3i Group plc

Annual report and accounts 2024

For definitions of our financial terms used throughout this report, please see our Glossary on pages 220 to 222.

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

For more information and regular updates

www.3i.com

Chair's statement

Driving resilient growth in our portfolio companies

Our strong result in FY2024 reflects another year of thoughtful and careful allocation of capital and active asset management of our portfolio companies.

David Hutchison
Chair

Performance highlights

2,085p
NAV per share
(31 March 2023: 1,745p)

23%
Total return on equity
(2023: 36%)

61.0p
Dividend per share
(2023: 53.0p)

3i delivered a strong result in FY2024, underpinned by another year of excellent performance from Action and overall resilient performance from the wider portfolio, which continues to operate well through a challenging macro-economic environment and geopolitical uncertainty.

Performance

I am pleased to report that 3i delivered a strong set of results in the financial year to 31 March 2024 ("FY2024"), with a total return of £3,839 million (2023: £4,585 million). Net asset value ("NAV") increased to 2,085 pence per share (31 March 2023: 1,745 pence per share) and our total return on opening shareholders' funds was 23% (2023: 36%). Action delivered another year of strong performance and was the major driver of the Group's FY2024 result. The remaining portfolio saw bifurcated performance, with a number of our portfolio companies delivering a strong contribution, more than offsetting those that saw weaker performance.

Market environment

The global economy saw a very modest recovery in 2023, as the macro-economic environment and geopolitical landscape remained fragile. Whilst inflation has started to moderate, consumer sentiment remains quite strained, with a continued focus on affordability. These trends have supported growth from our value-for-money and private label portfolio companies in the year. Action's remarkable growth story continued in 2023, as the business once again generated sector-leading results across its key performance indicators and increased its store presence across Europe. We increased our exposure to these returns, through the allocation of further 3i capital into Action in FY2024.

We have also seen an encouraging recovery in the healthcare market and our Infrastructure portfolio continued to trade robustly overall, generating strong recurring yields. Our discretionary consumer businesses remained under pressure and some of our more cyclical businesses continued to experience weaker end-markets.

The global M&A market was subdued in 2023, impacted by unfavourable financing conditions and pricing misalignment between vendors and buyers. Against this backdrop, we have continued to assess new investments and explore potential exits but have remained disciplined in deploying or realising capital where we believe valuations are not reflective of intrinsic business value. As a result, our activity in the year focused primarily on reinvesting our capital into some of our existing portfolio companies, and refinancing some of our existing portfolio companies at attractive terms. We also continued to accelerate growth in some of our portfolio companies by acquisition.

Dividend

Our dividend policy is to maintain or grow the dividend year on year, subject to the strength of our balance sheet and the outlook for investments and realisations. Cash generation remains strong and in FY2024, we generated cash inflows of £1.4 billion from our portfolio companies. During the year, we successfully issued a six-year €500 million bond at a coupon of 4.875%, further strengthening our liquidity profile.

In line with the Group's policy and in recognition of the Group's financial performance, the Board recommends a second FY2024 dividend of 34.5 pence (2023: 29.75 pence), subject to shareholder approval, which will take the total dividend to 61.0 pence (2023: 53.0 pence). Based on this recommended dividend and expected payment in July 2024, we will have returned £3.8 billion to shareholders in dividends since our restructuring was announced in June 2012, growing our total dividend by an average compound annual growth rate of 18% over this period.

Board and people

As announced last year, Caroline Banszky retired from our Board after our 2023 Annual General Meeting ("AGM") and was succeeded by Stephen Daintith as Audit and Compliance Committee Chair. Stephen, who is CFO of Ocado Group plc, has a wealth of financial and operating experience, and knowledge that he brings to the role.

Environmental, Social, and Governance ("ESG")

We made good progress across our ESG agenda in FY2024, and particularly on our climate change approach and strategy. We are reporting for the first time in alignment with the Task Force for Climate-related Financial Disclosures ("TCFD") recommendations, in compliance with FCA requirements, including aggregate portfolio emissions. We are also pleased to announce that our near-term science-based emissions reduction targets ("science-based targets") were approved by the Science Based Targets initiative ("SBTi") in March 2024 and our teams have now started to work to meet these targets over the coming years.

Outlook

In the near term, we expect our investment and realisation activity to reflect our cautious view on the M&A market and wider macro-economic environment. We will only deploy capital and realise assets when we feel we are achieving optimal value for our shareholders.

Trading momentum at the start of FY2025 remains strong at Action, whilst a number of our other assets are well positioned to continue to grow despite the uncertain macro-economic outlook.

David Hutchison
Chair

8 May 2024

Alternative Performance Measure ("APM")

3i prepares its statutory financial statements in accordance with UK-adopted international accounting standards. However, we also report a non-GAAP "Investment basis" which we believe aids users of our report to assess the Group's underlying operating performance.
The Investment basis is an APM and is described on page 75. Total return, which is defined as Total comprehensive income for the year and net assets are the same under the Investment basis and IFRS and we provide a reconciliation of our Investment basis financial statements to the IFRS statements from page 76.
We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. These include: Gross investment return ("GIR") as a percentage of opening value, cash realisations, cash investment, operating cash profit, net (debt)/cash and gearing. These APMs are referred to throughout the report and their purpose, calculation and reconciliation to IFRS can be found on page 79.

At a glance

3i is an investment company specialising in Private Equity and Infrastructure. We invest in mid-market companies headquartered in Europe and North America.

3i Group investment portfolio value
as at 31 March 2024

Private Equity	Infrastructure	Scandlines
£19.6bn	£1.5bn	£0.5bn

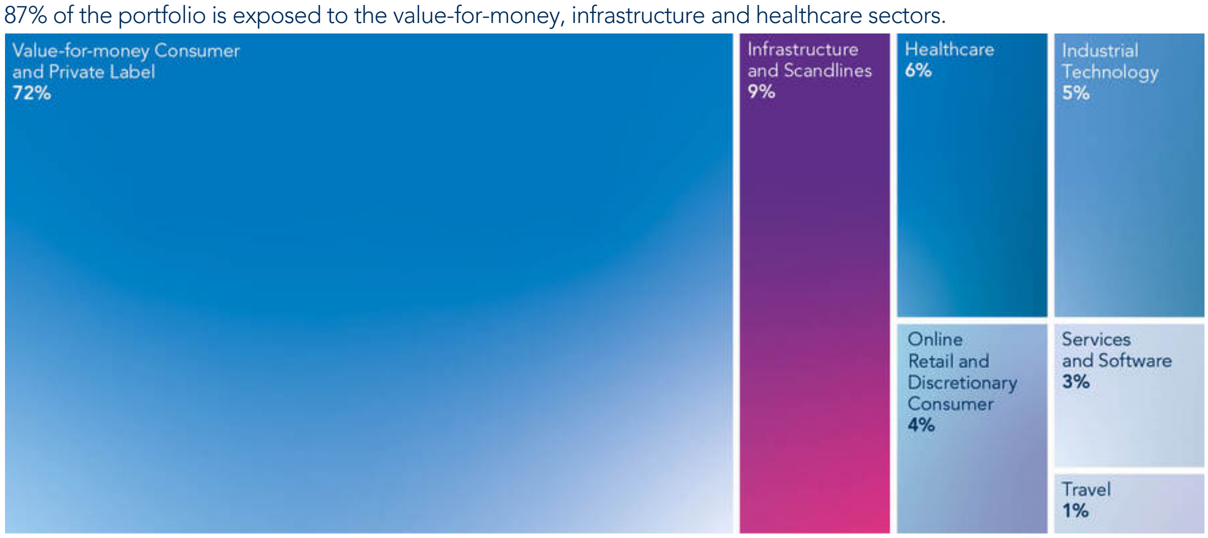
Total assets under management
as at 31 March 2024

£34.7bn
(2023: £29.9bn)

Private Equity	Infrastructure	Scandlines
£27.5bn	£6.7bn	£0.5bn

3i Group investment portfolio value
as at 31 March 2024

87% of the portfolio is exposed to the value-for-money, infrastructure and healthcare sectors.



At a glance continued

Private Equity

What we do

Our Private Equity business is funded principally from our proprietary capital, with some funding from co-investors for selected assets. Its principal focus is to generate attractive capital returns.

Sectors

Our Private Equity business invests in companies with an enterprise value of typically €100 million to €500 million at acquisition in our core investment markets of Europe and North America. Our teams invest in the following sectors:

- Consumer
- Services
- Healthcare
- Software
- Industrial Technology

Action

What is Action?

Action is the fastest growing non-food discount retailer in Europe. With over 2,600 stores across 12 European countries, Action offers its customers an ever-changing variety of 6,000 products at the lowest possible prices.

Our investment in Action

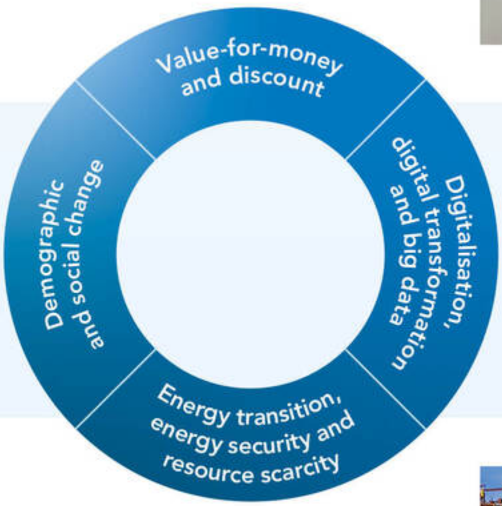
Following our initial investment in 2011, we have actively managed Action through its incredible compounding growth story, with the business surpassing the €10 billion revenue milestone for the first time in 2023.

At 31 March 2024, our investment in Action formed 72% of our Private Equity portfolio value. The business has returned over £2.9 billion of proceeds over our hold period. This reinforces our long-term investment horizon for this investment.

Our thematic approach

Our Private Equity and Infrastructure teams invest in businesses supported by long-term structural growth trends

Page 12
Read more about our thematic approach to investment



Infrastructure

What we do

Our Infrastructure business manages assets on behalf of third-party investors and 3i's proprietary capital, with the objective of generating attractive capital returns and earning fund management fees and portfolio income for the Group.

Sectors

Our Infrastructure business invests across a broad range of economic infrastructure businesses in Europe and North America, in sectors adjacent to:

- Communications
- Utilities
- Healthcare
- Energy
- Social Infrastructure
- Transport/Logistics

Chief Executive's statement

3i delivered another strong result

> The power of Action's compounding growth coupled with several other strongly performing portfolio companies underpins both our FY2024 result, and our conviction in allocating capital into our existing "winners".

Simon Borrows
Chief Executive

3i delivered another strong result in FY2024, against a backdrop of persistent global macro-economic headwinds and geopolitical uncertainty.

The shape of today's 3i portfolio has served us well in this challenging year and reflects investment decisions taken over the last 12 years.

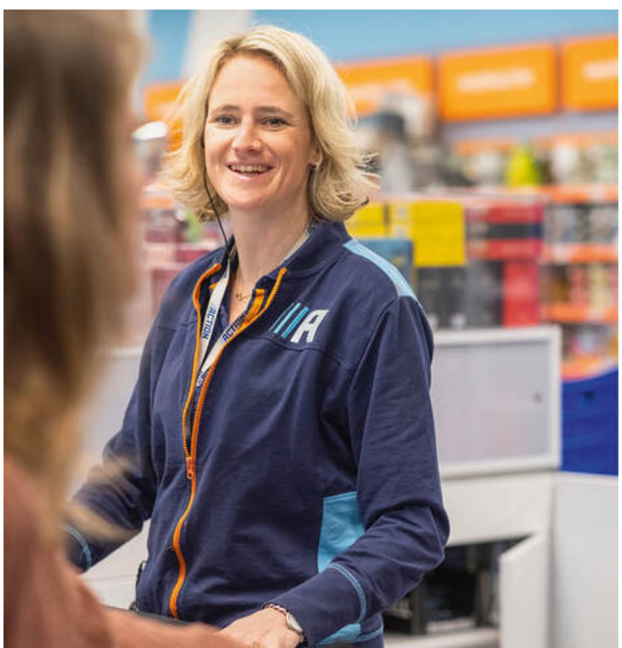
Action's compelling growth story continues to be a major driver of the Group's return, with overall resilient performance across the remaining portfolio.

Amidst more difficult markets to match buyers and sellers, we have remained disciplined in capital deployment, prioritising reinvestment in our existing portfolio either directly or through buy-and-build acquisitions, whilst receiving good proceeds and income from some of our other high-quality portfolio companies.

Chief Executive's statement continued

In FY2024, we generated a total return on shareholders' funds of £3,839 million, or 23% (2023: £4,585 million, or 36%), ending the year with a NAV per share of 2,085 pence (31 March 2023: 1,745 pence per share), including a 33 pence per share loss (31 March 2023: 65 pence per share gain) on foreign exchange translation. Action remains a major driver of our overall result, following another very strong year of earnings growth, cash generation and the achievement of a number of important expansion milestones. We also increased our exposure to Action's returns in the year by acquiring further equity in the business and continuing to reduce the associated carried interest liability.

We have seen resilient performance across the remaining portfolio. A number of assets operating in the value-for-money and private label consumer and healthcare sectors delivered strong growth and some are exhibiting characteristics which could allow them to compound growth over the longer term. An example of this is Royal Sanders, which we have now designated as a longer-term hold asset, following consistent delivery of organic and acquisitive growth since acquisition (see further details on page 8). Our stronger performing assets more than offset softer performance from a number of portfolio companies operating in the discretionary consumer sector or in sectors that are working through adverse phases of their market cycles.



Action now has stores across 12 European countries, following the opening of new stores in Portugal in Q1 2024.

Pages 22-25
Read more about Action

Our permanent capital, strong balance sheet and disciplined approach to capital allocation mean that we are under no pressure to invest or realise when market conditions are unfavourable and there is misalignment on pricing. This is particularly important in the current environment of subdued global private equity deal activity, characterised by a persisting dislocation between private and public market valuations.

Whilst we continued to build our origination pipeline in FY2024, we have remained extremely disciplined in considering new investment, primarily in response to unrealistic vendor expectations. Instead we focused our capital deployment into some of our most successful portfolio companies. Our Private Equity portfolio companies remained acquisitive, completing seven bolt-on acquisitions, whilst in Infrastructure, 3i Infrastructure plc ("3iN") completed further investments in three portfolio companies and our North American Infrastructure Fund completed three bolt-on acquisitions.

We generated total realised proceeds and portfolio income of £1.4 billion across our portfolios in FY2024, and in April 2024, we agreed the sale of nexeye, generating expected exit proceeds of c.€452 million. These exit proceeds, combined with distributions already received, result in a 2.0x money multiple. Also in early May 2024, we agreed to invest c.€116 million in a new investment for our Private Equity portfolio, Constellation, an IT managed services provider specialised in hybrid cloud and cyber security.

Private Equity performance

In the year to 31 March 2024, our Private Equity portfolio, including Action, generated a GIR of £4,059 million or 25% on opening value (2023: £4,966 million, or 40%). Action generated a GIR of £3,718 million, or 33%, on its opening value. In the last 12 months ("LTM") to the end of 31 December 2023, 93% of our portfolio companies by value grew earnings.

Action

Action, the fastest growing non-food discount retailer in Europe and our largest portfolio company, delivered another step up in performance in 2023, confirming the relevance of its winning formula to its customers. Action's continued focus on ensuring customers benefit from the lowest prices, as a result of its buying power and flexibility in its category assortment, saw the business reduce prices across 42% of its product catalogue in 2023, increasing the price gap against its competitors.

In the 12 months to 31 December 2023, Action generated net sales of €11,324 million, 28% ahead of 2022 and like-for-like ("LFL") sales growth of 16.7%, mainly as result of an increase in footfall and transaction volumes. Operating EBITDA was €1,615 million in 2023, 34% ahead of 2022. Action's improved EBITDA margin of 14.3% compared to 13.6% in the previous year, reflected its scale benefits and continuous focus on cost control.

Action achieved a number of milestones in its store expansion roadmap in 2023. In total, the business added 303 stores in the year, another store opening record, and surpassed 750 stores in France, 500 in Germany, 300 in Poland, 100 in Austria and 50 in Italy. Action also entered Slovakia, its eleventh country and a new expansion market, with 15 new stores at the end of 2023. Action's youngest roll-out markets, Poland and the Czech Republic, and newly entered markets Italy, Spain and Slovakia, are all showing strong trading, providing sizeable expansion opportunities. Action's expertise in store roll-outs, efficient operations and dedicated resourcing means it can accelerate its ability to grow a significant store network after the pilot phase. In February 2024, Action entered Portugal, its twelfth country, with three stores opened to the end of March 2024. At the end of Action's P3 2024 (which ended on 31 March 2024), Action had 2,608 stores across 12 countries. Action's estimate of additional white space potential in existing and identified, in-scope countries is c.4,700 stores, and includes extending to Switzerland and Romania in 2025.

Action continues to optimise its storage and distribution channels to ensure it can serve its vast and rapidly growing store network. In 2023, the business opened two further distribution centres, in France and Poland, growing its distribution centre network to 13 across Europe.

Action continues to make good progress in delivering its Sustainability Programme, which is focused on the four pillars of people, planet, product and partnerships. It has continued to develop its employees, to improve the sustainability of its products and supply chain, to reduce its Scope 1 and 2 emissions and to expand its community partnerships. Importantly, it has measured its Scope 3 emissions and has committed to set science-based targets. For further details on Action's sustainability progress, see page 46.

Action's conversion of EBITDA to free cash flow is very strong, achieving 104% in 2023, as a result of particularly strong sales in the last quarter of 2023, and contributing to significant deleveraging over the course of the year. This, coupled with its remarkable growth, positioned the business well for its debut US dollar term loan issuance in the US leveraged loan market in October 2023. The issue was oversubscribed, with Action raising $1.5 billion at very attractive pricing. In October 2023, Action also completed a capital restructuring with a pro-rata redemption of shares. 3i used £455 million of the £762 million gross proceeds from the share redemption to acquire further shares in Action, increasing our gross equity stake from 52.9% to 54.8%.

In addition, Action made two dividend distributions to all shareholders, in December 2023 and March 2024, returning £375 million to 3i. This means that 3i received over £1.1 billion of cash from Action in FY2024. Cumulatively, since we first invested in 2011, Action has returned over £2.9 billion to 3i, and the potential for future distributions is considerable. After paying the dividends, Action had a cash balance of €558 million as at 31 March 2024 and a net debt to run-rate earnings ratio of 2.2x.

At 31 March 2024, we valued our 54.8% stake in Action at £14,158 million. This valuation reflects the continued strong growth in Action's LTM run-rate EBITDA, its low leverage and an unchanged LTM run-rate EBITDA valuation multiple of 18.5x, net of the liquidity discount. We benchmark our long-term, through-the-cycle view on Action's multiple against a broad peer group of discounters, with a higher weighting towards the top quartile subset of North American value-for-money retailers, noting Action's operating KPIs continue to remain superior to this peer group.

Action had strong trading momentum in the first three periods of 2024, delivering sales of €3,004 million and operating EBITDA of €397 million, 21% and 29% ahead of the same period last year, primarily driven by the increased volume of transactions. Action delivered LFL sales growth of 9.8% and added 42 stores in the three-month period.

Longer-term hold assets

Action is a truly unique business and, since our initial investment in 2011, has benefitted from our rigorous active management, strong governance model and ambitious long-term expansion strategy. We have been clear for some time that we are going to hold Action for the long term, enabling us to benefit from its compounding growth and returns. Across the remaining portfolio, a number of other companies are also starting to demonstrate significant compounding potential, with impressive earnings growth and cash generation. For example, since our initial investment in 2018, we have supported Royal Sanders' successful international expansion strategy, organically and by accessing new markets, with six bolt-on acquisitions, which have contributed strongly to earnings growth. The business is now a best-in-class operator in its sector and is cash generative, returning a total of £231 million in distributions to 3i over the six-year period, including £109 million from a successful refinancing in FY2024. Recognising this consistent performance, we have now designated Royal Sanders as a longer-term hold asset.

