



3i Group plc

Slavery and human trafficking statement made
pursuant to section 54 of the Modern Slavery Act 2015
for the financial year ended 31 March 2019

3i Group plc

Slavery and human trafficking statement for the financial year ended 31 March 2019 (“FY19”)

This statement is made by 3i Group plc (“3i”) pursuant to Section 54 of the Modern Slavery Act 2015 (“MSA”) and applies to all 3i’s subsidiaries (as defined in the UK Companies Act) whether incorporated within or outside the UK. A full list of 3i’s subsidiaries is set out in note 31 to the 3i Group plc annual report to 31 March 2019 which is available on 3i’s [website](#).

This statement was approved by the Board of Directors of the Company on 25 September 2019.

Overarching statement

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

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

Meaning of slavery and human trafficking

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

3i’s business

3i is an international investor and investment manager with two complementary businesses, Private Equity and Infrastructure, specialising in core investment markets in northern Europe and North America. As at 31 March 2019, 3i also held a 35% investment in Scandlines which is managed separately from the Private Equity and Infrastructure business lines and is reported as a Corporate Asset. 3i’s total assets under management as at 31 March 2019 (“AUM”) were nearly £13.0 billion, just under 97% of which consisted of investments in Europe and North America. The remaining c.3% of AUM related primarily to legacy investments in Asia which are being managed for realisation over the next few years.

Our Private Equity business invests in companies with an enterprise value of typically between €100m and €500m at acquisition in its core investment markets of northern Europe and North America. The Private Equity business has a small number of legacy investments in Asia.

Our Infrastructure business invests in economic infrastructure investments and both greenfield and operational project investments in developed economies, principally in Europe, and with a North American Infrastructure platform launched in March 2017. The Infrastructure business also acts as investment manager of the 3i India Infrastructure Fund – a US\$1.2 billion fund raised in 2008. The 3i India Infrastructure has made no new investments since 2012 when its investment period ended. Further details of the Private Equity and Infrastructure portfolios are set out below in the section headed “3i’s portfolio”.

We currently have operations in eight offices across Europe, North America and Asia. At 31 March 2019 3i had a total of 240 employees, of whom just under two-thirds were located in our head office in London and with just seven employees outside of Europe and North America.

The map below shows the geographical distribution of 3i's 240 employees as at 31 March 2019



We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination. For all matters relating to human rights, we comply with local laws, and if those laws provide lesser protection than UK law, we apply the principles enshrined in UK law.

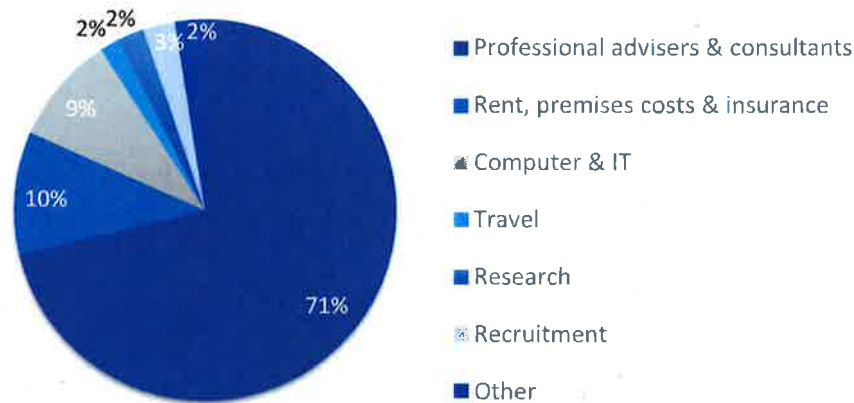
We have a comprehensive suite of corporate responsibility policies, copies of which are available on our [website](#), including our policies on People, Equal Opportunity & Diversity, Global Recruitment & Selection and Health & Safety. All 3i staff globally have access to an independent and confidential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

3i's governance structure

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

3i's supply chain

The pie chart below shows the breakdown of 3i's total spend with suppliers in FY19 by type of supplier



This chart shows an increase in the proportion of 3i's total spend which related to professional advisers and consultants (71%) compared with FY18 (64%). We consider professional advisers and consultants as a class of supplier to be relatively lower risk in terms of modern slavery.

Top 10 geographies in which 3i's suppliers are based

Country	Percentage of total supplier spend in FY19	GSI Ranking 2018 ¹
United Kingdom	52%	132nd
Germany	18%	134th
Netherlands	12%	143rd
France	5%	136th
United States	4%	158th
India	2%	53rd
Luxembourg	1%	154th
Spain	1%	124th
Ireland	1%	147th
Switzerland	0%	146th
Total	97%	

¹ GSI rating 2018: This is the Global Slavery Index ranking out of 167 countries, where 1 (N Korea) is the highest or "worst" ranking with an estimated prevalence of 105 people affected per 1,000 of population and 167 (Japan) is the lowest or "best" ranking with an estimated prevalence of 0.3 people affected per 1,000 of population

This table shows that (i) the top 10 suppliers represented c.97% of total 3i supplier spend in FY19 and (ii) c.95% of total 3i supplier spend was in Europe and North America. The highest (or "worst") ranking geography is India (53rd) which only accounted for c.2% of total 3i supplier spend.

We identified a number of suppliers (representing in aggregate less than 2% of 3i's total supplier spend) whom we consider to be operating in higher risk regions (India) according to the GSI Ranking 2018 (53rd out of 167). However, Infosys (outsourcing services) represented c.77% of 3i's total supplier spend in India and we consider Infosys as a lower risk supplier in terms of modern slavery. Infosys is a NYSE listed global consulting and IT services company with more than 228,000 employees and a market capitalization of approximately US\$ 47.7 billion. They were recognized by the Top Employer Institute in 2019 for excellence in employment practices. Their employee stock option program created some of India's first salaried millionaires.

