages 82 and 83. As part of its responsibilities, it identifies the principal risks and new and emerging risks, including climate-related risks, facing 3i, as well as the associated mitigating actions and key risk indicators. This committee also maintains oversight of the Responsible Investment policy and considers and approves amendments to this policy as required, taking into account legal, regulatory and market developments regarding climate change. The Group Risk Committee, which meets four times a year, is chaired by the Chief Executive, and also comprises the Group Finance Director, Chief Operating Officer, the General Counsel and the Chief Human Resources Officer, as well as the heads of our Private Equity and Infrastructure businesses and a number of functional heads drawn from across the organisation, including the Group Compliance, Internal Audit and Investor Relations and Sustainability Strategy Directors.

Dedicated sustainability resource

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

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

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

Participation in industry working groups

We are part of the Initiative Climat International ("iCI"), a global, practitioner-led community of over 250 private markets firms and investors which represented US$4.1 trillion in AUM as of the end of August 2023. These firms seek to improve the understanding and management of the risks associated with climate change. We contributed our feedback on iCI's portfolio company decarbonisation playbook, which focused on Scope 3 reduction in the supply chain through procurement.

As members of the BVCA, we contributed to the BVCA's feedback to the Financial Reporting Council's call for evidence on the implementation of International Sustainability Standards Board ("ISSB") sustainable disclosure standards in the UK.

Executive remuneration

The Executive Directors receive, in addition to their salary, an annual bonus and long-term share incentive awards based on the achievement of a number of performance conditions. For FY2024, annual bonuses for executive management were awarded based on a balanced scorecard of both financial and strategic measures agreed by the Remuneration Committee of the Board, alongside a consideration of the wider context of personal performance (including values and behaviours), risk, market and other factors.

Among the strategic and qualitative measures included in the balanced scorecard to determine the FY2024 annual bonus award, up to 10% of the maximum annual bonus opportunity was tied to progress against a number of ESG targets. The Remuneration report on pages 136 to 149 sets out the Remuneration Committee's assessment of the performance of the Executive Directors against the scorecard's ESG objectives. This TCFD report and the broader Sustainability section of this Annual report describe the measures taken by the Group to make progress against these objectives.

Pages 80-83
Risk management

Page 101
Governance framework

Pages 136-149
Remuneration report

Strategy

TCFD recommendations

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

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

Our investment strategy is to make a small number of new investments each year in our Private Equity and Infrastructure businesses, selected within our target sectors and geographies on the basis of their compatibility with our return objectives. We screen investments against our Responsible Investment policy, which has been in place for many years and is reviewed as appropriate, and most recently in May 2024. We believe that the careful assessment and management of ESG factors, including climate-related risks and opportunities, can be an important lever for value preservation and, at times, for value creation in our portfolio. We therefore integrate this assessment into our investment screening and portfolio management processes and provide the necessary training and guidance to our investment professionals. These processes are described on pages 42 to 45 of this Annual report.

Resilience of our strategy to climate-related risks

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

This flexibility in mandates and holding periods is a considerable strength, including with respect to the management of climate-related risks and opportunities, and which has supported our ability to pivot our investment towards sectors and niches that can benefit from sustainable growth trends. Combined with the influence we exert on portfolio companies this has allowed us, for example, to increase our exposure to renewable energy generation and the energy transition theme in our Infrastructure portfolio over the last few years (see the case studies on pages 50 and 51). It has also allowed us to approve investments within our portfolio companies that support climate change resilience, for example, through a reduction in their GHG emissions or the development of products and services with lower associated emissions.

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

Climate scenario analysis

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

Early in FY2023, we carried out our initial, top-down climate scenario analysis on our Private Equity and economic infrastructure investments with the help of an external consultant. This analysis assessed climate-related physical and transition risks for each of these portfolio companies over short- (< one year), medium- (to 2030) and long-term (to 2050) time horizons under three broad scenarios: an orderly net zero transition by 2050; a disorderly net zero transition by 2050; and a hot-house world scenario. We described this scenario analysis in last year's TCFD report.

