



3i Group plc
**Sustainability
report 2022**



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A guide to using this report

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About this report

This report aims to provide the information that is material and relevant for our stakeholders to form a view on how 3i Group plc ('3i' or 'the Group') is performing on environmental, social and governance ('ESG') matters. There have been no significant changes from previous reporting periods in the material topics we are reporting on and no comparative information has been restated. The report relates to the financial year to 31 March 2022.

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

READ MORE
GRI and SASB

This report is not externally assured but has been subject to verification work by our Internal Audit team. Our greenhouse gas ('GHG') emissions on page 44 have been verified to a limited level of assurance by Carbon Intelligence according to the ISO 14064-3 standard.

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

Where else can you find sustainability information?

This report should be read in conjunction with our Annual report and accounts 2022 and with the Sustainability policies on 3i's website.

MORE INFORMATION
www.3i.com
www.3i.com/sustainability

Introduction

Our purpose

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

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

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

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Our business at a glance

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

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

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

Proprietary capital value

£14,305m

(2021: £10,408m)

Private Equity

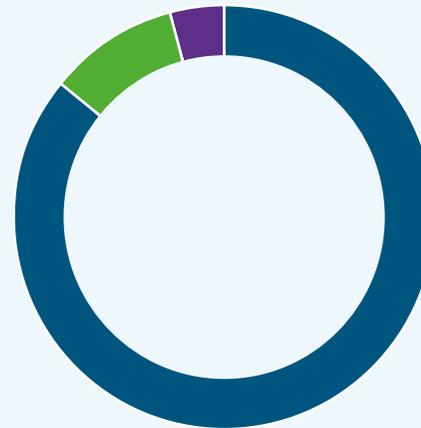
£12.4bn

Infrastructure

£1.4bn

Scandlines*

£0.5bn



Total assets under management

£22.9bn

(2021: £16.9bn)

Private Equity

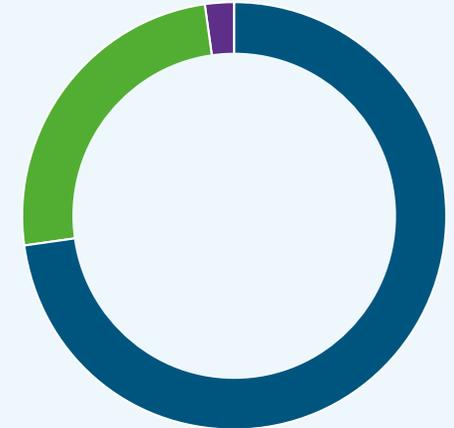
£16.7bn

Infrastructure

£5.7bn

Scandlines*

£0.5bn



* Scandlines is an investment held for its ability to deliver long-term capital returns while generating cash dividends.

Our international reach

7

Offices

21

Nationalities

236

Employees



OUR BUSINESS MODEL IS DESCRIBED
IN DETAIL IN OUR ANNUAL REPORT
www.3i.com/investor-relations

Data as at 31 March 2022

- 1 Including seven employees on a fixed-term contract, of whom four were females and three were males.
- 2 Including 20 who were on a part-time contract, of whom 18 were females and two were males.
- 3 Including five employees on a fixed-term contract.
- 4 Including two employees on a fixed-term contract.
- 5 We no longer make new investments in Asia, and our Mumbai office is responsible for managing our legacy portfolio in that region.

| Office | Number of employees | | |
|-----------------------------------|---------------------|--------|----------------------|
| | Male | Female | Total ^{1,2} |
| London (head office) ³ | 81 | 69 | 150 |
| Amsterdam | 9 | 3 | 12 |
| Frankfurt | 12 | 7 | 19 |
| Luxembourg | 3 | 4 | 7 |
| New York | 19 | 5 | 24 |
| Paris ⁴ | 13 | 8 | 21 |
| Mumbai ⁵ | 1 | 2 | 3 |

Message from the Chief Executive

“

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

”

Simon Borrows, Chief Executive

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

Over the years, we have built a strong reputation and track record by investing and managing our portfolio responsibly and by operating according to high standards of conduct and behaviour. We have achieved this through a relentless focus on strong governance, both at 3i itself and in our investee companies. This has allowed us to earn the trust of our shareholders, co-investors and investee companies, and to recruit and develop employees who share our values and ambitions.

Maintaining a strong reputation requires us to adopt a transparent approach to corporate reporting, including on our progress on driving the sustainability agenda through our operations and portfolio. We are committed to communicating in a clear, open and comprehensive manner and to maintaining an open dialogue with stakeholders. This report is important in ensuring that transparency. It should be read in conjunction with our 2022 Annual report and accounts, which also contains our Taskforce on Climate-Related Financial Disclosures ('TCFD') report.

Our sustainability strategy is defined by three key priorities

1. Invest responsibly

We believe that a responsible approach to investment adds value to our portfolio. Our responsible investment principles are embedded within our investment and portfolio management processes and inform our investment decisions and our behaviours. We rigorously assess and manage ESG risks at all stages of our investment and value creation processes. We make a limited number of investments each year, allowing us to be very selective in our approach to new investment, including considering the impact on global sustainability of investee companies' activities. We adopt a thematic approach to origination and portfolio construction, backing businesses benefiting from structural trends which can support long-term sustainable growth in our portfolio.

2. Recruit and develop a diverse pool of talent

Our people are our main asset. Accordingly, recruiting, retaining and developing our talent is one of our most important priorities. We promote an open communication culture and provide an inclusive and supportive working environment with opportunities for training and career development. We value diversity and believe that a variety of perspectives enhances our decision making. Our employees are recruited, promoted and rewarded on the basis of merit. We are an equal opportunities employer and prohibit all forms of unfair discrimination.

3. Act as a good corporate citizen

We strive to embed responsible business practices throughout our organisation by having robust policies and processes in place and by promoting the right culture among our people. We expect our employees to act with integrity, to be accountable for their behaviour, and to approach their roles with ambition, rigour and energy. All employees are formally evaluated against our values as part of our appraisal process every year.



Message from the Chief Executive continued

Strengthening our focus on climate

FY2022 was an important year in progressing our sustainability agenda. In recognition of the importance of the management of sustainability issues for the Group and our portfolio, we set up a formal ESG Committee, with membership drawn from across the business, to advise me, directly and through the Group Risk and Investment Committees, on all ESG-related matters. Our ESG work during the year has focused in particular on developing strategy, policy and governance for assessing and managing climate-related risks and opportunities across the Group and its portfolio, a topic of increasing urgency and prominence in society and a focus area of governments and regulators and our stakeholders.

As part of this, we have been working on preparing the Group for reporting in alignment with the TCFD framework by the 2024 deadline set by the FCA for asset managers such as 3i, which will require us to expand our current TCFD reporting to include portfolio emissions metrics. To this end, in January 2022 we started an engagement with EY's sustainability practice to establish a roadmap to achieve alignment, refine our process for ESG data collection and perform a first climate scenario analysis to advance our understanding of climate-related risks and opportunities in our portfolio.

We are now working on a number of initiatives which we have already set in train. These include:

- **Investment assessment:** we are refining our investment screening process to include an earlier assessment of climate risks and opportunities, with third-party input as required;
- **Data:** we are now completing the process of collecting GHG emissions data from our portfolio companies and improving our processes and tools to ensure that this data can be easily analysed. Our objective is to measure the carbon footprint of our entire portfolio by the end of FY2023 (except for a small number of legacy minority assets with negligible value and for new investments made in FY2023), to facilitate the reporting of portfolio carbon emissions in line with TCFD guidelines by FY2024. This data will also allow us to improve our engagement with portfolio companies on this topic and set appropriate targets;
- **Scenario analysis:** we are carrying out our first climate scenario analysis for our portfolio companies to help us assess the impacts on portfolio companies of different climate warming scenarios. We will iterate these analyses periodically to help us better understand and manage climate-related risks and opportunities in our portfolio; and

- **Skills and training:** we are organising bespoke training programmes for the Board, executive and investment teams on climate change physical and transition risks and opportunities, with the objective of equipping everyone in the organisation with the knowledge required to assess and manage these appropriately.

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

The Covid-19 pandemic has continued to have an impact on our operations and portfolio, despite the easing of restrictions that followed the roll-out of vaccines in our markets. Throughout the pandemic we have focused on protecting the wellbeing of our own employees and contractors. After two years of working mostly from home, we have now successfully implemented a hybrid working model which supports a strong collaborative culture while providing employees with a degree of flexibility to manage non-work commitments and improve their quality of life. We have continued to work closely with our portfolio companies to ensure the safety and wellbeing of their employees and to manage the range of operational issues they have faced as a result of public health measures, and provided financial support where required. The £5 million Covid-19 charitable fund we set up in FY2021 to alleviate the hardships suffered by many as a result of the pandemic has now been fully deployed to support a range of charities across the countries in which we operate.

Russia's invasion of Ukraine has brought new challenges. The Group has no operations or employees in Russia or Ukraine, and our portfolio companies have very limited direct operational exposure. We will work with portfolio companies to manage the secondary impacts of the war, including disruption to supply chains and increases in commodity and energy prices. The conflict has caused a humanitarian emergency. In response to this crisis, in March 2022, we donated £1 million to UNICEF and the Médecins Sans Frontières/Doctors Without Borders Emergency Fund.

We have always managed our sustainability strategy and objectives proactively. Our work in this area is now harnessing the expertise and perspectives of an increasing number of employees from all parts of the organisation. We expect that next year we will make further material progress in the advancement of our sustainability objectives, with particular focus on the climate and diversity, equity and inclusion agendas.

Simon Borrows
Chief Executive
May 2022

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www.3i.com/investor-relations

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A responsible investor

47 **READ MORE**
Community

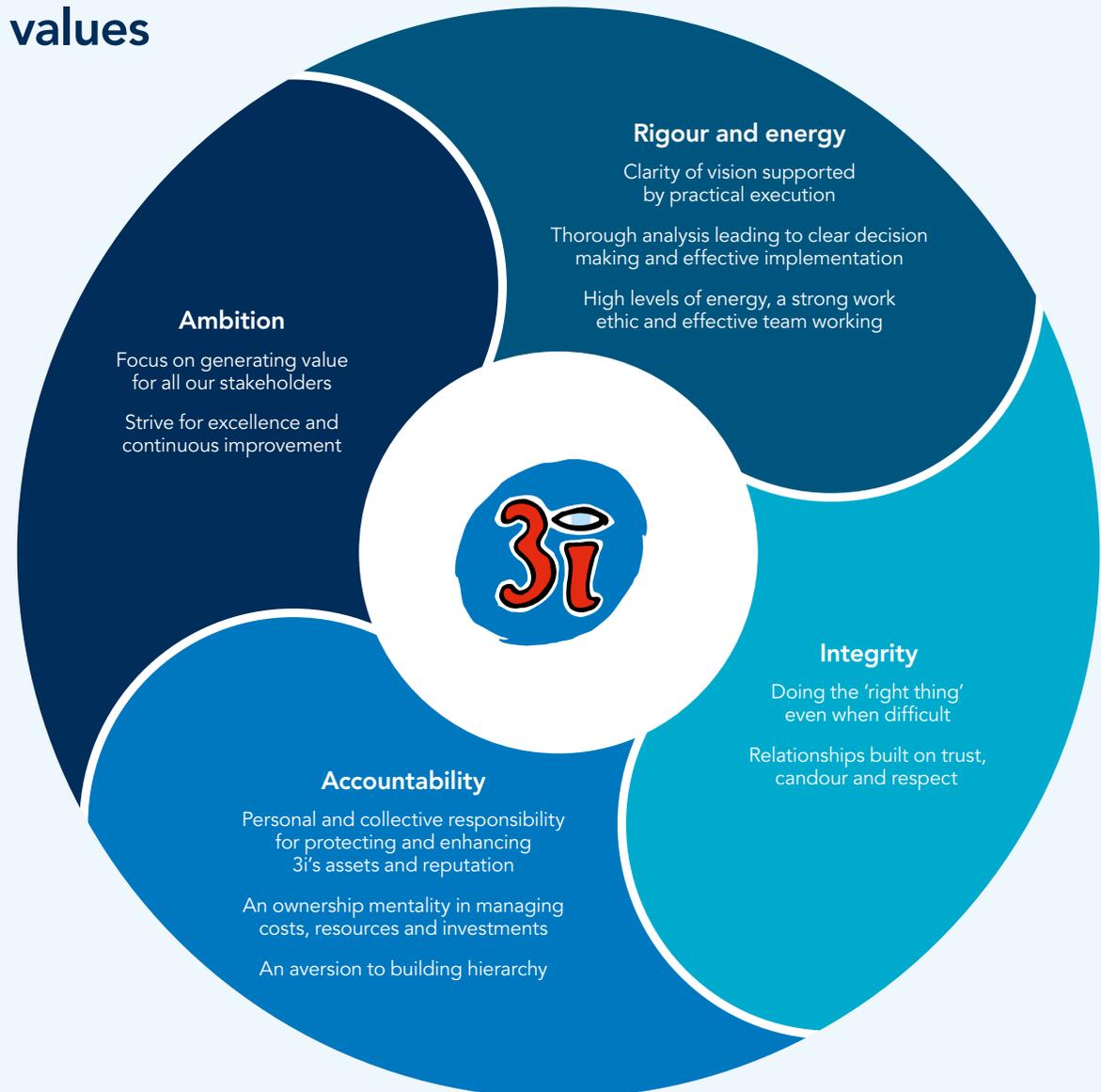
Responsibilities and accountabilities

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

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

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

Our values



Governance framework

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

The Chief Executive has established a number of committees to support him in overseeing and monitoring policies and procedures and to address issues if they arise, including an ESG Committee, which assists and advises the Chief Executive, directly and through the Investment and Group Risk Committees, on all relevant environmental, social and governance risks and matters, including developing and proposing the Group's ESG approach. This Committee, which had been operating for some time as an advisory steering committee and was established as a formal committee of the Chief Executive in March 2022, co-ordinates the Group's various sustainability activities, including the management of ESG risks and opportunities across the portfolio. Our governance framework is outlined opposite and more information is provided in our Annual report and accounts.