Healthcare portfolio companies

As one of the most differentiated and attractive businesses in the medical device outsourcing market, Cirtec Medical continues to demonstrate its commercial momentum, leveraging the capabilities and offerings of its nine acquisitions since our initial investment in 2017. The business delivered good top-line growth in 2023, driven by outperformance at a number of its sites, and is well positioned for another year of growth in 2024. ten23 health, our biologics-focused contract development and manufacturing organisation ("CDMO"), had another important year as it continued to execute against key operational and capability expansion initiatives. The business saw good customer uptake at its Visp and Basel sites and enters 2024 with a strong development and manufacturing pipeline. The remaining business of Q Holding, Q Medical Devices, performed well, largely driven by growth with new and existing customers. Since our investment in 2019, SaniSure saw a period of rapid expansion through the majority of 2022, reflecting strong growth in its bioprocessing end market and elevated demand during the pandemic. Over the past 18 months, however, the industry has been rebalancing stock levels, impacting demand for SaniSure's products. SaniSure somewhat mitigated the impact of this destocking with a strong order book coming into 2023 and through operational efficiencies, but its sales were softer through the majority of the year. Bookings across the industry are expected to further normalise from the middle of 2024 and SaniSure is very well positioned to capitalise on a full market recovery, as one of the market leaders in this space.

Other consumer portfolio companies

Following the transformational acquisitions of coolback and Panelto in 2023, supported with a 3i investment of £38 million, European Bakery Group ("EBG", formerly Dutch Bakery) has established itself as a key consolidator in its market, with a good pipeline of further potential M&A. Strong volume growth was an important driver of EBG's top-line growth in 2023. MPM continues to deliver good performance across all of its key markets, including the US, now its largest. Its online channel has strong momentum and the business has significant headroom for growth across its channels. Audley Travel's strong post-pandemic recovery has continued, driven by growth in booking numbers, and it ended 2023 with bookings ahead of 2019 pre-pandemic levels. Despite macro-economic uncertainty impacting consumer sentiment, Audley Travel saw strong performance in the US and the UK in the first quarter of 2024.

In April 2024, we agreed the sale of nexeye, the value-for-money optical platform in which we first invested in 2017. During our ownership we have supported the business in its market expansion and customer proposition. We expect to complete the sale in H1 FY2025, returning exit proceeds of c.€452 million to 3i. These exit proceeds, combined with distributions already received, result in a 2.0x money multiple.

We have continued to see challenging performance across the majority of our online retail and discretionary consumer businesses. Luqom's trading in 2023 remained impacted by lower consumer demand and discounting in the market due to overstocking. Encouragingly, there are initial green shoots of trading recovery in early 2024 and the business continues to expand its international footprint with the roll-out of webshops in further countries.

Whilst we have seen some improvements in trading at the start of 2024, the outlook for YDEON remains more challenged. Muted consumer demand continues to impact the furniture market and, whilst BoConcept largely outperformed its peers in 2023, softer order intake persisted, particularly across China and North America, coinciding with a slowdown in their real estate markets.

Industrial Technology portfolio companies

AES traded well in 2023, with strong financial, strategic and operational performance. Its new factory in Rotherham became operational in the year and is equipped with state-of-the-art automation in production and storage, resulting in increased capacity and efficiency. WP delivered good volume growth in 2023, outperforming the wider market. This was driven by its diversified geographic presence, new contract wins and the ramp-up of new projects. The business distributed £42 million to 3i in the year, including proceeds from a successful amend and extend of its funding facilities completed in December 2023.

Tato experienced pressure on volumes across all of its regions in 2023, in line with the wider specialty chemicals and biocides industry, as a result of inflation and supply driven pressure on input costs, subdued end-market demand and heightened pricing competition. Encouragingly, performance at the start of 2024 is showing signs of improvement.

Services portfolio companies

Evernex delivered a number of third-party maintenance contract wins in 2023, including a new significant client in the US, progressing its North American expansion strategy. As a global consolidation platform in its sector, the business completed its sixth acquisition since our initial investment in 2019, acquiring Maminfo in Brazil, and doubling the group's presence in this region. MAIT has also seen good momentum in its performance in 2023, through a combination of organic sales growth and strategic M&A, completing the bolt-on acquisitions of etagis and Quadrix in the year. Building on our IT services expertise and experience, we agreed a new c.€116 million investment in Constellation in early May 2024, an IT managed services provider specialised in hybrid cloud and cyber security. We expect this to complete in H1 FY2025.

The market for white collar recruitment faced significant headwinds in 2023, following reduced hiring demand and lower voluntary employee turnover. As a result of these challenging trading conditions, WilsonHCG has seen pressure on recruiter spend across the majority of its end-markets resulting in a top-line decline against 2022. New customer wins and optimisation of resource have somewhat mitigated the short-term softness, and have positioned the business well for a wider market recovery, albeit the timing of this rebound remains uncertain. arrivia exhibited favourable performance in 2023, driven by strong recovery within its core travel markets. However, the loss of a significant client will impact bookings going forward.

Infrastructure performance

In the year to 31 March 2024, our Infrastructure portfolio generated a GIR of £99 million, or 7% on opening value (2023: £86 million, or 6%).

3iN generated a total return on opening NAV of 11.4% in FY2024, again exceeding its 8-10% return objective, and delivered its dividend target of 11.9 pence, a 6.7% increase on last year. Its underlying portfolio continues to perform robustly, delivering income growth and capital returns throughout the economic cycle, with particularly strong performance from TCR, Tampnet and Valorem. The demand for high-quality infrastructure assets was reflected in the successful realisation of Attero for proceeds of €214 million, a 31% uplift on opening value. Whilst 3iN continues to perform well, its muted share price performance, with an increase of only 4% in the year to 327 pence at 31 March 2024, was reflective of weak demand across the market for shares of listed infrastructure investment companies and a lack of liquidity in the FTSE 250 index.

Our proprietary capital investment in Smarte Carte performed well in 2023, as a result of sustained US and international travel volumes and positive contract economics. The addition of a long-term contract with London's Heathrow Airport provides Smarte Carte with a foothold for further expansion into the European market. Our North American Infrastructure Fund had its final close in December 2023. The Fund completed a new investment in Amwaste, a provider of non-hazardous solid waste disposal services in the southeastern region of the US. Regional Rail and EC Waste, two existing investments in the Fund, completed a total of three bolt-on acquisitions, as they continue to execute their scaling strategies.

We have agreed to sell our operational projects infrastructure fund capability to certain members of 3i's Infrastructure team. The transfer will comprise the mandates for the management of the BIIF and 3i European Operational Projects Funds ("3i EOPF"). The rationale for the sale is to simplify 3i's Infrastructure business and to facilitate its focus on core-plus infrastructure. This sale is expected to complete shortly and its impact will not be material to the Group.

Scandlines performance

Scandlines delivered a steady performance during the year. Leisure traffic volumes were ahead of last year after a strong summer. This offset a reduction in freight volumes which was disproportionately felt across its Scandinavian and German markets, as a result of the more challenging macro-economic backdrop. Cash generation remains strong and we received dividends totalling £25 million from Scandlines in the year.

Sustainability

During the year, we continued to advance our sustainability agenda. Our main focus stayed on climate change. We achieved progress across several initiatives, including:

- Climate transition and targets – we are pleased to announce that our science-based targets were validated by the SBTi on 22 March 2024. Our targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our portfolio. Our targets are described in the Sustainability section of this report and in our TCFD disclosures.
- Climate strategy and risk management – we completed a second phase of climate change scenario analysis. The results provided further insights into climate change physical and transition risks and opportunities across our portfolio, and were used to enhance the climate element of our ESG investment assessment framework.
- Data and disclosures – we further improved our portfolio greenhouse gas ("GHG") emissions data coverage and enhanced the quality and consistency of this data through the roll-out of a dedicated portfolio ESG data collection software. This has allowed us to make aggregate portfolio emissions data disclosures for the first time, in compliance with TCFD-aligned disclosure requirements for asset managers. Our TCFD disclosures are on pages 58 to 68 of this report.

We have also begun to address other important areas that impact the sustainability of our portfolio, including biodiversity and human rights.

3i is keen to support charities which relieve poverty, promote education and support elderly and disabled people. Our charitable giving for the year totalled £1.05 million. 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, through which we matched c.£55,000 of staff donations. Our portfolio companies also supported a variety of charities relevant to them and their operations, with donations totalling c.£4.7 million.

We continued to advance our sustainability agenda, focusing on climate change.

Pages 39-68
Read more about sustainability

Balance sheet and foreign exchange management

Our proprietary capital model and conservative balance sheet strategy are a clear advantage in challenging macro-economic conditions. We are under no pressure to invest or accelerate the realisation of investments in order to protect shareholder value over the longer term. We ended the year as net divestors, and continued to reduce the carried interest liability related to Action, with total payments of £735 million in the year. As a result of these payments and the further investment in Action increasing our gross equity stake from 52.9% to 54.8%, our net holding in Action, after carried interest, is now 53.2% (31 March 2023: 48.9%). Over the last five years, we have increased 3i's net ownership of Action from 33% to 53.2%, through stake purchases and carry buy-back transactions.

We also further strengthened our balance sheet and liquidity position with the successful issue of a six-year €500 million bond at a coupon of 4.875% and successfully extended the tenor of the £400 million tranche of our £900 million Revolving Credit Facility ("RCF") to November 2026. We ended FY2024 with net debt of £806 million and 4% gearing, after returning £541 million of cash dividends to shareholders in the year and with liquidity, including our undrawn RCF, of £1,296 million, meaning we are well funded when suitable investment opportunities arise. We remain disciplined on costs and generated an operating cash profit of £467 million in the year, or £92 million excluding dividends received from Action.

In FY2024, we generated an unrealised gain of £116 million from our foreign exchange hedging. In total, including the gain on hedging, we recorded a total foreign exchange loss of £316 million in the year, as sterling strengthened against the euro and US dollar.

Outlook

We expect that the current macro-economic conditions and geopolitical uncertainty will persist in the near term and that this will continue to impact confidence and pricing expectations in the wider mid-cap M&A market. Against this backdrop, our rigorous and disciplined approach to capital allocation remains unchanged; we are long-term thematic investors, with the aim of compounding value via organic and acquisition growth, and our active asset management means we are on the front foot, building resilient portfolio companies that are capable of navigating through these challenging trading conditions.

Over the last financial year, 3i has delivered a very strong total shareholder return of 71%, the majority of which relates to our share price performance. Indeed, 3i's share price has come a long way since the restructuring of the Group in June 2012. Whilst Action continues to power ahead, some of our other significant portfolio companies are also showing strong growth and longer-term compounding characteristics. Together with Action, these other portfolio companies should support strong future returns for our shareholders.

I would like to close by thanking the team at 3i and the teams in our portfolio companies for another good performance in challenging trading conditions.

Simon Borrows

Simon Borrows
Chief Executive
8 May 2024

Our thematic approach to investment

We adopt a thematic approach to origination and portfolio construction, backing businesses that benefit from structural trends which can support long-term sustainable growth.

Value-for-money and discount

The last few years have been characterised by significant geopolitical and market shocks.

These have had profound consequences for the global economy and have resulted in significant pressures on consumers through increases in energy prices, broader inflation, higher interest rates and slower growth. While there are signs that some of these pressures may be abating, consumers remain discerning and continue to seek quality, at a good price.

We believe that these behaviours will endure, as shown by the permanent shift to "value" concepts by some consumers during, and in the immediate aftermath of the 2007-2008 financial crisis.

3i response

Value-for-money and discount has long been a winning theme for our Private Equity portfolio. We highlight a few examples here. **Action** has grown from a focus on its Dutch home market to a pan-European discount retailer, by providing a good-quality and surprising assortment, including many everyday necessities, at a very low price.

Royal Sanders, a private label and contract manufacturer of personal care products, is growing strongly by offering products at a variety of price points to a broad range of customers, including value retailers. **European Bakery Group**, which produces bake-off bread and snack products for food retailers, benefits from similar dynamics.

Pages 22-25
Action

Energy transition, energy security and resource scarcity

The response to the climate and environmental emergencies is a defining theme of our time.

The transition towards a low-carbon economy is gathering pace, leading to increased demand for electricity and associated services. At the same time, natural resources are overexploited and governments, businesses and consumers are focusing on developing and supporting more sustainable consumption models, which embed more circularity and shared resources.

3i response

We have exposure to this theme in our Infrastructure business, with investments in businesses like **Infinis** and **Valorem**, which generate renewable energy, **Herambiente**, which sorts and recycles waste and generates power from the waste that cannot be recycled, and **Future Biogas**, one of the UK's largest anaerobic digestion plant developers and biogas producers.

TCR, also in our Infrastructure portfolio, provides pooled ground support equipment at airports, reducing the amount of equipment required.

A number of our Private Equity portfolio companies are making investments in the circular economy theme, either by adapting their business models or by offering products or services that directly support a circular economy model. For example, **WP** is investing in more easily recyclable packaging materials and **Evernex** repairs, reuses and recycles IT equipment.

Page 51
Future Biogas

Digitalisation, digital transformation and big data

Business is increasingly mobile and data driven, facilitated by increasing connectivity, and is focused on simplifying processes and improving the customer experience.

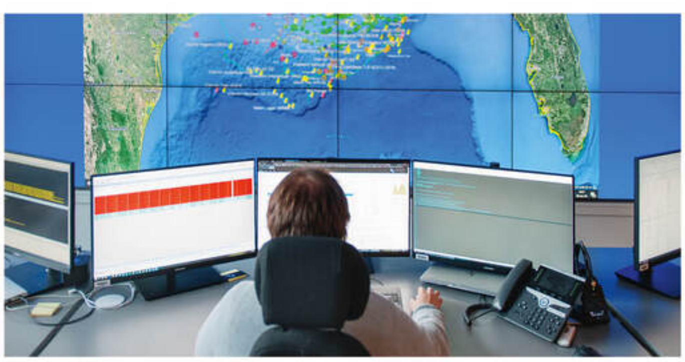
Technology is developing rapidly and changing business operating models across many sectors. Digitalisation is part of daily life, extending to all spheres of human activity and interactions. It is also intertwined with climate change and is a precondition to many of the available decarbonisation pathways.

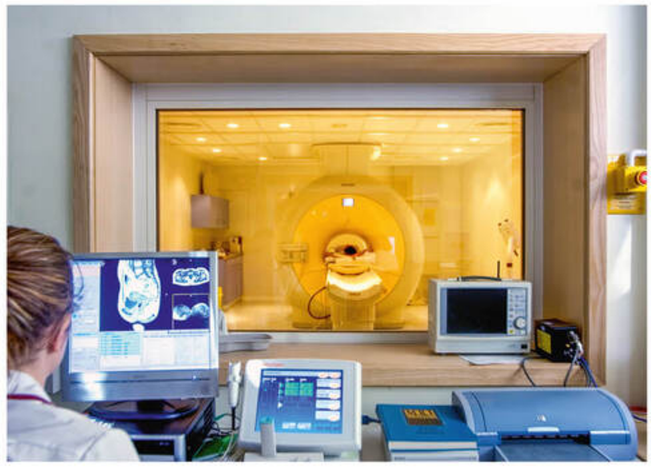
The rapid development of artificial intelligence is accelerating these trends, creating opportunities not previously possible. However, not all segments of the economy participate equally in this transformation. Some businesses are vulnerable to disruption, and some parts of society are being left behind.

3i response

We have been careful to select investments that benefit from this theme, while avoiding areas likely to be impacted by disruption. In our Private Equity portfolio, **MAIT** provides SMEs with IT solutions that focus on process optimisation and digitalisation. **xSuite** provides accounts payable process automation applications. **Evernex** maintains IT equipment that is critical for customers' business continuity. **Luqom**, **VakantieDiscounter** and **Konges Sløjd** operate in growing online consumer niches and can benefit from the ongoing shift to the online channel.

Our Infrastructure business is also exposed to this trend. **Tampnet** operates an offshore communication network in the North Sea and Gulf of Mexico; and **Global Cloud Xchange** owns one of the world's largest subsea fibre optic networks.





Demographic and social change

Ageing populations are projected to cause significant social disruption in our investment markets.

Increasing life expectancy and reduced birth rates in most of our core markets are resulting in ageing and often declining populations. These structural, long-term trends are profoundly changing consumer behaviour and preferences, and are resulting in policy responses and scientific research to meet the challenges of greater longevity and the increasing prevalence of age-related chronic illness.

3i response

Our Private Equity healthcare investments, including **Cirtec Medical**, an outsourced medical device manufacturer, as well as **SaniSure** and **ten23 health**, which deliver products and services to the life sciences industry, provide solutions to the disruption caused by an ageing population and by scientific breakthroughs making more advanced medical and pharmaceutical treatments possible. **Ionisos**, in our Infrastructure portfolio, provides cold sterilisation services to the medical and pharmaceutical industries, amongst others.

Some of our portfolio companies with a consumer focus are also exposed to this trend. **Audley Travel** caters to an older and wealthier demographic cohort that is becoming more dominant. **Konges Sløjd**, on the other hand, has developed its offering to appeal to smaller families, where the spend per child is increasing.

Page 48
ten23 health

Our business model

We aim to compound value over time by investing in mid-market companies to create a diverse portfolio with strong growth potential.

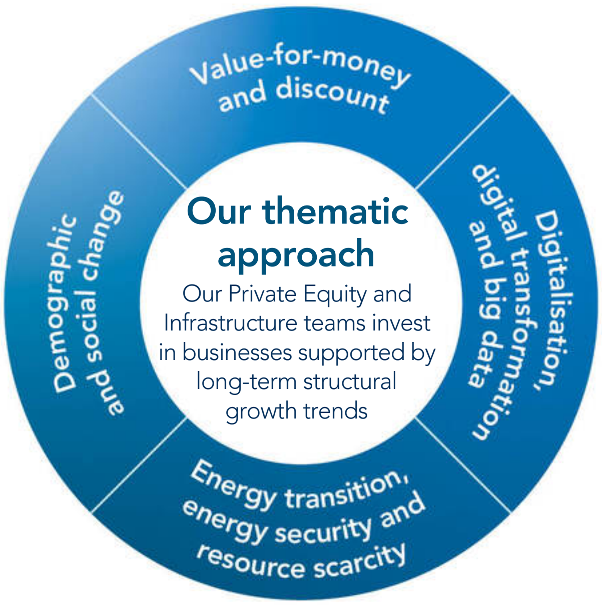
Sectors

Private Equity

- Consumer
- Healthcare
- Industrial Technology
- Services
- Software

Infrastructure

- Communications
- Healthcare
- Energy
- Social Infrastructure
- Transport/Logistics
- Utilities



Key enablers of value

Permanent capital and long-term investment horizon
We aim to compound our proprietary capital value through conviction in our best investments and by deploying our capital in new mid-market companies. Our proprietary capital affords us a long-term investment horizon.

A long-standing office network
We have had teams on the ground across the UK, continental Europe and the US for many decades, which have built strong networks within their local business communities.

An expert and diverse team
Our international teams are formed of local people with great knowledge and experience of their geography and sector. We view diversity as a strength and a plurality of perspectives enhances our origination, value creation and decision making.

Careful portfolio construction
We approach portfolio construction with great care, originating opportunities thematically and investing selectively in businesses that can benefit from long-term structural growth trends.

Active asset management
We engage with portfolio companies' management teams to manage risks and invest in initiatives that support long-term sustainable growth.

A strong brand and reputation
As an investment company with a history of over 75 years, our brand strength and long-term approach underpin our reputation as a responsible investor and business.

Strong values and institutional culture
We promote a strong culture of integrity among our employees and embed that culture in our policies and processes.

