

3i Group plc

Slavery and human trafficking statement for the financial year ended 31 March 2023 (“FY23”)

This statement is made by 3i Group plc (“**3i**”) pursuant to Section 54 of the Modern Slavery Act 2015 (“**MSA**”) and applies to all 3i’s subsidiaries (as defined in the UK Companies Act) whether incorporated within or outside the UK which are in-scope of the MSA. A full list of 3i’s subsidiaries is set out in note 30 to the 3i Group plc annual report for the 12 months to 31 March 2023 which is available on 3i’s [website](#).

This statement was approved by the Board of Directors of the Company on 27 September 2023.

Overarching statement

3i is committed to achieving its investment objectives in a sustainable way by behaving responsibly as an investor, an employer and an international corporate citizen. We take responsibility for our actions, carefully consider how others will be affected by our choices and ensure that our values and ethics are integrated into our formal business policies, practices and plans.

In particular, 3i is committed to ensuring that (i) there is no slavery or human trafficking in any part of its business or supply chains and (ii) the companies in which it invests are similarly committed to ensuring that there is no slavery or human trafficking in any part of their businesses or supply chains.

Meaning of slavery and human trafficking

Our understanding of slavery and human trafficking is based on the definitions set out in the MSA and is guided by the UN Universal Declaration of Human Rights and the conventions of the International Labour Organisation (ILO) particularly relating to forced or compulsory labour. We recognise that forced labour as a form of slavery includes debt bondage and the restriction of a person’s freedom of movement whether that be physical, non-physical or, for example, by the withholding of a worker’s identity papers.

3i’s business

3i is an investment company specialising in Private Equity and Infrastructure. We invest in mid-market companies headquartered in northern Europe and North America. 3i’s total assets under management as at 31 March 2023 were c£29.9 billion and the value of 3i Group’s investment portfolio was c£18.4 billion.

Our Private Equity business invests in companies with an enterprise value of typically between €100m and €500m at acquisition and primarily in its core investment markets of northern Europe and North America. Our Infrastructure business invests across a broad range of economic infrastructure businesses and operational projects in Europe and North America. 3i Group also holds a strategic proprietary investment in a company which operates ferries between Denmark and Germany. Further details are set out below in the section headed “3i’s portfolio”.

We currently have operations in seven offices across Europe, North America and Asia. The average number of 3i employees during FY23 was 241 of which 152 (c63%, FY22: 65%) were employed in the UK. 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. For all matters relating to

human rights, we comply with local laws, and if those laws provide lesser protection than UK law, we apply the principles enshrined in UK law.

We have a comprehensive suite of corporate responsibility policies, copies of which are available on our [website](#), including our global policies on Equal Opportunity & Diversity, Global Recruitment & Selection and Health & Safety. All 3i staff globally have access to an independent and confidential telephone service managed by Expolink which they can use to report any concerns. We are very confident that there is no slavery or human trafficking taking place in any part of 3i's business.

3i's governance structure

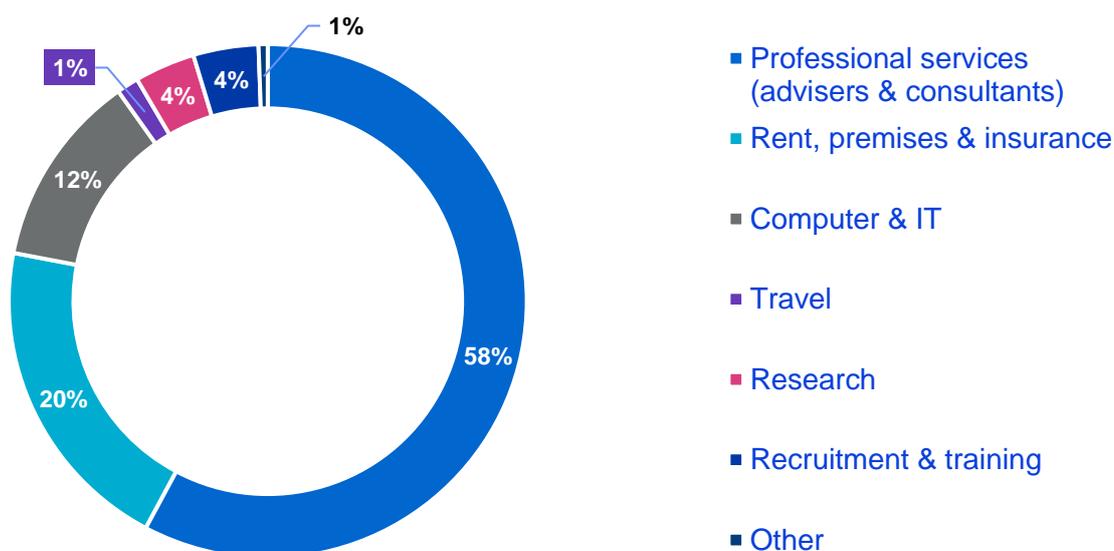
The Board is responsible for corporate responsibility, including issues such as slavery and human trafficking. The Board and its committees review our approach and policies in this important area and address specific issues if they arise. Day-to-day responsibility rests with executive management and, in particular, the Chief Executive. The Chief Executive has also established a number of committees to oversee and monitor policies and procedures and to address issues if they arise, including the Executive Committee and the ESG Committee which includes specific responsibility for modern slavery within its terms of reference.