Board of Directors

Ownership and oversight of the Group's ESG and sustainability approach and policies

Principal Board Committees

| | |
|--|---|
| Audit and Compliance Committee Met six times in the year | <ul style="list-style-type: none"> Financial and non-financial reporting (including reporting on ESG and sustainability matters), risk, internal controls and assurance Oversees ESG risks for 3i and its portfolio through regular reports from the Group Risk Committee Oversees the approach to tax policy and strategy |
| Remuneration Committee Met five times in the year | <ul style="list-style-type: none"> Director and senior management remuneration and Group remuneration structure Oversees the implementation of fair remuneration for employees |
| Nominations Committee Met four times in the year | <ul style="list-style-type: none"> Diversity and composition of the Board |
| Valuations Committee Met four times in the year | <ul style="list-style-type: none"> Valuation policy Valuation of the investment portfolio Responsibilities includes the consideration ESG impacts on portfolio valuation |

Chief Executive

Day-to-day accountability for sustainability

Chief Executive Committees

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

External benchmarking

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

Sustainability indices

3i is a member the FTSE4Good Index Series and of the Solactive Europe Corporate Social Responsibility Index, as well as a number of other established ESG indices.



FOR MORE INFORMATION
www.ftse.com/products/indices/FTSE4Good
www.solactive.com



CDP

CDP (formerly Carbon Disclosure Project) is an international, not-for-profit organisation providing a framework which enables businesses to disclose their greenhouse gas emissions and other metrics voluntarily. 3i has been making annual submissions to CDP since 2006.

3i's climate change score in the 2021 CDP assessment was B and its supplier engagement rating was A-.



FOR MORE INFORMATION
www.cdp.net



ESG Transparency – a Private Equity Index

3i ranked as one of the top performers in Orbis Advisory and ITPEnegised's annual transparency index analysing 155 private equity firms' ESG reporting performance, based on public disclosures.



FOR MORE INFORMATION
www.itpenegised.com/esg-transparency-a-private-equity-and-venture-capital-index-2021/



UN Principles of Responsible Investment

Since 2011, we have been signatories to the UN Principles for Responsible Investment.

3i's scores for the 2020 UNPRI assessment report were A for Strategy and Governance, and A+ for Private Equity and Infrastructure. The scores for the 2021 assessment have not yet been published.



FOR MORE INFORMATION
www.unpri.org



10 READ MORE
 A responsible investor



A responsible investor

With fewer than 240 employees globally, 3i has a relatively small direct impact on the environment and other sustainability issues. However, with assets under management of £23 billion, we can achieve progress on many sustainability issues through the actions we drive in our portfolio companies.

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Our approach to responsible investment

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

• Long-term stewardship

Thanks to our permanent capital our holding periods are not limited and we have a medium to long-term investment horizon. We have majority or significant minority stakes in our portfolio companies and are represented on their boards. This gives us the influence to drive long-term, sustainable growth in our portfolio.

• Thematic origination

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

• Careful portfolio construction

We approach investment origination and portfolio construction with great care. We make a limited number of new investments each year, with a clear focus on sectors and geographies where we have built a strong track record, in-house expertise and comprehensive networks. We can screen out opportunities that have an unsustainable impact on the environment and societies in which they operate, inconsistent with generating long-term value.

• Rigorous assessment and management

The rigorous assessment and management of ESG risks and opportunities is embedded in our investment, portfolio management and value creation processes. Our Responsible Investment policy, as interpreted and implemented by our Investment Committee, provides clear guidance to our investment professionals. We have also been signatories to the UN Principles of Responsible Investment since 2011.

We do not manage thematic ESG funds and it is not our intention to do so. Nevertheless, we are committed to evolving and improving our approach to responsible investment. In FY2022 we set up an ESG Committee to advise the Chief Executive on ESG-related matters and co-ordinate the Group's sustainability-related activities (see pages 6 and 8).

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Our Responsible Investment policy
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Thematic approach to origination and portfolio construction
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ESG risks and risk management in our portfolio



Our Responsible Investment policy

Our Responsible Investment ('RI') policy is embedded into our investment and portfolio monitoring processes and sets out our stewardship approach. This policy sets out the types of businesses in which 3i will not invest, as well as minimum standards in relation to ESG matters which we expect new portfolio companies to either meet or commit to meeting over a reasonable time period. The policy applies to all our investments, irrespective of their country or sector.

Our RI policy is integrated into our investment and portfolio management processes and procedures. 3i uses its influence as an investor to promote a commitment in its investee companies to:

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

Objectives of our RI policy

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

The environment

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

Fair and safe working conditions

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

Business integrity

Upholding high standards of business integrity, avoiding corruption in all its forms, ensuring strong data management and cyber security and compliance with applicable anti-bribery, anti-fraud, anti-money laundering and data protection laws and regulations.

Good governance

Clear accountability with defined responsibilities, procedures and controls with appropriate checks and balances in company management structures.

Thematic approach to origination and portfolio construction

We adopt a thematic approach to origination and portfolio construction, backing businesses benefiting from structural trends which can support long-term sustainable growth in our portfolio. For example, many of the businesses we invest in stand to benefit from the transition to a low-carbon economy, the achievement of a more sustainable consumption model through a circular economy and improving health and wellbeing in societies affected by profound demographic changes.

Climate change and resource scarcity

The response to the climate and environmental emergencies will be among the defining themes of our time. The transition to a more sustainable consumption model and the development of solutions to tackle global warming and climate change, either through regulatory 'push' or changes in consumer preferences, are going to provide attractive investment opportunities for many decades.

We have significant exposure to the renewable energy and waste management sectors through our Infrastructure portfolio, with investments in companies such as Infinis and Valorem, which generate renewable energy, and Attero and HERAmbiente, which sort and recycle waste and generate power from waste that cannot be recycled. Our Infrastructure business is also invested in ESVAGT, the market leader in the fast-growing segment of service operation vessels for the offshore wind industry.

A number of our Private Equity portfolio companies provide services or solutions in support of the transition to a circular economy. For example, WP makes innovative packaging systems for the FMCG industry which are increasingly recyclable and reusable. Mepal develops innovative products for storing, serving and take-away food and drink, which can help to reduce food waste and the usage of single-use packaging. A core pillar of Evernex's customer proposition is to repair, reuse and recycle IT equipment, reducing waste and emissions.

Demographic and social change

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

The healthcare investments in our Private Equity portfolio, including Cirtec Medical, an outsourced medical device manufacturer, as well as Q Holding, SaniSure and ten23 health, which provide products and services to the life sciences industry, have developed their businesses to benefit from this increasingly important trend.

Havea, which is among the leaders in the natural consumer healthcare industry, is supported by a growing consumer focus on health and wellness.

We also have exposure to this trend in our Infrastructure portfolio, through Ionisos, which provides cold sterilisation services to the medical and pharmaceutical industries, among others.

Assessment and management of ESG factors

The management of ESG risks and opportunities is key to driving value from our investments. It is also key to safeguarding our reputation as a responsible investor. We therefore embed a rigorous assessment of the long-term sustainability of each investment in our processes.

Once invested, we support companies as they develop strategies and respond to stakeholder expectations, and we gather data to measure progress against ESG objectives. This enables us to prepare companies ahead of any exit opportunity.

| Pre-investment | During investment | | Exit |
|---|---|---|---|
| <p>Assessment and action planning</p> <ul style="list-style-type: none"> • Screen each opportunity against the requirements of the RI policy. • Conduct an early-stage review of the ESG profile of each new business opportunity to assess all material ESG topics which may impact the business, including long-term sustainability trends and climate change risks and opportunities, based on each company's subsector and end markets. • Following the early-stage review, commission specialist due diligence on ESG matters where required. • Include ESG considerations (both risks and commercial considerations linked to the investment case) in the Investment Committee materials. • Integrate relevant action points into the 180-day post-invest plan. | <p>Use of influence and engagement</p> <ul style="list-style-type: none"> • Implement robust governance and procedures at the portfolio company to ensure that ESG risks and opportunities are assessed and managed rigorously. • Use active participation and influence on portfolio company boards to ensure they are addressing the ESG factors impacting their businesses. • Leverage the 3i portfolio and network to provide introductions to other companies, useful contacts and advisers and share best practice, sometimes through dedicated forums such as the carbon and CIO roundtables (see pages 16 and 20). • Provide a sounding board and support to portfolio companies as they devise their sustainability strategies and implement and deliver sustainability projects. | <p>Data collection and monitoring</p> <ul style="list-style-type: none"> • Collect ESG data from portfolio companies on an annual basis to understand the baseline and measure progress. • Prepare detailed quantitative and qualitative ESG assessment as part of the March semi-annual portfolio company review process. • Discuss ESG assessment during semi-annual portfolio company review meetings, involving investment teams as well as Investment Committee members and selected 3i Board members. • Set and monitor progress with portfolio-wide objectives (eg for all companies to produce a carbon emissions baseline and implement a sustainability strategy). | <p>Preparation and communication</p> <ul style="list-style-type: none"> • Consider the data and governance structures which may be required in advance of a sale process. • Work with advisers to communicate relevant sustainability information to potential buyers. |