This top-down analysis did not provide detailed insights into our portfolio, which is relatively concentrated, even in an industry context, (with investments in approximately 60 companies across Private Equity, Infrastructure and Scandlines, excluding the PPP project investments which were not covered) and exposed to a relatively small number of sectors and geographies. It did, however, help us to develop our understanding of climate scenario analysis and to crystallise our belief that a bottom-up approach is better suited to the characteristics of our portfolio. The output of this analysis also helped us to form a view on which areas of the portfolio would merit deeper assessment.

With the benefit of these insights, we designed and carried out a second phase of climate scenario analysis in FY2024, also with the support of a specialist consultancy. This analysis used similar scenarios to those we used for the first phase of our analysis in FY2023. They are described in detail in the next page. As an initial step, we performed an analysis of approximately half of our portfolio companies by number, excluding PPP investments. For each of these companies, we assessed potential physical and transition risks using sector information and the geolocation of their main operations and suppliers. This first step helped us to determine the potential hot spots of inherent climate-related risks within this part of our portfolio and to select a small number of portfolio companies for the second step, "deep dive" analysis of the work.

In this second step, with the use of additional data, and with the benefit of in-depth interviews with portfolio companies or investment teams, we carried out a more detailed assessment of inherent and residual physical and/or transition risks for these portfolio companies. As part of this, we further developed our understanding of how these companies assess, manage and mitigate those risks and capitalise on the related opportunities. This allowed us to improve our assessment of the residual risk levels for each risk driver significant to the portfolio companies analysed, and to identify additional engagement levers that we can use, as significant shareholders, to drive progress. We have communicated the results of this analysis to the relevant portfolio companies.

Our TCFD disclosures continued

Orderly transition

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

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

Disorderly transition

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

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

Hot-house world

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

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

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

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

We intend to refine our approach to climate scenario analysis on a regular basis. This will be an iterative process, through which we will build on our understanding and on market and scientific developments over time.

Value at risk

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

Viability statement

In addition to the climate change scenario analyses described above, we have been assessing the potential financial impact of climate change on our portfolio as a whole for some time through the work we do to conduct our annual viability assessment (see pages 129 and 130). When preparing our Viability statement, we carry out a number of tests which consider the impact on the Group of multiple severe, yet plausible individual and combined stress scenarios, including the impact that climate change might have on the value of a number of our potentially more vulnerable assets through changes in regulation, in consumer preferences, an increase in physical risks and other business risks. This analysis is carried out over a three-year timeframe, and is different to climate change scenario analysis, which analyses the impacts of climate change over a much longer time period. Because of the diverse exposures of our current portfolio companies and the flexibility we have in portfolio construction, our analysis showed that a climate-related stress scenario is unlikely to impact the viability of the Group over the three-year time period.

Transition to a low-carbon economy

The ESG Committee discussed the most appropriate approach to align 3i and its portfolio to the UK's net zero ambitions and set relevant targets. We performed a detailed analysis of the portfolio (excluding the PPP projects) to establish how challenging it is for each portfolio company to set science-based targets, in light of (i) available sector guidance and decarbonisation pathways; and (ii) the carbon maturity of the portfolio company itself.

This analysis supported our decision to set SBTs, which were validated by the SBTi in March 2024. Information on our SBTs can be found within the Metrics and targets pillar of this report on page 68.

Our TCFD disclosures continued

Principal climate-related transition risks under the orderly transition scenario

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

Our TCFD disclosures continued

Risk management

TCFD recommendations

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

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

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

3i's own operations are not in themselves exposed to material physical climate risks. We employ fewer than 250 people across seven offices. Nevertheless, the business is increasingly affected directly by climate-related legal and regulatory risks, as well as by the related reputational risks.