3i's supply chain in FY23

The pie charts below show the breakdown of 3i's total in-scope spend with suppliers in FY23 by reference to (i) the category of supplier, (ii) the geographical regions in which those suppliers are based and (iii) the estimated prevalence of modern slavery in those countries, as assessed in the Global Slavery Index 2023 ("**GSI 2023**") published by Walk Free, an international human rights group based in Australia and focussed on the eradication of modern slavery in all its forms.

"In-scope" spend relates to goods and services supplied to 3i during FY23 and excludes spend such as staff remuneration & pension costs, taxes, social security costs, fees paid to regulatory authorities and charitable donations.

3i's FY23 supply chain broken down by category of supplier¹



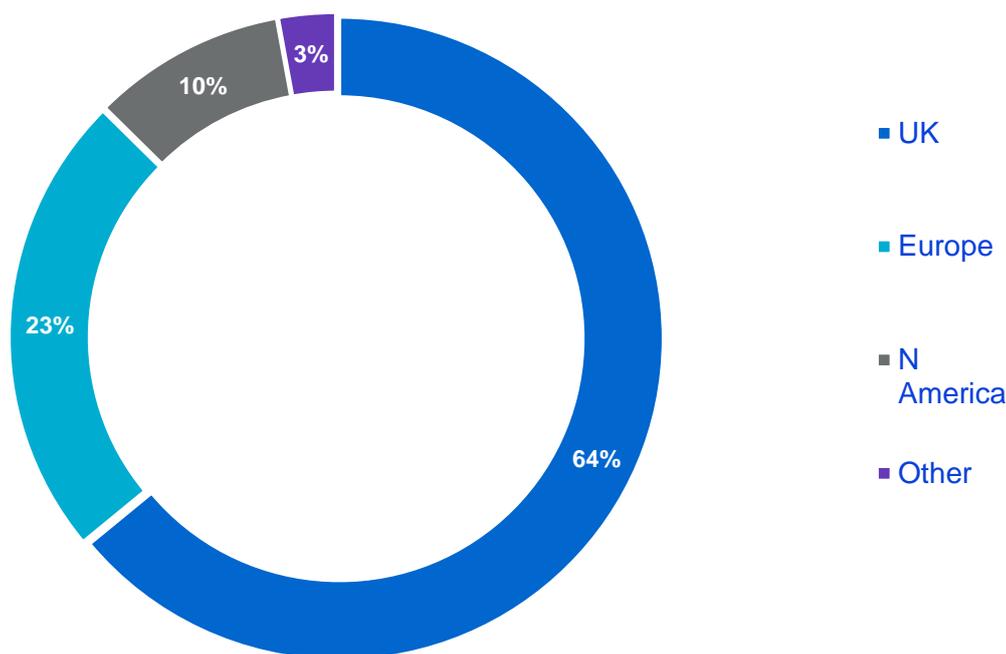
¹ For the purposes of this pie chart only, we have not included suppliers to whom 3i paid less than £20,000 during FY23 – these suppliers accounted for c2% of 3i's total annual supplier spend in FY23.

The pie chart above shows that the largest category of supplier (professional advisers & consultants) accounted for c58% of 3i's total in-scope supplier spend in FY23 (FY22: c66%). We consider this category to be relatively lower-risk in terms of potential exposure to modern slavery.

Last year, we identified the provision of cleaning and catering services to 3i's offices as one area of potential exposure to modern slavery in 3i's direct supply chain. We reviewed the supplier of such services to our London headquarters (where c63% of 3i's total global staff employees are based) and, for the reasons explained in our MSA Statement for FY22, we assessed them to be a relatively lower-risk supplier in terms of potential exposure to modern slavery.

