



GLOBAL GOVERNANCE — FTSE 100 and Real Estate 100 — 2017/18
Compliance and Conformance with U.K. MSA and Good Practice in Human Rights

3I GROUP PLC

Industry: FINANCE/INSURANCE Revenue: USD 2,261 mn Revenue year: 2017 [URL to disclosure](#)

- YES
- NO

Compliance 21/25 (84%)

1. URL on homepage
2. signed
3. approved
4. (no) AS/AHT steps in value chains
5. (no) AS/AHT steps in own business
6. fiscal year period
7. annual publication
8. organisations covered by statement
9. statement pursuant to UK MSA

Conformance 10/25 (40%)

10. information on structure
11. information on business
12. information on value chain(s)/procurement
20. information on policies
29. internal due diligence
30. external due diligence
13. internal parts with MS risk
14. external parts with MS risk
18. assessed internal risk
21. managed internal risk
22. assessed external risk
23. managed external risk
39. information on effectiveness
43. information on training

AS/AHT good practice 5/50 (10%)

15. value chains mapped
19. visual diagram
24. policy implementation
25. policy enforcement
28. employer pays
31. due diligence standard(s)
41. prospective partners assessed
44. prospective business assessed
16. risks in business described
17. risks in value chains described
26. risk assessment KPIs, internal
27. risk assessment KPIs, external
32. audits of own business
33. audit metrics for own business
34. supplier/provider audits
35. audit metrics for business partners
36. site visits/spot checks
37. whistleblower channel, workers
38. whistleblower channel, business
40. year-over-year change
42. remediation of cases
45. in-house training
46. external training
47. 3rd party training

Combined score: 36/100



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 2017

3i Group plc

Slavery and human trafficking statement for the financial year ended 31 March 2017 ("FY17")

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.

This statement was approved by the Board of Directors of the Company on 27 September 2017.

Overarching statement

3i is committed to acting as a responsible company, employer and investor. 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 a leading international investment manager focused on mid-market Private Equity and Infrastructure. Its core investment markets are northern Europe and North America. 3i sold its Debt Management business to Investcorp in March 2017.

As at 31 March 2017, 3i's total assets under management ("AUM") were £9.8 billion, 94% of which consisted of investments in Europe and North America. The remaining 6% of AUM related primarily to legacy investments in Asia and Brazil which are being managed for realisation over the next few years.

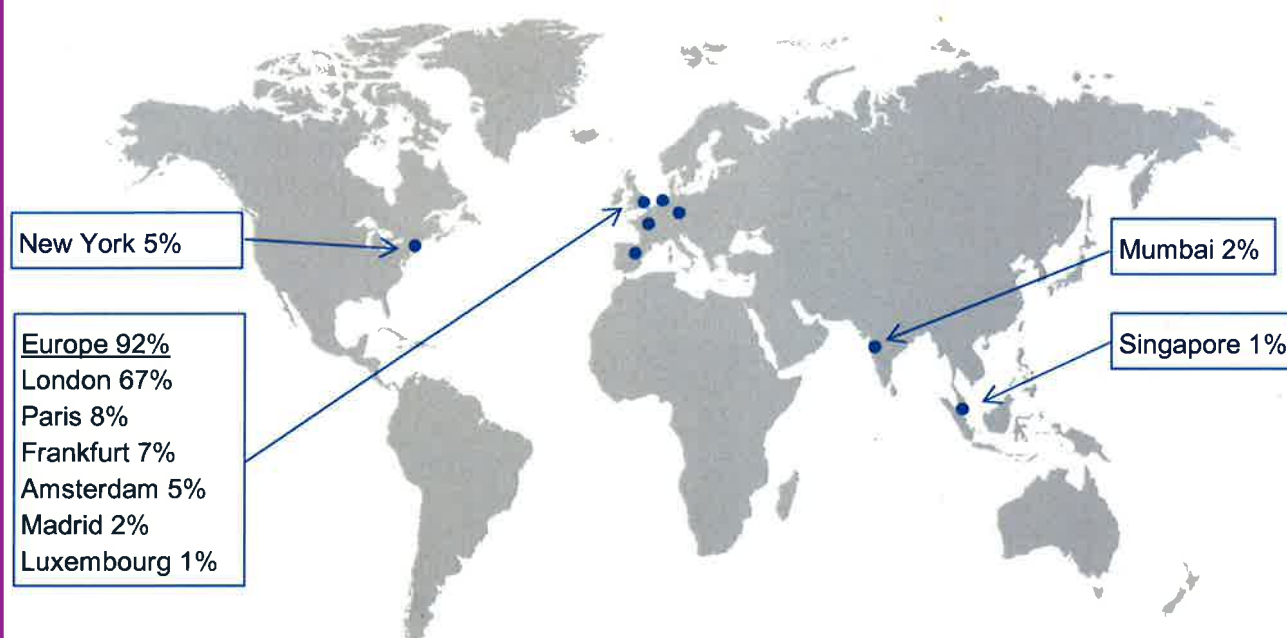
Our Private Equity business invests in companies with an enterprise value of typically between €100m and €500m at acquisition in its core investment markets of northern Europe and North America. The Private Equity business has a small number of legacy investments in Asia and Brazil.