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

Identification, assessment and management of climate-related risks

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

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

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

Portfolio data collection and management

To support the assessment and management of portfolio sustainability risks, including climate-related risks, in FY2024 we continued to improve the quality of the annual sustainability data (including GHG emissions) we collect from portfolio companies by refining our ESG assessment questionnaires to ensure that they reflect our improved understanding of climate drivers across the portfolio, as well as evolving disclosure requirements, market practice and other stakeholder needs. We continue to work on improving the consistency and comparability of portfolio GHG emissions data, as this will underpin the quality of our portfolio emissions disclosures. The ESG Committee therefore selected and rolled out a new dedicated software tool to help us gather, organise and analyse ESG data from the portfolio, including the data used for the calculation of the portfolio climate metrics disclosed in this TCFD report. This tool provides detailed guidance for each of the metrics collected as well as access to a support team. See "Metrics and targets" on the next page for more information on portfolio emissions data.

Our TCFD disclosures continued

Metrics and targets

TCFD recommendations

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

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

3i Group's portfolio climate metrics

The metrics below provide information on the GHG emissions from our portfolio companies. These metrics cover 99.5% of the portfolio value[1] of 3i Group plc as at 31 March 2024 and are calculated in line with the TCFD recommendations implementation guidance.

Results as at 31 March 2024	Definitions of climate metrics
Portfolio emissions 323,539 tCO_2e	Total portfolio emissions is the absolute Scope 1 and 2 GHG emissions associated with a portfolio. We are allocating GHG emissions for each portfolio company using 3i Group's fully diluted equity ownership[2].
Carbon footprint 15.0 tCO_2e/£m invested	Carbon footprint is total portfolio emissions (Scope 1 and 2) normalised by the value of the portfolio[2], expressed in tonnes of CO_2e/£m invested.
WACI 42.5 tCO_2e/£m revenue[3]	Weighted Average Carbon Intensity ("WACI") is a portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/£m revenue. It is calculated using the carbon intensity for each portfolio company (Scope 1and 2 emissions/ revenue) apportioned based on the weight of each portfolio company within the whole portfolio.

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

Methodology and GHG emissions data source

As a private equity and infrastructure asset manager and owner, 3i is able to collect data from its portfolio companies.

3i requests Scope 1 and Scope 2 (location and market-based) GHG emissions data from all core portfolio companies on an annual basis. This data is provided directly to 3i from portfolio companies through an ESG data collection tool. If a company provides Scope 2 market-based data, this is used for the climate metrics calculation. If Scope 2 market-based data is unavailable, location-based data is used. Scope 3 GHG emissions data is provided by portfolio companies where available and we are working to improve our Scope 3 data coverage further.

Estimations and data gaps

Where current year data is not available, but previous year data is available, we estimate the current year data using data from the previous year, adjusted based on year-on-year changes in revenue.

Where the data is not available, it is noted as a data gap. The significance of the data gap is disclosed through the data coverage indicator (99.5% of the portfolio value).

Data quality

As we invest in private companies that are at different levels of climate-related risk maturity, we have decided to add a data quality score to the data that we are disclosing to ensure that readers understand the reliability and quality of the data provided. Some of our portfolio companies have only just started to estimate their GHG emissions while others have robust processes in place to calculate and assure the data.

We have used a custom scale to reflect overall data quality using the Partnership for Carbon Accounting Financials ("PCAF") methodology as a guide and adjusting it to reflect the specificities of our business model:

Characteristics of the data	Data quality	Certain
Emissions of the company are available and reported by the portfolio company as being verified by a third party	1	
Prior year emissions of the company are available and reported by the portfolio company as being verified by a third party. The emissions for the current year are estimated based on prior year emissions and year-on-year changes in revenue	2	
Emissions of the company are available and reported by the portfolio company as being verified internally	3	
Unverified emissions of the company are available, including those calculated using our ESG data collection tool	4	
Emissions of the company, including those calculated by the portfolio company using our ESG data collection tool, are estimated using a GHG emissions calculator using spend data	5	

Uncertain

The data quality score for 3i Group plc is 2.6. It is derived by assigning each portfolio company a data quality score, weighted by that company's emissions as a percentage of total portfolio emissions.