During FY23, we carried out a desktop review of the suppliers of such services to our other offices in Amsterdam, Frankfurt, Luxembourg, Mumbai, New York and Paris. In some of the offices, these services are arranged by the respective landlords and the cost is included in the lease payments. In the remaining offices, direct arrangements for cleaning are in place with typically 'owner-operator' businesses and catering services are typically provided through delivery services. We did not identify any particular concerns in relation to modern slavery.

3i's FY23 supply chain broken down by geographical region in which the suppliers are based



The pie chart above shows that suppliers located in 3i's main markets of the UK, Europe and North America represented c97% of 3i's total in-scope supplier spend in FY23 (FY22: 97%).

The principal countries were:

Country	Prevalence of modern slavery victims per 1,000 population ²	Government response to modern slavery ³	Percentage of total portfolio turnover in FY23
UK	1.8	60.0%-69.9% (strongest response)	64.0%
Netherlands	0.6	60.0%-69.9% (strongest response)	11.6%
USA	3.3	60.0%-69.9% (strongest response)	9.4%
Germany	0.6	60.0%-69.9% (strongest response)	7.4%
France	2.1	60.0%-69.9% (strongest response)	1.6%
			94.0%

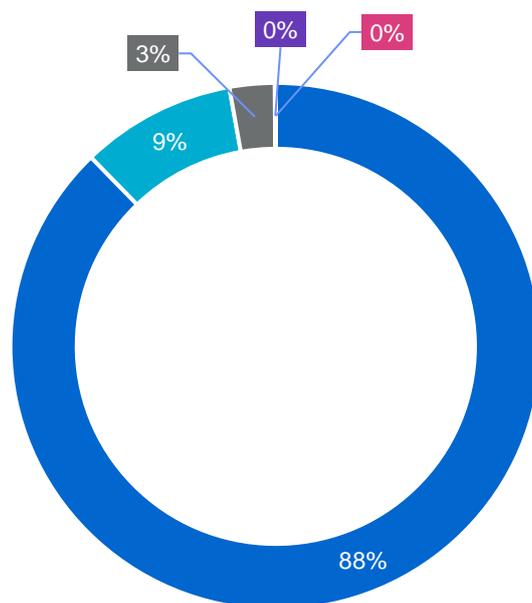
The countries included in 'Other' were as follows:

Country	Category of goods/services purchaser by 3i	Prevalence of modern slavery victims per 1,000 population ²	Government response to modern slavery ³	Percentage of total portfolio turnover in FY23
India	Professional services	8.0	40-49.9% (third strongest response)	2.75%
UAE	Professional services	13.4	50.0%-59.9% (second strongest response)	0.05%
South Korea	Professional services	3.5	30-39.9% (fourth strongest response)	0.05%
Taiwan	Professional services	1.7	40-49.9% (third strongest response)	0.01%
Mauritius	Professional services	Not included in GSI 2023 ranking	30-39.9% (fourth strongest response)	0.01%
				2.87%

² GSI 2023's estimate of the number of victims of modern slavery in the relevant country per 1,000 of population.

³ GSI 2023 ranked the governments of the world according to the strength of their response to tackling modern slavery by assigning a percentage score: >60% being the highest/strongest category of response, 50%-60% being the second strongest category of response etc. and <10% being the lowest/weakest response.

3i's FY23 supply chain broken by the GSI 2023 ranking of the countries in which the suppliers are based



- Top quartile
(2.3 or less victims per 1,000 of population)
- Second quartile
(2.7 to 5.2 victims per 1,000 of population)
- Third quartile
(5.5 to 8.5 victims per 1,000 of population)
- Fourth quartile
(8.7 to 21.3 victims per 1,000 of population)
- No GSI ranking

Our analysis shows that c88% (FY22: c97%) of 3i's total in-scope supplier spend in FY23 (including suppliers under £20,000) was with suppliers based in countries appearing in the top quartile of countries with the lowest prevalence of modern slavery as estimated by GSI 2023. The 9% decrease from FY22 is due to the fact that the USA's ranking in the GSI 2023 has dropped from the top quartile (1.3 victims per 1,000 of population) to the second quartile (3.3 victims per 1,000 of population) since the previous GSI 2018.