Our Infrastructure business invests in economic infrastructure and greenfield projects in developed economies, principally in Europe, and has recently launched a new North American Infrastructure platform. The Infrastructure business also acts as investment manager of the 3i India Infrastructure Fund - a US\$1.2 billion fund raised in 2008. No new investments have been made by the 3i India Infrastructure Fund since 2012 when its investment period ended. The Fund's portfolio was valued at £40.9 million as at 31 March 2017 and consisted of 5 investments in Indian infrastructure companies which are being managed for realisation over the next few years.

Further details of the Private Equity and Infrastructure portfolios are set out below in the section headed "3i's portfolio".

We have operations in nine offices across Europe, North America and Asia. At 31 March 2017 3i had a total of 243 employees, of whom two-thirds were located in our head office in London.

The map below shows the geographical distribution of 3i's employees as at 31 March 2017



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.

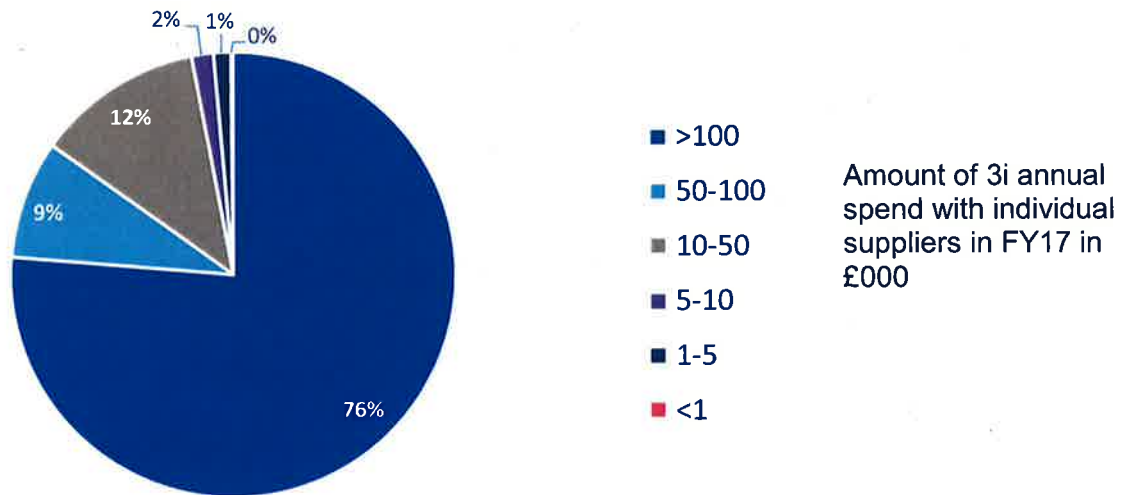
3i's governance structure

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.