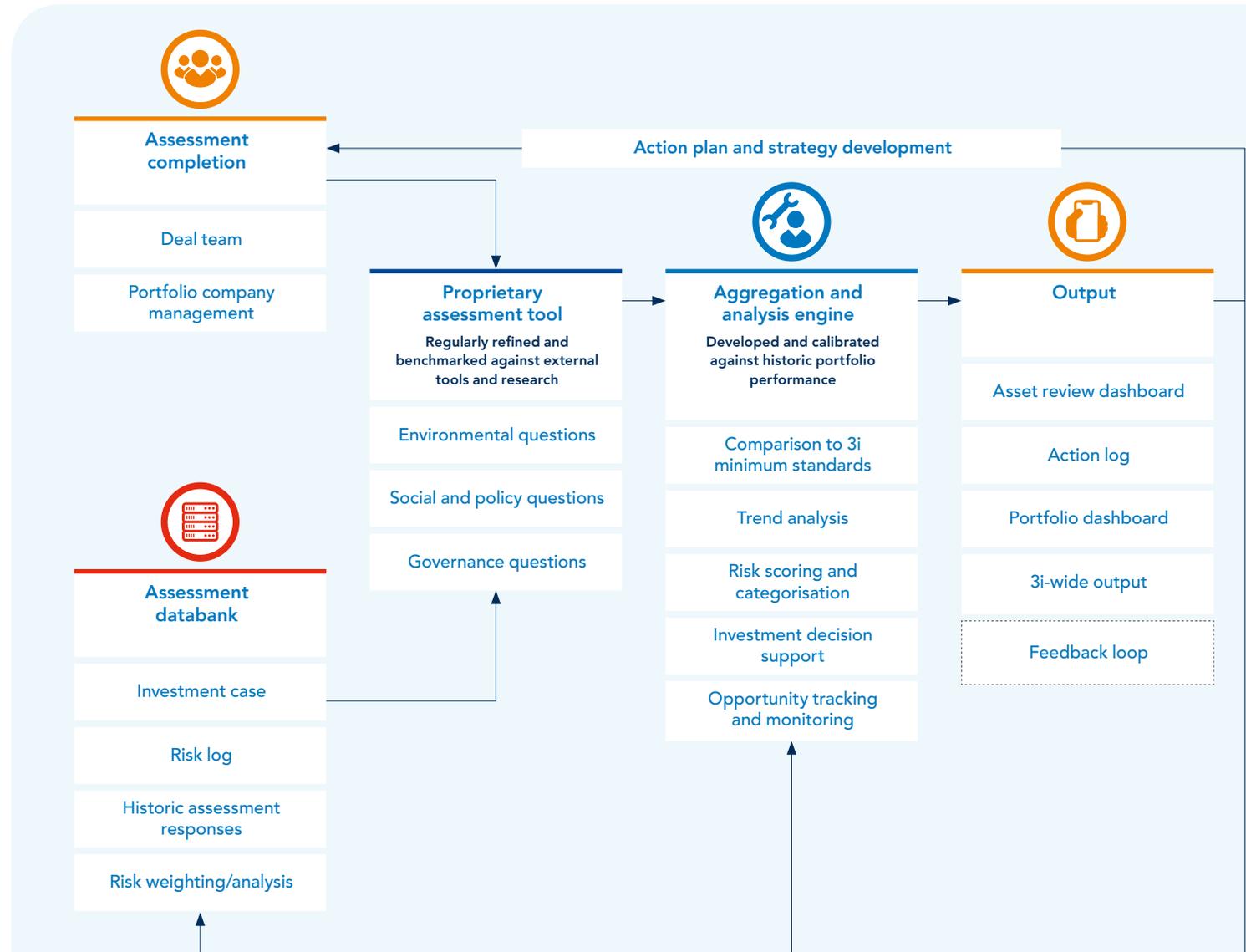
| Objective | | | |
|---|---|--|---|
| The Investment Committee may decline investment opportunities where red flags are raised in the pre-investment ESG risk assessment that it does not believe can be remedied post investment or commission further specialist due diligence to assess whether a situation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

Our ESG assessment framework

Developed over a number of years, and subject to annual review and refinement, our proprietary ESG assessment tool provides a framework for our investment teams to consider the inherent ESG risks and opportunities in each investment and to develop company-specific remediation and long-term value creation plans. After making the initial investment, this tool is used by our investment teams in conjunction with portfolio company management teams to ensure that we achieve engagement and accountability on these matters throughout our period of ownership.

The assessment tool is refined on an ongoing basis to reflect emerging themes and impact areas, the requirements of our stakeholders, including regulators, investors and lenders, and to ensure that we remain abreast of best practice. Over the past few years, we have improved the granularity of our assessment across a number of areas, including environmental impact, cyber security and diversity, equity and inclusion.

As a result of our granular reviews we have been able to identify a number of themes across the portfolio which allow us to manage proactively and synergistically the various sub-categories of ESG risks and opportunities on a portfolio-wide basis.



Proactive engagement with our portfolio

Once invested, we use our influence with portfolio companies to ensure that they consider the ESG and sustainability factors that have the potential to impact their business and provide support in the evaluation and delivery of specific projects, ensuring that these are resourced adequately. We leverage our knowledge and expertise across our portfolio and facilitate the sharing of best practice.

In the pages that follow we set out our activity across a number of ESG themes.

Environment

Greenhouse gas emissions

In March 2021 we held a Carbon roundtable with representatives from 23 of our portfolio companies with the aim of demonstrating the broader commercial benefits of measuring a carbon footprint and taking steps to reduce it, including better employee engagement or customer sentiment, as well as cost savings. The event, facilitated by specialist consultancy Anthesis, also delivered practical advice on how to measure a carbon footprint and improve the quality of carbon reporting.

Many of our portfolio companies have put in place realistic and achievable, and in some cases ambitious, emission reduction targets, some targeting specific aspects of their business, other more comprehensive. For example:

- **ESVAGT**, which provides service operation vessels to the offshore wind industry and emergency rescue and response vessels to the offshore energy industry, has set a target of zero CO₂ emissions by 2050 and carbon neutrality by 2035 and announced the first green service operation vessel for Ørsted;
- **Audley Travel**, a leading provider of tailor-made experiential travel, has a target to reduce its Scope 1 and 2 emissions by 68% by 2030, from a baseline year of 2019, in line with the Paris Agreement 1.5°C target. The company plans to submit its measurements and targets to the Science Based Target initiative in the second half of 2022;

- **Action** a pan-European discount retailer and our largest portfolio company, set a target to reduce its emissions from its own operations by 50% by 2030, compared to a baseline year of 2020. It also has an objective to reduce significantly the CO₂ emissions of its outbound transport;
- **Scandlines**, which operates ferry services between Germany and Denmark, has set an ambitious target to ensure emission-free operations on its Puttgarden-Rødby route by 2030 and for Scandlines by 2040, supported by significant investments in its fleet. Since we first invested in 2007 the company has made more than €300 million in green investments for its fleet. All six of its passenger ferries are now powered by hybrid propulsion technology. It plans to increase this investment level to approximately €400 million by 2024 and in 2021 it commissioned an emission-free freight ferry with the world's largest battery installation for delivery in 2024; and
- **Ten23 health**, which 3i set up in partnership with Hanns-Christian Mahler, an expert in life sciences, is strongly purpose-driven. It puts Patients, People and Planet at the centre of its decisions and actions. It monitors its emissions, both related to greenhouse gases and plastics, takes actions to reduce these and mandates itself to offset any unavoidable emissions, in partnership with certified organisations.

Data and disclosures

We have made significant strides in the assessment of the environmental impact of our portfolio and collect data on a number of environmental indicators. Over the last two years, we have focused specifically on improving our collection of GHG emissions data, to satisfy both regulatory and commercial demands. We currently collect GHG emissions data from over 70% of our Private Equity portfolio companies and over 80% of our economic Infrastructure investments. Most of the companies that do not already supply us with this data are new investments, which will be expected to measure and report their emissions to us within the first year of investment. Once Scope 1 and 2 data is in place, we will also begin collecting Scope 3 data systematically. This portfolio baseline will allow us to:

- improve our engagement with each of our portfolio companies to devise specific emission reduction strategies;
- assess relevant targets; and
- make TCFD aligned disclosures by the FY2024 deadline imposed by the FCA for asset managers such as 3i.

We are also improving the data we collect on waste produced and materials consumed by portfolio companies, which will allow us to enhance our engagement with the portfolio on resource efficiency over time.



Proactive engagement with our portfolio continued

Environmental continued

Waste and circular economy

We encourage our portfolio companies to treat their waste sensitively, minimise packaging, maximise recycling and optimise their processes to reduce waste. The topic of circularity and resource efficiency also provides significant commercial opportunities for our portfolio companies. We are very pleased with the progress made in this area. For example:

- WP has an ambition to make all the packaging it produces to be recyclable, reusable or refillable by 2025. It is using its innovation capabilities to develop more sustainable packaging solutions that support the circular economy. Last year, it introduced a 100% recyclable valve for dispensing closures;
- Havea has placed eco-design at the centre of each of its brands and considers the environmental impact of its products throughout their lifecycle. The company has already reduced its reliance on virgin plastics by introducing plant-based and recycled plastic bottles across several of its brands including Biolane and NaturéMoi. In addition, it aims for 25% of the cosmetic ingredients used in its skincare range to be 'upcycled' by 2022, a practice that recovers waste in order to turn it into new resources. For instance, Havea has developed a process to treat grape seeds discarded by the food industry to produce a cosmetic ingredient with anti-ageing properties;
- Mepal's food and drink storage containers are a sustainable solution to reduce food waste and the use of single-use packaging. Most Mepal products are made from 100% recyclable plastic, are of a high quality and have a long useable life. Mepal also offers a replacement parts service to consumers to prolong the useful life of its products;
- Evernex works with its clients to maintain, repair and reuse their IT assets and recycle used IT equipment. In total, 15% of the components installed in the discarded IT equipment that Evernex receives as 'IT waste' can be reused. This is more than 50,000 spare parts every year. The remaining 85% contains valuable minerals, rare earths and gold, as well as other metals and raw materials that are separated and made into secondary raw materials which re-enter the production cycle;
- Action has stated its ambition of completing circularity assessments for all 14 of its product categories by the end of 2022. In 2021, Action completed such assessments for half of its product categories using the Circular Transition Indicators framework; and
- Attero, which offers waste management services and produces energy from waste, is working on a number of projects to increase the capacity for post-separation of residual waste from household and commercial waste and increase the capacity for recycling. The business produces 3.6 million tonnes of waste every year and uses it to produce 25 million cubic metres of green gas, 318,000 tonnes of compost, more than 700,000 tonnes of other recycled materials and 900GWh of electricity, generating sustainable power for 363,000 households.



Proactive engagement with our portfolio continued

Social

Supply chain transparency and ethical sourcing

We are intensifying our focus on supply chain management and transparency in our portfolio as we believe that there are high rewards from building trust with consumers and other stakeholders on these issues.

We ensure that, where relevant, our portfolio companies have policies and procedures in place to monitor their supply chains, and make adequate disclosures on this topic to satisfy their stakeholders. For example:

- Action has set a target of achieving 100% transparency on labour conditions in its supply chain by 2025 and to purchase 100% of the cotton and timber used in its products from sustainable sources by 2024. In addition, it requires all its suppliers to sign up to its Ethical Sourcing Policy and it audits its supply chain periodically;
- All BoConcept suppliers must follow its code of conduct in order to ensure that all its products are manufactured in a manner that respects the rights of their employees. The company applies its Danish background in setting out expectations from its suppliers when it comes to quality, environment and work processes;
- Audley Travel has launched 'Athari', a travel product which supports its clients to easily identify sustainable experiences that have a particularly strong, positive impact on the local economy and environment. This type of experience puts a purposeful focus on supporting local businesses, educating staff, challenging local norms or positively impacting conservation and biodiversity efforts. Highlighting these experiences encourages Audley's clients to consider sustainable choices when planning their trip with their specialist, and gives an incentive to Audley's other partners to offer similar options; and
- Royal Sanders has an ambition to increase its use of certified sustainable palm oil across the group from c.90% to 95%. The Roundtable on Sustainable Palm Oil ('RSPO') has developed a set of environmental and social criteria which companies must comply with in order to produce certified sustainable palm oil. When properly applied, these criteria can help to minimise the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions. Demand for RSPO palm oil has increased significantly over the last few years, resulting in limited supply and high prices for this sensitive resource.



Proactive engagement with our portfolio continued

Social continued

Diversity, equity and inclusion

Academic research shows that diverse and inclusive companies are likely to outperform less diverse peers. Where appropriate, we have been making this case with our portfolio companies through our board-level engagement.

We monitor diversity and inclusion in our portfolio closely through our semi-annual portfolio company review process and have improved the quality of our data collection and engagement on this topic over the last few years. A number of our portfolio companies are sponsoring initiatives to improve diversity and inclusion across their organisations. For example:

- **Gender diversity**

Shipping is a notoriously male-dominated industry. Both ESVAGT and Scandlines signed the charter on women in shipping launched by Danish Shipping in early 2020 and have increased their efforts to improve the hiring of women. ESVAGT has initiated collaborations with educational and training institutions offering employment to women. Technology has also traditionally been a male-dominated industry. Tampnet is developing a 'Women in Technology' programme and has set up targets to improve the representation of women in its workforce overall and in its management team. Many of our portfolio companies have set targets for improved gender diversity.

- **Inclusion of parents with young children**

After establishing a working group aimed at supporting young parents among its employees, in 2022 Havea opened an inter-company crèche at its headquarters. This facility provides a flexible childcare solution for Havea's 400 employees in Boufféré where both production and HQ staff are based. In particular for production staff, the facility provides childcare support based on their atypical shift working patterns which can involve early morning or late evening working. To deliver this, Havea approached a local eco-network made up of industrial companies undertaking joint initiatives to provide solutions to the societal and environmental challenges they face. In total, five companies collaborated with a childcare provider to provide a solution aimed at attracting and retaining young parents.

- **Inclusion of people who have long been unemployed**

Action partners with initiatives across a number of its markets to reintegrate people distanced from the labour market or who do not have the skills and training to participate in the workforce.

- **Inclusion of people with disabilities**

Mepal's products are manufactured primarily in sheltered workshops in the Netherlands, which provide access to employment for individuals with disabilities.