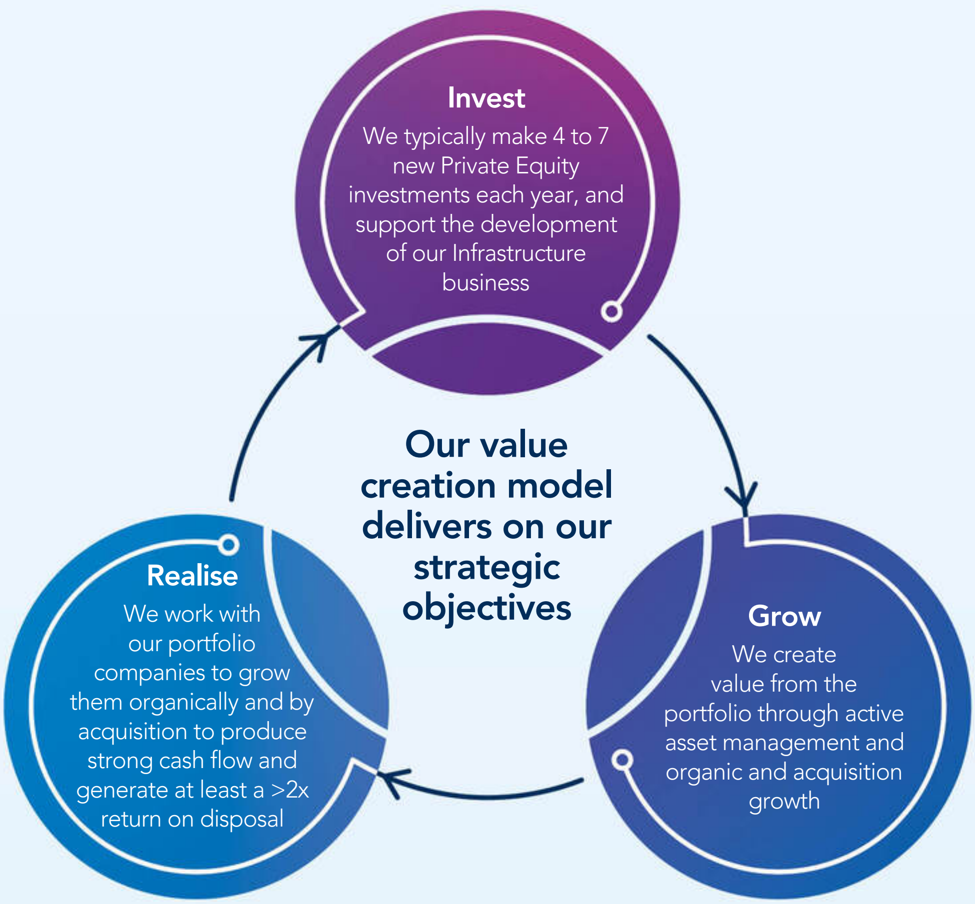
Page 16
Our long-term, responsible approach

Our business model continued

We cover our operating costs with income from our portfolio and from fund management fees generated by our Infrastructure business, thereby minimising the dilution of our capital returns.

Value creation

We manage our balance sheet conservatively. We maintain a tight grip on operating costs and cover these with fund management fees and portfolio income.



Page 16
Our long-term, responsible approach

Who benefits

Shareholders

Our model is capable of delivering mid-teen returns to shareholders through the investment cycle

23%

Total return on opening shareholders' funds

61.0p

Dividend per share

0.4%

Operating costs as a percentage of our FY2024 AUM

Portfolio companies

We work in close partnership with our portfolio companies to provide expertise and support, enabling them to grow sustainably and to contribute to the communities in which they operate

Our people

Our people are our most important resource. We foster the professional development and wellbeing of our employees

Page 110
Engaging with shareholders

Our long-term, responsible approach

As proprietary capital investors, we have a long-term, responsible approach. We aim to compound value through thoughtful origination, disciplined investment and active asset management of our portfolio, driving sustainable growth in our investee companies. Our success is founded on the expertise and diverse perspectives of our employees. We promote a culture of integrity across the organisation.

Invest responsibly

Our responsible approach to investment and portfolio management is an integral part of our business model. It is based on four pillars:

1. Long-term stewardship

Thanks to our permanent capital we have a medium- to long-term investment horizon. We have majority or significant minority stakes in our core portfolio companies and are represented on their boards. We therefore have the influence to drive long-term, sustainable growth in our portfolio.

2. Thematic origination

We adopt a thematic approach to investment origination. Our approach is flexible and can be adapted to take into account market developments and regulatory, policy, societal or environmental changes. For example, over the last few years we have backed businesses that invest in energy transition, develop products or services that can contribute to a more sustainable consumption model, or support the medical and pharmaceutical industries, all of which can benefit from long-term structural growth trends.

3. Careful portfolio construction

We approach investment origination and portfolio construction with great care, with a focus on resilience across the cycle. We make a limited number of new investments each year, sourced from sectors and geographies where we have built a strong track record, in-house expertise and comprehensive networks.

4. Assessment and management

We screen investment opportunities against our Responsible Investment policy and embed an assessment of ESG risks and opportunities across our investment, portfolio management and value creation processes. We have been signatories to the UN Principles for Responsible Investment since 2011.

> Our approach is designed to support long-term, sustainable growth in our portfolio companies.

Pages 12-13
Thematic origination

Pages 42-51
Invest responsibly

Our people are our priority

Our success is based on the recruitment, development and retention of a capable and diverse team.

We provide training and opportunities for career advancement and reward our employees fairly. We recognise the importance of the wellbeing of our employees and support them by creating a healthy workplace and with tools to improve their mental and physical health. We benefit from a non-hierarchical organisational structure, which underpins a culture of open communication.

249 employees[1]

27 nationalities

We employ a team of 249 people from 27 countries and value highly the diversity of perspectives that this brings. We cultivate an inclusive environment for existing and prospective employees which respects, involves and leverages diverse talent for greater organisational good. We support a number of initiatives aimed at improving gender, ethnic and social diversity at 3i and on an industry-wide basis.

Pages 39-68 Sustainability

1 Global employee headcount.

Strong values and institutional culture

We promote a strong culture of integrity among our employees and embed that culture in our policies and processes.

We expect all employees to act with integrity, accountability and a careful ownership mindset and to approach their roles with ambition, rigour and energy.

Our corporate values are approved by the Board and the Executive Committee sets the tone and leads by example. We evaluate all employees annually against our corporate values.

Pages 96-155 Governance

Pages 39-68 Sustainability

Our shared values

Ambition
- Focus on generating value for all our stakeholders
- Strive for excellence and continuous improvement

Accountability
- Personal and collective responsibility for protecting and enhancing 3i's assets and reputation
- An ownership mentality in managing costs, resources and investments
- An aversion to building hierarchy

Rigour and energy
- Clarity of vision supported by practical execution
- Thorough analysis leading to clear decision making and effective implementation
- High levels of energy, a strong work ethic and effective team working

Integrity
- Doing "the right thing" even when difficult
- Relationships built on trust, candour and respect

Strategic objectives

Grow investment portfolio earnings

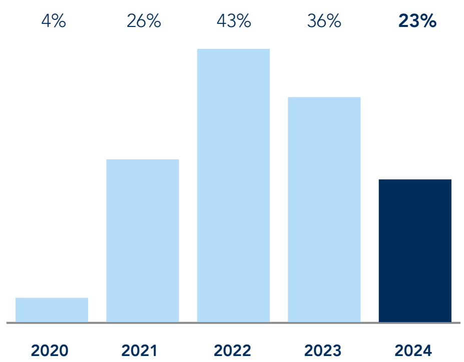
Realise investments with good cash-to-cash returns

Key performance indicators[1,2,4]

Gross investment return ("GIR") as % of opening portfolio value

The performance of the proprietary investment portfolio expressed as a percentage of the opening portfolio value.

Link to strategic objectives



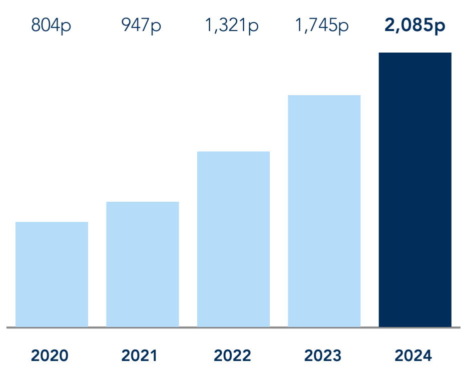
FY2024 progress and FY2025 outlook

- Group GIR of 23%, driven by £3,926 million of unrealised value growth and £591 million of portfolio income
- Private Equity GIR of £4,059 million, or 25%, predominantly driven by Action's GIR of £3,718 million
- Infrastructure GIR of £99 million, or 7%, reflecting the performance of 3iN and US infrastructure
- Scandlines GIR of £10 million, or 2%, reflecting steady performance in the year and cash distributions
- Our portfolios have started FY2025 with good momentum

NAV per share

The measure of the fair value per share of our investments and other assets after the net cost of operating the business and dividends paid in the year.

Link to strategic objectives



FY2024 progress and FY2025 outlook

- 19% increase in NAV per share to 2,085 pence (31 March 2023: 1,745 pence), after payment of 56.25 pence dividend per share in the year
- Our portfolios have started FY2025 with good momentum

Cash realisations[5]

Support our returns to shareholders, as well as our ability to invest in new opportunities.

Link to strategic objectives

FY2024 progress and FY2025 outlook

- Cash proceeds of £883 million including £762 million[5] of proceeds received from Action's capital restructuring
- Realisations and refinancings in FY2025 are subject to supportive market conditions and to portfolio company performance remaining resilient. In April 2024, we agreed the sale of nexeye, generating expected exit proceeds of c.€452 million

Maintain an operating cash profit

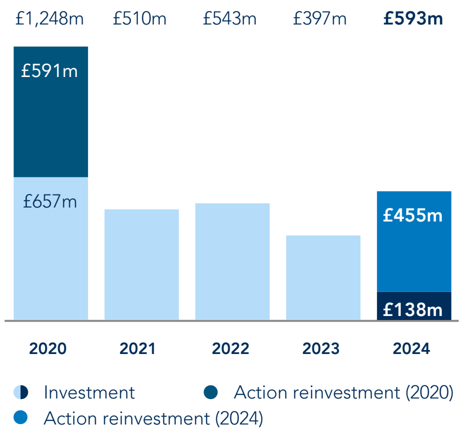
Use our strong balance sheet

Increase shareholder distributions

Cash investment[6]

Identifying and investing in new and further investments is a key driver of the Group's ability to deliver attractive returns.

Link to strategic objectives



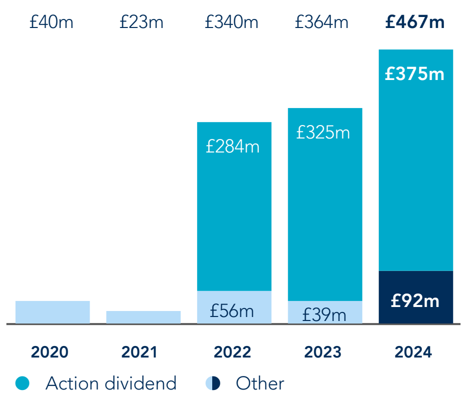
FY2024 progress and FY2025 outlook

- Invested £593 million, including the £455 million reinvestment into Action
- Completed seven bolt-on acquisitions for the Private Equity portfolio, one of which, for EBG, we supported with further investment of £38 million. Completed one new investment in our North America Infrastructure Fund
- Interesting pipeline of new investment opportunities and bolt-on acquisitions. In early May 2024, we agreed to invest c.€116 million in a new investment for our Private Equity portfolio, Constellation

Operating cash profit[3]

By covering the cash operating cost of running our business with cash income, we reduce the potential dilution of capital returns.

Link to strategic objectives



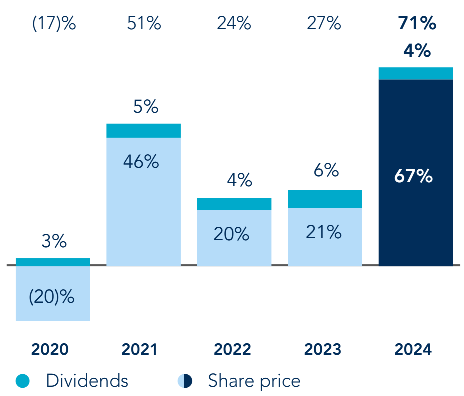
FY2024 progress and FY2025 outlook

- Generated total cash income of £594 million (2023: £497 million) of which £456 million (2023: £351 million) is from Private Equity, £113 million (2023: £107 million) from Infrastructure and £25 million from Scandlines (2023: £39 million). Private Equity includes £375 million of dividends from Action (2023: £325 million)
- Cash operating expenses of £127 million (2023: £133 million)
- Good cash income expected to continue from Action, Infrastructure and Scandlines

Total shareholder return

The return to our shareholders through the movement of the share price and dividends paid during the year.

Link to strategic objectives



FY2024 progress and FY2025 outlook

- TSR of 71% driven by a share price increase of 67% and by dividend payments of 56.25 pence in the year
- Well-positioned balance sheet supports a total FY2024 dividend of 61.0 pence per share

1 A number of our KPIs are calculated using financial information which is not defined under IFRS and therefore they are classified as APMs. Further details on these APMs are included in our Financial review on page 79.

2 Further information on how these KPIs are factored into decisions concerning the Executive Directors' remuneration is included in the Directors' remuneration report on page 136.

3 Cash operating expenses includes lease payments.

4 Key risks which could potentially impact the respective KPIs can be found on pages 89 to 93, which summarises the Group's current principal risks.

5 Realised proceeds may differ from cash proceeds due to timing of cash receipts. During the year, Private Equity recognised £866 million of realised proceeds, of which £5 million relates to WHT incurred on the proceeds from Action.

6 Cash investment per the segmental analysis is different to cash investment per the cash flow due to a £10 million investment in Private Equity, which was recognised in FY2023 and paid in FY2024.

Business review

What's in this section

Private Equity

We invest in mid-market businesses headquartered in Europe and North America. Once invested, we work closely with our portfolio companies to deliver ambitious growth plans, and to realise strong cash returns for 3i shareholders and other investors.

In the year to 31 March 2024, our Private Equity portfolio delivered a GIR of £4,059 million, or 25%, on the opening portfolio value (2023: £4,966 million or 40%), after a £341 million foreign exchange loss, including the impact of foreign exchange hedging.

Action delivered another year of very strong earnings growth and cash generation, and accounted for the majority of the Private Equity GIR in FY2024. In the year, we also received significant realised proceeds from Action and completed a further reinvestment in the business. Across the remaining portfolio, we saw strong growth from portfolio companies operating in the value-for-money and private label and healthcare sectors, more than offsetting softer performance from portfolio companies exposed to the discretionary consumer sector or operating in cyclically impacted end-markets. We designated Royal Sanders as a longer-term hold asset in the Private Equity portfolio, following its consistent performance since acquisition and due to its compounding growth characteristics.

Low levels of global private equity transaction activity persisted through FY2024. We remained very disciplined on price given the difficulties to match buyers' and vendors' expectations, prioritising reinvestment into some of our existing portfolio companies and continuing our buy-and-build momentum. We also generated proceeds from some of our existing portfolio from refinancing activities and portfolio income.

Overall, the Private Equity portfolio value increased to £19,629 million (31 March 2023: £16,425 million). The contribution of Action to the Private Equity performance is detailed in Note 1 of the financial statements.

Table 1: Gross investment return for the year to 31 March

Investment basis	2024 £m	2023 £m
Realised profits over value on the disposal of investments	–	169
Unrealised profits on the revaluation of investments	**3,874**	3,746
Dividends	**439**	345
Interest income from investment portfolio	**80**	77
Fees receivable	**7**	7
Foreign exchange on investments	**(437)**	493
Movement in fair value of derivatives	**96**	129
Gross investment return	**4,059**	4,966
Gross investment return as a % of opening portfolio value	**25%**	40%

At a glance

Gross investment return

£4,059m or 25%

(2023: £4,966m or 40%)

Cash investment

£556m

(2023: £381m)

Realised proceeds

£866m

(2023: £857m)

Portfolio dividend income

£439m

(2023: £345m)

Portfolio growing earnings

93%[1]

(2023: 90%)

Portfolio value

£19,629m

(2023: £16,425m)

1 LTM adjusted earnings to 31 December 2023. Includes 29 portfolio companies.

ACTION

For more information
www.action.com

Investing in good businesses to make them great

Action, the fastest growing non-food discount retailer in Europe and our largest portfolio company, now has stores in 12 countries, employs over 69,000 people and generated annual revenue in excess of €11 billion in 2023.

Customer focus

"Customers come first" is one of Action's core values. On average, over 15 million customers visit Action stores each week, driven by Action's unique proposition offering an assortment of essential and surprise good-quality products, at the lowest prices.

Its low price points are fundamental to its offering and, in 2023, it continued to invest in its strong customer proposition by reducing 2,500 prices across its product assortment. 67% of its products are priced under €2.

Action has a comprehensive process of ensuring its stores stay relevant for its customers, through store relocations, enlargements and refurbishments.

Good-quality products

Action has a simple, efficient, and scalable operating model. It offers 6,000 products across 14 categories, with two-thirds of the assortment changing frequently.

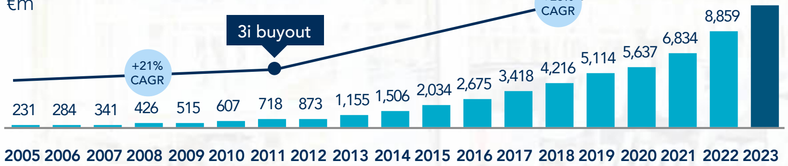
Action is able to adapt in response to changing times and customer needs and, in 2023, it applied particular focus on daily essential products.

International store roll-out

In 2023, Action added 303 stores across its geographies, including its first 15 stores in Slovakia. In the first quarter of 2024, it opened its first three stores in Portugal, its twelfth country. At 31 December 2023, Action had a total of 2,566 stores, with significant further growth opportunities across both existing and new markets.

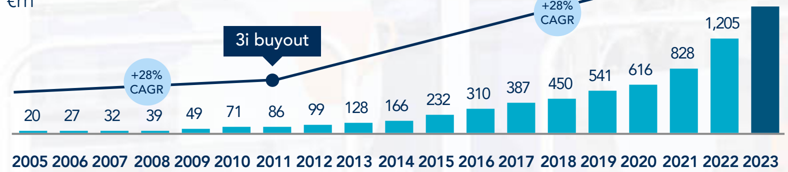
Net sales[1]

€m



Operating EBITDA[1]

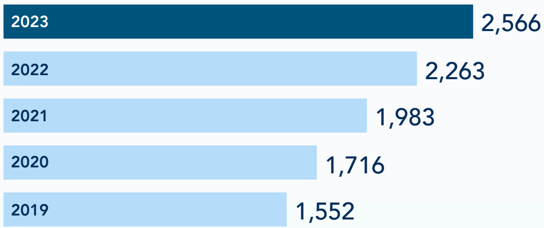
€m



Source: Company information
1 Including impact of 53rd week.

Private Equity continued

Number of stores
at 31 December

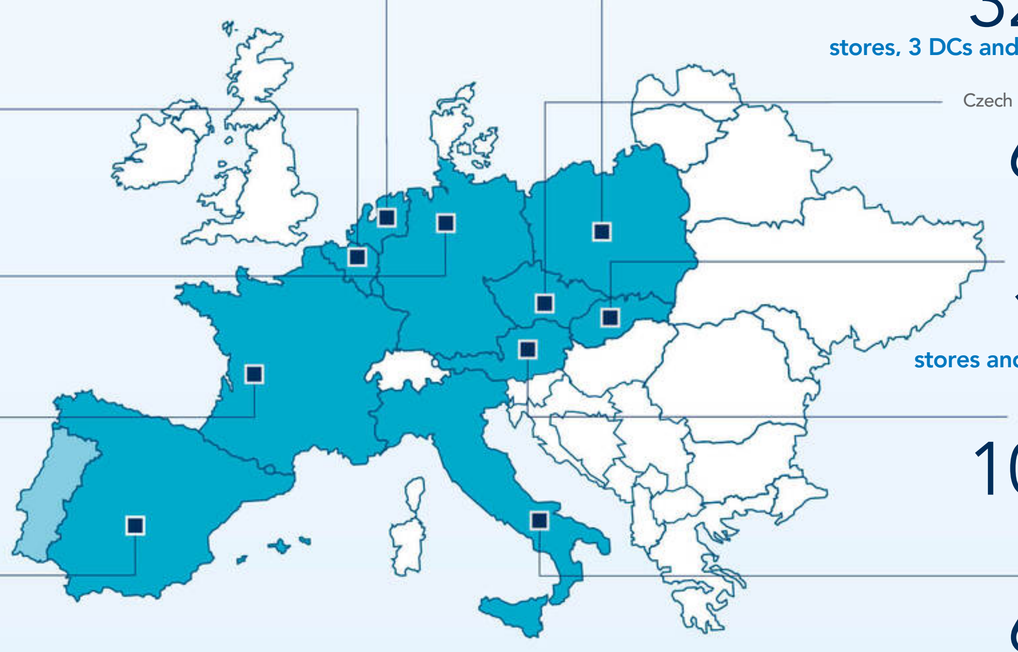


303
Stores added
during 2023

People
During 2023, Action created over 8,900 new jobs, and now directly employs more than 69,000 people across its stores and distribution network. Action continues to invest in the ongoing development and engagement of its employees, with over 3,100 internal promotions and 65,000 employees undertaking training in 2023.

