



## 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 2021

## 3i Group plc

### Slavery and human trafficking statement for the financial year ended 31 March 2021 (“FY21”)

This statement is made by 3i Group plc (“**3i**”) pursuant to Section 54 of the Modern Slavery Act 2015 (“**MSA**”) and applies to all 3i’s subsidiaries (as defined in the UK Companies Act) whether incorporated within or outside the UK which are in-scope of the MSA. A full list of 3i’s subsidiaries is set out in note 30 to the 3i Group plc annual report to 31 March 2021 which is available on 3i’s [website](#).

This statement was approved by the Board of Directors of the Company on 29 September 2021.

#### 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. 3i’s total assets under management (“**AUM**”) as at 31 March 2021 were £16.9 billion.

Our **Private Equity** business invests in companies with an enterprise value of typically between €100m and €500m at acquisition primarily in its core investment markets of northern Europe and North America. The Private Equity business was responsible for £11.6 billion of AUM as at 31 March 2021, of which £8.8 billion represented 3i Group’s proprietary capital invested across 33 companies. The Private Equity portfolio is based in Europe and North America with just 3 of the 33 companies (with a total carrying value of £20 million) based elsewhere.

Our **Infrastructure** business invests principally in mid-market economic infrastructure investments across the UK, Europe and North America and operational PPP projects across Europe. The Infrastructure business was responsible for £4.9 billion of AUM as at 31 March 2021, of which £1.2 billion represented 3i Group’s proprietary capital. The Infrastructure business also acts as investment manager of the 3i India Infrastructure Fund, a US\$1.2 billion fund raised in 2008 which has made no new investments since 2012 and whose main remaining asset was sold during FY21, leaving residual assets with a total value of just £3 million at 31 March 2021.

3i also holds a strategic proprietary investment in Scandlines which operates ferries between Denmark and Germany. 3i's investment in Scandlines was valued at £0.4 billion at 31 March 2021. Further details are set out below in the section headed "3i's portfolio".

We currently have operations in seven offices across Europe, North America and Asia. At 31 March 2021, 3i had a total of 234 employees, of whom 229 were located across Europe and North America and the remaining 5 were located in Mumbai.

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 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

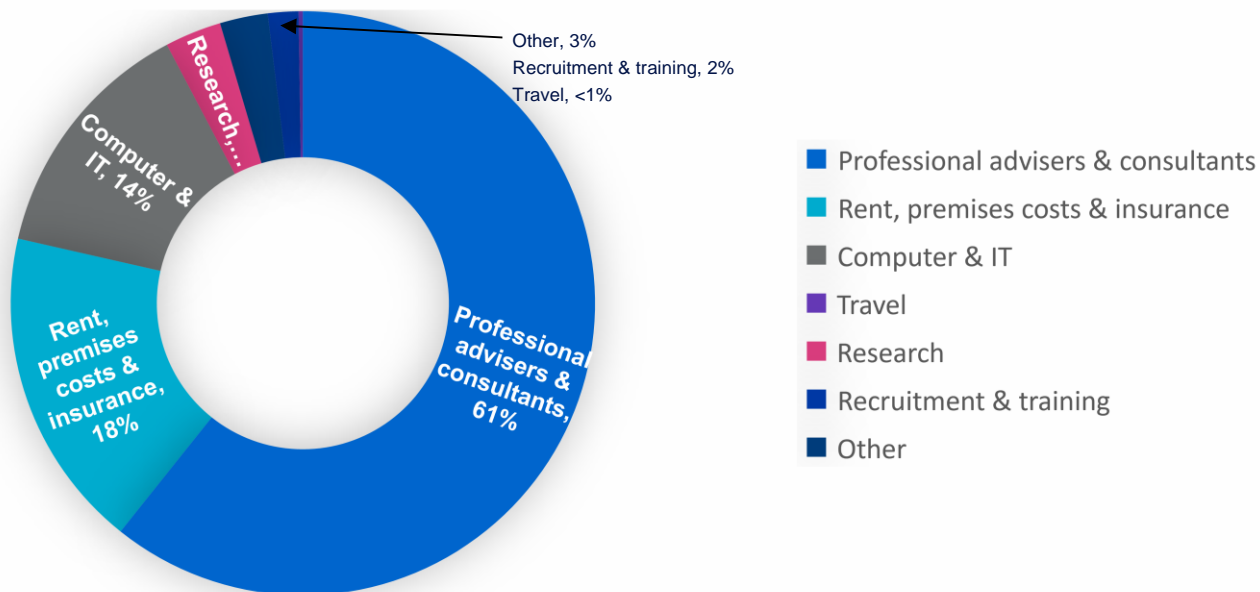
The Board is responsible for corporate responsibility, including issues such as slavery and human trafficking. The Board and its committees review our approach and policies in this important area and address specific issues if they arise. Day-to-day responsibility rests with executive management and, 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