This topic can also provide commercial opportunities for our portfolio companies. For example, WilsonHCG, which works with companies to help them plan and execute talent acquisition programmes globally, has also developed a Diversity, Equity, Inclusion and Belonging service for its clients. With this service, the business helps companies to diversify their talent pools by accessing candidates from diverse communities, leveraging its relationships with hundreds of diversity-focused organisations. Through this service the business also creates guidelines and standard operating procedures for diversity hiring that can be tracked and measured to ensure clients comply with internal guidelines and government regulation. In addition, its talent consultants host training sessions with hiring managers to reduce bias.



Proactive engagement with our portfolio continued

Governance

Robust governance of ESG risks and sustainability

We engage with our portfolio company management teams so that they assess and mitigate the relevant ESG risks for their business and embed long-term sustainability considerations in their strategy. A significant proportion of our portfolio companies have put in place and published comprehensive sustainability strategies and in many cases set targets to measure their performance across a number of relevant indicators. We are working with the remainder of our portfolio to ensure that they have a suitable strategy in place.

Cyber security

Cyber security remains an important area of attention. As significant shareholders in our portfolio companies we have supported material investment in IT and security infrastructure to ensure this risk is mitigated appropriately. We raise cyber risk awareness with our investment teams and our portfolio through regular training and forums and periodically conduct cyber audits of our portfolio through an external network security consultancy.

In November 2021, we facilitated a CIO Virtual Forum, hosted by a specialist consultancy, which brought together 30 of our portfolio companies. The purpose of the event was to highlight the current cyber security threats and best practice to address them, discuss portfolio companies' cyber security maturity and share the experiences of cyber security strategy implementation.

ESG-linked funding

Most of our portfolio companies have bank funding in place. As these facilities are gradually refinanced, we have been considering linking them to ESG targets. This has both financial and commercial benefits. ESG-linked banking facilities tend to have lower costs and attract a broader range of lenders. The commercial benefits are less immediate, but as public demand for progressing sustainability agendas becomes clearer, being able to show a commitment to deliver on a number of quantifiable ESG KPIs can have benefits in terms of perception with customers, governmental actors or regulators, among others.

To date, 3iN, ESVAGT and Royal Sanders have put in place specific ESG-linked bank facilities. As more of our portfolio companies' bank debt is refinanced, we are considering implementing ESG linkages at other companies.



ESG risks and risk management in our portfolio

We make a limited number of new investments every year in countries and sectors that generally have a low ESG risk profile. We ensure that the companies that we invest in are aware of the longer-term ESG themes (such as climate change and resource scarcity) that could impact their business and take them into account in their longer-term planning. We have the flexibility to screen out investment opportunities which are overly exposed to ESG or other risks and can sell investments that become or have the potential to become exposed to ESG risks.

We have very strong portfolio risk management processes:

- we systematically screen all new investment opportunities and undertake ESG due diligence before making new investments and monitor all relevant ESG and reputational risks through our rigorous portfolio monitoring processes (see pages 14 and 15);
- we make majority or significant minority investments in our portfolio companies and exercise influence through membership of their boards, where we ensure that ESG risks are assessed and that adequate mitigation plans are put in place;
- we ensure that there is board-level responsibility at each of our portfolio companies for the continuous assessment and mitigation of material ESG risks and work with portfolio company management teams to ensure that ESG risks and long-term sustainability are addressed in their strategy; and
- our Investment Committee has responsibility for portfolio risk management, with oversight from the Group Risk Committee and Board of Directors (see page 8).

Our annual stress test scenario planning, which underpins our Viability statement (set out in our Annual report and accounts), also models a range of environmental impacts on our portfolio. We are carrying out our first scenario analysis to model the impact of climate change on our portfolio companies, in line with TCFD recommendations (refer to our TCFD disclosures in our Annual report and accounts).

Key portfolio ESG risks Covid-19

The risks in relation to Covid-19 have been at the forefront of our risk assessment and mitigation processes. Our investment teams have engaged with our portfolio companies throughout the pandemic to support the management of the range of operational and financial issues that have arisen and 3i has provided additional financial support to portfolio companies where required. The vast majority of our portfolio companies have performed well through the pandemic, with only a few (mainly those exposed to the travel industry) suffering material consequences. The risk posed by Covid-19 has abated in our markets, principally as a result of the roll-out of vaccine programmes and the resulting easing of trading restrictions. However, we continue to monitor this risk proactively as the spread of new variants and new waves of contagion across the world continue to cause disruption to global supply chains and international travel.

Climate change

Climate change affects many of our investments through changes in regulation, changes in consumer preferences or stakeholder pressure to reduce their carbon and broader environmental footprint.

To mitigate this risk, we ensure that our portfolio companies understand their own environmental impacts and stay abreast of regulatory and market developments, and that they develop their commercial offering to ensure that it remains attractive to their customers and that it meets stakeholder expectations. We also encourage the sharing of best practice across the portfolio (see page 16).

As described on pages 6 and 8, in FY2022 we set up an ESG Committee to advise the Chief Executive, the Group Risk Committee and Investment Committee on all ESG-related matters. The activities of the ESG Committee since its creation have focused on the management of climate-related risks and opportunities across the Group and our portfolio.



PLEASE REFER TO OUR TCFD DISCLOSURES IN OUR ANNUAL REPORT
www.3i.com/investor-relations

ESG risks and risk management in our portfolio continued

Cyber security

We collect data from each portfolio company on cyber security and cyber breaches, log incidents and, where these occur, ensure that appropriate information on these is shared across our investment teams to promote our understanding of this evolving risk.

We also ensure that developments and best practice are shared across the portfolio with relevant members of portfolio company management teams (see page 20).

Fraud

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

Occupational health and safety

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

Modern slavery

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

We specialise in core investment markets in northern Europe, the UK and North America, which have a relatively low potential risk of slavery according to the Global Slavery Index ('GSI'). Our Modern Slavery Statement includes detailed information on 3i's portfolio turnover by geography. For the year ended 31 March 2021, 94% of portfolio turnover was generated in Europe and North America.

However, we are aware that many of the companies we invest in have operations and/or supply chains based outside northern Europe and North America, including in countries which have a relatively higher potential risk of slavery according to the GSI. These risks are assessed for each portfolio company in our detailed portfolio company reviews. For these companies, we have an increased focus on whether the company has a supply chain policy or code of ethics in place, who at board level has responsibility for monitoring supply chain issues, the extent to which supply chain audits are carried out and whether there have been any material issues in these areas.



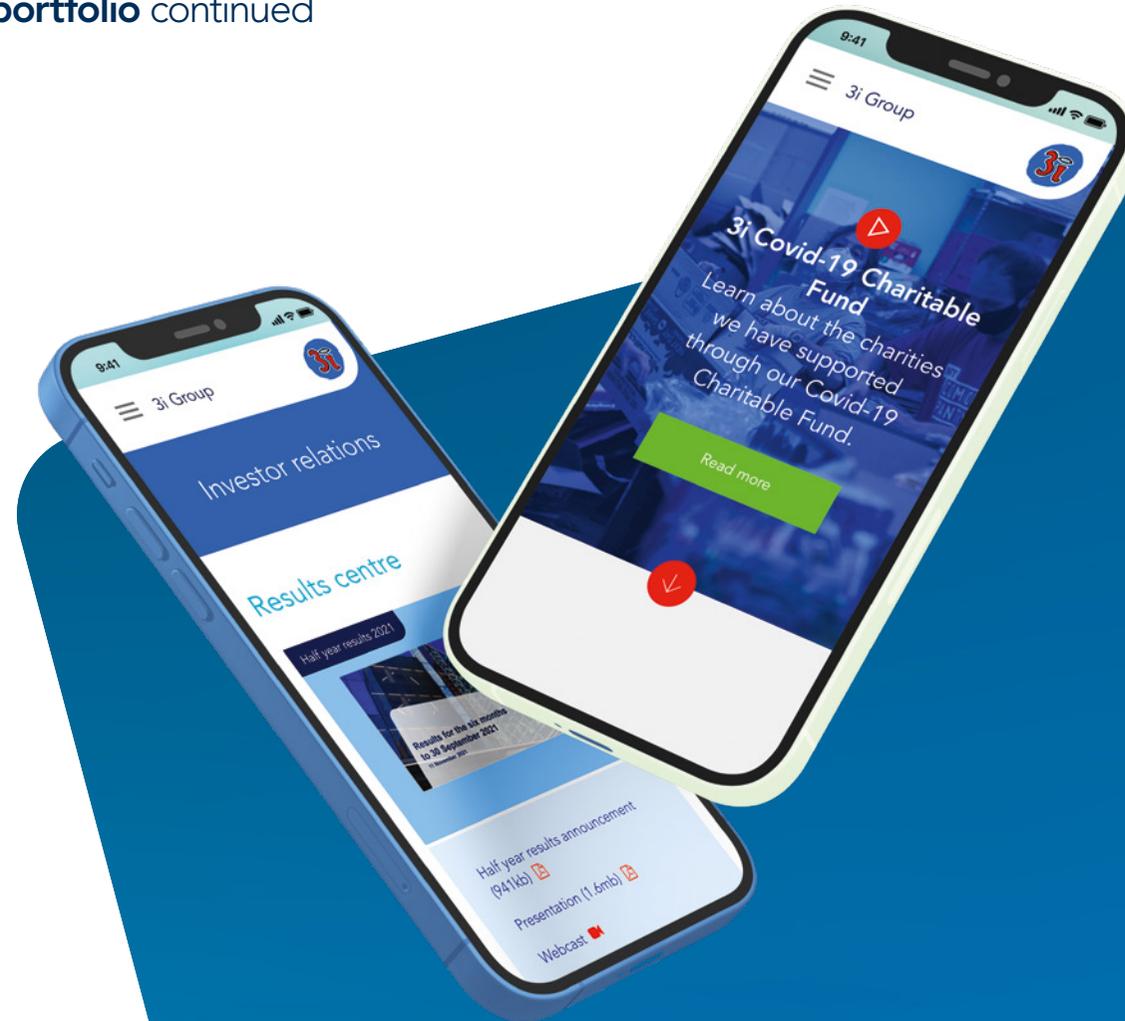
ESG risks and risk management in our portfolio continued

Risk management

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

Following the six-monthly portfolio reviews, detailed reports are prepared by the Private Equity and Infrastructure businesses and the managers of Scandlines, which summarise the short, medium and long-term ESG risk profiles and trends across their respective portfolios as well as detailed summaries of the specific ESG risks and opportunities relevant to each material portfolio company and any material ESG incidents in the period. The reports are presented to the Group Risk Committee by the Private Equity and Infrastructure businesses and the managers of Scandlines. The Group Risk Committee reports to the Audit and Compliance Committee and an overview of the findings is also presented to the Board.

The ESG Committee advises the Chief Executive, directly and through the Group Risk and Investment Committees, on all relevant environmental, social and governance risks and matters (see page 8).



- » A COMPREHENSIVE RISK REVIEW IS SET OUT IN OUR ANNUAL REPORT
www.3i.com/investor-relations
- » OUR VIABILITY STATEMENT IS SET OUT IN OUR ANNUAL REPORT
www.3i.com/investor-relations
- » OUR CLIMATE RISK MANAGEMENT IS SET OUT IN OUR TCFD DISCLOSURES IN OUR ANNUAL REPORT
www.3i.com/investor-relations

A responsible employer

The recruitment, development and retention of a capable and diverse pool of talent is key to our success. We provide training and opportunities for career advancement, reward our employees fairly and recognise the importance of supporting the wellbeing and satisfaction of our employees by providing a healthy working environment and work/life balance.

With fewer than 240 employees, we benefit from a non-hierarchical organisational structure, which facilitates a culture of open communication.

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Human rights

While 3i does not have, nor need, a specific human rights policy, our policies are nevertheless consistent with internationally-recognised human rights principles such as the UN Global Compact.

We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination.