3i's portfolio

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

3i's approach to modern slavery in the context of its investment portfolio is incorporated within its Responsible Investment policy ("**RI policy**"). 3i's policy has, for some time, been to avoid investing in certain businesses which we view as unethical, including those which do not respect the human rights of their workers. In 2011, our policy was formalised into our rigorous RI policy, a summary of the current version of which is available on our [website](#). The RI policy sets out 3i's approach to responsible investing and, in particular, describes how 3i seeks to incorporate Environmental, Social and Governance ("**ESG**") issues into its pre-investment due diligence screening of new investment opportunities and its ongoing portfolio monitoring processes. Since 2011, 3i's RI policy has been embedded in our investment and portfolio management processes and is supported by detailed guidance notes, external advisers and internal resource. It informs our investment decisions and our behaviours as a responsible steward of our assets.

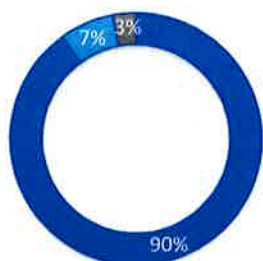
We have also been signatories to the UN Principles of Responsible Investment since August 2011 and a copy of our latest PRI Transparency Report (covering the period to 30 September 2018) is available on the [PRI website](#).

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

3i specialises in its core investment markets in northern Europe and North America, which have a relatively lower potential risk of slavery according to the Global Slavery Index ("**GSI**"). The following charts show a breakdown of (i) 3i's total AUM by geography and (ii) the turnover of 3i's portfolio by geography and the GSI rating of the principal countries in which 3i's portfolio generates its turnover.

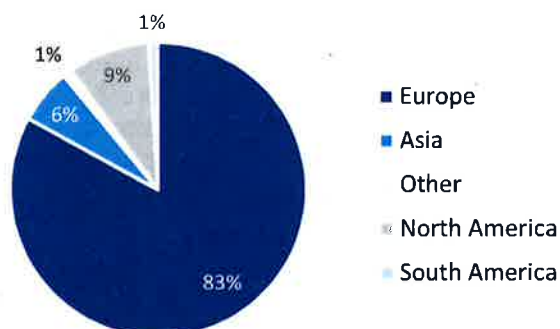
Total 3i AUM - c.£13.0 billion as at 31 March 2019

Breakdown by geography



■ Nothern Europe ■ North America ■ Other

3i's portfolio turnover by geography as at 31 March 2019



■ Europe
■ Asia
■ Other
■ North America
■ South America

Top 10 countries in which 3i's portfolio generated its turnover in FY19 and their GSI rating

Country	Percentage of total turnover in FY19	GSI Ranking 2018 ²
France	17%	136th
Netherlands	16%	143rd
United Kingdom	15%	132nd
Germany	14%	134th
USA	8%	158th
Belgium	7%	135th
Spain	5%	124th
India	3%	53rd
Denmark	2%	150th
Sweden	2%	152nd
Total	89%	

The remaining 11% includes the following countries outside Europe and North America: Australia, Brazil, China, Mexico and Singapore. Each of these countries represents c.1% of total 3i portfolio turnover and, of these countries, Singapore has the highest (or "worst") GSI ranking (97th).

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.

All potential new investment opportunities that reach an advanced stage in 3i's investment process are subject to a high-level review of their potential ESG risks (including human rights abuses such as unlawful child labour and slavery) and opportunities prior to commissioning comprehensive due diligence. This exercise will typically result in recommendations as to which ESG issues should be subject to more comprehensive, "deep-dive" due diligence pre-investment and which should be

² GSI rating 2018: This is the GSI ranking out of 167 countries, where 1 (N Korea) is the highest or "worst" ranking with an estimated prevalence of 105 people affected per 1,000 of population and 167 (Japan) is the lowest or "best" ranking with an estimated prevalence of 0.3 people affected per 1,000 of population.

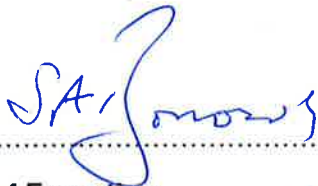
progressed post-investment. The key findings from the high-level review are summarised in the investment paper along with the results of any “deep-dive” due diligence. The material due diligence issues (including any ESG risks and opportunities) are considered by the Investment Committee, which may raise questions with the investment team and/or require further work to be done as part of its overall investment decision.

In relation to 3i’s existing portfolio, every six months, typically in March and September, our investment teams carry out detailed reviews of each of their portfolio companies. The reviews in March of each year include a detailed ESG assessment which seeks to track progress in relation to existing, identified ESG risks as well as identifying potentially new and emerging risks and opportunities. This assessment was significantly enhanced during FY19 by the inclusion of more focussed ESG questions. For example, in relation to certain relevant portfolio companies (e.g. retail companies with supply chains in Asia) there is an increased focus on the extent to which the company has a supply chain policy/code of ethics in place; who at board level has responsibility for monitoring supply chain issues; the extent to which supply chain audits are carried out, and by whom; and whether there have been any material issues in the supply chain in the past 12 months. Any material ESG issues are discussed at the six-monthly review meeting and relevant action points are minuted, followed up by the investment teams and reviewed at the following six-monthly meeting.

Further detail on our due diligence and portfolio monitoring processes are set out in our 2019 sustainability report which is also available on 3i’s [website](#).

Monitoring and review

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



Chief Executive
3i Group plc