Supply chain infrastructure
Action continues to build its distribution network to support its international expansion, with new distribution centres opening in France and Poland in 2023. Action now has 13 distribution centres and three hubs across Europe, with three new distribution centres planned in 2024 and 2025. Action maintained a high level of product availability throughout 2023.

Geographical spread of stores, distribution centres and hubs
at 31 December 2023[1]



Netherlands
414
stores and 2 DCs

Belgium/Luxembourg
226
stores

Germany
526
stores and 2 DCs

France
799
stores, 5 DCs and 2 hubs

Spain
26
stores

Poland
322
stores, 3 DCs and 1 hub

Czech Republic
63
stores

Slovakia
15
stores and 1 DC

Austria
108
stores

Italy
67
stores

1 Action opened its first stores in Portugal in Q1 2024 and therefore has stores in 12 countries.

Private Equity continued

Digital

Action continued to develop its digital ecosystem in 2023. Its app is now available in eight countries and was downloaded 5.3 million times in 2023. On average, Action records 9.6 million visits to its website and its app per week, providing a multi-channel touchpoint for customers to conduct their research online and then continue their journey with in-store purchases. Action also continues to improve the technology to enable further efficiencies in the flow of goods from suppliers to stores.

Partnership

In 2023, Action's support for its charity partners and other donations totalled €4.3 million. Action supports charities such as SOS Children's Villages and the Johan Cruyff Foundation. Its scholarship fund, originally set up in 2017, is now available to employees in almost all of Action's countries.

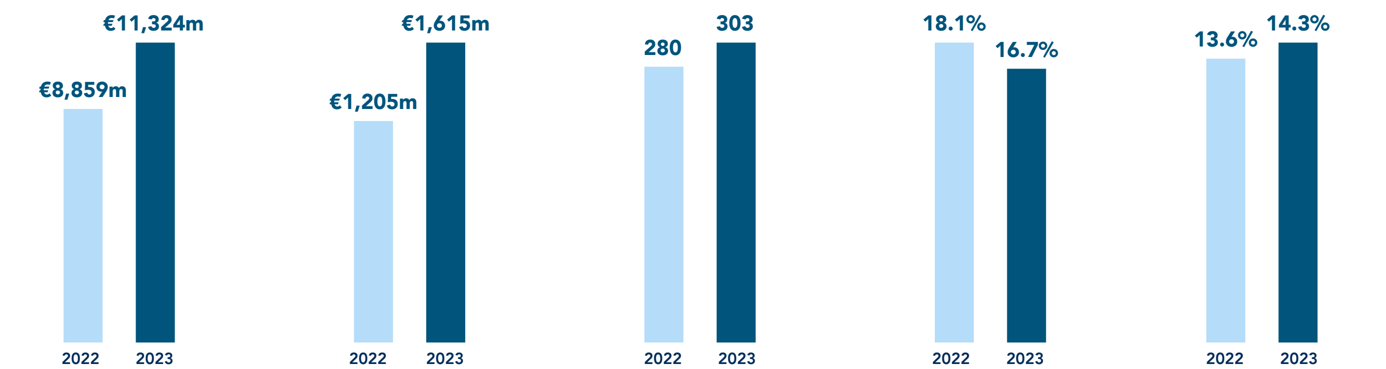
Sustainability

Action made further progress across its sustainability programme in 2023. Further information is available in the Sustainability section of this report on pages 46 and 47.

Further information is available on Action's website: www.action.com

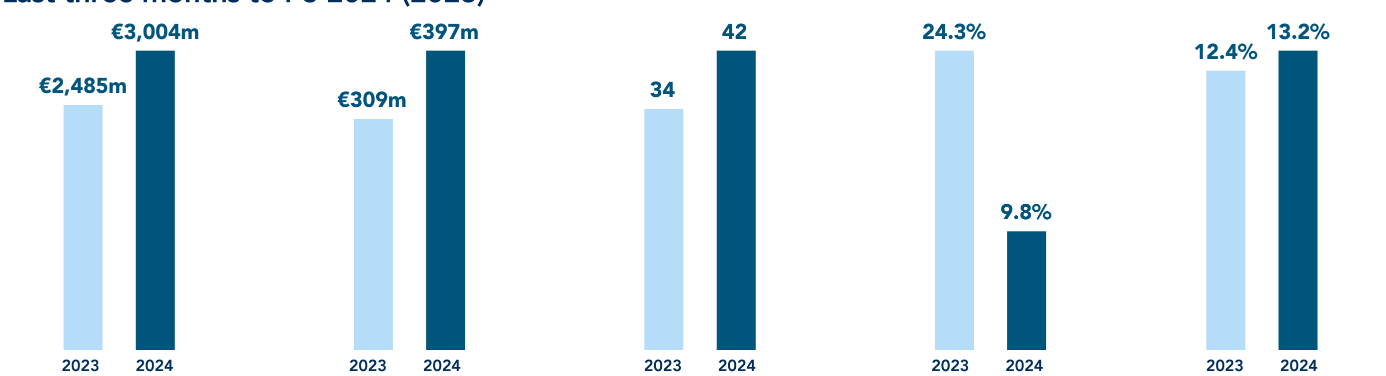
Action financial metrics

Last 12 months to P12 2023 (2022)



Net sales | Operating EBITDA | Net new stores added | LFL sales growth | Operating EBITDA margin

Last three months to P3 2024 (2023)



Net sales | Operating EBITDA | Net new stores added | LFL sales growth | Operating EBITDA margin

Private Equity continued

Investment and realisation activity

Transaction activity at Action was the main driver of Private Equity investment and realisations in FY2024. In October 2023, Action successfully completed its debut US dollar term loan issuance in the US leveraged loan market, raising $1.5 billion at very attractive pricing. In October 2023, Action also completed a capital restructuring with a pro-rata redemption of shares. We reinvested £455 million of the £762 million of proceeds from the share redemption to acquire further shares in Action, increasing our gross equity stake from 52.9% to 54.8%.

We typically refinance our most cash generative assets where appropriate for the business and where market conditions allow. In December 2023, Royal Sanders completed an all-senior debt refinancing, upsizing its debt facilities and returning £109 million to 3i, of which £48 million was recognised as income. We also completed a £29 million purchase of an incremental stake in the business.

Our buy-and-build strategy remains an integral part of our approach to value creation and in FY2024, our portfolio companies completed seven bolt-on acquisitions. This included Dutch Bakery's combination with coolback, a German bakery group specialised in bake-off bread, to create the European Bakery Group ("EBG"), a pan-European bakery platform. We supported this acquisition with a £38 million investment in July 2023. In August 2023, EBG completed the self-funded acquisition of Panelto, a manufacturer of bake-off artisan breads, establishing a UK and Ireland platform within the group. Further details of selected bolt-on acquisitions can be found on pages 28 to 29.

We continued to develop ten23 health with further investment totalling £25 million and provided £12 million of capital to support Luqom, YDEON and Digital Barriers through challenging trading conditions.

WP returned cash of £42 million to 3i in the year, of which £2 million was recognised as income, primarily from a successful amend and extend of its debt facilities.

In total, in the year to 31 March 2024, our Private Equity team invested £556 million (2023: £381 million) and generated total proceeds of £866 million (2023: £857 million).

In April 2024, we agreed the sale of nexeye, generating expected exit proceeds of c.€452 million. These exit proceeds, combined with distributions already received, result in a 2.0x money multiple. The transaction is expected to complete in H1 FY2025.

In May 2024, we agreed to invest c.€116 million in Constellation, an IT managed services provider specialised in hybrid cloud and cyber security. The transaction is expected to complete in H1 FY2025.

Private Equity continued

Investments

	Portfolio company	Business description	Date	Proprietary capital investment £m
Reinvestment	**Action**	General merchandise discount retailer	November 2023	455
	Royal Sanders	Private label and contract manufacturing producer of personal care products	Various	29
	Total reinvestment			**484**
Further investment to finance portfolio bolt-on acquisitions	**European Bakery Group**	coolback: German bakery group specialising in bake-off bread	July 2023	38
	Total further investment to finance portfolio bolt-on acquisitions			**38**
Further investment to support portfolio companies	**Luqom**	Online specialist lighting retailer	Various	6
	Digital Barriers	Video technology provider	January 2024	4
	YDEON	Online retailer of garden buildings, sheds, saunas and related products	January 2024	2
	Total further investment to support portfolio companies			**12**
Other further investment	**ten23 health**	Biologics focused CDMO	Various	25
	Other	Various	Various	2
	Total other further investment			**27**
FY2024 Private Equity gross investment				**561**
Return of investment	**Konges Sløjd**	Premium brand offering apparel and accessories for babies and children	September 2023	(5)
	Total return of investment			**(5)**
FY2024 Private Equity net investment				**556**

	Portfolio company	Name of acquisition	Business description of bolt-on investment	Date
Private Equity portfolio bolt-on acquisitions funded from the portfolio company balance sheets	**Royal Sanders**	Lenhart	Manufacturer of private label products for the personal care industry	April 2023
	MAIT	etagis	Provider of production planning software for ERP systems	June 2023
	AES	Triseal	Engineering company specialising in design, manufacture and application of mechanical seals and associated rotating equipment	June 2023
	European Bakery Group	Panelto	Manufacturer of bake-off artisan breads	August 2023
	MAIT	Quadrix	Product lifecycle management software provider	October 2023
	Evernex	Maminfo	Brazilian provider of third-party maintenance services	January 2024

Realisations

	Portfolio company	Type	Business description	Date	3i realised proceeds £m
Realisations	**Action**	Capital restructuring proceeds	General merchandise discount retailer	November 2023	762
	Royal Sanders	Refinancing	Private label and contract manufacturing producer of personal care products	December 2023	61
	WP	Refinancing & other	Global manufacturer of innovative plastic packaging solutions	March 2024	40
	Other	Various	Various	Various	3
FY2024 Private Equity realisations					**866**

Private Equity bolt-on acquisitions and further investments

Case study: Bolt-on acquisition

European Bakery Group's ("EBG") acquisitions of coolback and Panelto Foods

EBG completed the transformational acquisitions of coolback and Panelto Foods in 2023, establishing a high-quality pan-European platform in the fragmented European private label market for bake-off bread.

coolback is a German bakery group founded in 1999, based in the Berlin area. The company employs more than 600 full-time employees across three locations in the German municipality of Brandenburg, which together produce more than 1.2 billion baked goods per year. It produces and sells private label, frozen and ambient bake-off bread products to customers active in food retail and food service across Germany, the Nordics and Poland.

Panelto Foods was founded in 2004 and is headquartered in Ireland. It produces a range of high-quality frozen par-baked breads for major retailers' in-store bakeries across Ireland, the UK and Europe. The company employs around 300 employees across two state-of-the-art bakeries with three production lines, which produce more than 325 million baked goods annually.

For more information
www.europeanbakerygroup.com

Private Equity continued

Case study: Bolt-on acquisition

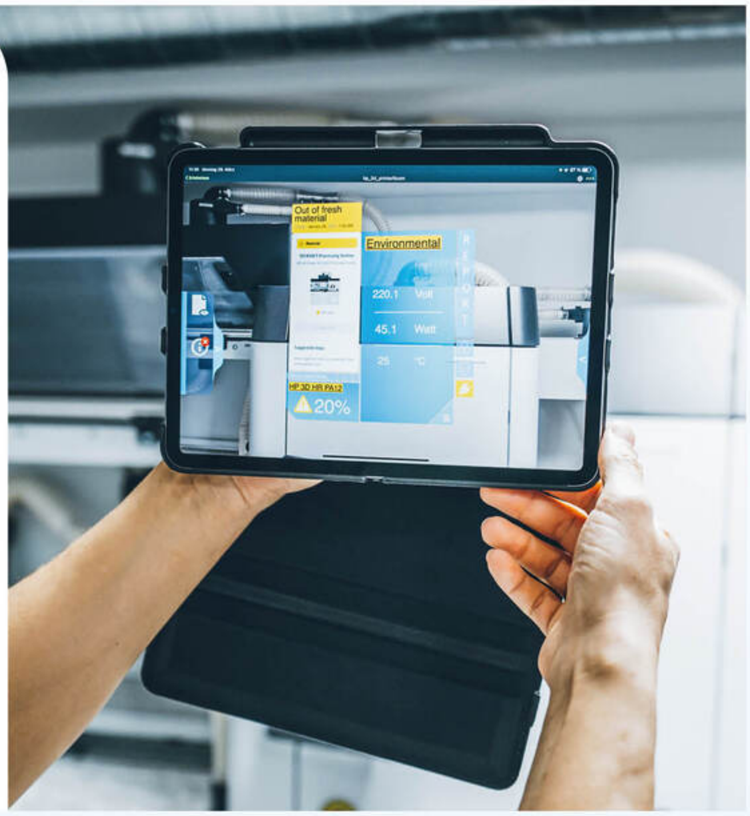
MAIT's acquisitions of etagis and Quadrix

Since our investment in 2021, MAIT has made seven bolt-on acquisitions, including two in FY2024, proving itself as an active consolidator in a fragmented market.

etagis, headquartered in Germany, is a provider of software solutions for production planning and control. The business was founded in 2005 and has built a network of around 460 customers. This acquisition expands the reach of MAIT's proprietary software.

Quadrix, founded in 1997 in Flawil, Switzerland, is a product lifecycle management software focused sales and implementation partner, with c.570 active clients. The acquisition has strengthened MAIT's position as a leading provider of product lifecycle management solutions in Switzerland.

For more information
www.mait-group.com



Case study: Further investment

ten23 health

ten23 health is a biologics-focused contract development and manufacturing organisation ("CDMO").

In 2021, we adopted an innovative approach in creating a new start up CDMO platform in ten23 health. Swissfillon AG, a drug product fill and finish CDMO located in Visp, was acquired by the platform later that year. The combined business's core service offering includes formulation and drug development, manufacturing for clinical and commercial applications, and testing services for sterile pharmaceutical products.

The business operates across two sites in Visp and Basel, Switzerland, both of which have seen progression across their operational initiatives and capability expansion activities in FY2024. The business is also pursuing a greenfield facility buildout in Visp ("Visp West") to further expand its fill and finish manufacturing and quality control offerings.

Momentum across the business remains strong after ten23 health secured a good pipeline of service and manufacturing programmes. The business is well positioned for another year of growth in 2024.

For more information
www.ten23.health

Private Equity continued

Action performance and valuation

As detailed in the Chief Executive's statement and in the Action case study, Action delivered another year of very strong performance in 2023, and we reflected this in our valuation of Action at 31 March 2024.

At 31 March 2024, Action was valued using its LTM run-rate EBITDA to the end of P3 2024 of €1,848 million, which includes the usual adjustment to reflect stores opened in the last 12 months and one-off expenses of €18.5 million, the majority of which related to a specific net payment to each full-time Action employee in December 2023 to mark Action's 30-year trading anniversary. Action continues to outperform the peers we use to benchmark its performance across its most important KPIs, supporting our valuation multiple of 18.5x net of the liquidity discount (31 March 2023: 18.5x).

Action ended P3 2024 with cash of €558 million and a net debt to run-rate earnings ratio of 2.2x after paying two dividend distributions in FY2024, of which 3i received £375 million.

At 31 March 2024, the valuation of our 54.8% stake in Action was £14,158 million (31 March 2023: 52.9%, £11,188 million) and we recognised unrealised profits from Action of £3,609 million (March 2023: £3,708 million) as shown in Table 2.

Performance (excluding Action)

Excluding Action, the Private Equity portfolio valued on an earnings basis generated £689 million (March 2023: £520 million) of value growth from performance increases, offsetting £368 million of performance decreases (March 2023: £310 million).

Royal Sanders, which operates in the private label and contract manufacturing market for personal care products, was the largest contributor to our Private Equity performance increases (excluding Action) in FY2024. A combination of continued growth of key customers and the benefits of its previous bolt-on acquisitions beginning to manifest resulted in the business delivering strong top-line and earnings growth and cash generation in the year, underscoring its good track record since we invested in 2018. As a result, we have now designated Royal Sanders as a longer-term hold asset, as we continue to support the compounding growth potential of the business. Also operating in the private label space, EBG was another standout performer in FY2024. Following the formation of the combined EBG platform earlier in the year (as shown in investments and realisations activity on page 26), the business is benefitting from an expanded footprint in new geographies and product categories.

MPM saw good top-line growth in 2023, driven primarily by increased volumes across its key markets. The US, now its largest market, continues to see encouraging sales development and there is significant headroom to scale it further, including through the online channel. Audley Travel's reputable brand and customer loyalty continues to support its strong recovery post the pandemic.

Low consumer confidence impacted the home and living category in Luqom's core DACH and Nordic regions in 2023, resulting in financial underperformance. In response, the business has focused on an operational transformation to ensure it is well positioned for improved market conditions. Encouragingly, it has started 2024 with more positive trading. YDEON faced a sustained deterioration of consumer confidence in its markets in 2023, particularly in its core German market. There are some signs of improving performance for YDEON at the start of 2024, albeit the wider market environment remains challenging. Whilst largely outperforming the general furniture market, BoConcept saw softer order intake across most of its regions in 2023. This was partially offset by stabilising input and shipping costs.

Private Equity continued

Across our healthcare portfolio, Cirtec Medical saw strong commercial traction with new wins in 2023, including both production and product development programmes, and has a strong pipeline moving into 2024 that is expected to support continued growth.

Since our initial investment in 2021, we have invested our capital in developing the infrastructure, commercial activities and team expertise of ten23 health. In 2023, the business continued to develop the production and development services capabilities of its Basel and Visp sites, and grew a good pipeline of customer programmes.

Q Medical Devices (Q Holding) performed well in 2023, with strong demand from most of its customers across its business units, and also benefitted from a number of operational initiatives.

Demand for single-use bioprocessing products remained muted across the industry in 2023, as destocking persisted for longer than expected, impacting SaniSure as a participant in this market. Over this period, SaniSure has focused on driving further improvements in its business and processes to position itself for a recovery in demand. Whilst it is difficult to predict when ordering patterns may normalise, we have seen positive momentum in its order book in the first quarter of 2024. SaniSure is well positioned to be an outsized beneficiary of the return to normalised market growth.

AES delivered another year of strong performance in 2023, driven by order volume growth across its global end-markets. The business continued to progress reliability, automation and capacity and completed the bolt-on acquisition of Triseal, an Australian sealing technology provider.

A combination of good demand in personal care products and new customers drove good volume growth in WP in 2023. Weak end-market demand across the consumer DIY and construction markets resulted in soft trading performance for Tato in 2023. The business has, however, benefitted from selling down highly-priced inventory over the year and is now delivering improved margin performance. Tato remains highly cash generative and returned £7 million of dividend income to 3i in the year.

Evernex saw good financial performance in 2023, driven primarily by third-party maintenance sales growth, particularly in southern Europe, North America, the Middle East, Africa and Brazil. The business also secured a significant contract in the US as part of its North American expansion strategy. In January 2024, Evernex completed the bolt-on acquisition of Maminfo in Brazil, enabling the business to deliver its capabilities across all Brazilian states. Also operating in the IT services market, MAIT continues to grow its revenues through a combination of organic growth and M&A. The business completed the acquisitions of etagis and Quadrix in the year, achieving further progress in its buy-and-build strategy.

WilsonHCG continues to operate in a challenging white collar recruitment market, resulting in softer performance across the majority of its end-markets. The business has carefully optimised its resources ensuring that it can service new customer wins in the year, and is ready to scale quickly when market demand returns. arrivia's encouraging post-pandemic recovery and performance in 2023, was somewhat offset by the loss of a significant client at the end of the year. This is expected to impact bookings going forward.

Overall, 93% of the portfolio by value grew LTM adjusted earnings in the year (31 March 2023: 90%). Chart 1 on page 32 shows the earnings growth of our top 20 Private Equity investments.