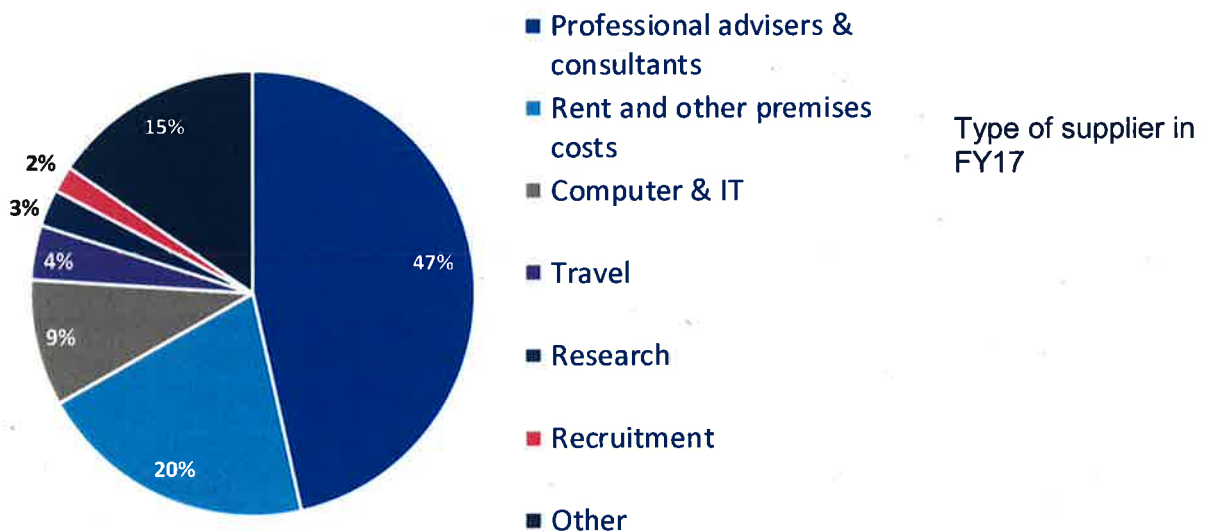
3i's supply chain

During FY17, 3i made payments to over 1,300 suppliers (this excludes payments other than for the supply of goods or services such as payments to tax authorities and regulators etc.) This year, we have carried out a more detailed analysis of our supplier base to help us assess more accurately the risks of slavery and human trafficking being present. The pie charts below show the distribution of 3i's supplier base in FY17 by: amount of annual spend; type of spend and geographic spend.

The pie chart below shows the distribution of 3i's supplier base in FY17 in terms of amounts spent per supplier

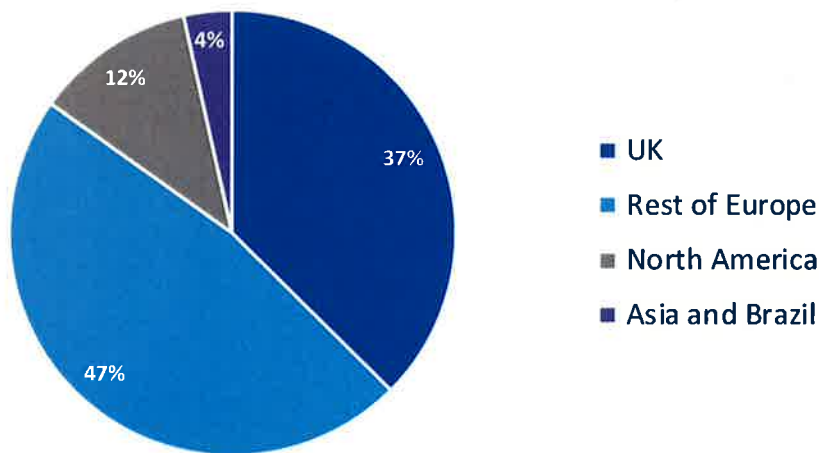


The pie chart below shows the breakdown of c.1,300 of 3i's suppliers in FY17 by type of supplier



We identified seven suppliers (representing c.5% of 3i's total supplier spend) whom we consider to be operating in higher risk sectors – outsourcing services; healthcare; and facilities management, cleaning & maintenance.

The pie chart below shows the breakdown of 3i's supplier base in FY17 in terms of 3i spend with suppliers by region



We identified 24 suppliers (representing c.3% of 3i's total supplier spend) whom we consider to be operating in higher risk regions – India; China; and Brazil.

We identified only two suppliers whom we considered were operating in both a higher risk geography (India) and a higher risk sector (outsourced transaction processing and facilities management, cleaning & maintenance). Our contract with the outsourced transaction processing supplier in India is a significant supply contract for 3i and, as such, is subject to regular performance reviews. We have also been reviewing the terms of this contract and, amongst other things, have included a number of MSA-related obligations, reporting requirements, representations and warranties on the part of the supplier.

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

3i's portfolio

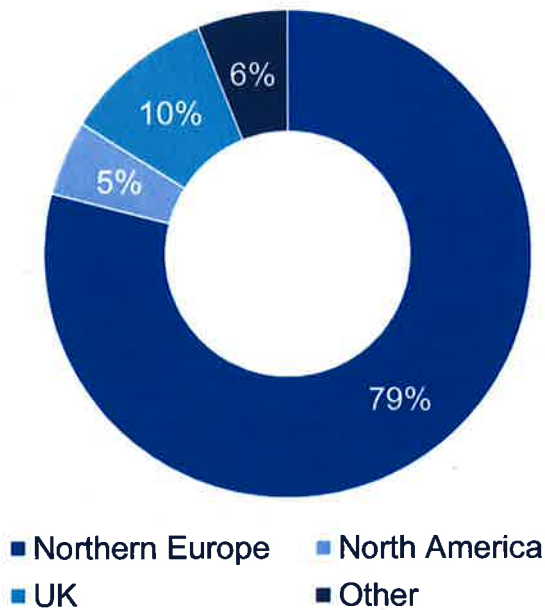
Whilst 3i's investment portfolio does not fall within the ambit of Section 54 of the MSA, as a responsible investor 3i is committed, where we have influence, to ensuring that the companies in which it invests are themselves committed to ensuring that there is no slavery or human trafficking in any part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

3i's policy has, for some time, been to avoid investing in certain businesses which we viewed as unethical, including those which do not respect the human rights of their workers – our policy was formalised into our [Responsible Investment policy](#) in 2011, a summary of the current version of which is available on our website. 3i is also a signatory to the Principles of Responsible Investment and a copy of [3i's Transparency report for 2016](#) is available on the PRI website.