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

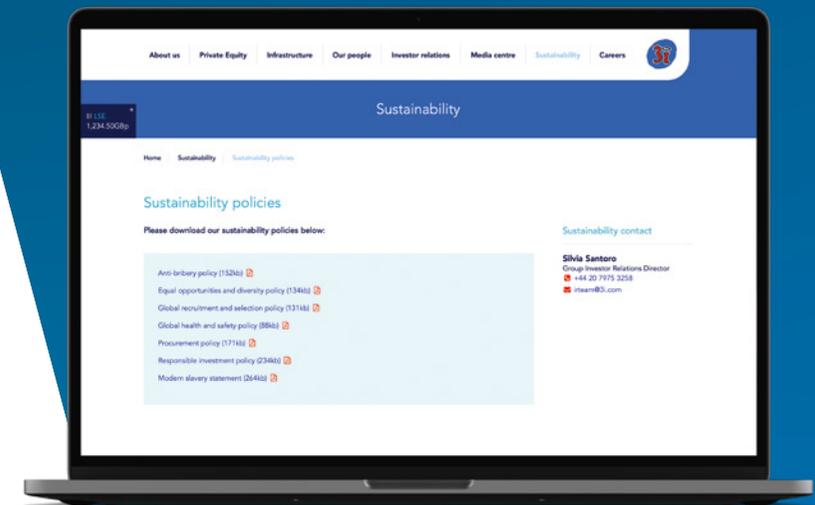
Modern Slavery Act

We published our statement on Modern Slavery for the financial year ending 31 March 2021 on our website in September 2021, and will update this statement in September 2022. 3i is committed to ensuring that:

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

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

» FOR MORE INFORMATION
www.3i.com/sustainability/sustainability-policies



Equal opportunities, diversity and inclusion

3i is an equal opportunities employer and prohibits unfair discrimination. In light of our small workforce, we do not set specific diversity targets, but we seek to create, through our culture and policies, a work environment that helps to bring out the best in our employees.

Our workforce is very international and our 236 employees at the end of March 2022 were of 21 different nationalities. We value highly the diversity of thoughts and experiences this brings.

3i's Equal Opportunities and Diversity policy establishes that all 3i employees (temporary and permanent), contract workers and job applicants are treated fairly and are offered equal opportunity in selection, training, career development, promotion and remuneration. We have employment procedures and practices which do not discriminate on grounds of age, marital status, gender, gender identity, gender reassignment, sexual orientation, race, colour, nationality, ethnic or national origin, religion or religious belief, disability, sensitive medical conditions, pregnancy or maternity, social background, political opinion, trade union membership, or any other legally protected category.

We cultivate an inclusive environment for existing and prospective employees which respects, involves and leverages diverse talent for greater organisational good. Our Global Recruitment and Selection policy sets out a fair, open, consistent and effective process to attract and select high calibre candidates who will maximise contribution to the business.

We have made reasonable progress in achieving greater diversity within our organisation but nonetheless strive to continue improving our performance on an ongoing basis. We consider diversity in all recruitment processes and explore initiatives to address the perceived barriers to entry into our sector.

However, we are a small organisation with relatively low turnover and recruitment volumes, which means that achieving greater diversity will be a gradual process.

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

In FY2022 we engaged VERCIDA Consulting, a specialist Diversity, Equity and Inclusion ('DE&I') consultancy, which is supporting us in evaluating aspects of our culture and building upon our DE&I practices. We also continue to take part in a number of initiatives to improve DE&I at 3i and within our industry more broadly. These initiatives, which focus on gender, ethnic and social diversity, are described in the pages that follow.

In March 2022, we launched a series of talks with external speakers to provide their insights to employees on career development, including on topics related to DE&I. We launched the programme with a talk from Hajir Hajji, the CEO of Action, our largest portfolio company. Hajir joined Action 24 years ago as a store employee, then aged 17. Over the years she has successfully worked her way through the ranks of the organisation in a variety of management roles. Hajir shared insights about her career development, about her priorities for the business and her relationship with 3i as a shareholder in Action.

We are mindful of offering an inclusive environment for employees with disabilities and provided disability confidence training during the course of the year.

During the year, no incidents of discrimination were reported.



SUMMARY OF OUR EQUAL OPPORTUNITIES AND DIVERSITY POLICY
www.3i.com/sustainability/sustainability-policies



SUMMARY OF OUR GLOBAL RECRUITMENT AND SELECTION POLICY
www.3i.com/sustainability/sustainability-policies

Equal opportunities and diversity continued

Gender diversity

Achieving better gender diversity is important to 3i and we believe we are making reasonable progress in that respect, within the constraints of being a small organisation with modest staff turnover. Of the 32 new hires we made during the year, 15 were female and 17 were male.

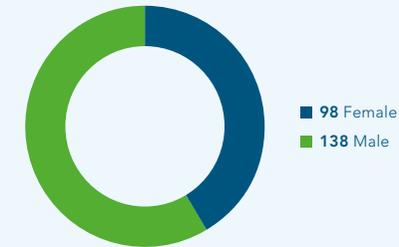
Gender diversity is an issue that the investment industry has long struggled with. According to the BVCA and Level 20 Diversity & Inclusion Report 2021, women made up 38% of the private equity and venture capital workforce in 2020 and only 20% of investment team professionals. Slow progress towards gender parity has been largely attributed to: (i) a narrow candidate pool, as typical feeder industries (such as investment banking, accounting and consulting) tend to hire graduates with more technical or numerate degrees, the majority of whom are male; (ii) a perception of poor work/life balance, both in the investment industry and feeder industries; and (iii) a lack of female role models.

A sustainable step change in gender diversity in our industry will take many years and must start with grass-roots education and advocacy work in schools and universities, for example, as well as through positive action taken by us and other investment firms on recruitment, flexible working and parental policies. In addition to focusing on diversity in our recruitment processes, we also offer great flexibility at work and a broad range of family-friendly policies (see pages 31 and 32).

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

At 31 March 2022, 3i's total of 236 employees was broken down as follows:

3i employees



3i Group plc Directors¹



Senior managers²



¹ Includes non-executive Directors who are not 3i employees.

² Senior managers excludes Simon Borrows and Julia Wilson, our Chief Executive and Group Finance Director, who are included as Board members. The measure includes those who have responsibility for planning, directing or controlling the activities of the Company or of a strategically significant part of the Company, or are Directors of the undertakings included in the consolidation.

Equal opportunities and diversity continued

Gender diversity continued

3i is an official sponsor of Level 20

Level 20 is a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry. It is sponsored by over 80 private equity firms.

Its ambition is for women to hold 20% of senior positions in this dynamic industry. It works to empower women who already work within the industry, encourage new female talent to join and provide leadership teams with insight and best-practice solutions to help them address current gender imbalances within the industry and their firms. It has four key pillars of activity which contribute to its goals:

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

Level 20's latest study with the British Venture Capital Association, completed in March 2021, shows that 10% of senior investment roles were held by women compared to 6% in 2018.

3i has nominated several employees for Level 20's mentoring programme.

3i has joined GAIN Empower – Investment Internship Programme (in partnership with Level 20)

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

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

Among the initiatives managed by GAIN is a summer internship programme, open to female and non-binary students across the UK. The summer 2021 programme received applications from nearly 200 young women from 48 universities and offered internships to 25 young women through 22 partner firms. The scope of the GAIN Summer Internship Programme 2022 has increased further. 3i is one of 78 firms participating, with two interns joining 3i's investment teams for paid internships in the summer of 2022.

Equal opportunities and diversity continued

Ethnic diversity

We continue to make good progress towards the fair representation of ethnic minorities within our organisation, although we recognise that more can be achieved.

The McGregor-Smith review on 'Race in the Workplace', published on 28 February 2017, highlighted the under-employment and under-promotion of people of ethnic minority backgrounds in UK businesses and made the case for more inclusive organisations. The review noted that, while one in eight of the UK working age population in 2015 was from an ethnic minority background, individuals from ethnic minorities made up only 10% of the workforce and held only 6% of top management positions. As at 31 March 2022, more than one in eight of 3i's total UK employees were people with an ethnic minority (excluding white minority) background. In addition, the proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets also significantly exceeded the one in eight proportion.

We are committed to improving further the representation of ethnic minorities at 3i and to advocating for better representation of ethnic minorities in our industry. Last year we joined the #100BlackInterns initiative and welcomed two interns with an ethnic minority background in our Infrastructure investment team in the summer of 2021. We will continue to support this initiative, which has now expanded and has been renamed #10000BlackInterns.

3i participates in the #10000BlackInterns initiative

Following the successful launch of #100BlackInterns in which 3i participated last year, a new #10000BlackInterns initiative has now been designed to help further transform the horizons and prospects of young black people in the UK. This expanded programme seeks to offer 2,000 internships each year for five consecutive years. To deliver this initiative #10000BlackInterns has partnered up with firms from 24 different sectors, delivering internships across a range of business functions.

Since its launch, the programme has garnered extraordinary support with over 700 companies offering internships in the summer of 2022 to black students in the UK as a way of attracting a more diverse range of talent to their sectors.

We will welcome two black students for paid internships in our investment teams in the summer of 2022.

» FOR MORE INFORMATION
www.10000blackinterns.com

Social diversity

We are strong advocates of social diversity in the workforce. In 2018, we began a partnership with Career Ready, a UK social mobility charity that connects employers with schools and colleges to prepare disadvantage young people for the world of work.

Through our Covid-19 charitable fund, which was set up in 2020 to alleviate the impact of the pandemic on a range of vulnerable groups, we supported Speakers Trust, a charity with over 15 years of experience in providing high quality, professionally-delivered workshops, events and educational resources on public speaking and communication skills. The charity is an enabler of social mobility and helps build a stronger society in which the voices of young people are heard, whatever their background. Speakers Trust works with one in every five state secondary schools in England, and youth organisations across the UK.

3i takes part in Career Ready's mentoring programme

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

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

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

» FOR MORE INFORMATION
www.careerready.org.uk

Learning and development

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

We encourage employees to take responsibility for their own development, working with their line managers to devise personal development plans to support the achievement of their individual aspirations, consistent with 3i's objectives.

Given the specialised nature of many of the roles in 3i, an emphasis is placed on work-based learning, with the provision of development opportunities supported by appropriate training and mentoring. This is supplemented by formal courses conducted both internally and externally and usually with a multinational group drawn from across the countries in which 3i operates.

During the year to 31 March 2022, we provided formal specialist training on areas and skills including:

- leadership skills;
- executive coaching;
- financial modelling;
- presentation and communication skills;
- speed reading;
- impact and gravitas;
- virtual presentation training;
- interview skills; and
- sustainability.

Our investment executives regularly receive education on issues of wider topical interest and impact. Last year, this was focused on the implications of an inflationary environment and of supply chain bottlenecks on our portfolio, as well as on cyber security.

Our graduate programme continued last year, with two new graduates joining us in September 2021. The programme involves one month of classroom-based learning on finance, accounting and valuations, followed by a three-year programme of rotations in different parts of the business.

We organised periodic induction sessions (both virtual and in person) to welcome new joiners, with presentations from the Chief Executive and other senior executives on different areas of the business. Our induction process was enhanced in the year with the allocation of a buddy and mentor to new joiners. The buddy and mentor programme has been well received and proved particularly helpful to employees who joined when our offices were closed as a result of the Covid-19 pandemic.

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



Working at 3i

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

Formal benefits

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

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

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

Maternity and paternity leave

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

Shared parental leave

3i has developed a clear and accessible Shared Parental Leave ('SPL') policy in the UK for eligible mothers, fathers, partners (including same sex) and adopters to choose how to share their time off work after their child is born or placed for adoption.

SPL at 3i is remunerated at 100% of salary for the first six weeks; thereafter, statutory shared parental pay will apply up to week 37 of the SPL. All other benefits remain in place for the duration of the SPL. Employees based outside the UK enjoy similar benefits, aligned with local custom and legislation.

Parental leave

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

Maternity and adoption leave

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

Paternity leave

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

Working at 3i continued

Wellbeing at work

We adopt a holistic approach to employee wellbeing.

Flexible working

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

After nearly two years of remote work as a consequence of the Covid-19 pandemic, our employees are mostly back in the office for the majority of the week, with the option to work remotely for part of the time. While we have made a success of remote working during the pandemic, employees have welcomed the opportunity to work face-to-face once again to enhance collaboration, build on our strong team ethos and socialise with colleagues. Employees appreciate the flexibility to work from home for part of the working week and the benefits this brings in terms of work/life balance and the management of personal commitments.

Physical health

3i promotes the physical wellbeing of its employees. For example, in the UK we provide our employees with annual medical insurance. All UK employees also qualify for annual health checks.

In addition to this, we provide the services of a personal fitness and nutrition adviser for our London-based employees, bookable free of charge for one-on-one fitness, nutrition and broader wellness advice sessions. He also hosts twice-weekly fitness and pilates classes that are free to employees.

In August 2020, we relaunched our Cycle to Work scheme, which is available to all UK-based employees. This programme is described on page 42.

Mental health and employee assistance

We place increasing importance on employees' mental wellbeing.

Over the past three years, most employees have participated in workshops organised in partnership with a specialist mental health consultancy providing a basic understanding of mental health, how to develop and strengthen it, and how to spot the early warning signs that indicate an individual may be struggling. Employees with people management responsibilities have also received more in-depth training on mental health issues. We have trained c.20 'mental health champions' across the business, to act as first points of contact for employees experiencing issues.