Our TCFD disclosures continued

Portfolio net zero alignment scale

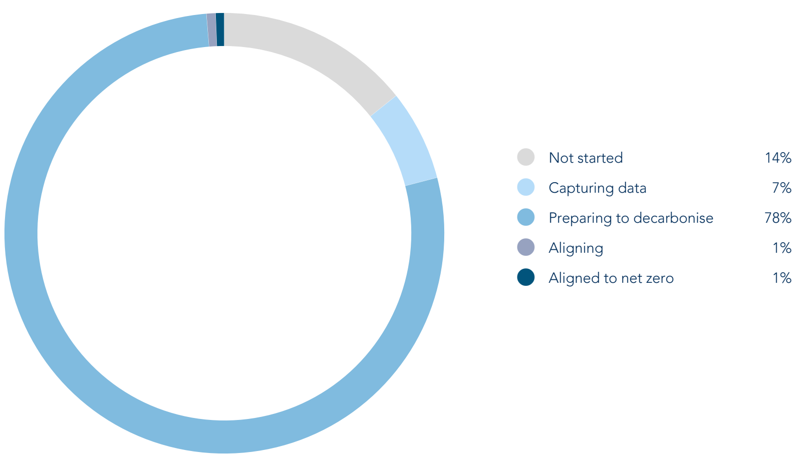
Initiative Climat International (iCI) and the Sustainable Markets Initiative's Private Equity Task Force have developed the Private Markets Decarbonisation Roadmap to enable private markets firms to drive their transition to a low-carbon economy. The metric used within this roadmap is based on the climate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

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

3i Group plc categorised portfolio companies covering 99.2% of its investment portfolio value as at 31 March 2024 in line with the roadmap's Alignment Scale. The current alignment of the portfolio based on total portfolio emissions is set out in the diagram below.

While the majority of our portfolio is preparing to decarbonise, we have had to categorise a number of our portfolio companies in the "not started" categories. Many of these companies have only recently begun to calculate their Scope 3 GHG emissions, but are not yet in a position to report all material Scope 3 categories to us.

We have categorised companies that have set science-based targets using the SBTi's SME target setting process as "aligning", even though some of them have not yet reported all material Scope 3 categories to us.



Our TCFD disclosures continued

3i Group's emissions from its own operations

This section has been prepared in accordance with our regulatory obligation to report GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the year to 31 March 2024, our measured Scope 1 and 2 emissions (market-based) totalled 232.8 tCO_2e. This comprised:

	FY2024 (tCO_2e)			FY2023 (tCO_2e)		
GHG emissions (Scope)[1]	UK	Rest of the world	Total	UK	Rest of the world	Total
1	**101.0**	**34.7**	**135.7**	105.6	34.4	140.0
2 – location-based	**92.2**	**118.7**	**210.9**	86.6	72.4	159.0
2 – market-based	**–**	**97.1**	**97.1**	–	41.6	41.6
Total 1 and 2 (location-based)	**193.2**	**153.4**	**346.6**	192.2	106.8	299.0
Total 1 and 2 (market-based)	**101.0**	**131.8**	**232.8**	105.6	76.0	181.6
3	**n/a**	**n/a**	**9,612.8**	n/a	n/a	6,802.3

1 Based on IEA data (2023) Emissions factors, www.iea.org/statistics. All rights reserved; as modified by 3i Group plc.

This is equivalent to 1.0 tCO_2e per full-time equivalent employee, based on an average of 244 employees (2023: 0.8 tCO_2e; 241 employees). Overall, our Scope 1 and 2 (market-based) emissions increased by 28.2% year-on-year. Most of the increase can be attributed to the move of our offices in New York and Amsterdam, as we were unable to procure green electricity immediately after the move, and to the fact that our new premises in New York are heated with steam.