The lowest ("worst") ranking country was United Arab Emirates (13.4 victims per 1,000 of population) which accounted for c0.05% of total supplier spend and related to professional services received from a local tax advisory firm. The second lowest ranked country was India (8.0 victims per 1,000 of population) which accounted for c2.75% of total in-scope supplier spend in FY22. Virtually all of the spend in India related to one supplier (Infosys) which provided outsourced financial and accounting services from its centre in Bangalore. Infosys is a NYSE listed global consulting and IT services company and a signatory to the United Nations Global Compact. We consider Infosys to be a relatively lower-risk supplier in terms of potential exposure to modern slavery.

3i's portfolio in FY23

Whilst 3i's investment portfolio does not fall within the ambit of Section 54 of the MSA, as a responsible investor 3i is committed, where we have influence, to ensuring that the companies in which it invests are themselves committed to ensuring that there is no slavery or human trafficking in any part of their businesses or supply chains.

3i's approach to modern slavery in the context of its investment portfolio is incorporated within its Responsible Investment policy ("**RI policy**"). 3i's policy has, for some time, been to avoid investing in certain businesses which we view as unethical, including those which do not respect the human rights of their workers. In 2011, our policy was formalised into our rigorous RI policy, a summary of

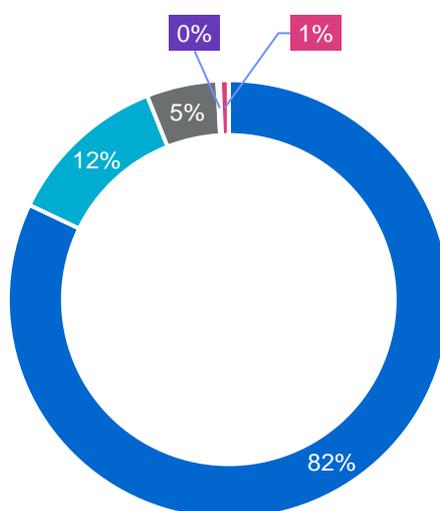
the current version of which is available on our [website](#). The RI policy sets out 3i's approach to responsible investing and, in particular, describes how 3i seeks to incorporate Environmental, Social and Governance ("ESG") issues into its pre-investment due diligence screening of new investment opportunities and its ongoing portfolio monitoring processes. Since 2011, 3i's RI policy has been embedded in our investment and portfolio management processes and is supported by detailed guidance notes, external advisers and internal resource. It informs our investment decisions and our behaviours as a responsible steward of our assets.

We have also been signatories to the UN Principles of Responsible Investment since August 2011 and a copy of our latest PRI Transparency Report for 2020 is available on the [PRI website](#). We are very proud to have received: 4* for Investment and Stewardship policy (scoring 70% versus the median of 60%); 4* for Private Equity (scoring 93% versus the median of 77%)⁴.

With particular regard to modern slavery, one of the specific objectives set out in our RI policy is that 3i will only invest in businesses which are committed to: respecting the human rights of their workers; maintaining safe and healthy working conditions for their employees and contractors; treating their employees fairly; upholding the right to freedom of association and collective bargaining; and respecting the health, safety and wellbeing of those adversely affected by their business activities.

3i specialises in its core investment markets in northern Europe and North America, which typically have a relatively lower estimated prevalence of slavery according to the GSI 2023. We have analysed the worldwide turnover of 3i's Private Equity and Infrastructure portfolio companies in FY23 by individual country and compared this to the GSI 2023 ranking of each relevant country. Our analysis of the countries in which our portfolio companies generated turnover during FY23 is as follows:

Total portfolio turnover in FY23 broken down by GSI 2023 classification of the countries in which the portfolio turnover was generated



- Q1 (countries with the lowest prevalence of modern slavery - less than 2.3 victims per 1,000 of population)
- Q2 (between 2.4 and 5.2 victims per 1,000 of population)
- Q3 (between 5.3 and 8.5 victims per 1,000 of population)
- Q4 (countries with the highest prevalence of modern slavery - more than 8.5 victims per 1,000 of population)
- Countries not ranked in GSI 2023

⁴ The UNPRI did not perform an audit in 2022 and this scoring is, therefore, based on 2020 data.