Table 2: Unrealised profits on the revaluation of Private Equity investments[1] in the year to 31 March

	2024 £m	2023 £m
Earnings based valuations		
Action performance	**3,609**	3,708
Performance increases (excluding Action)	**689**	520
Performance decreases (excluding Action)	**(368)**	(310)
Multiple increases	**68**	38
Multiple decreases	**(107)**	(205)
Other bases		
Sum of the parts	**60**	–
Discounted cash flow	**(13)**	4
Other movements on unquoted investments[2]	**(14)**	4
Quoted portfolio	**(50)**	(13)
Total	**3,874**	3,746

1 Further information on our valuation methodology, including definitions and rationale, is included in the Portfolio valuation – an explanation section.
2 FY2024 includes nexeye valued on an imminent sale basis.

Private Equity continued

Leverage

Our Private Equity portfolio is funded with all-senior debt structures, with long-dated maturity profiles. As at 31 March 2024, 85% of portfolio company debt was repayable from 2027 and beyond.

Across our Private Equity portfolio, term debt is well protected against interest rate rises, with over 70% of total term debt hedged at a weighted average tenor of more than three years. The average all-in debt cost on the total hedged term debt is less than 6.5%.

Average leverage across the portfolio was 2.7x (31 March 2023: 2.5x). Excluding Action, leverage across the portfolio was 3.9x (31 March 2023: 4.0x).

Chart 2 shows the ratio of net debt to adjusted earnings by portfolio value.

Multiple movements

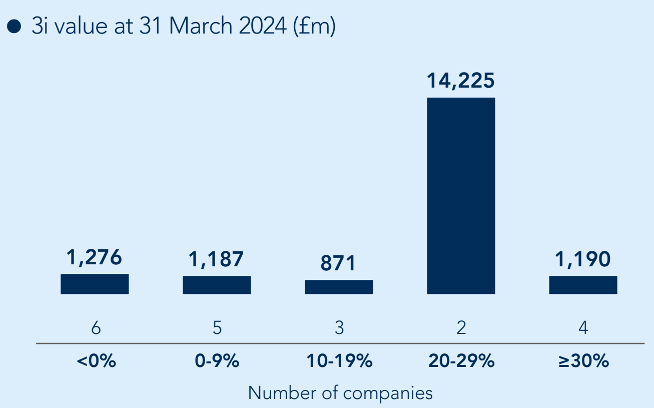
When selecting multiples to value our portfolio companies we take a long-term, through-the-cycle approach and consider a number of factors including recent performance, outlook and bolt-on activity, comparable recent market transactions and exit plans, and the performance of quoted comparable companies. At each reporting date our valuation multiples are considered as part of a robust valuation process, which includes independent challenge throughout, including from our External auditor, culminating in the quarterly Valuations Committee of the Board.

Whilst public equity markets generally recovered in the year to the end of March 2024, we have remained cautious in reflecting this recovery in the valuation multiples we use for our portfolio companies, given the persisting dislocation between quoted equity market multiples and the valuations of private market transactions.

We increased the multiples for three of our portfolio companies in the year to reflect their performance against their respective investment cases and the scaling or professionalising of these businesses, and we adjusted four multiples downwards to reflect private market transaction dynamics, and in some instances, soft performance. In total, we recognised a net £39 million unrealised value reduction from multiple movements in the year (March 2023: £167 million).

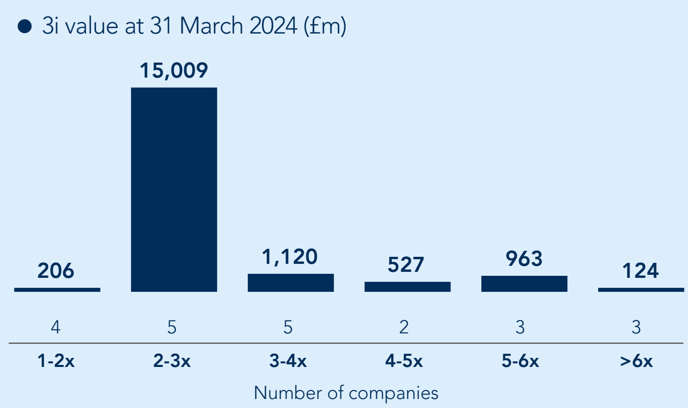
We have made no changes to our approach for the valuation of Action. Action's performance and KPIs continue to compare very favourably in relation to its peer group, which consists of North American and European value-for-money retailers. This supports our post-discount valuation multiple of 18.5x, which is unchanged from the prior year. We take comfort from the fact that Action's continued growth meant that its valuation at 31 March 2023 translated to only 14.4x the run-rate EBITDA achieved one year later. Based on the valuation at 31 March 2024, a 1.0x movement in Action's post discount multiple would increase or decrease the valuation of 3i's investment by £866 million.

Chart 1: Portfolio earnings growth of the top 20 Private Equity[1] investments



1 Includes top 20 Private Equity companies by value excluding ten23 health and nexeye. This represents 96% of the Private Equity portfolio by value (31 March 2023: 96%). Last 12 months' adjusted earnings to 31 December 2023 and Action based on LTM run-rate earnings to the end of P3 2024.

Chart 2: Ratio of net debt to adjusted earnings[1]



1 This represents 91% of the Private Equity portfolio by value (31 March 2023: 92%). Quoted holdings, nexeye, ten23 health and companies with net cash are excluded from the calculation. Net debt and adjusted earnings at 31 December 2023 and Action based on LTM run-rate earnings to the end of P3 2024.

Private Equity continued

Quoted portfolio

Basic-Fit is the only quoted investment in our Private Equity portfolio. In 2023, the business saw 13% growth in its membership numbers and added 202 clubs to its network.

In the 12 months to 31 March 2024, its share price decreased by 43.1% to €20.68 (31 March 2023: €36.32). This price values our 5.7% shareholding in Basic-Fit at £67 million (31 March 2023: £121 million).

Imminent sale

Given the advanced stage of the sale process, we valued nexeye on an imminent sale basis at 31 March 2024, and we agreed the sale of the portfolio company in April 2024.

Sum of the parts

At 31 March 2024, ten23 health was valued on a sum of the parts basis, mainly using a discounted cash flow ("DCF") methodology.

Assets under management

The assets under management of the Private Equity portfolio, including third-party capital, increased to £27.5 billion (31 March 2023: £22.9 billion), primarily due to unrealised value movements in the year.

Private Equity 3i proprietary capital by vintage

The performance of our vintages (Table 4) is driven by our portfolio companies. Action, the only remaining asset in the Buyouts 10-12 Vintage and the primary driver of the Other category, continues to perform very strongly. In the year, we designated Royal Sanders as a longer-term hold Private Equity asset, crystallising the return from Royal Sanders to date within its previous 2016-19 vintage, at a 5.3x sterling money multiple. Royal Sanders now sits in the Other category.

Table 3: Private Equity assets by sector as at 31 March 2024

Sector	Number of companies[1]	3i carrying value 2024 £m
Action (Consumer)	**1**	**14,158**
Consumer	**13**	**2,292**
Healthcare	**4**	**1,262**
Industrial Technology	**6**	**1,107**
Services	**9**	**644**
Software	**3**	**166**
Total	**36**	**19,629**

1 The case count excludes legacy insolvent assets.

Table 4: Private Equity 3i proprietary capital as at 31 March

Vintages	3i proprietary capital value[3] 2024 £m	Vintage money multiple[4] 2024	3i proprietary capital value[3] 2023 £m	Vintage money multiple[4] 2023
Buyouts 2010–2012[1]	**1,389**	**16.0x**	2,968	15.1x
Growth 2010–2012[1]	**22**	**2.1x**	23	2.1x
2013–2016[1]	**788**	**2.5x**	814	2.5x
2016–2019[1]	**1,363**	**1.8x**	1,872	1.8x
2019–2022[1]	**1,743**	**1.6x**	1,524	1.5x
2022-2025[1]	**224**	**1.0x**	228	1.0x
Other[2]	**14,100**	**n/a**	8,996	n/a
Total	**19,629**		16,425	

1 Assets included in these vintages are disclosed in the Glossary.
2 Includes value of £12,769 million (31 March 2023: £8,220 million) held in Action through the 2020 and 2023 Co-investment vehicles and 3i.
3 3i proprietary capital is the unrealised value for the remaining investments in each vintage.
4 Vintage money multiple (GBP) includes realised value and unrealised value as at the reporting date.

Infrastructure

We manage a range of funds investing principally in mid-market economic infrastructure and operational projects in Europe and North America. Infrastructure is a defensive asset class that provides a good source of income and fund management fees for the Group, enhancing the returns on our proprietary capital.

Our Infrastructure portfolio generated a GIR of £99 million or 7% on the opening portfolio value (2023: £86 million, 6%), driven primarily by an increase in the share price of our quoted stake in 3iN, good value growth from our US infrastructure portfolio and dividend income. 3iN's underlying portfolio continues to perform strongly, and it completed follow-on investments in three portfolio companies, two self-funded bolt-on acquisitions and disposed of one asset in the year.

We completed the final close of our North American Infrastructure Fund, and the Fund made one new investment and three bolt-on acquisitions for its existing portfolio companies in the year.

At a glance

Gross investment return

£99m
or 7%

(2023: £86m or 6%)

AUM

£6.7bn

(2023: £6.4bn)

Cash income

£113m

(2023: £107m)

Table 5: Gross investment return for the year to 31 March

Investment basis	2024 £m	2023 £m
Realised losses over value on the disposal of investments	**(4)**	–
Unrealised profits on the revaluation of investments	**72**	23
Dividends	**35**	33
Interest income from investment portfolio	**11**	14
Fees payable	**(6)**	–
Foreign exchange on investments	**(9)**	16
Gross investment return	**99**	86
Gross investment return as a % of opening portfolio value	**7%**	6%

Infrastructure continued

Infrastructure acquisitions

New investment: North American Infrastructure Fund

Amwaste

Amwaste, founded in 2010, is a provider of non-hazardous solid waste disposal services in the southeastern US with operations in Alabama, Georgia and Louisiana. It operates eight landfill sites, eight transfer stations and one materials recovery facility.

The company's service offering includes residential and commercial waste collection, landfill and post-collection operations. It serves over 300,000 customers per week including individual homeowners and some of the highest profile industrial, commercial and municipal customers in the southeastern US.

The North American waste and recycling industry generates c.$75 billion in annual revenue with c.456 million tonnes of waste produced per annum in the US alone. Amwaste's vertically integrated platform enables it to efficiently capture and internalise waste volumes, driving margin enhancement and providing a launch pad for future expansion. It has a strong track record of organic growth and significant white space opportunity.

3i invested £32 million in Amwaste in FY2024, as it continues to develop its North American Infrastructure Fund.

For more information
www.amwaste.net

Infrastructure continued

Fund management

3iN

3iN generated a total return on opening NAV of 11.4% for the year to 31 March 2024, exceeding its total return target of 8% to 10% per annum, and delivered its dividend target of 11.9 pence per share, a 6.7% increase on last year.

This result was underpinned by the strong performance of 3iN's portfolio companies, as they continued to benefit from long-term sustainable growth trends. TCR outperformed our expectations for the year due to a number of contract wins, further increasing its global presence and strong utilisation rates of its fleet as air traffic levels continue to grow post the pandemic. Tampnet traded well in the year, driven by the outperformance of its fixed and mobile units and by the delivery of new installations across the North Sea and the Gulf of Mexico. Valorem saw revenues from electricity generation ahead of expectations driven by favourable wind conditions. Other notable contributors include Infinis, Joulz, ESVAGT and Global Cloud Xchange. DNS:NET continues to face challenges with its fibre network roll out in Germany resulting in weaker performance in the year.

During the year, 3iN completed the realisation of Attero for proceeds of €214 million, a 31% uplift on opening value. 3iN also completed follow on investments in Future Biogas, DNS:NET and Ionisos and a bolt-on acquisition for both TCR and Tampnet, both of which required no further investment.

As investment manager to 3iN, in FY2024, we recognised a management and support services fee of £51 million (2023: £49 million) and a NAV-based performance fee of £41 million (2023: £35 million). This performance fee comprised a third of the potential performance fee for each of FY2024, FY2023 and FY2022, after the performance hurdle was met in each year. In addition, we received a performance fee of £21 million on the realisation of Attero from managed funds that invested alongside 3iN.

North American Infrastructure Fund

Our North American Infrastructure Fund completed its final close in December 2023, with final commitments of $739 million. As part of this process, we received further external commitments during the year, which resulted in a pro-rata rebalancing of existing fund holdings, resulting in proceeds to 3i of £22 million.

The Fund completed a £32 million new investment in Amwaste, a provider of non-hazardous solid waste disposal services in the southeastern region of the US. Regional Rail continued its growth via new customer additions and bolt-on activity, with the acquisitions of Indiana Eastern Railroad, Ohio South Central Railroad and Clinton Terminal Railroad, adding over 100 miles of freight rail to the platform. Freight load traffic across Regional Rail's existing railroads continued to grow. EC Waste saw good performance from its landfill and transfer stations and, the business completed the acquisition of a further landfill site in Puerto Rico in the year.

Assets under management

Infrastructure AUM increased to £6.7 billion (2023: £6.4 billion), principally due to an increase in the share price of 3iN and good performance across our US infrastructure portfolio and 3i Managed Infrastructure Acquisitions Fund ("3i MIA").

During the year, we agreed to sell our operational projects infrastructure fund capability, comprising the management of the BIIF and 3i EOPF funds, to certain members of the 3i Infrastructure team, with the aim of simplifying 3i's Infrastructure business and facilitating its focus on core-plus infrastructure. At 31 March 2024, this represented total AUM of £796 million. The sale is expected to complete shortly. There is no material impact to 3i Group's net assets or return from this transaction.

Table 6: Assets under management as at 31 March 2024

Fund/strategy	Close date	Fund size	3i commitment/ share	Remaining 3i commitment	% invested[3] at 31 March 2024	AUM £m	Fee income earned in 2024 £m
3iN[1]	Mar-07	n/a	£879m	n/a	**n/a**	**3,011**	**51**
3i Managed Infrastructure Acquisitions LP	Jun-17	£698m	£35m	£5m	**87%**	**1,399**	**4**
3i managed accounts	various	n/a	n/a	n/a	**n/a**	**689**	**4**
BIIF[4]	May-08	£680m	n/a	n/a	**91%**	**437**	**3**
3i North American Infrastructure Fund	Dec-23[2]	US$739m	US$300m	US$85m	**75%**	**541**	**3**
3i European Operational Projects Fund[4]	Apr-18	€456m	€40m	€4m	**87%**	**359**	**3**
US Infrastructure	Nov-17	n/a	n/a	n/a	**n/a**	**306**	**–**
3i India Infrastructure Fund	Mar-08	US$1,195m	US$250m	n/a	**73%**	**–**	**–**
Total						**6,742**	**68**

1 AUM based on the share price at 31 March 2024.
2 First close completed in March 2022. Final close completed in December 2023.
3 % invested is the capital deployed into investments against the total Fund commitment.
4 Fee income earned is non-recurring.

Infrastructure continued

3i's proprietary capital infrastructure portfolio

The Group's proprietary capital infrastructure portfolio consists of its 29% quoted stake in 3iN, its investment in Smarte Carte and direct stakes in other managed funds.

Quoted stake in 3iN

Our 29% stake in 3iN (31 March 2023: 29%) was valued at £879 million (31 March 2023: £841 million) at 31 March 2024, as its share price increased by 4% year-on-year to 327 pence (31 March 2023: 313 pence). As a result, we recognised an unrealised gain of £38 million (2023: unrealised loss of £93 million) and £31 million of dividend income (2023: £29 million).

North American Infrastructure proprietary capital

Smarte Carte traded well in 2023 across most of its business lines, supported by favourable economics and new contract wins. The business continues to grow its international presence, recently signing a new carts contract at London Heathrow Airport, one of the largest cart operations in the world with over 14,000 trolleys. At 31 March 2024, Smarte Carte was valued at £306 million on a DCF basis (31 March 2023: £300 million).

Table 7: Infrastructure portfolio movement for the year to 31 March 2024

Investment	Valuation	Opening value at 1 April 2023 £m	Investment £m	Disposals at opening book value £m	Unrealised profit £m	Other movements[1] £m	**Closing value at 31 March 2024 £m**
3iN	Quoted	841	–	–	38	–	**879**
Smarte Carte	DCF	300	–	–	7	(1)	**306**
North American Infrastructure Fund[2]	DCF	171	36	(26)	20	(2)	**199**
3i MIA	Fund	65	–	–	6	–	**71**
3i EOPF	Fund	32	–	–	1	–	**33**
Total		1,409	36	(26)	72	(3)	**1,488**

1 Other movements include foreign exchange.
2 Includes Regional Rail, EC Waste and Amwaste.

Scandlines

Scandlines is held for its ability to deliver long-term capital returns, whilst generating cash dividends.

Performance

Scandlines' performance was stable in the year, and it generated a GIR of £10 million, or 2% of opening portfolio value (2023: £52 million, 10%).

Leisure volumes continued to grow, following a strong peak over the summer. Freight volumes were softer compared to record levels in 2022, as a result of normalising demand, and a weaker macro-economic environment particularly in Scandinavia and Germany. The business remained cash generative in the year, resulting in the receipt of £25 million of dividend income in FY2024 (2023: £38 million).

Scandlines continues to invest in upgrading its fleet and reducing its emissions. A new freight ferry for the Rødby-Puttgarden route, which will be capable of sailing without direct emissions when fully operating on electricity, is in the later stages of construction.

We continue to value Scandlines on a DCF basis and, at 31 March 2024, its value of £519 million (31 March 2023: £554 million) reflected the dividends received in the year and a degree of caution on the outlook.

Foreign exchange

We hedge the balance sheet value of our investment in Scandlines. We recognised a £15 million loss on foreign exchange translation (March 2023: gain of £21 million) offset by a £20 million fair value gain (March 2023: loss of £7 million) from derivatives in our hedging programme.

Table 8: Gross investment return for the year to 31 March

Investment basis	2024 £m	2023 £m
Unrealised losses on the revaluation of investments	**(20)**	–
Dividends	**25**	38
Foreign exchange on investments	**(15)**	21
Movement in fair value of derivatives	**20**	(7)
Gross investment return	**10**	52
Gross investment return as a % of opening portfolio value	**2%**	10%

At a glance

Gross investment return

£10m or 2%

(2023: £52m or 10%)

Dividend income

£25m

(2023: £38m)

Sustainability

What's in this section

A responsible approach

We aim to generate attractive returns across the cycle by behaving responsibly as an investor, an employer and a corporate citizen.

We are a small organisation of fewer than 250 employees, with a limited direct footprint. With assets under management of £34.7 billion, our impact on the environment and society is determined largely by our portfolio. We have a long-term, responsible approach to investment and aim to compound value through thoughtful origination, disciplined investment and the active management of our portfolio, with regard to the consequences of our actions on stakeholders. This practice is built on our values, strong governance and robust processes, both at 3i itself and at its portfolio companies. This approach has allowed us to earn the trust of our shareholders, co-investors and portfolio companies, and to recruit and develop employees who share our values and ambitions.

Our reporting

We have chosen to report in accordance with the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") standards. Please refer to our website for the GRI content index and SASB disclosures. We also provide additional disclosures across a number of areas in our data appendix and in the summaries of relevant policies that are available on our website.

Governance and resources

The Board of Directors is responsible for the oversight of the Group's sustainability strategy, approach and policies, including the Responsible Investment policy. It delegates day-to-day accountability for sustainability to the 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. This includes an ESG Committee, which assists and advises the Chief Executive, directly and through the Investment and Group Risk Committees, on relevant environmental, social and governance risks and matters, including developing and proposing the Group's approach to managing ESG. It also coordinates the Group's various sustainability activities, including the management of ESG risks and opportunities across the portfolio.

We have several dedicated sustainability professionals, both at Group level, with a focus on the Group's overall sustainability strategy, objectives and reporting, and embedded within each of our Private Equity and Infrastructure investment teams, with a focus on the assessment and management of sustainability-related risks and opportunities within existing and potential portfolio companies.

Page 101
Governance framework

GRI, SASB, Data appendix and summaries of sustainability policies
www.3i.com/sustainability/

Our sustainability strategy is defined by three key priorities:

1 Invest responsibly

We give due consideration to the sustainability profile of portfolio companies before investing and throughout the holding period. We use our influence with our portfolio companies to ensure that they assess their environmental and social impacts and dependencies and, where relevant, devise strategies to address them.

Pages 42-51
Read more

2 Recruit and develop a diverse pool of talent

Recruiting, retaining and developing our talent is a priority. We value diversity and believe that a variety of perspectives enhances our decision making.