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

A supportive working environment

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

Grievance procedure

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

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

Compulsory redundancies

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

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

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

Working at 3i continued

Remuneration

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

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

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

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

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

Living wage

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

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

Employee engagement

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

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

Managers throughout 3i have a continuing responsibility to keep their teams informed of developments and to communicate financial results and other matters of interest. Senior managers and team leaders made a particular effort to keep staff informed through regular updates and virtual meetings during periods of remote working.

The Board of Directors typically holds one of its meetings every year in one of our offices outside London. This provides an opportunity for non-executive Directors to meet the local teams, often in a more informal setting. Unfortunately this needed to be put on hold during the Covid-19 pandemic, however the non-executive Directors have had 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.

David Hutchison, who was appointed as Chairman in November 2021, hosted an informal session with a number of employees in March 2022 to share insights about his career path and his ambitions for his new role. The Chairman aims to visit all our major international offices on a two-year rolling cycle and engages with as many employees as possible during these visits.

We promote and facilitate the ownership of 3i shares among employees through variable compensation and share investment plans. The engagement and the sense of ownership we have fostered over the years are reflected in low employee turnover rates.

89%

Participation in UK SIP¹

12%

Unplanned employee turnover rate

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

Health and safety

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

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

Our health and safety priorities

We ensure that:

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

We regularly review our global health and safety standards and consult with our health and safety representatives across our offices to identify opportunities for improvement.

Responsibilities and outcomes

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

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

During the year to 31 March 2022, we had no RIDDOR ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013') reportable incidents, and no work-related accidents or cases of work-related ill health were reported.

Our approach to health and safety during the Covid-19 pandemic

Throughout the Covid-19 pandemic, we actively followed local legislation and guidance to help protect the health and safety of employees and those who may be affected by our work.

We encouraged employees to take all reasonable steps to protect themselves, their families and colleagues. We provided regular communications on changes to government guidance and the control measures implemented by us to reduce workplace risk, including regular cleaning and provision of hand hygiene measures.

We continued to facilitate home working where employees were asked to do so by local governments by providing employees with ergonomic guidance on remote working, IT equipment, remote access to systems and online meeting and collaboration tools.

We keep our risk assessments and control measures under regular review in light of any changes to legislation or guidance.

We maintained provisions designed to improve the mental and physical health and wellbeing of our employees throughout the pandemic.



» A SUMMARY OF OUR GLOBAL HEALTH AND SAFETY POLICY IS AVAILABLE ON OUR WEBSITE
www.3i.com/sustainability/sustainability-policies

32 READ MORE
 Wellbeing at work

A good corporate citizen

We strive to embed sustainable and responsible business practices throughout our organisation. We have robust policies and processes in place and promote the right values and culture within our organisation. The corporate values are approved by the Board and the Executive Committee sets the tone and leads by example. All employees are evaluated annually against our corporate values.

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Standards of conduct and behaviour

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

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



» DOWNLOAD OUR ANNUAL REPORT
www.3i.com/investor-relations



Compliance

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

Compliance manual

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

Financial crime and market abuse

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

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

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

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

- personal transactions; and
- managing inside information.

Anti-bribery policy

3i has an Anti-bribery policy which applies to all those who work for, act on behalf of or represent 3i. 3i's Anti-bribery policy requires high standards of ethical behaviour in all our business interactions. Accordingly, we will not offer, pay or accept bribes. In addition to detailed provisions, the policy also requires the exercise of good judgement and common sense.

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

We are also committed to working only with third parties whose standards are substantively consistent with our own. This includes our intermediaries and advisers. As part of our approach to responsible investment, we expect businesses in which we invest to operate in compliance with all applicable laws and regulations including applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.

Hospitality, gifts and inducements

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

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

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

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

Political donations

3i's policy is not to make political contributions, whether to political parties, political organisations or election candidates. In line with this policy, in the year to 31 March 2022, no donations were made to political parties or organisations or independent election candidates, and no political expenditure was incurred.

Conflicts

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

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



Compliance continued

Compliance training

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

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

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

Data protection

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

Our policy requires our employees to:

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

During the year to 31 March 2022 we did not receive any complaints from third parties or complaints by regulatory bodies regarding the use and disclosure of personal data.

3i maintains an Information Security Management System that:

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



Compliance continued

Cyber resilience

We focus on cyber resilience both in terms of 3i's own systems and those of its portfolio companies.

3i's cyber resilience is overseen by the Group Risk Committee and managed on a day-to-day basis by the Group IT team. Non-executive governance is supported by the Group Audit and Compliance Committee and operational governance is provided by 3i's Chief Information Security Officer, Group IT team and Internal Audit team (which carries out regular reviews of 3i's cyber resilience processes and procedures). The 3i Cyber Security Review Board meets monthly to discuss cyber security issues, including new and emerging threats, and to review the cyber risk register and dashboard of relevant cyber key performance indicators. We continue to engage the services of a leading cyber security services company which provides ready access to intelligence and expert advice on new and emerging cyber security threats.

3i runs a periodic cyber resilience e-learning course for all 3i staff and an ongoing 'phishing' email programme to test and monitor 3i staff's 'click-rate' and to promote increased practical awareness of the risks associated with phishing emails. This year, we ran a programme of cyber security awareness workshops for employees, conducted by our Chief Information Security Officer, which provided an understanding of the types of cyber and information security attacks we are vulnerable to, demonstrated

the techniques used to steal and manipulate data through hands-on scenarios and showed the tools available to help protect our data. 3i also tested its Cyber Security Incident Response Plan and updated its overall business resilience strategy and governance framework.

In compliance with government restrictions and advice in place to manage the Covid-19 pandemic in the countries in which we operate, the vast majority of 3i employees worked remotely for a significant part of the year. All remote workers have full access to 3i's IT systems, which continue to be fully supported by the Group IT team and its managed service providers.

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

In relation to its portfolio companies, 3i promotes cyber resilience actively as a key component of the corporate governance programme through its representatives on the boards of its portfolio companies. We use an external firm of cyber security specialists to conduct non-intrusive reviews of the cyber resilience of our key portfolio companies' systems. The resulting reports are discussed with the management teams of the relevant portfolio companies and specific actions agreed where appropriate. In some cases where the cyber maturity of a new portfolio company is deemed to be in its early stages, we ensure that a cyber security review is carried out and that the necessary controls and procedures are implemented across the organisation.

Cyber resilience is one of the governance topics reviewed at the six-monthly business reviews of 3i's portfolio companies which are conducted as part of 3i's regular asset management and portfolio monitoring programme. If any incidents occur, appropriate information is shared throughout our investment teams to promote our understanding of this evolving risk. We also ensure that developments and best practice are shared across the portfolio with relevant members of portfolio company management teams, including through formal forums such as our portfolio company CIO Virtual Forum held in 2021 (see page 20).

Public policy

Although 3i will not participate directly in party political activity, it may engage in policy debate on subjects of legitimate concern to 3i, its staff and the communities in which it operates. This is done principally through industry representative bodies such as the British Private Equity and Venture Capital Association and Invest Europe, where we might contribute to the formulation of their policy positions, although from time to time we may engage directly with government and regulatory bodies on matters of particular and direct importance to 3i and its businesses.

Lobbying must only be undertaken with the prior approval of a member of the Executive Committee and in a manner that is lawful and adheres to 3i's values.

Whistle blowing

Our whistle blowing policy forms an integral part of our culture of openness, transparency and fairness. Where any employee discovers information which they believe shows malpractice or wrongdoing within 3i, under most circumstances they will raise concerns with their line manager, who will pass this information to the appropriate Executive Committee member.

Should this route not be suitable, then the employee may approach one of the following individuals who have been designated to provide impartial advice on the appropriate course of action to follow:

- Director, Group Compliance;
- Director, Internal Audit; or
- Group Legal Counsel & Company Secretary.

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

Our policies are clear that there should be no fear of reprisal or victimisation or harassment for whistle blowing.

There were no incidents of whistle blowing in the year.

Approach to taxation

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

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

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

Approved investment trust status

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

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

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

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

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

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

Tax Strategy

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

Training

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



Environment

3i has fewer than 240 employees worldwide and has a relatively low environmental impact.

We operate from a network of seven offices across the world, with approximately two-thirds of our employees based in our London office. All our offices are leased.

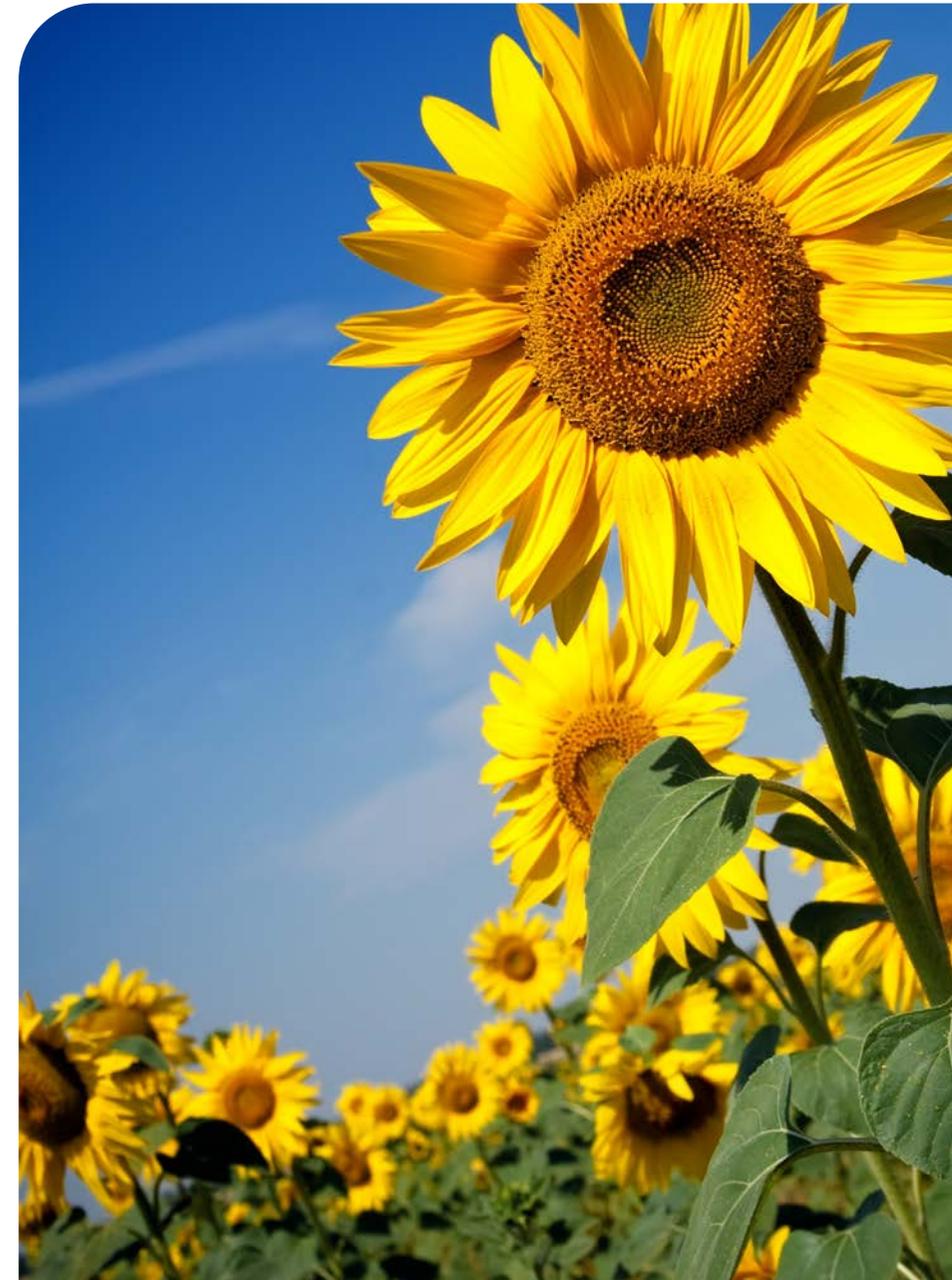
We are committed to minimising our environmental impact and to improving our environmental performance wherever possible. We have an Environmental Management System that is proportionate to the operational scale and environmental risk profile of our business. We use the precautionary principle to manage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

Our strategy is to:

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

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

While our direct environmental impact is small, our materiality assessment and associated stakeholder engagement identified that the integration of environmental issues into our investment processes is important. We have made significant progress in portfolio emissions data measurement and currently collect GHG emissions data from over 70% of our Private Equity portfolio companies and over 80% of our economic Infrastructure investments. Our approach to responsible investment and to portfolio sustainability is described in the 'A responsible investor' section of this report and our TCFD report is available in our Annual report and accounts.