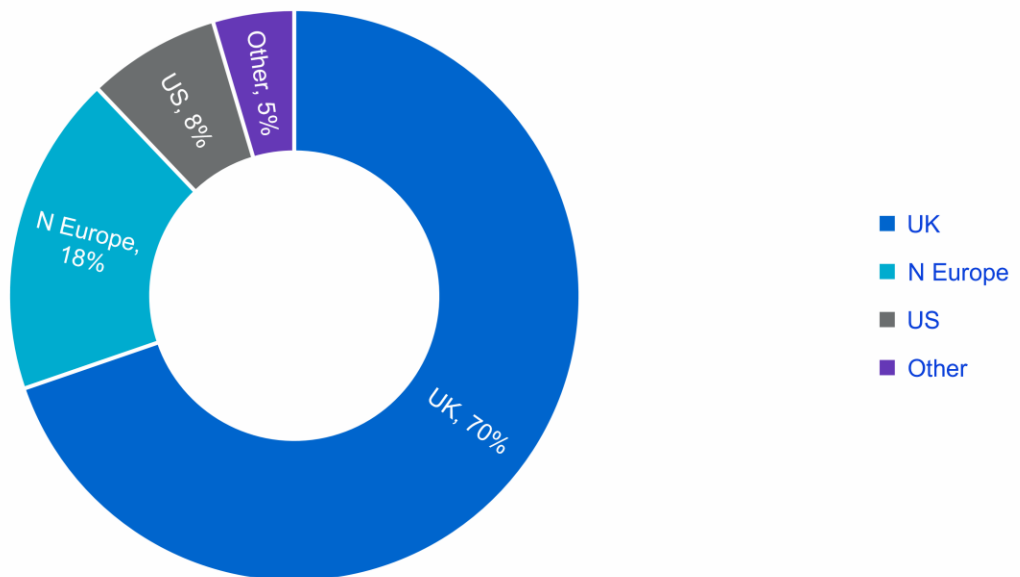
The pie charts below show the breakdown of 3i's total in-scope spend with suppliers in FY21 by reference to the type of supplier and by geographic region.

"In-scope" spend relates to goods and services supplied to 3i during FY21 and excludes spend such as staff remuneration & pension costs, taxes, social security costs, fees paid to regulatory authorities and charitable donations which we exclude for MSA purposes.

## Total in-scope supplier spend in FY21 broken down by type of supplier



## Total in-scope supplier spend in FY21 broken down by region



The first pie chart shows that the top two categories of supplier (professional adviser & consultants and rent, premises costs & insurance) accounted for c79% of 3i's total in-scope supplier spend in FY21 compared with c82% in FY20. We consider both of these categories to be relatively lower risk in terms of modern slavery.

The second pie chart shows that suppliers located in 3i's main markets of the UK, northern Europe and North America represented c96% of 3i's total in-scope supplier spend in FY21.

We use the Global Slavery Index produced by Walk Free as a guide to the prevalence of modern slavery in particular countries<sup>1</sup>.

In terms of the geographic regions in which 3i's in-scope suppliers were based, the relevant regional rankings are as follows:

Region	Percentage of total in-scope supplier spend in FY21	GSI ranking 2018	Prevalence of modern slavery per 1,000 of population
UK	70%	132 <sup>nd</sup>	2.1
Northern Europe	18%	134 <sup>th</sup> (lowest country, Germany)	2.0 (highest country, Germany)
US	8%	158 <sup>th</sup>	1.3
Other	5%	53 <sup>rd</sup> (lowest country, India)	6.1 (highest country, India)

The lowest ranking country is India (53<sup>rd</sup> with a prevalence of 6.1 per 1,000 of population according to the GSI) which accounted for c4% of total in-scope supplier spend in FY21. 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'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 for 2020 is available on the [PRI website](#). We are

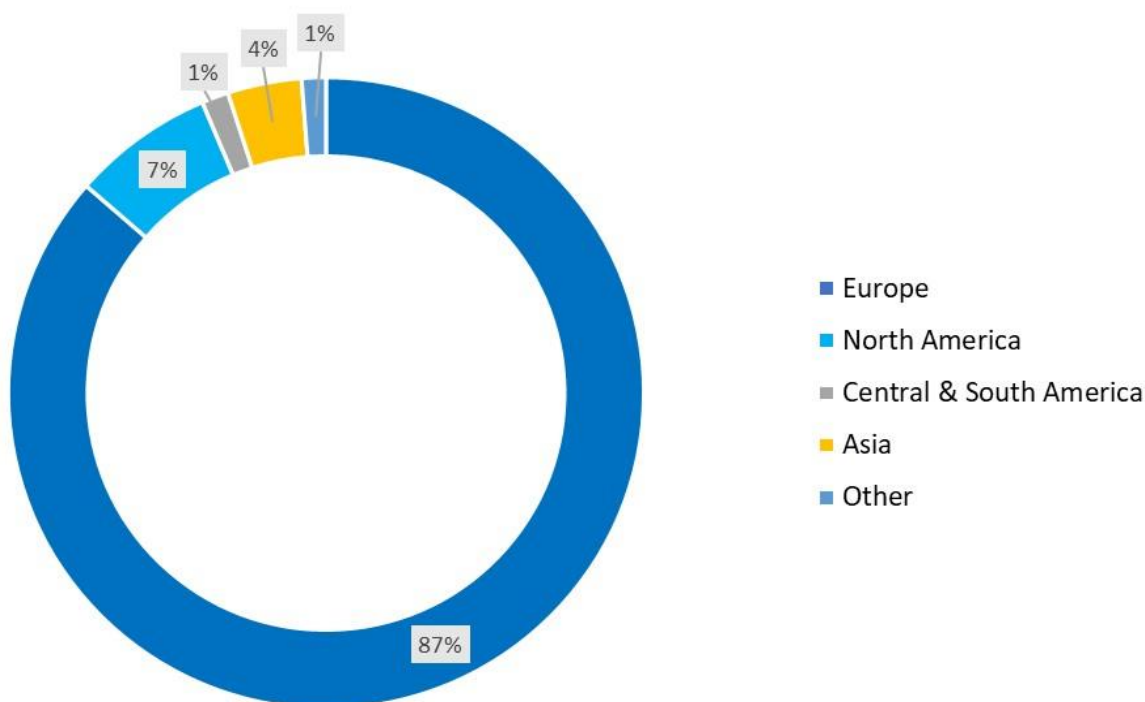
<sup>1</sup> GSI rating 2018: This is the GSI ranking out of 167 countries, where 1 (N Korea) is the highest or "worst" ranking with an estimated prevalence of 205 people affected per 1,000 of population and 167 (Japan) is the lowest or "best" ranking with an estimated prevalence of 0.3 people affected per 1,000 of population.