Pages 52-55
Read more

3 Act as a good corporate citizen

We embed responsible business practices throughout our organisation by promoting our values and culture.

Pages 56-57
Read more

Science-based targets

On 22 March 2024, the SBTi approved 3i's science-based targets. Our targets cover our own operations and our portfolio.

Scope 1 & 2 (own operations)

3i Group plc commits to reduce its absolute Scope 1 and 2 (market-based) GHG emissions by **42%** by FY2030 from a FY2023 base year.

Scope 3 (portfolio emissions)

3i Group's portfolio targets cover 82% of its total investment and lending[1] by invested capital as of FY2023.[2]

3i commits to:

- **31%** of its listed and eligible Private Equity portfolio by invested capital setting SBTi validated targets by FY2028 and **100%** by FY2040 from a FY2023 base year
- A **68%** per megawatt-hour ("MWh") reduction in GHG emissions from the electricity generation sector within its eligible portfolio by FY2030 from a FY2023 base year
- Continue providing electricity generation project finance only for renewable electricity through FY2030

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1 The target language makes reference to "lending activities". 3i does not engage in lending activities, but had to word its targets in alignment with the SBTi's standard language for Financial Institutions.
2 As of FY2023, required activities made up 82% of 3i Group's total investment and lending by invested capital while optional activities made up 3% and out of scope activities made up 15%.

External benchmarking

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

UN Principles for Responsible Investment

We have been signatories to the UN Principles for Responsible Investment ("UN PRI") since 2011. 3i scored four out of five stars for the Policy, Governance and Strategy, Private Equity and Infrastructure modules in the 2023 UN PRI assessment report.

Sustainability indices

3i is a member of FTSE4Good Index Series and of the Solactive Europe Corporate Social Responsibility Index.

Orbis Advisory 2023 Private Equity ESG Transparency Index

3i was recognised as the Top ESG Performer overall and in the mid-market category of the Orbis Advisory 2023 Private Equity ESG Transparency Index. This index assesses the ESG disclosures of 161 private equity firms listed in the BVCA directory across six categories: global buy-out funds, mid-market private equity, growth equity, alternative lenders, direct investors and infrastructure funds.

TOP ESG PERFORMER 1st MID-MARKET 2023 PRIVATE EQUITY ESG TRANSPARENCY INDEX orbis

TOP ESG PERFORMER 1st OVERALL 2023 PRIVATE EQUITY ESG TRANSPARENCY INDEX orbis

Sustainability ratings

We engage with multiple rating providers that assess our ESG performance based on their own methodologies. The summary of our ratings as at 8 May 2024 (except where indicated) is as follows:

Rating body	Latest rating and scoring scale
CDP	**Climate change score: B** Scale: A to D-
S&P Global CSA	**48 (93rd percentile)** Scale: 0-100 (higher scores are better)
FTSE Russell	**3.8 (81st percentile)** Scale: 0 to 5 (higher scores are better)
ISS ESG	**ISS ESG Corporate Rating: B-** Scale: A+ to D-
Sustainalytics[3]	**10.4 Low Risk** Scale: from Negligible (0-10) to Severe (40+)

3 As at October 2023. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

1

Invest responsibly

We believe that a responsible approach to investment aligns with our values and supports the delivery of attractive returns from our portfolio over the long term.

We have majority or significant minority holdings in our core portfolio companies and are represented on their boards. We exercise our influence to ensure that they assess their material environmental and social impacts and dependencies and, where relevant, support them in developing plans to mitigate ESG risks and invest in value creation opportunities that may arise.

Our investment approach is based on four pillars:

- Long-term stewardship
- Thematic origination
- Careful portfolio construction
- Assessment and management

Pages 16-17
Our long-term, responsible approach

The ESG Committee is responsible for refining our approach to ensure that it remains aligned with emerging best practice, evolving stakeholder expectations and recent and upcoming sustainability regulations across our markets. It reviews how ESG-related risks and opportunities are assessed throughout our investment and portfolio management activities and develops and recommends changes to our processes and to our Responsible Investment policy.

Our Responsible Investment policy

Our Responsible Investment ("RI") policy sets out the types of businesses in which 3i will not invest, as well as minimum requirements in relation to ESG matters, which we expect new portfolio companies to either meet or commit to meeting over a reasonable time period. We screen all investments against the RI policy, irrespective of their country or sector.

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

The environment

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

Business integrity

Upholding high standards of business integrity, avoiding corruption in all its forms, and complying with applicable anti-bribery, anti-fraud, anti-money laundering and data protection laws and regulations.

Fair and safe working conditions

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

Good governance

Implementing a strong corporate governance and risk management culture and complying in form and substance with established best practice in corporate governance which is appropriate to the relative size and complexity of the relevant business and the markets in which it operates.

Our RI policy was updated in May 2024 to reflect the introduction of considerations and criteria to enable 3i to achieve its science-based targets over time, including:

- restrictions on coal investments and a referral mechanism for consideration of other fossil fuel investments and investments in companies that derive a significant proportion of their revenues from fossil fuel-related activities; and
- the introduction of a requirement for in-scope portfolio companies to set science-based targets within a reasonable timeframe.

A summary of our Responsible Investment policy
www.3i.com/sustainability/responsible-investment/responsible-investment-policy/

Invest responsibly continued

Assessment and management of ESG factors in our investment and portfolio management processes

The active management of ESG risks and opportunities is integral to our investment, portfolio management and value creation processes. We embed an assessment of the long-term sustainability profile of existing and new investments 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

Assessment and action planning

- Screen each opportunity against the requirements of the RI policy at the first stage of our process
- Identify and give due consideration to the most material ESG factors inherent in each investment opportunity
- Commission specialist due diligence on ESG matters where required
- Include ESG considerations in Investment Committee materials
- Integrate relevant action points into the post-investment action plan

During investment period

Use of influence and engagement

- Implement robust governance and procedures at the portfolio company to ensure that ESG risks and opportunities are assessed and managed appropriately
- Use active participation and influence on portfolio company boards to ensure they are addressing the ESG risks in respect of their businesses
- Leverage the 3i portfolio and network to provide introductions to other companies, useful contacts and advisers and share best practice
- Engage with portfolio companies and provide support as they devise their sustainability strategies and implement and deliver related projects

Data collection and monitoring

- Collect ESG data from portfolio companies on an annual basis to understand the baseline and measure progress over time
- Prepare detailed quantitative and qualitative ESG assessments annually as part of the portfolio company review process
- Discuss ESG assessment during portfolio company review meetings, involving investment teams, Investment Committee members and selected 3i Board members
- Set and monitor progress with portfolio-wide objectives in line with ESG minimum requirements set in the RI policy

Exit

Preparation and communication

- Consider the data collection, reporting and governance structures which may be required in advance of a sale process
- Work with advisers to communicate relevant sustainability information to potential buyers

Objectives

Pre-investment: The Investment Committee may decline investment opportunities where red flags are raised in the pre-investment ESG risk assessment that cannot be remedied post investment. Further specialist due diligence may be commissioned to assess whether a situation can be remedied.

Use of influence and engagement: We use our influence to assess and mitigate risk and ensure value creation opportunities are captured.

Data collection and monitoring: Data is used to develop our understanding and management of ESG matters, to enhance our decision making, to facilitate better financing opportunities and to identify key themes, trends and opportunities across the portfolio.

It is also used to comply with our reporting obligations.

Exit: Good ESG performance can protect and potentially enhance the value achieved in an exit.

In FY2024, we undertook a second phase of climate change scenario analysis for our portfolio. This work improved our understanding of the critical drivers behind climate-related risks and opportunities in our existing holdings. We used some of the outputs of this work in the enhancement of our due diligence framework which we will use to assess our forthcoming investment pipeline.

During the year, we implemented a new software tool to increase the consistency and quality of the ESG data we receive from portfolio companies as part of the annual ESG assessment questionnaire. This tool enables us to prepare year-on-year analyses of portfolio company performance, enhancing our portfolio monitoring activities.

We continued to offer training to our investment executives on ESG topics that may be relevant to our portfolio, including human rights.

Pages 58-68
TCFD disclosures and climate change scenario analysis

Invest responsibly continued

Proactive engagement with our portfolio

Once invested, we use our influence with portfolio companies with a view to ensuring, over the life of the investment, that they monitor ESG factors and that they have a proportionate sustainability strategy in place. This includes:

- board or management-level responsibility and appropriate governance, reporting structures and resourcing to manage ESG risks and opportunities that may impact their business over the holding period;
- assessing material ESG issues and devising appropriate strategies to address them;
- measuring their carbon footprint, setting science-based targets or appropriate decarbonisation plans, and demonstrating decarbonisation progress within a reasonable timeframe;
- establishing relevant and proportionate governance and sustainability-related policies and procedures;
- ensuring they are well prepared to meet regulatory requirements; and
- considering stakeholders in their management of ESG issues and communicating transparently.

We leverage our knowledge and expertise across our portfolio and facilitate the sharing of best practice, either through introductions, or through forums on themes including plastics, carbon and information security and digital innovation. In addition, ESG was a key agenda item at our portfolio company CFO forum in November 2023, where a discussion facilitated by an external specialist consultancy and our internal portfolio sustainability team focused on the role of the CFO and finance team in enabling the delivery and monitoring of sustainability strategies with applicable KPIs. This theme is particularly relevant given upcoming sustainability regulations in the EU.

In February 2024, we held our inaugural sustainability forum in Amsterdam, welcoming sustainability representatives from 30 of our Private Equity and Infrastructure portfolio companies. The agenda included discussions and expert presentations on topics ranging from how to develop an effective sustainability strategy and prepare for ESG regulation, to science-based targets and value-led decarbonisation. A number of delegates from our portfolio companies also presented their strategies and experiences of these topics. The forum was an opportunity for the delegates to get to know one another in an informal setting and establish a network of peers across our portfolio. Following the forum, we launched a virtual space where our team and the sustainability representatives of our portfolio companies can remain engaged on these and other relevant topics.

The case studies on pages 46 to 51 highlight a few examples of the progress achieved by our portfolio companies on some of their material ESG issues.

69%

of portfolio companies with board or management team-specific responsibility for ESG management and compliance[1]

46%

of portfolio companies publish sustainability reports[1]

97%

of portfolio companies report carbon emissions[1]

1 Excluding PPP project investments and some legacy minority and other minority investments where we have limited influence.

Invest responsibly continued

ESG risks in our portfolio

Through our pre-investment assessment and subsequent monitoring and engagement, we have identified a number of key ESG risks that our portfolio companies are exposed to. These, together with applicable mitigating actions, are summarised in the table below.

Key risk	Mitigation
Climate change Risk of losses due to the physical effects of climate change or to the transition to a low-carbon economy	Climate change affects many of our investments through changes in the regulatory framework, changes in consumer preferences or stakeholder pressure to reduce their carbon and broader environmental footprint. In addition, many countries have set demanding net zero or emissions reduction targets, the achievement of which relies heavily on the decarbonisation of the private sector. We carried out climate change scenario analyses in each of the last two years. These have allowed us to refine our understanding and assessment of climate risks in our investment and portfolio management activities. Specific climate change risks and strategies we use to mitigate them are set out in our TCFD disclosures on pages 58 to 68.
Human rights Risk of potential adverse impacts on human rights resulting from the actions or operations of a portfolio company	3i's approach to human rights in the context of its investment portfolio is incorporated within its RI policy. 3i's policy has been not to invest in businesses which we view as unethical, including those which do not respect the human rights of their workers. We specialise in core investment markets in Europe and North America, which are generally considered to have a relatively low potential risk of human rights breaches. However, we are aware that many of the companies we invest in have operations and/or supply chains based in higher risk countries. Human rights risks are assessed in our detailed portfolio company reviews. For companies with higher-risk supply chains, there is a 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.
Occupational health and safety Risk that a person may be harmed or suffers adverse health effects if exposed to a hazard as part of their employment	The safety and wellbeing of our portfolio companies' employees is a priority for us. Occupational health and safety is a risk across many of our portfolio companies. 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 work to ensure that portfolio companies have robust health and safety policies and procedures in place, that 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.
Environmental and social regulation Risk that the development of existing or new ESG laws and regulations could impact portfolio companies operationally or financially	We ensure that our portfolio companies stay abreast of regulatory developments, understand their impacts on their operations and finances, and that they comply in a timely fashion.
Cyber security Risk of exposure or loss resulting from a cyber attack or data breach	3i actively promotes cyber resilience in its portfolio companies as a key component of the corporate governance programme through its representatives on the boards. We use an external firm of cyber security specialists to conduct reviews of the cyber resilience of our core portfolio companies' key systems. The resulting reports are discussed with the management teams of the relevant portfolio companies and specific actions agreed where appropriate. Cyber resilience is one of the governance topics reviewed at the semi-annual portfolio company process using the cyber security-related data collected as part of the ESG questionnaire and is monitored on a portfolio-wide basis.
Fraud Risk of unexpected loss resulting from fraudulent activities carried out by either internal or external actors	We monitor and manage fraud risk in our portfolio companies through our investment and portfolio management processes and aim to ensure that all portfolio companies have adequate governance structures and resources to manage this risk. Fraud incidents are logged and shared among investment teams.
Sanctions Risk of potential exposure or harm resulting from violations of economic sanctions imposed by international bodies or individual countries	The increase in sanctions following Russia's invasion of Ukraine impacted a very small number of our portfolio companies. 3i's policy is to comply with all applicable UK and international economic sanctions, both directly and in relation to its investment activities. Compliance with our sanctions policy is monitored by our compliance team.
Changing consumer preferences Risk that consumers may switch to competitors who better understand and cater to their evolving ESG preferences	We ensure that our portfolio companies understand their material environmental and social impacts, stay abreast of market developments and of customer and consumer preferences, and that they develop their commercial offering so that it remains attractive and meets stakeholder expectations.

Action

Action believes that sustainability should be accessible for all. Its comprehensive Action Sustainability Programme is structured around four pillars: people, planet, product and partnerships. It sets out Action's ambitions on climate, the development of its people, on community partnerships and ensuring minimum social and environmental standards in its supply chain.

Since we became a long-term shareholder in Action in 2011, we have supported it as it has developed its sustainability strategy. Action renewed its materiality assessment in 2023, which identified eight material sustainability topics. We will cover progress on two of these in this section. Please refer to the Action Update 2023 for more detail on these and other material topics.

Progress on material topic: energy and emissions

Action has a target to reduce its Scope 1 and 2 emissions by at least 60% by 2030 from a 2021 baseline. By the end of 2023, it had achieved a 46% reduction against the baseline while delivering strong growth in its network of stores and distribution centres. To achieve this, 90% of electricity is now procured from renewable sources, most stores have been disconnected from the gas supply and solar panels have been installed at seven out of its 13 distribution centres. Action aims to have disconnected gas, and fitted LED lighting, at all stores by the end of 2024. In addition, the company is now using HVO fuel for all of its 150 owned trucks and is piloting four new zero-emission[1] e-trucks at distribution centres in the Netherlands and Germany.

Action calculated its Scope 3 emissions for the first time in 2023, using a 2021 baseline. The exercise showed that Scope 3 emissions account for 99% of Action's total carbon footprint, with product raw materials, manufacturing and transportation representing 75% of the total. The company will use the insights from this exercise to develop its climate strategy, engaging with suppliers and supply chain partners to reduce Scope 3 and product-related emissions in the future. As a first step to addressing its Scope 3 emissions, Action has agreed with its most significant ocean freight carriers to use eco-fuels for shipments from Asia to Europe. The company has committed to set near-term emissions reduction science-based targets covering Scopes 1, 2 and 3 and aims to submit these for validation by the SBTi during 2024.

Progress on material topic: supply chain transparency and responsible sourcing

Action requires its suppliers to sign up to an ethical sourcing policy, which sets out minimum standards in areas such as forced labour, health and safety, pay and working rights. In addition, it requires all factories in high-risk countries to have an annual social compliance audit. Regular spot checks are performed to ensure factories remain compliant. The company looks to expand this programme every year, and conducted 2,104 assessments at suppliers and factories in 2023, compared to 1,682 in 2022. Action works with external partners to ensure expected standards are upheld, including amfori and supply chain expert ImpactBuying.

Action has a long-term commitment to supply chain transparency and aims to deliver transparency to all tiers of production by 2030. The current priority is final manufacturing factories (tier 1), where the company has an ambition to achieve 100% transparency by 2024 (from 88% in 2023). This is an important step to ensure that suppliers respect human rights and safety.

The business thinks strategically about where it sources its products from and is actively diversifying its product sourcing to more geographies. Last year, despite significant sales growth, total European sourcing was maintained at 45%.

During 2023, Action achieved its goals to source 100% sustainable cotton (private and white label products) and cocoa (private label products) and made significant progress towards its goal of achieving 100% sustainably sourced timber by 2024, with 95% of timber products certified as sustainable in 2023.

Pages 22-25
Action

Read more
www.action.com

1 The trucks will have zero direct emissions if they are charged using renewable electricity.

Invest responsibly continued

Invest responsibly continued

ten23 health

ten23 is a leading development, manufacturing and testing provider of sterile products for the pharmaceutical and biotech industries. Since its establishment in 2021, ten23 has been strongly purpose-driven, with commitments to placing patients, people and planet at the centre of its decisions, and operating with a core principle of "fairstainability" (fairness and sustainability).

This ethos is a key differentiator in a market primarily focused on patient health and safety, and where the environment is frequently a secondary consideration.

ten23 has a number of initiatives ongoing across its patients and people pillars. As part of its planet strategy, ten23 identified plastic waste and GHG emissions reduction as material focus areas.

Progress on material topic: plastic waste

ten23 set an objective to reduce, substitute or recycle plastics wherever possible, with a goal of removing twice as much plastic from the environment than is sent to final disposal, by 2025.

To achieve this, ten23 reduced the use of plastic disposables in labs, switched to biodegradable or reusable materials where possible, and improved sorting and recycling rates through the use of plastic waste collection bins. During 2023, plastic waste sent to incineration reduced from 5.0 tonnes (in 2022) to 2.7 tonnes, thanks to an increase in the recycling rate from 34.4% to 43.3%, despite the company's year-on-year growth.

Any plastic waste which cannot be separated for recycling is offset through a partnership with Seven Clean Seas, an organisation which removes plastic waste from marine environments. Through this partnership, ten23 has removed 19 tonnes of waste from oceans and rivers to date, representing more than 150% of the plastic waste generated by the company since its inception.

Progress on material topic: GHG emissions reductions

ten23 aims to reduce Scope 1 and 2 emissions by 50% by 2025 on an intensity basis to reflect the growth and maturity of the business since its establishment. In the first two years of operations, the company established a baseline for 2021 and delivered a 44% reduction against this, through a combination of procuring 100% renewable electricity and implementing several energy efficiency measures throughout its two facilities, including a cooling system upgrade, a new HVAC system installation, office shut-downs implemented to reduce heating requirements between Christmas and New Year, retrofitting of motion sensors into lighting and the purchase of an electric minivan and electric bikes to enable commuting between company locations.

ten23 expects to meet its initial emissions reduction target one year ahead of plan and has an ambition to set further emissions reduction targets in line with the SBTi criteria during 2024.

Collaboration

In addition to making meaningful changes within its own operations, ten23 aims to address systemic industry issues by working in collaboration with its suppliers, other pharmaceutical companies and various other healthcare stakeholders.

One example of this includes a partnership between ten23 and Elio, an eco-design software provider, to co-design and develop a tool which will enable technical experts to integrate sustainability considerations into product and process design. The purpose of this collaboration is to enable change across the healthcare industry, by prioritising sustainable practices without compromising the innovation, efficacy, safety and quality of sterile medicine formulations and manufacturing practices.

Read more
www.ten23.health

Invest responsibly continued

WilsonHCG

WilsonHCG is a provider of talent solutions offering recruitment process outsourcing, executive search, contingent workforce solutions, labour market intelligence and talent consulting services.

As a professional services business, employee development and recognition, and diversity are material topics for WilsonHCG. The company is focused on attracting, developing and retaining a diverse, global pool of over 1,500 talented employees, and supporting their clients to do the same.

Progress on material topic: diversity

WilsonHCG is committed to fostering Diversity, Equity, Inclusion and Belonging ("DEIB") through its culture and values, and by hiring top talent from across a diverse society.