Environment continued

Minimising our direct environmental impact

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

Energy consumption

To reduce our energy consumption, we ensure that all lights, computers and other equipment are powered off when not in use during extended periods of time, including at night and at weekends. Our London office was refurbished in FY2020. The refurbishment included the installation of new LED light fittings, which can achieve 50% electrical energy efficiency improvement compared with the previous LED fittings, last longer, and will continue to operate at 100% output until they fail, reducing waste over time.

Our London, Luxembourg and New York offices, which accounted for over 80% of our electricity consumption in FY2022, procure electricity from 100% renewable sources. Where we have control, we plan to switch the energy supplier of our other offices to renewable sources in due course.

We report annually in our CDP response on completed and planned energy efficiency projects and the resulting energy savings. We also continue to develop our data collection system to allow us better to quantify the savings made following the implementation of these measures.

Energy Savings Opportunity Scheme ('ESOS') compliance

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The scheme is administered by the UK Environment Agency. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by these organisations' buildings, industrial processes and transport to identify cost-effective energy saving measures.

Organisations must notify the Environment Agency by a set deadline that they have complied with their ESOS obligations.

We undertook our last energy audit in October 2019 as part of our ESOS assessment for our London office. We lease part of a building owned and managed by Landsec and have limited control over the energy efficiency of the structure. However, the ESOS assessment identified a number of potential energy saving areas, which we have been implementing where possible in partnership with our landlord. These potential improvements, which were reported on in our 2020 sustainability report, are relatively modest in scope.

Travel

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

The majority of our meeting rooms are equipped with audiovisual and teleconferencing solutions and employees are encouraged to make use of these, reducing travel where appropriate. The video conferencing facilities in our London office were improved further as part of the office refurbishment in FY2020 and were upgraded in FY2022 to facilitate the greater use of hybrid meetings.

Business travel has been limited since the start of the Covid-19 pandemic, albeit resumed to an extent following the easing of travel restrictions in the summer of 2021.

UK Cycle to Work scheme

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

Paper usage

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

Environment continued

Waste management

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

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

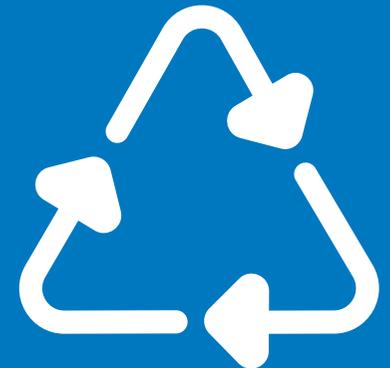
Over the past few years we have implemented a number of initiatives in our London office to reduce office waste further:

- we upgraded the waste recycling facilities better to align them with the recycling activity carried out by our landlord's waste management supplier and carried out an awareness campaign to encourage full use of these facilities;
- we made reusable take-away coffee cups available to all employees. These cups can be used externally and returned to the office for cleaning;
- we installed dispensers of filtered still and sparkling water, eliminating the purchase of bottled water for staff and replacing an average of c.1,850 500ml bottles of sparkling water per month;
- we introduced new compostable cups and lids for use in our coffee shop, replacing an average of c.2,700 non-recyclable cups and lids per month; and
- we made metal cutlery available in our kitchen hubs to reduce the use of plastic cutlery.

Details of waste from 3i's operations in the year to 31 March 2022 are set out in the table below.

| Waste disposal method | Weight |
|------------------------|-------------|
| Recycled waste – mixed | 49.5 tonnes |
| Recycled waste – paper | 3.0 tonnes |
| Combustion | 9.9 tonnes |
| Anaerobic digestion | 5.7 tonnes |
| Landfill – mixed | 52.7 tonnes |

Information provided by the waste disposal contractor.



Environment continued

3i Group's emissions performance

This section has been prepared in accordance with our regulatory obligation to report GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the year to 31 March 2022, our measured Scope 1 and 2 emissions (market-based) totalled 269.9tCO₂e. This comprised:

| GHG emissions (Scope) | FY2022 (tCO ₂ e) | | | FY2021 (tCO ₂ e) | | |
|---|-----------------------------|---------------|----------------|-----------------------------|---------------|---------|
| | UK | Rest of world | Total | UK | Rest of world | Total |
| 1 | 143.8 | 24.0 | 167.8 | 104.4 | 13.3 | 117.7 |
| 2 – location-based | 166.7 | 154.3 | 321.0 | 126.0 | 133.3 | 259.3 |
| 2 – market-based | – | 102.1 | 102.1 | – | 142.4 | 142.4 |
| Total 1 & 2 (location-based) | 310.5 | 178.3 | 488.8 | 230.4 | 146.6 | 377.0 |
| Total 1 & 2 (market-based) | 143.8 | 126.1 | 269.9 | 104.4 | 155.7 | 260.1 |
| 3 | n/a | n/a | 3,010.3 | n/a | n/a | 2,666.2 |

This is equivalent to 1.2tCO₂e per full-time equivalent employee, based on an average of 234 employees (2021: 1.1tCO₂e; 229 employees). Overall, our Scope 1 and 2 (market-based) emissions increased by only 3.8% year-on-year, despite a material increase in office working compared to FY2021, as a result of the increased use of renewable energy tariffs in our offices.

During the year to 31 March 2022, our measured Scope 3 emissions totalled 3,010.3tCO₂e. This represented an increase of 12.9% compared to the previous year. This can be attributed to the easing of Covid-19 restrictions globally, causing Scope 3 categories such as waste, business travel and employee commuting to increase. As we did last year, we chose to include emissions related to home working in our Scope 3 calculation. These were calculated by estimating the energy consumed by employees on using office equipment, lighting and heating while working from home, using national benchmarks where available. The decrease of home working Scope 3 emissions due to the reduced Covid-19 restrictions only partly offset the increase in emissions associated with waste, business travel and employee commuting.

Our total fuel and electricity consumption was 1,972.0MWh in FY2022, 80% of which was consumed in the UK. The split between fuel and electricity consumption is shown in the table on the right.

| Energy consumption (MWh) | FY2022 | | | FY2021 | | |
|--------------------------|--------|---------------|---------|--------|---------------|-------|
| | UK | Rest of world | Total | UK | Rest of world | Total |
| Electricity | 785.3 | 320.1 | 1,105.4 | 540.3 | 278.3 | 818.6 |
| Fuel ¹ | 785.3 | 81.3 | 866.6 | 567.7 | 60.1 | 627.8 |

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. 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 2022 are:

- **Scope 1:** natural gas combustion within boilers and fuel combustion within leased vehicles;
- **Scope 2:** purchased electricity and heat consumption for our own use;
- **Scope 3:** purchased goods & services, 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, values have been estimated using either extrapolation of available data or by using data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ('dual reporting'): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

Whilst we have a relatively low footprint on the environment, we are committed to reducing it further. In our London, Luxembourg and New York offices, which account for over 80% of our overall electricity consumption, we purchase our electricity from 100% renewable sources. Although the options for energy efficiency improvements for our offices are limited, we are assessing whether it is possible to switch to renewable tariffs in our remaining offices where we do not currently purchase all of our electricity from 100% renewable sources.

Third-party verification

Our emissions have been verified to a limited level of assurance by an external third party according to the ISO 14064-3 standard.

Sustainable procurement

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

Our approach to procurement

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

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

the details of any accreditation of participation in sustainability indices or associations:

- **Workplace** Labour rights, equal opportunities, occupational health and safety;
- **Environment** Green policies and practices;
- **Marketplace** Advertising and marketing ethics; and
- **Community** Charities, participation in local communities.

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

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

Due diligence on proposed suppliers

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

- integrity due diligence must be conducted on prospective suppliers that are considered to be at a high risk of bribery and corruption;
- due diligence on information/data security (including cyber security) must be conducted if confidential 3i data will be processed or held by the supplier;
- due diligence on human rights policies, equal opportunity policies and employment policies, with particular focus on the provider's commitments on the use of child or forced labour in their operations or supply chain, must be conducted where Group procurement deems there is a risk of non-conformity with 3i's approach; and
- a thorough evaluation of business resilience must be undertaken that will include the financial performance of the supplier, insurance cover, evidence of accreditation, of contingency planning and third-party dependencies.



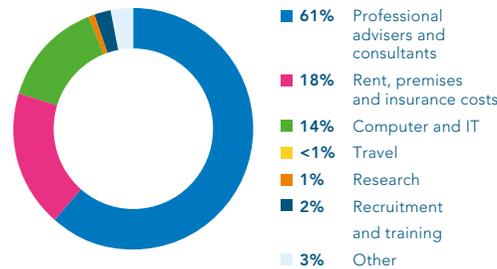
Sustainable procurement continued

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

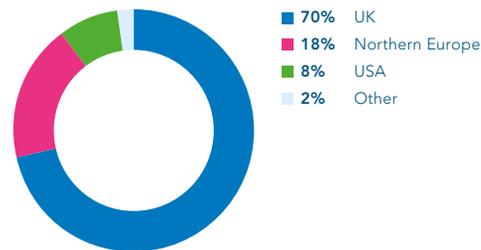
We published on our website our slavery and human trafficking statement in relation to FY2021 in September 2021 and will update this statement for FY2022 in September 2022.

A large majority of 3i's suppliers are professional advisers and consultants engaged to advise 3i on potential investments, divestments and other matters in relation to our portfolio and various corporate matters. Other significant items in our overall procurement spend were rent, premises costs and insurance, as well as computers and IT. We consider these categories to be relatively low risks in terms of modern slavery. The charts opposite show the breakdown of 3i's total relevant spend with suppliers in FY2021 by reference to the type of supplier and by geography.

Supplier spend by type of supplier (FY2021)



Supplier spend by geography (FY2021)



The geographical analysis of our supplier spend shows that c.95% of total 3i relevant supplier spend was situated in Europe and North America. We use the Global Slavery Index produced by Walk Free as a guide to the prevalence of modern slavery in particular countries. India (which at 53rd place in the Global Slavery Index was the lowest ranking country where we have suppliers) accounted for c.4% of total in-scope supplier spend in FY2021. 84% of the supplier 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 as a lower risk supplier in terms of modern slavery.

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

Payment practices reporting

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

Prompt Payment Code

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

Community

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

» MORE DETAILS ABOUT THE CHARITIES THAT 3I SUPPORTS CAN BE FOUND www.3i.com/sustainability/corporate-citizenship/charitable-giving/

» MORE DETAILS ABOUT THE COVID-19 CHARITABLE FUND CAN BE FOUND www.3i.com/sustainability/corporate-citizenship/covid-19-charitable-fund

Ordinary charitable giving

The charities we partner with are supported on the basis of their effectiveness and impact. Our ordinary charitable giving for the year to 31 March 2022 totalled £700,000. 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 £48,500 of employee donations.

In addition, during the year our London-based staff arranged a gift collection for Community Links' Christmas Toy Appeal and Foodbank Appeal. A number of our employees also volunteered with The Trussell Trust, The Passage and Leonard Cheshire during the year.

Ukraine emergency donation

In March 2022, 3i donated £1 million split equally between UNICEF and the Médecins Sans Frontières/Doctors Without Borders ('MSF') Emergency Fund. UNICEF is working with partners on the ground in Ukraine to reach vulnerable children and families with essential services – including health, education, protection, water and sanitation – as well as life-saving supplies. MSF provides medical assistance to people affected by conflict, epidemics, disasters, or exclusion from healthcare. MSF's Emergency Fund is an annual financial reserve that allows the organisation to react quickly in emergencies, with an aim of being on the ground within 48 hours.

A number of our portfolio companies, including Action, Christ, GartenHaus, Havea, ten23 health and BoConcept, have also made donations or otherwise provided support to those affected by the war. Scandlines is offering free transport on its ferries between Denmark and Germany to Ukrainian passport holders.

Our Covid-19 charitable fund

In May 2020 3i announced it had set up a £5 million Covid-19 charitable fund, funded from Private Equity and Infrastructure carry and performance fees provided for in the income statement in prior periods.

The overarching theme of the fund was to alleviate poverty and all its consequences, by supporting charities particularly affected by the pandemic, focusing on the most vulnerable communities in countries where 3i and its portfolio companies operate. Within this, our donations targeted a number of areas, including food provision, education, domestic violence, advancement of minorities and disadvantaged groups, community development and mental health. Some funding was provided to offer immediate relief to communities, with other donations being made to support 12–24 month recovery programmes. Most of this fund was deployed in FY2021, with the remaining resources deployed at the start of FY2022, supporting a total of c.100 charities across 14 geographies.