very proud to have received an “A” rating for Strategy and Governance, which assesses our policies and protocols around ESG at 3i Group level and “A+” for both the Private Equity and Infrastructure assessments which review how our policies are applied in practice.

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 chart below shows the breakdown of the Private Equity and Infrastructure portfolio companies’ worldwide turnover in FY21 by geographical region.

### The turnover of 3i's portfolio companies by region as at 31 March 2021



The table below provides further detail of the main individual countries in which 3i's Private Equity and Infrastructure portfolio companies generated their turnover in FY21 and the GSI rating of those countries.

Country	% of FY21 turnover	GSI Ranking 2018 <sup>2</sup> (Higher ranking means less slavery)	Prevalence of slavery per 1,000 of population
Netherlands	19.1%	143	1.8
France	18.9%	136	2.0
UK	14.4%	132	2.1
Germany	14.0%	134	2.0
USA	6.9%	158	1.3
Belgium	6.9%	135	2.0
Italy	6.2%	122	2.4
India	1.8%	53	6.1
Denmark	1.5%	150	1.6
Austria	1.2%	144	1.7
Singapore	0.9%	97	3.4
Spain	0.8%	124	2.3
Poland	0.8%	100	3.4
China	0.6%	111	2.8
Mexico	0.6%	114	2.7
Norway	0.5%	140	1.8
Other	5.0%	64 - 167	5.5 – 0.3

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. 3i's investment in Action, the international non-food discount retailer, is an example of such a company.

<sup>2</sup> 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 205 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.

## Action - update

3i's largest investment is in Action, an international non-food discount retailer with more than 1,750 stores employing over 46,000 staff in nine countries across Europe. As at 31 March 2021, 3i's investment in Action was valued at c£4.6 billion, which represented c44% of 3i's total proprietary capital value at that date. Action sources its products from c650 suppliers, of which 165 supply Action directly from 490 factories. The other c500 suppliers are wholesalers and traders as well as manufacturers of well-known brands. Just over 50% of Action's products are sourced from China and more than 40% from Europe.

Action requires all its suppliers to sign and commit to its Ethical Sourcing Policy which is based on the core International Labour Organisation conventions and, in particular, includes minimum requirements relating to child labour, young workers, forced labour, freedom of association & collective bargaining, fair remuneration and working hours. In relation to its direct imports from China, Action partners with an internationally renowned sourcing company, with a team dedicated to Action, to ensure that those Chinese suppliers and their factories meet Action's requirements and policies, including adherence to Action's Ethical Sourcing Policy. In addition, Action's Critical Escalation Policy sets out the procedures relating to non-compliance by a factory supplying products directly to Action which can lead to, amongst other things, suspension of shipments whilst a corrective action-plan is agreed and, ultimately, termination of the supplier relationship.

The factories supplying Action directly are audited annually by independent parties for compliance with the Ethical Sourcing Policy. In 2020, Action on-boarded 10 new suppliers with 135 factories, all of which were audited. In addition, 241 renewal audits of existing supplier factories were carried out. Unannounced spot checks were carried out on 76 factories – 10 of which were found to have negative social impacts. Improvement plans were agreed in respect of 8 factories, one factory was suspended for 6 months and the remaining factory has been terminated.

## 3i's investment and portfolio management processes

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

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

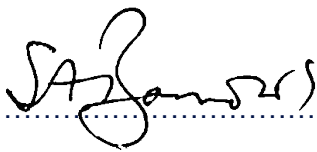


review meeting and relevant action points are minuted, followed up by the investment teams and reviewed at the following six-monthly meeting.

Further detail on our due diligence and portfolio monitoring processes are set out in our 2021 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.



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**Chief Executive**  
**3i Group plc**