Our measured Scope 3 emissions totalled 9,612.8 tCO_2e. The 41.3% increase in our Scope 3 emissions in FY2024 compared to the previous year is attributable to a few factors, including: (i) improvements to the methodology we adopt to calculate the emissions related to our purchased goods and services; (ii) the emissions associated with the move to new offices in New York and Amsterdam; and (iii) increased business travel following the lifting of travel restrictions associated with the Covid-19 pandemic.

Our total energy consumption was 1,451.4 MWh (1,451,400 kWh) in FY2024, 57% of which was consumed in the UK. The split between energy consumption is shown in the table below.

	FY2024			FY2023		
Energy consumption (kWh in 000s)	UK	Rest of the world	Total	UK	Rest of the world	Total
Electricity	**445.5**	**297.2**	**742.7**	447.6	225.8	673.4
Fuels[1]	**378.1**	**155.1**	**533.2**	578.6	168.3	746.9
District heating, cooling, steam	**–**	**175.5**	**175.5**	–	25.2	25.2

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

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. Scope 3 emissions are calculated in line with the World Resources Institute's Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as well as the World Resources Institute's GHG Protocol Technical Guidance for Calculating Scope 3 emissions. We consolidate our organisational boundary according to the operational control approach, which includes all our offices. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year to 31 March 2024 are:

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

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

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

Although we have a relatively low environmental footprint, we are committed to reducing it further. In our London, Paris, and Luxembourg offices, which account for over 86% of our overall electricity consumption, we purchased our electricity from 100% renewable sources during FY2024. Our New York and Amsterdam teams moved to new premises during the year. Our New York landlord is working on delivering green energy, however, it relies on initiatives to be implemented by the New York state government to achieve that objective. Our new Amsterdam office switched to green energy at the end of FY2024. Although the options for energy efficiency improvements for our offices are limited, we are assessing whether it is possible to switch to renewable tariffs in our remaining offices where we do not currently purchase all of our electricity from 100% renewable sources.

Third-party verification

The 3i emissions from its own operations disclosed on this page have been verified to a limited level of assurance by Accenture to the ISO 14064-3 standard. The portfolio emissions disclosed on page 65 are not included in this third-party verification.

Science-based targets

On 5 April 2023, we wrote to the SBTi to indicate our commitment to set up near-term science-based targets for 3i. We submitted our targets to SBTi for validation on 31 October 2023. SBTi approved our targets on 22 March 2024. Our science-based targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our portfolio and are formulated in line with the guidance published by SBTi for financial institutions and the private equity sector.

Operations emissions target

3i Group plc commits to reduce its absolute Scope 1 and 2 (market-based) GHG emissions by 42% by FY2030 from a FY2023 base year.

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

Financed emissions targets

3i Group's portfolio targets cover 82% of its total investment and lending by invested capital as of FY2023. As of FY2023, the required activities made up 82% of 3i Group's total investment and lending activities by invested capital while optional activities made up 3% and out of scope activities made up 15%.

3i Group plc commits to 31% of its listed and eligible Private Equity portfolio by invested capital setting SBTi-validated targets by FY2028 and 100% by FY2040 from a FY2023 base year.

3i Group plc commits to reduce GHG emissions from the electricity generation sector within its eligible portfolio by 68% per MWh by FY2030 from a FY2023 base year.

3i Group plc commits to continue providing electricity generation project finance only for renewable electricity through FY2030.

Our strategy to meet these targets involves the following actions:

1. As a majority or significant minority investor in our core portfolio companies, we will continue to use our influence and engage with portfolio companies to support them to:
   - (i) measure and report on Scope 1 and 2 GHG emissions at least annually;
   - (ii) measure and report on material Scope 3 GHG emissions at least annually when appropriate; and
   - (iii) develop decarbonisation plans and set science-based targets.
2. We will manage our electricity generation portfolio to reduce its GHG emissions intensity as a whole.
3. We will facilitate knowledge sharing between portfolio companies in relation to formulating decarbonisation plans and setting science-based targets.

We will disclose on progress towards achieving these targets on an annual basis from FY2025.