Our nine charity partners



Transparency and stakeholder engagement

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

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

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

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

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

Please also refer to our Section 172 disclosures on pages 90 to 95 in our Annual report and accounts.

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

Transparency and stakeholder engagement continued

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

Transparency and stakeholder engagement continued

The Walker Review

In 2007, in response to the growing debate about the role of private equity in the UK, the British Venture Capital Association ('BVCA') suggested a review to examine ways in which levels of disclosure in companies backed by the UK private equity industry could be improved.

The review was led by Sir David Walker, who consulted widely and invited representations from within the private equity industry, other financial institutions, pension funds and the investment community, as well as more broadly with portfolio companies, trade unions and employer representatives. 3i actively supported the review, with involvement from the Chairman.

3i also endorsed the voluntary code which resulted in the 'Guidelines for Disclosure and Transparency in Private Equity', which was published in November 2007. Sir David Walker's recommendations with respect to reporting for private equity firms and their relevant portfolio companies were on a 'comply or explain' basis. An overview of the guidelines together with the fourteenth annual report of the Private Equity Reporting Group (which monitors and reports on the UK private equity industry's conformity with the guidelines) at December 2021 can be found at www.privateequityreportinggroup.co.uk

The only 3i portfolio companies which met the criteria set out in the guidelines and were included in the fourteenth annual report for the year to 31 December 2021 were Infinis, held within the 3i Infrastructure plc portfolio, and East Surrey Pipelines, held within 3i Managed Infrastructure Acquisitions LP, both of which are vehicles managed by 3i's Infrastructure business.



FOR MORE INFORMATION
www.privateequityreportinggroup.co.uk

GRI and SASB

Due to increasing requests from stakeholders for relevant and comparable sustainability information, we have chosen to report in accordance with the Global Reporting Initiative ('GRI') core option and Sustainability Accounting Standards Board ('SASB') standards.

| | |
|------|----|
| GRI | 52 |
| SASB | 56 |

GRI

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

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

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

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

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

GRI content index

| GRI standard title | Disclosure number | Disclosure title | Page number | Fully reported/ other comment |
|---|---|--|------------------------------|----------------------------------|
| General – organisational profile | 102-1 | Name of the organisation | SR: 02; ARA: IFC | Fully reported |
| | 102-2 | Activities, brands, products, and services | SR: 04; ARA: 04-05 and 12-13 | Fully reported |
| | 102-3 | Location of headquarters | SR: 04 | Fully reported |
| | 102-4 | Location of operations | SR: 04 | Fully reported |
| | 102-5 | Ownership and legal form | SR: 04; ARA: 141-142 | Fully reported |
| | 102-6 | Markets served | SR: 04; ARA: 04-05 | Fully reported |
| | 102-7 | Scale of the organisation | SR: 04; ARA: 04-05 | Fully reported |
| | 102-8 | Information on employees and other workers | SR: 04 | Fully reported |
| | 102-9 | Supply chain | SR: 45-46 | Fully reported |
| | 102-10 | Significant changes to the organisation and supply chain | SR: 45-46 | Fully reported |
| | 102-11 | Precautionary principle or approach | SR: 41 | Fully reported |
| | 102-12 | External initiatives | SR: 09; ARA 81 and 83 | Fully reported |
| | 102-13 | Membership of associations | SR: 09 | Fully reported |
| General – strategy | 102-14 | Statement from senior decision maker | SR:05-06 | Fully reported |
| | 102-15 | Key impacts, risks and opportunities | SR: 10-23 | Fully reported |
| General – ethics and integrity | 102-16 | Values, principles, standards, and norms of behaviour | SR: 07; ARA 15, 58 and 73 | Fully reported |
| General – governance | 102-18 | Governance structure | SR: 08; ARA 96-146 | Fully reported |
| | 102-20 | Executive-level responsibility for economic, environmental and social topics | SR: 08 | Fully reported |
| | 102-21 | Consulting stakeholders on economic, environmental and social topics | SR: 52; ARA: 92-95 | Fully reported |
| | 102-22 | Composition of the highest governance body and its committees | ARA 96-146 | Fully reported |
| | 102-23 | Chair of the highest governance body | ARA: 98-99 | Fully reported |
| | 102-24 | Nominating and selecting the highest governance body | ARA: 107-111 | Fully reported |
| | 102-25 | Conflicts of interest | SR: 37; ARA: 143 | Fully reported |
| | 102-26 | Role of highest governance body in setting purpose, values and strategy | SR: 07 | Fully reported |
| | 102-27 | Collective knowledge of highest governance body | ARA: 85 and 106 | Fully reported |
| | 102-28 | Evaluating the highest governance body's performance | ARA: 106 | Fully reported |
| | 102-35 | Remuneration policies | ARA: 129-139 | Fully reported |
| 102-36 | Process for determining remuneration | ARA: 129-139 | Fully reported | |
| 102-37 | Stakeholders' involvement in remuneration | ARA: 129-139 | Fully reported | |

GRI content index continued

| GRI standard title | Disclosure number | Disclosure title | Page number | Fully reported/ other comment |
|---|-------------------|--|------------------------------|----------------------------------|
| General – stakeholder engagement | 102-40 | List of stakeholder groups | SR: 48-49; ARA: 92-93 | Fully reported |
| | 102-41 | Collective bargaining agreements | SR: 25 | Fully reported |
| | 102-42 | Identifying and selecting stakeholders | SR: 48-49 and 52; ARA: 92-95 | Fully reported |
| | 102-43 | Approach to stakeholder engagement | SR: 48-49 and 52; ARA: 92-95 | Fully reported |
| | 102-44 | Key topics and concerns raised | SR: 52 | Fully reported |
| General – reporting practice | 102-45 | Entities included in the consolidated financial statements | ARA: 189-192 | Fully reported |
| | 102-46 | Defining report content and topic Boundaries | SR: 52 | Fully reported |
| | 102-47 | List of material topics | SR: 52 | Fully reported |
| | 102-48 | Restatements of information | SR: 44 | Fully reported |
| | 102-49 | Changes in reporting | SR: 44 | Fully reported |
| | 102-50 | Reporting period | SR: 02 | Fully reported |
| | 102-51 | Date of most recent report | | 31 March 2021 |
| | 102-52 | Reporting cycle | | Annual |
| | 102-53 | Contact point for questions regarding the report | SR: 58 | Fully reported |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | SR: 51-52 | Fully reported |
| | 102-55 | GRI content index | SR: 53-55 | Fully reported |
| Economic performance | 102-56 | External assurance | SR: 02 and 44 | Fully reported |
| | 201-1 | Direct economic value generated and distributed | ARA: 20-56 | Fully reported |
| Anti-corruption | 201-3 | Defined benefit plan obligations and other retirement plans | ARA: 178-181 | Partially reported |
| | 205-1 | Operations assessed for risks related to corruption | SR: 37; ABP | Partially reported |
| | 205-2 | Communication and training about anti-corruption policies and procedures | SR: 37-38 | Fully reported |
| | 205-3 | Confirmed incidents of corruption and actions taken | SR: 37 | Fully reported |
| Tax | 207-1 | Approach to tax | SR: 40 | Fully reported |
| Environmental – emissions | 305-1 | Direct (Scope 1) GHG emissions | SR: 44 | Fully reported |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | SR: 44 | Fully reported |
| | 305-3 | Other indirect (Scope 3) GHG emissions | SR: 44 | Fully reported |
| | 305-4 | GHG emissions intensity | SR: 44 | Fully reported |
| | 305-5 | Reduction of GHG emissions | SR: 44 | Fully reported |
| Environmental – waste | 306-3 | Waste generated | SR: 43 | Fully reported |

SR: 3i Group Sustainability report 2022 (this report)

ARA: 3i Group Annual report and accounts 2022 (<http://www.3i.com/investor-relations>)

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

GRI content index continued

| GRI standard title | Disclosure number | Disclosure title | Page number | Fully reported/ other comment |
|--|-------------------|--|----------------------|----------------------------------|
| Employment | 401-1 | New employee hires and employee turnover | SR: 27 | Fully reported |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | SR: 31 | Fully reported |
| | 401-3 | Parental leave | SR: 31 | Partially reported |
| Occupational health | 403-1 | Occupational health and safety management system | SR: 34 | Fully reported |
| | 403-6 | Promotion of worker health | SR: 32 | Fully reported |
| | 403-9 | Work-related injuries | SR: 34 | Fully reported |
| | 403-10 | Work-related ill health | SR: 34 | Fully reported |
| Training and education | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | SR: 30 | Fully reported |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | SR: 30 | Fully reported |
| Diversity and equal opportunity | 405-1 | Diversity of governance bodies and employees | SR: 27 | Partially reported |
| Non-discrimination | 406-1 | Incidents of discrimination and corrective actions taken | SR: 26 | Fully reported |
| Forced or compulsory labour | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | SR: 12, 25 and 45-46 | Fully reported |
| Public policy | 415-1 | Political contributions | SR: 37; ARA: 81 | Fully reported |
| Customer privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | SR: 38 | Fully reported |
| Product portfolio | FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose | SR: 11 | Fully reported |
| Active ownership | FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted | SR:11 | Fully reported |

SASB

The table below sets out 3i's SASB disclosures for the year ending 31 March 2022. We have chosen to adopt a new version of the SASB standard for Asset Management & Custody Activities issued in December 2021 that is applicable for accounting periods beginning on or after 1 January 2022 and removes the requirement to report on the Systemic Risk Management indicator.

| | Topic | Code | Indicator | Details |
|---|--|--------------|--|--|
| Table 1. Sustainability Disclosure Topics & Accounting Metrics | Transparent Information & Fair Advice for Customers | FN-AC-270a.1 | (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings | We have no records of investment-related investigations, consumer-initiated complaints or other regulatory proceedings made against any current employee. Employees may engage in private civil litigation (non investment-related) but we are not aware of any proceedings of significance. |
| | | FN-AC-270a.2 | Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers | None. |
| | | FN-AC-270a.3 | Description of approach to informing customers about products and services | 3i does not have 'retail' customers. It has shareholders, for the benefit of whom the Company is managed. Our regulatory customers are professional clients that invest in the private funds that we manage, or act as co-investors in some of our investments. Please refer to: <ul style="list-style-type: none"> • Pages 48 and 49 of this Sustainability report for a discussion of our stakeholders. • Pages 92, 102 and 103 of our Annual report and accounts 2022, available on www.3i.com/investor-relations for a discussion of how we engage with our shareholders and Fund investors. |
| | Employee Diversity & Inclusion | FN-AC-330a.1 | Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees | We make partial disclosures under this heading due to our small headcount. Please refer to pages 04, 27 and 29 of this Sustainability report. |

SASB continued

| | Topic | Code | Indicator | Details |
|------------------------------|--|--------------|--|--|
| Table 1. continued | Incorporation of Environmental, Social and Governance Factors (ESG) in Investment Management & Advisory | FN-AC-410a.1 | Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening | Amount of assets under management that employ: (1) Integration of ESG issues: 100% of total AUM, 100% of Private Equity AUM; 100% of Infrastructure AUM. (2) Sustainability themed investing: none, we do not manage thematic sustainability assets or funds. (3) Screening: 100% of total AUM, 100% of Private Equity AUM; 100% of Infrastructure AUM. Please refer to pages 10-23 of this Sustainability report. |
| | | FN-AC-410a.2 | Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies | Please refer to pages 9-23 of this Sustainability report. |
| | | FN-AC-410a.3 | Description of proxy voting and investee engagement policies and procedures | Please refer to: <ul style="list-style-type: none"> • Pages 10-23 of this Sustainability report. • Page 142 of our Annual report and accounts 2022, available on www.3i.com/investor-relations |
| | Business Ethics | FN-AC-510a.1 | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations | None. |
| | | FN-AC-510a.2 | Description of whistleblower policies and procedures | Please refer to page 39 of this Sustainability report. |
| | | FN-AC-000.A | (1) Total registered and (2) total unregistered assets under management (AUM) | We do not manage any assets subject to the regulations of the Investment Company Act of 1940 (1940 Act). Please refer to pages 4, 5 and 36 of our Annual report and accounts 2022, available on www.3i.com/investor-relations , for information on our AUM. |
| Table 2. Activity Metrics | | FN-AC-000.B | Total assets under custody and supervision | Not applicable. We do not perform regulated custody or supervision activities. |

Contacts

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