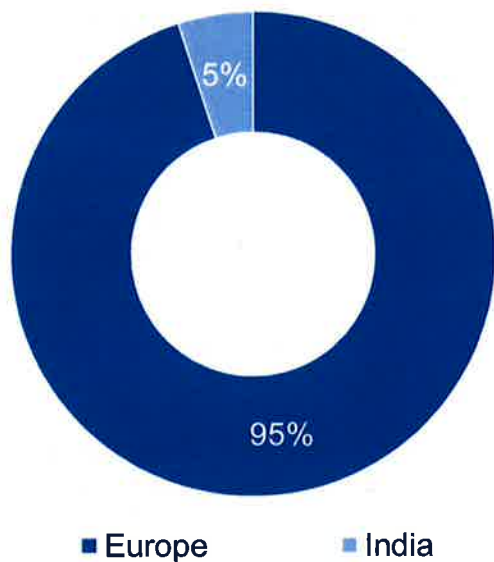
As stated above, 3i's new investment activity is primarily focused on northern Europe and North America and only c.6% of the £9.8 billion total AUM managed by 3i as at 31 March 2017 related to investments outside Europe and North America. We no longer invest directly into Asia or South America. 3i continues to hold a small number of legacy investments in India which were valued at

circa £87m as at 31 March 2017 and we have no plans to make any new investments in India – see page 7 below for further detail on our India investments. As at 31 March 2017, 3i's Private Equity and Infrastructure businesses were responsible for £6.9 billion and £2.9 billion of AUM respectively which were broken down geographically as follows:

Private Equity investment profile – £6.9 billion of AUM
Break down by geography



Infrastructure investment profile – £2.9 billion of AUM
Break down by geography



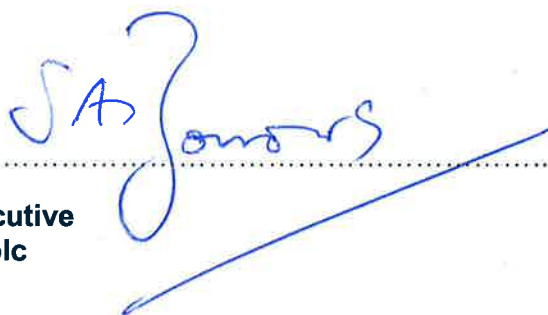
During FY17, we worked with our portfolio companies which are themselves subject to the MSA to understand and confirm what actions they are taking / planning to take to understand the risks in their own businesses and supply chains and to ensure their own compliance with the MSA. This included our UK portfolio companies as well as a small number of our continental European companies which have a business presence in the UK. Most of the companies concerned have now published a statement.

Last year, we commissioned KPMG to carry out a high-level desktop public records review to identify whether certain portfolio companies (which were not themselves subject to the MSA) may have a higher risk of slavery, principally as a result of their country of operation or industrial sector. This review identified our India portfolio as having a potentially higher risk of slavery as a result of (i) India having a relatively high score in the Global Slavery Index and (ii) the sectors in which those companies operate. Two of the Indian portfolio companies have been sold since the KPMG report was completed, leaving seven companies of which five operate in the higher risk construction sector; one operates in the higher risk facilities management / outsourcing sector and one operates in the lower risk energy sector.

3i generally has relatively little influence over the management teams of these Indian companies – 3i (or the 3i India Infrastructure Fund) is a minority investor and a 3i employee is on the board of just 1 of these companies. However, we are engaged in an ongoing process to work with those management teams who are willing to engage with us on this subject to understand the actual level of risk in those businesses and what steps they are taking to address those risks – we are focussing on the following areas: use of child labour; use of migrant labour; working conditions; health & safety; minimum wages and sick pay. For example, five of the seven Indian portfolio companies operate in the Indian construction sector where it is common to engage sub-contractors who use migrant labour. This is an ongoing process. Our investments in these seven Indian portfolio companies are being managed with a view to realisation over the next few years.

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



Mark-up Legend

Color	Category
	Statement Information & Training
	Business, Structure & Supply Chains
	Policies
	Due Diligence
	Risk Assessment & Risk Management
	Effectiveness & KPIs

Disclaimer:

The boxes and underlines on this statement are only an approximation and provided as a courtesy to recipients of scorecards to give them a better understanding of where points were earned. Please reference the scorecard as well as the published report for full explanations of the scoring system and other methodology.