One way the company achieves this is through its BRITE programme (Belonging, Respect, Inclusion, Togetherness and Equity) to promote inclusiveness across the organisation by highlighting employees' upbringing and background to break down social barriers and enable greater understanding of others. To support DEIB, collaboration and networking across the workplace, nine Employee Belonging Groups have been established as safe places for individuals to discuss traits and experiences which make people diverse. These voluntary groups, which include the Black community, veterans and military spouses, and neurodivergent employees, have over 500 members.

Understanding that achieving diversity requires an ongoing commitment, a DEIB committee is tasked with implementing initiatives across the organisation. During 2023, the committee hosted its first company-wide Diversity Summit, attended by more than 1,200 employees. Highlights included a workshop on inclusive hiring practices, a leadership panel, and a discussion on DEIB hosted by an external speaker.

WilsonHCG extends its experience and expertise in DEIB to support clients to attract diverse and qualified candidates. For example, the company supported a global IT consulting company to achieve a specific objective of increasing diversity hires across North America and EMEA. WilsonHCG provided an inclusive and targeted approach to candidate sourcing, and networking strategies to encourage applications from underrepresented groups. This resulted in a 32% increase in the female diversity slate and a 98% offer-to-hire rate.

Progress on material topic: employee engagement and development

Employee development at WilsonHCG begins in the first 90 days of an employee's career, when a personalised onboarding plan ensures they are set up for success. Following this, multiple internal certification programmes provide dedicated training into specialist areas of recruitment. Once employees reach leadership positions, a dedicated programme provides them with foundational skills and helps to build a peer support network. An ongoing development programme with monthly content is attended by 87% of leaders across the business.

WilsonHCG's commitment to fostering an innovative working environment has enabled the company to become an employer of choice. Employees are supported to work how and where they are most effective, including through a flexible daily schedule and the opportunity to work from anywhere. As a result, the organisation has a blended workforce of office-based and virtual employees spanning 65 countries and 78% of employees state they have a healthy balance between work and personal life. The prioritisation of workplace culture led to the company earning Great Place To Work Certification™ for the third consecutive year in 2023, being named a Fortune Best Workplaces in Consulting & Professional Services™ for two years in a row and named as a Best Workplace for Millennials™.

Read more
www.wilsonhcg.com

Joulz

Joulz owns and provides essential energy infrastructure equipment and complementary services to industrial and commercial customers in the Netherlands, assisting them in their energy transition journey.

Joulz's service offering includes medium-voltage infrastructure (transformers and their related infrastructure), storage (mainly battery energy storage systems), solar (large-scale installations under operational lease or with government subsidies), metering (electricity and gas meters) and EV charging (AC and DC charge points). Its expertise is in the provision of integrated solutions which combine multiple service offerings to create a "virtual grid", addressing challenges such as grid congestion.

Progress on material topic: GHG emissions reduction

Given Joulz's key role in supporting customers with electrification, the business identified the development of its own credible decarbonisation plan as a key pillar of its sustainability strategy. Joulz's assessment of its Scope 1 and 2 emissions in 2022 indicated that they were limited and largely driven by its vehicle fleet, stationary combustion used in their operations and gas heating in offices, which accounted for c.83% of the combined Scope 1 and 2. The remaining 17% was due to purchased electricity, mainly for office use.

Following this assessment, Joulz set near-term emissions reduction science-based targets, receiving SBTi validation in January 2024. These targets include a commitment to reduce Scope 1 and 2 emissions by 42% by 2030 from a 2021 baseline and a commitment to measure and reduce Scope 3 emissions in due course. Due to its size, Joulz was able to follow the SME route developed by SBTi and did not have to include a specific Scope 3 reduction target.

Joulz plans to achieve its targets through: a detailed reduction plan aligned with its sustainability strategy, including the use of biofuels; a transition to a full electric car fleet; procuring renewable electricity in its offices; potential rooftop solar solutions; and the reduction of natural gas use in offices and operations.

Progress on material topic: occupational health and safety performance and initiatives

Health and safety is another important topic for Joulz. In 2023, the business expanded its health and safety team to increase safety efforts and deliver on safety initiatives. For example, emergency response procedures were refreshed and evacuation training provided to employees, and a number of safety campaigns were held.

An awareness campaign was executed during 2023, consisting of live sessions with employees, narrowcasting and intranet messaging. Special attention was given to asbestos, which is a risk in the environment in which Joulz operates. This is in addition to the regular workplace inspections, employee certifications and incident/near miss reporting which are part of Joulz's safety and quality certifications.

As a result, the business demonstrated improved performance in 2023 with the ratio of Lost Time Incident Frequency Rate decreasing to 0 (from 7.9 in the prior year).

Both emissions and health and safety incidents are on the Joulz top level scorecard, to which senior executive remuneration is linked.

Read more
joulz.nl

Invest responsibly continued

Future Biogas

Future Biogas is one of the largest anaerobic digestion ("AD") plant developers and producers of biomethane in the UK.

Established in 2010, it owns two AD plants with one further AD plant in construction, and operates 10 AD plants mainly on behalf of institutional investors under medium- to long-term contracts, converting energy crop feedstocks into biogas.

Biogas can be used to generate renewable electricity or be upgraded into biomethane and injected into the UK's national gas network. There is growing demand for domestically produced biomethane which, as a direct substitute for fossil natural gas, plays an essential role in decarbonising some of the UK's gas dependent sectors such as heat, transport and manufacturing.

Progress on material topic: decarbonisation

Future Biogas is developing a new generation of unsubsidised AD plants and plans to sell the resulting biomethane under long-term offtake agreements to its offtake partners. In September 2023, Future Biogas entered into a 15-year partnership with AstraZeneca to establish the UK's first unsubsidised industrial-scale supply of biomethane gas. Future Biogas will supply several of AstraZeneca's sites with up to 100 gigawatt hours (GWh) per year. Such a partnership provides a blueprint for wider commercial adoption of renewable gas in the UK. The collaboration with AstraZeneca, set to begin in early 2025, is expected to result in a significant reduction of GHG emissions of approximately 20,000 tonnes of CO_2 equivalent.

Future Biogas is optimising the carbon intensity of its biomethane production. This pioneering effort includes reducing methane slip and facilitating the accumulation of soil organic carbon in soils, alongside a range of other measures targeting emissions from both crop production and on-site activities at the AD facility.

Progress on material topic: sustainable farming

Future Biogas is actively engaging with the farmers it purchases feedstock from to support them in the transition to more regenerative land management practices. The co-production of food and energy can offer multiple environmental benefits – increasing crop yields, reducing the demand for plant protection products (pesticides), enriching biodiversity, and improving soil health, while decarbonising food and energy systems. In addition, the anaerobic digestion of the crops for the production of biogas has a by-product, known as digestate, which is used as a carbon and nutrient-rich bio-fertiliser displacing the need for artificial fertilisers, and replenishing soils with organic matter which is essential for healthy soil and its ability to act as a carbon sink.

In October 2023, Future Biogas established an agricultural advisory board made up of leading academics and industry experts to provide the business with independent farming, scientific and market expertise focusing on a broad range of subjects including sustainable farming, scientific research and policy. This will ensure a wide spectrum of perspectives and specialisms are considered in the scrutiny applied to Future Biogas' subsidy-free projects.

Read more
www.futurebiogas.com

2

Recruit and develop a diverse pool of talent

Our people are our most valuable asset. Recruiting, retaining and developing our talent is therefore a priority.

We have an open and non-hierarchical culture, provide an inclusive and supportive working environment with opportunities for training and career development, and foster the physical and mental wellbeing of our employees. We value diversity and believe that a variety of perspectives enhances our decision making. Our recruitment, promotion and reward processes are based solely on merit. We are an equal opportunities employer and prohibit all forms of discrimination.

Human rights

We do not procure services from, nor invest in businesses which make use of slavery, servitude, human trafficking, forced labour, exploitation, compulsory labour or harmful child labour.

Our policies are 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. We also encourage our business partners and suppliers to adopt the same standards with respect to human rights. Given the composition of our workforce, which is characterised by a very small number of employees with very diverse roles, and considering the nature of our business, our employees are not unionised, nor do they engage in collective bargaining.

We published our statement on modern slavery for the financial year ended 31 March 2023 on our website in September 2023, and will update this statement in September 2024.

Diversity, equity and inclusion strategy and initiatives

We cultivate an inclusive environment for existing and prospective employees which respects, involves and leverages diverse talent for greater organisational good. Our main focus is gender and ethnic diversity, as well as diversity of thought, perspective and background.

We have made reasonable progress in achieving greater diversity within our organisation across a number of senior investment and non-investment roles. We aim to continue to improve diversity within our ranks by considering diversity in all recruitment processes. However, we are a small organisation with relatively low turnover and recruitment volumes, which means that it is not feasible for us to implement formal diversity targets. We recognise, therefore, that achieving better diversity for us will continue to be an incremental journey, and we aim to build on our progress with a number of initiatives.

In FY2023, we set up a Diversity, Equity and Inclusion ("DE&I") steering group chaired by our Chief Human Resources Officer and with members drawn from several functions across the organisation. This steering group provides a forum to discuss DE&I issues and suggest potential initiatives to improve our performance in this area.

During the year, we expanded the reach of our Leading with Impact Programme, through which we encourage leaders to reflect on personal and group biases, with the objective of gaining insights into how these influence their everyday behaviours and decision making. Building upon the successful implementation of this programme within our Private Equity and Infrastructure investment teams in FY2023, we extended it to our Professional services team leadership in FY2024. To date, 19 senior employees have taken part in this programme.

Our internal mentoring programme contributes to our DE&I efforts by ensuring that mentees receive personalised guidance aligned with their individual needs and career aspirations. Our mentors undergo training in bias awareness and inclusion, building their DE&I knowledge, skills and confidence. This programme is open to all employees across all geographies and levels of seniority and supports our wider goal of creating a diverse pipeline of talent, based on the principles of fairness and equity.

We place great importance on diversity of thought and perspectives. Recognising its significance, we have been evaluating our individual and team dynamics to enhance effectiveness and foster inclusivity. In FY2024, our professional services employees participated in the Myers Briggs Type Indicator assessment, one of the most widely used tools for understanding normal personality variations, and a great instrument to help shape the professional development of individuals and teams. This was followed by externally facilitated sessions, delving into our preferences and different ways of working. These sessions had already been implemented within our Private Equity and Infrastructure investment teams in the preceding financial year. During the year, we also arranged a training session with Dr Eliza Filby, an historian of generational evolution and contemporary values, on managing a multi-generational workforce in the post-pandemic age.

Our Equal Opportunities and Diversity, and Global Recruitment and Selection policies establish that all 3i employees, contract workers and job applicants are treated fairly and are offered equal opportunity in selection, training, career development, promotion and remuneration.

Read more
www.3i.com/sustainability/sustainability-policies/

No incidents of discrimination were reported in FY2024.

249
employees[1]
as at 31 March 2024

27
nationalities
as at 31 March 2024

1 Global employee headcount.

Recruit and develop a diverse pool of talent continued

Progress and action on gender diversity

We recognise the importance of achieving better gender diversity at 3i and believe we are making reasonable progress in that respect, within the constraints of a small organisation with modest staff turnover. Of the 23 new hires we made during the year, 13 were female and 10 were male[1].

As at 31 March 2024, 3i's total of 249 employees was broken down as follows, based on biological sex[1]:

	Female	Male	Total
3i employees	101	148	**249**
Senior managers[2]	7	17	**24**

1 Note that we refer to "female" and "male" when discussing biological sex and to "women" and "men" when discussing gender. The information of biological sex is gathered through employees' legal documents shared with us.
2 Senior managers include Simon Borrows, James Hatchley and Jasi Halai, our Chief Executive, Group Finance Director and Chief Operating Officer, who are also Board members. This disclosure is based on the criteria set out in Section 414C of the Companies Act 2006. This data is different to the data provided for the FTSE Women's Leader review which defines senior management as a level below Executive Committee (excluding personal assistants and administrative staff). Using that definition, out of 61 senior managers, 15 were female while 46 were male as at 31 March 2024.

Gender diversity has long been a challenge in the investment industry. According to the BVCA and Level 20 Diversity & Inclusion Report 2023, there have been positive developments, but progress towards gender parity remains slow across the industry: women made up 40% of the UK private equity and venture capital workforce in 2022 (38% in 2021), but only 24% of UK investment team professionals (20% in 2020). Slow progress towards gender parity has been largely attributed to: (i) a narrow talent pool, as typical feeder industries (such as investment banking, accounting and consulting) remain male-dominated, particularly at more senior levels; (ii) a perception of poor work/life balance, both in the investment industry and feeder industries; and (iii) a lack of relevant role models.

A substantial improvement in gender diversity in our industry will take many years, and will only be achieved through a multi-pronged approach which will include grass-roots education and advocacy work in schools and universities, for example, as well as 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 and continuing our mentoring programme, we also offer reasonable flexibility at work and a range of family-friendly policies, the details of which can be found on our website. For example, as part of family-friendly benefits in the UK, we provide maternity and paternity leave, adoption leave, an option for shared paternal leave as well as bereavement and compassionate leave. Our HR team periodically reviews our polices and legal requirements to ensure they are competitive and compliant with local practices.

Read more on family-friendly policies
www.3i.com/sustainability/sustainability-policies/

We continue our contribution to industry-wide work and advocacy on gender parity through a number of industry associations and by participating in forums and initiatives that promote the advancement of women in the investment sector.

3i is a member of Level 20 in the UK. We also recently joined Synergist Network, the US national network of women in investing, focused on connecting women in the first decade of their investing careers and providing them with the infrastructure and network critical for long-term success.

We also have signed up two members of our Professional Services team to WeQual, a global, peer-led community for large organisations seeking to support, connect and develop their women leaders.

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 120 private equity firms. Its ambition is for women to hold 20% of senior positions in this industry. It works to empower women who already work within the industry, encourage new 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 aims to achieve its goals through four key pillars of activity:

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

Read more
www.level20.org

3i participates in the GAIN Empower Investment Internship Programme (in partnership with Level 20)

GAIN (Girls Are INvestors) is a community of investors, with charitable status, set to improve gender diversity in investment management by building a talent pipeline of entry-level female and non-binary candidates. GAIN aims to inform young women with online resources and to inspire them with a strong network of relevant 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 GAIN empower investment internship programme, open to women and non-binary students across the UK. 3i was one of 98 firms participating in the 2023 summer internship programme, taking on three interns for paid internships. We will renew our participation in the scheme with three further interns joining 3i's investment teams for paid internships in the summer of 2024. In addition to the internship programme, a number of our employees are taking part in the GAIN 1-2-1 mentoring programme, both as mentors and mentees.

Read more
www.gainuk.org

Recruit and develop a diverse pool of talent continued

Progress and actions on ethnic diversity

We continue to make progress towards the fair representation of ethnic minorities within our organisation.

As at 31 March 2024, approximately 15% of 3i's total UK employees declared to have an ethnic minority (excluding white minority) background. This statistic is based on the responses to a DE&I survey we carried out for our existing UK employees at the beginning of 2023 and among new joiners on an ongoing basis. The proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets was approximately 16%.

We are committed to advocating for better representation of ethnic minorities in our industry and have been participating in the #10000BlackInterns (formerly #100BlackInterns) initiative organised by the 10000 Interns Foundation since 2021.

3i participates in the #10000BlackInterns initiative by the 10000 Interns Foundation

3i has partnered with the 10,000 Interns Foundation since it was first established in 2021 to help transform the horizons and prospects of young black people in the UK. The #10000BlackInterns initiative seeks to offer 2,000 paid internships to black students and graduates each year for five consecutive years. The initiative has partnered up with firms across over 30 sectors, delivering internships across a range of business functions. Since its launch, the programme has garnered great support with over 500 companies offering internships to black students in the UK as a way of attracting a more diverse range of talent to their sectors. We welcomed two students for paid internships in our investment teams in each of the summers of 2021 and 2022 and one student in the summer of 2023. We look forward to welcoming another student for a paid internship in 2024.

Read more
10000internsfoundation.com

Employee engagement

We encourage a collaborative culture, ensuring an open communication between employees and senior management. As a small organisation, we operate a relatively flat structure with few hierarchies. This approach facilitates direct interaction and accessibility. In addition, our Executive Committee maintains an open-door policy, encouraging dialogue at all levels. We encourage feedback from employees to senior management through informal conversations and more formal forums, including regular team meetings, as well as through the annual appraisal process. Managers throughout 3i are expected to keep their teams informed of developments and to communicate financial results and other matters of interest.

Additionally, we organise regular conferences for our Private Equity, Infrastructure and Professional Services teams to review progress against our strategy, align our goals and discuss future plans in an open and relaxed manner with all employees involved.

The Board of Directors typically holds at least one of its meetings every year in one of our international offices. This provides an opportunity for non-executive Directors to meet the local teams, often in a more informal setting. In FY2024, the Board held meetings in our Amsterdam and New York offices. The non-executive Directors also have 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. Our Chair aims to visit all our major international offices on a rolling cycle and engages with as many employees as possible during these visits.

At 3i, we actively encourage and facilitate employee share ownership 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.

	FY2024	FY2023	FY2022	FY2021	FY2020
Participation in UK SIP[1]	**90%**	87%	89%	88%	87%
Voluntary employee turnover rate (global)	**6.0%**	9.5%	12.2%	7.3%	8.8%

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

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.

Recruit and develop a diverse pool of talent continued

Learning and development

We can only achieve our strategic objectives if we continue to attract, retain and develop capable people. We therefore provide our employees with the opportunities, experience and training to contribute to the success of the organisation, realise their potential and develop their knowledge 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 targeted 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.

In FY2024, we provided formal specialist training on areas and skills including value creation, presentation and communication skills, climate change and human rights. We also offered executive coaching for some employees. Our investment executives regularly receive education on issues of wider topical interest and impact. For example, our sustainability professionals delivered a number of training and information sessions on sustainability.

Some of our employees have access to the Sama Professional Coaching app, which provides individual personal career coaching by experienced, credentialed executive coaches, all DEIB trained.

We also have comprehensive induction plans for all new joiners, including sessions with different teams across the business to help facilitate integration.

This year, we held a two-day conference for our global support team, in recognition of the critical contribution of our executive assistants and support staff to our business. The conference provided a great opportunity to share knowledge and best practice and to build relationships and networks to facilitate better collaboration across the business. It also provided a forum to reflect on how we capitalise on developments in digitalisation and technology post pandemic. During the conference, we launched a dedicated learning hub, facilitated by an external provider, providing tools for our support teams to enhance their skills and own their professional development.

Our formal appraisal and objective setting process, held annually for each employee, is key to their personal development. During this process, we measure each employee's performance against their agreed objectives and 3i's values to inform decisions on remuneration, training, career development and future progression. We encourage employees to make use of an online facility to obtain 360-degree feedback as part of this process.

Employee wellbeing

We recognise the importance of supporting the wellbeing of our employees by providing a healthy working environment and work/life balance. All employees enjoy a broad range of formal benefits aligned with local custom and practice and often enhanced relative to the statutory minimum. Summaries of our employment and benefit policies are available on our website.

Physical health

We promote the physical wellbeing of our employees. For example, in the UK, we provide our employees with annual medical insurance. All UK employees also qualify for annual health checks and have access to a Bupa Digital General Practitioner.

Building on our progress last year, in FY2024 we published a Menopause Policy formalising the details of support available to our employees. Specifically, our UK-based employees have access to a range of menopause services, including access to Bupa's Women's Health Hub, a consultation and a follow-up with a menopause-trained GP, personalised clinical advice on managing symptoms and access to menopause-trained nurses on a 24/7 basis through the Bupa Anytime Healthline for a period of one year.

For a number of years, we have provided the services of a personal fitness and nutrition adviser, bookable free of charge for one-on-one fitness, nutrition and broader wellness advice sessions. Our adviser also hosts twice-weekly fitness and Pilates classes which are complimentary for employees. Recognising the unique needs of our female employees, our adviser offers specialised sessions focused on exercise and nutritional strategies to support them with their needs.

Mental health and employee assistance

We recognise the importance of mental wellbeing for our employees. We have trained 18 "mental health champions" across our business. These individuals act as first points of contact for employees facing mental health challenges. Over the past five years, most employees have participated in workshops facilitated by a specialist mental health consultancy. These workshops offer a basic understanding of mental health, strategies to develop and strengthen it, and insights to recognise the early warning signs of struggle. In addition, our employees have access to Headspace for Work, the leading mindfulness-based mental health app offering meditations and exercises for stress, focus, sleep, and movement.