Our analysis shows that c94% of total portfolio turnover in FY23 (FY22: 97%) was generated in countries appearing in the top two quartiles (less than 5.3 victims per 1,000 of population). Only c0.19% of total portfolio turnover in FY23 related to countries appearing in the bottom quartile (more than 8.5 victims per 1,000 of population), principally from the countries identified in the table below:

Country	Ranking in the list of countries with the highest prevalence of modern slavery victims	Prevalence of modern slavery victims per 1,000 population	Turnover generated by 3i portfolio in FY23 (EURm)	Percentage of total portfolio turnover in FY23
Saudi Arabia	4th	21.3	6.6	0.04%
Turkey	5th	15.6	6.1	0.04%
Russia ⁵	8th	13.0	12.5	0.07%
			25.2	0.15%

We are aware that many of the companies we invest in have operations and/or supply chains based outside northern Europe and North America, including in countries which have a higher estimated prevalence of slavery according to the GSI 2023. 3i's investment in Action, the international non-food discount retailer, is an example of such a company.

Action – update

3i's largest investment is in Action, Europe's fastest growing non-food discount retailer with c2,300 stores in 11 countries serving c14 million customers each week across Europe in 2022. Action employs c60,000 people directly and c20,000 indirectly.

Action's principal risk of potential exposure to slavery is through its supply chain. In 2022, Action's supplier network consisted of 644 suppliers and 2,104 factories and its products were sourced principally from China (c53.2% by value) and Europe (c39.2%). During 2022, Action carried out a number of supply chain initiatives:

- Action's Ethical Sourcing Policy, which all its suppliers are required to accept and commit to, was updated. The key elements of the policy are drawn from the International Labour Organisation conventions, the OECD, the UN Guiding Principles on Business and Human Rights, and the amfori Business Social Compliance Initiative (BSCI) Code of Conduct. In addition, Action now has in place responsible sourcing policies for timber products, cotton, cocoa, chemicals, plastics and packaging. All policy commitments, including the Ethical Sourcing Policy, have been approved by the Executive Board of Action.
- 1,576 factories were 'mapped' to specific products as part of Action's partnership with ImpactBuying to increase transparency in Action's supply chain by enabling more effective monitoring of the proportion of factories assessed on their social and environmental impact - Action has now achieved 100% final product manufacturer transparency for all white label (supplier-owned brand) products and aims to achieve full transparency for all products by 2025.

98% of the factories were assessed on social impacts through social audits and spot checks carried out by independent third parties. Whilst there were no findings of forced, compulsory or bonded labour in the supply chain, one child labour case was identified. This case involved a 15 year old boy who had been working in a factory in China with his parents for a month. Following the discovery, the boy returned home to live with his extended family and attend school. Action's supplier subsequently funded the provision of specific child labour prevention

⁵ The exposure of the portfolio to Russia is limited but, where it exists, we are actively working on options to decrease it where possible.

training by The Centre for Child Rights and Business (an independent company working across Asia, Africa and Central and South America to educate suppliers on child rights) to staff from 37 factories supplying Action.

Action engaged an independent consultant to evaluate its current due diligence practices to identify where improvements can be made to its internal processes and policies. A first risk assessment was performed to identify the most salient risks in the production of Action's products. Action will build on a due diligence governance structure and Human Rights and Environmental Due Diligence Policy in 2023

3i's investment and portfolio management processes

All potential new investment opportunities that reach an advanced stage in 3i's investment process are subject to a high-level review of their potential ESG risks (including human rights abuses such as unlawful child labour and slavery) and opportunities prior to commissioning comprehensive due diligence. This exercise will typically result in recommendations as to which ESG issues should be subject to more comprehensive, "deep-dive" pre-investment due diligence and which should be progressed post-investment. The key findings from the high-level review are summarised in the investment paper along with the results of any "deep-dive" due diligence. The material due diligence issues (including any ESG risks and opportunities) are considered by the Investment Committee, which may raise questions with the investment team and/or require further work to be done as part of its overall investment decision.

In relation to 3i's existing portfolio, every six months (typically in March and September) our investment teams carry out detailed reviews of each of their portfolio companies. The reviews in March of each year include a detailed ESG assessment which seeks to track progress in relation to existing, identified ESG risks as well as identifying potentially new and emerging risks and opportunities. For certain relevant portfolio companies (e.g. retail companies with supply chains in Asia) there is a focus on the extent to which the company has a supply chain policy/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 by whom; and whether there have been any material issues in the supply chain in the past 12 months. Any material ESG issues are discussed at the six-monthly review meeting and relevant action points are minuted, followed up by the investment teams and reviewed at the following six-monthly meeting.

Further detail on our due diligence and portfolio monitoring processes are set out in our 2023 sustainability report which is available on 3i's [website](#).

Monitoring and review

We will continue to monitor our supply chain and portfolio in relation to slavery and human trafficking through our regular supplier reviews and portfolio company reviews.



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Chief Executive
3i Group plc