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 per annum of psychological support without a requirement for General Practitioner referral.

Flexible working

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

3

Act as a good corporate citizen

We expect our employees to act with integrity, accountability and a careful ownership mindset and to approach their roles with ambition, rigour and energy. We embed that culture in our policies and processes.

Governance

Good corporate governance is fundamental to 3i and its activities and is critical to the delivery of value to our stakeholders. The corporate values are approved by the Board and the Executive Committee sets the tone and leads by example.

For full details of our governance structure and processes, please see the Governance section of this report.

Standards of conduct and behaviour

Our 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. Our policies and procedures are reviewed annually.

Our Internal Audit and Compliance teams perform regular reviews which include compliance with our established standards of conduct and behaviour. The results of this work are reported quarterly to the Audit and Compliance Committee, which also carries out an annual review of risk and internal control effectiveness including general standards of conduct and policy compliance. Quarterly updates are also provided to the Board of 3i's main regulated entity, 3i Investments plc, which includes members of the Executive Committee.

We evaluate our employees against our values as part of our annual formal performance review process. In addition, all employees have a mandatory conduct objective against which they are formally assessed as part of their annual performance review.

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 Venture Capital Association and Invest Europe, where we might contribute to the formulation of policy positions. 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 the Executive Committee and in a manner that is lawful and adheres to 3i's values.

Compliance and policies

Our compliance manual includes policies on:

- Anti-bribery and corruption
- Hospitality, gifts and inducements
- Political donations
- Public policy and activity
- Data protection

Read more
www.3i.com/sustainability/sustainability-policies/

Transparency and openness

We believe that all employees and people connected with 3i deserve fair treatment and respect for their fundamental rights and therefore encourage everyone to speak up and report their concerns.

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 the Directors of Compliance or Internal Audit, or the General Counsel and Company Secretary, who have been designated to provide impartial advice on the appropriate course of action to follow.

Alternatively, all employees across all our office locations may express and report their concerns on a completely confidential and anonymous basis to an independent "hotline" whistle-blowing service provided by EthicsPoint, an independent, external party. Our policies make 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.

Environmental impact

With fewer than 250 employees globally, 3i has a relatively small direct impact in terms of the environment and other sustainability issues. Our impact on the environment is determined largely by our portfolio. 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 size and environmental risk profile of our business.

We use the precautionary principle to manage environmental risk for our business and our portfolio proactively.

Our GHG emissions and those associated with our portfolio are reported in our TCFD disclosures.

Pages 80-84
Risk management

Pages 42-51
Invest responsibly

Pages 58-68
TCFD disclosures

Environmental information
www.3i.com/sustainability/corporate-citizenship/environment/

Act as a good corporate citizen continued

Community

3i is keen to support charities which relieve poverty, promote education and support elderly and disabled people. A few examples of the charities we support are set out on this page.

Read more
www.3i.com/sustainability/corporate-citizenship/charitable-giving/

Ordinary charitable giving

The charities we partner with are supported on the basis of their effectiveness and impact. Our charitable giving for the year to 31 March 2024 totalled £1.05 million. 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 c.£55,000 of employee donations.

Career Ready

Since 2018 we have partnered with Career Ready, a UK-based organisation that connects employers with schools and colleges to provide disadvantaged young people aged 15-18 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.

Community Links

Community Links is a social action charity based in Newham, one of the most deprived boroughs in London. It offers free legal advice, provides youth and employment services, delivers projects to promote the early diagnosis of cancer by increasing the uptake of NHS screening programmes, and advocates for social change by contributing to public policy debates. At Christmas, our London-based employees raised £3,000 for the charity's Toy Appeal. This enabled the charity to buy c.250 toys, which were distributed to 135 families.

The Passage

The Passage, based near our London office in Westminster, is a homelessness charity whose services have a high impact on the local community. We support The Passage's Employment and Education team, which provides homeless people with life skills and helps them to end their homelessness by returning to work. Support includes computer training, literacy classes, help with CV writing and job hunting, and financial and welfare rights advice. During the year, 17 of our London-based staff volunteered for The Passage and the charity was one of the recipients of the funds raised by our London-based staff at our Summer Charity event.

Re-engage

Re-engage is a UK national charity dedicated to tackling loneliness and social isolation amongst older people. It provides life-enhancing social connections for older people at a time in their lives when their social circles are diminishing. Supported by a network of volunteers, the charity provides regular opportunities for companionship for thousands of older people across the UK.

Snowdon Trust

The Snowdon Trust aims to break down barriers for disabled students on their journey through post-school education and into employment, for instance through grants to cover the additional costs that students incur because of their disability or through scholarships. Snowdon Trust was one of the recipients of the funds raised by our London-based staff at our Summer Charity event.

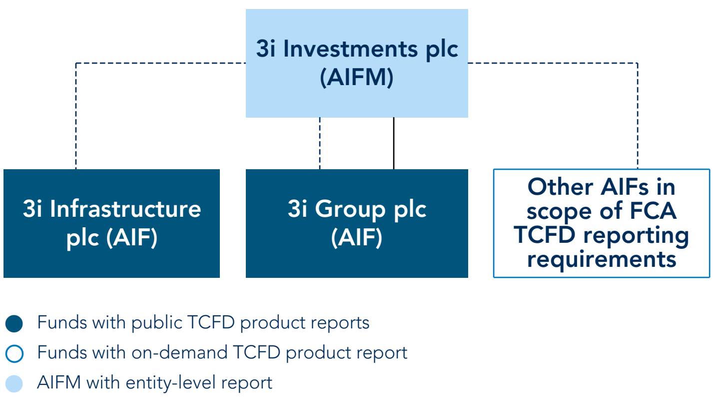
Our TCFD disclosures

These disclosures reflect 3i's response to the recommendations of the TCFD. They set out how we incorporate climate-related risks and opportunities for our business and portfolio into our governance, strategy and risk management. They also include disclosures on our direct GHG emissions metrics and, for the first time, those associated with our portfolio.

Regulatory background

3i Group plc is an Alternative Investment Fund managed by 3i Investments plc, a UK Alternative Investment Fund Manager. 3i Investments plc is a wholly-owned subsidiary of 3i Group plc. This TCFD report is published in line with the requirements outlined in the FCA's Environmental, Social and Governance ("ESG") sourcebook. They require 3i Investments plc to disclose publicly specific climate-related metrics and processes as part of a product report for 3i Group plc based on the TCFD recommendations. These disclosures also cover the Group's, including 3i Investments plc's, overall approach to climate change in line with the TCFD recommendations.

The diagram below shows the TCFD reporting requirements for the entities described above.



This TCFD report should be read in conjunction with the 3i Investments plc TCFD entity report, which is available on 3i's website, and with the rest of this Annual report, which contains other relevant information. Specific references are provided where applicable.

Read more
www.3i.com/sustainability/

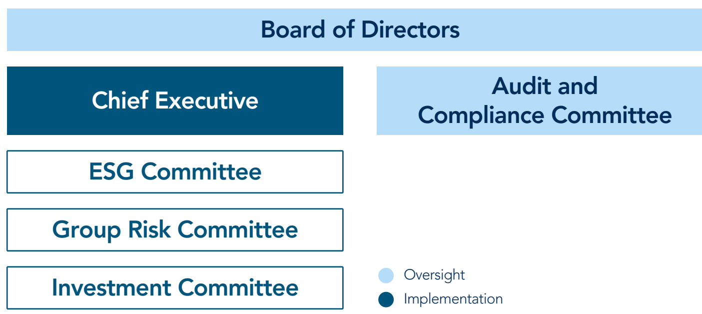
Governance

TCFD recommendations

Disclose the organisation's governance around climate-related risks and opportunities:

- Describe the board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

The management of climate-related risks and opportunities is integral to our processes and operations, including our investment and portfolio management activities, with oversight by the Board and delegated authority to the Chief Executive. In determining 3i's strategy and approach to climate change, both the Board and the Chief Executive, assisted by a number of committees, take into account the laws and regulations of the countries in which 3i and its portfolio companies operate, as well as the perspectives of relevant stakeholders, such as those identified on pages 112 and 113. The governance structure is set out in the graphic below.



Non-executive oversight

The Board as a whole is responsible for the approval of the Group's approach in relation to ESG matters (including climate-related matters) and has oversight of the Group's sustainability strategy, approach and policies, including our Responsible Investment policy. It is assisted by the Audit and Compliance Committee in the review and consideration of any disclosures related to ESG matters, including climate-related disclosures.

The Board and Audit and Compliance Committee receive regular updates on ESG matters and climate-related issues from the Chief Executive and members of the ESG Committee as they become relevant and material. In FY2024, the main updates on climate-related issues included:

Our TCFD disclosures continued

May 2023	Review and approval of the FY2023 Annual report, including the TCFD disclosures and other climate- and sustainability-related disclosures contained elsewhere in the report
June 2023	Update to the Board on the ESG risk profile of the portfolio, following presentations made to the Group Risk Committee by our investment teams on the results of the annual ESG assessment of portfolio companies in March
November 2023	Update to the Board from the Chief Executive on a number of sustainability-related themes, including the development and setting of science-based targets, the second phase of our portfolio climate change scenario analysis, and the implementation of a portfolio ESG data gathering tool
December 2023	Session held during the Board Strategy Day, led by members of the ESG Committee, covering 3i's science-based targets and implications for 3i and its portfolio

Board skills and training

The Board received four dedicated training sessions on climate change during FY2023, which were externally facilitated by EY's sustainability practice. This training programme provided the Board with some of the tools necessary to improve its oversight of the Group's approach to climate change and the resulting impacts on the portfolio and investment strategy, and to inform the Board's decision making.

During FY2024, the Directors engaged with members of the ESG Committee on a regular basis on 3i's approach to climate change and related workstreams and received updates on regulatory and other relevant developments. For example, the annual Board Strategy Day in December included a dedicated session on the science-based targets that 3i had submitted for validation to the SBTi. In addition, our Directors attend our semi-annual portfolio company reviews, which include discussions of the material aspects of portfolio companies' climate strategy.

A number of our Directors also have experience of assessing climate-related factors and have received training on this topic through other executive and non-executive roles.

Executive responsibility

Day-to-day accountability for sustainability, including climate-related issues, rests with executive management and, in particular, the Chief Executive. The Chief Executive is supported by a number of committees in overseeing and monitoring policies and procedures and addressing issues that arise. These include the ESG Committee, Investment Committee and Group Risk Committee.

ESG Committee

The ESG Committee membership, shown in the diagram below, is drawn from a range of investment and non-investment functions across the Group. The Group Treasurer joined the Committee in FY2024. The ESG Committee also benefits from input from relevant functional areas as required.

General Counsel and Company Secretary (Chair)

Central functions	Investment teams
Group Finance Director	Sustainability Director, Private Equity
Chief Operating Officer	Sustainability Director, Infrastructure
Group Investor Relations and Sustainability Strategy Director	
Group Treasurer	

The ESG Committee focuses on three main areas:

- reporting to the Chief Executive (directly and through the Group Risk Committee and Investment Committee) on relevant ESG matters, including climate-related risks and opportunities, and developing and reviewing policies, processes and strategies to manage ESG risks and opportunities for the Group and its investment activities;
- developing and recommending to the Chief Executive the Group's ESG approach (including a climate strategy) for review by the Board; and
- coordinating and facilitating ESG-related activities and initiatives across the Group.

The Committee considers relevant legal and regulatory requirements and industry standards, as well as best market practice, and monitors progress against its agenda.

The ESG Committee met formally four times in FY2024, but held three additional informal meetings in the year to implement its busy agenda. The ESG Committee's activities and focus for the year are described throughout this TCFD report.

Our TCFD disclosures continued

Investment Committee

The role of the Investment Committee is described on page 82. In performing its activities, the Investment Committee ensures that material ESG matters, including relevant climate-related risks and opportunities, are properly identified, assessed and managed in the course of our investment, divestment and portfolio management activities. The Investment Committee is chaired by our Chief Executive and comprises individuals drawn from our central functions (including the Group Finance Director and Chief Operating Officer), as well as from our Private Equity and Infrastructure investment teams (including the two heads of Private Equity, the two heads of Infrastructure and other senior investment and professional services team members). It meets frequently on an ad-hoc basis to discuss potential new investments and significant portfolio activity.

Group Risk Committee

The role of the Group Risk Committee is described on pages 82 and 83. As part of its responsibilities, it identifies the principal risks and new and emerging risks, including climate-related risks, facing 3i, as well as the associated mitigating actions and key risk indicators. This committee also maintains oversight of the Responsible Investment policy and considers and approves amendments to this policy as required, taking into account legal, regulatory and market developments regarding climate change. The Group Risk Committee, which meets four times a year, is chaired by the Chief Executive, and also comprises the Group Finance Director, Chief Operating Officer, the General Counsel and the Chief Human Resources Officer, as well as the heads of our Private Equity and Infrastructure businesses and a number of functional heads drawn from across the organisation, including the Group Compliance, Internal Audit and Investor Relations and Sustainability Strategy Directors.

Dedicated sustainability resource

We have dedicated sustainability resource embedded across the organisation, including:

- a Sustainability Director in our Private Equity investment team;
- a Sustainability Director and a Sustainability Senior Associate in our Infrastructure investment team; and
- a Sustainability Manager in the Group Investor Relations function to co-ordinate the Group's work on sustainability and implement Group-wide projects.

This resource is key in implementing the ESG Committee's many activities.

Participation in industry working groups

We are part of the Initiative Climat International ("iCI"), a global, practitioner-led community of over 250 private markets firms and investors which represented US$4.1 trillion in AUM as of the end of August 2023. These firms seek to improve the understanding and management of the risks associated with climate change. We contributed our feedback on iCI's portfolio company decarbonisation playbook, which focused on Scope 3 reduction in the supply chain through procurement.

As members of the BVCA, we contributed to the BVCA's feedback to the Financial Reporting Council's call for evidence on the implementation of International Sustainability Standards Board ("ISSB") sustainable disclosure standards in the UK.

Executive remuneration

The Executive Directors receive, in addition to their salary, an annual bonus and long-term share incentive awards based on the achievement of a number of performance conditions. For FY2024, annual bonuses for executive management were awarded based on a balanced scorecard of both financial and strategic measures agreed by the Remuneration Committee of the Board, alongside a consideration of the wider context of personal performance (including values and behaviours), risk, market and other factors.

Among the strategic and qualitative measures included in the balanced scorecard to determine the FY2024 annual bonus award, up to 10% of the maximum annual bonus opportunity was tied to progress against a number of ESG targets. The Remuneration report on pages 136 to 149 sets out the Remuneration Committee's assessment of the performance of the Executive Directors against the scorecard's ESG objectives. This TCFD report and the broader Sustainability section of this Annual report describe the measures taken by the Group to make progress against these objectives.

Pages 80-83
Risk management

Page 101
Governance framework

Pages 136-149
Remuneration report

Strategy

TCFD recommendations

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our investment strategy is to make a small number of new investments each year in our Private Equity and Infrastructure businesses, selected within our target sectors and geographies on the basis of their compatibility with our return objectives. We screen investments against our Responsible Investment policy, which has been in place for many years and is reviewed as appropriate, and most recently in May 2024. We believe that the careful assessment and management of ESG factors, including climate-related risks and opportunities, can be an important lever for value preservation and, at times, for value creation in our portfolio. We therefore integrate this assessment into our investment screening and portfolio management processes and provide the necessary training and guidance to our investment professionals. These processes are described on pages 42 to 45 of this Annual report.

Resilience of our strategy to climate-related risks

Our business model is simple: we invest our proprietary capital and manage a small number of third-party funds (principally in our Infrastructure business). We do not manage products with specific sustainability mandates. Our investment and portfolio construction approach is flexible and not constrained by overly prescriptive investment mandates or by limited duration funds, given the permanent nature of our proprietary capital. The third-party funds we manage in our Infrastructure business are either permanent or of very long duration. We make majority or, in a small number of cases, significant minority investments in our portfolio companies, and exert influence on their boards.

This flexibility in mandates and holding periods is a considerable strength, including with respect to the management of climate-related risks and opportunities, and which has supported our ability to pivot our investment towards sectors and niches that can benefit from sustainable growth trends. Combined with the influence we exert on portfolio companies this has allowed us, for example, to increase our exposure to renewable energy generation and the energy transition theme in our Infrastructure portfolio over the last few years (see the case studies on pages 50 and 51). It has also allowed us to approve investments within our portfolio companies that support climate change resilience, for example, through a reduction in their GHG emissions or the development of products and services with lower associated emissions.

We do not invest directly in extractive industries (including coal, oil and gas), albeit some of our investments do have exposure to some of these sectors.

Climate scenario analysis

Climate change scenario analysis can be a useful tool to assess the potential future exposure of a portfolio to climate-related risks under different climate warming scenarios.

Early in FY2023, we carried out our initial, top-down climate scenario analysis on our Private Equity and economic infrastructure investments with the help of an external consultant. This analysis assessed climate-related physical and transition risks for each of these portfolio companies over short- (< one year), medium- (to 2030) and long-term (to 2050) time horizons under three broad scenarios: an orderly net zero transition by 2050; a disorderly net zero transition by 2050; and a hot-house world scenario. We described this scenario analysis in last year's TCFD report.

This top-down analysis did not provide detailed insights into our portfolio, which is relatively concentrated, even in an industry context, (with investments in approximately 60 companies across Private Equity, Infrastructure and Scandlines, excluding the PPP project investments which were not covered) and exposed to a relatively small number of sectors and geographies. It did, however, help us to develop our understanding of climate scenario analysis and to crystallise our belief that a bottom-up approach is better suited to the characteristics of our portfolio. The output of this analysis also helped us to form a view on which areas of the portfolio would merit deeper assessment.

With the benefit of these insights, we designed and carried out a second phase of climate scenario analysis in FY2024, also with the support of a specialist consultancy. This analysis used similar scenarios to those we used for the first phase of our analysis in FY2023. They are described in detail in the next page. As an initial step, we performed an analysis of approximately half of our portfolio companies by number, excluding PPP investments. For each of these companies, we assessed potential physical and transition risks using sector information and the geolocation of their main operations and suppliers. This first step helped us to determine the potential hot spots of inherent climate-related risks within this part of our portfolio and to select a small number of portfolio companies for the second step, "deep dive" analysis of the work.

In this second step, with the use of additional data, and with the benefit of in-depth interviews with portfolio companies or investment teams, we carried out a more detailed assessment of inherent and residual physical and/or transition risks for these portfolio companies. As part of this, we further developed our understanding of how these companies assess, manage and mitigate those risks and capitalise on the related opportunities. This allowed us to improve our assessment of the residual risk levels for each risk driver significant to the portfolio companies analysed, and to identify additional engagement levers that we can use, as significant shareholders, to drive progress. We have communicated the results of this analysis to the relevant portfolio companies.

Our TCFD disclosures continued

Orderly transition

We used an orderly transition scenario, which assumes that policies to mitigate the impacts of climate change are introduced early and become gradually more stringent, culminating in the achievement of global net zero CO_2 emissions in around 2050 and likely limiting global warming to below 2°C on pre-industrial averages.

Under this orderly transition scenario, our portfolio is potentially exposed to a number of inherent risk drivers and respective opportunities in the categories described on the next page.

Disorderly transition

A disorderly transition scenario assumes that climate policies are delayed or divergent, requiring sharper emissions reductions, achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages by 2050.

Under this scenario, the risks identified as part of the orderly transition scenario are delayed but amplified in the run-up to 2050, with a higher potential impact on portfolio companies. For example, carbon prices could be higher and regulations could have much quicker implementation timeframes, resulting in higher costs to achieve compliance. However, the mitigation strategies and opportunities remain broadly the same and would include investment in low-carbon products and more resilient and efficient supply chains, as well as the active monitoring of and compliance with upcoming regulations and a proactive approach to developing transition plans.

Hot-house world

A hot-house world scenario assumes that no new climate change mitigation policies are introduced and that only those that have been implemented already are preserved, that current commitments are not met and that emissions continue to rise, resulting in a failure to limit temperature increases, as well as in high physical risks and severe social and economic disruption.

The climate change scenario analyses we have performed to date have not identified significant physical risk drivers for the majority of the portfolio companies assessed in the medium term, with moderate to low inherent physical risks driven principally by chronic temperature changes, heatwaves and flooding. A few companies, however, were identified as having medium or high physical risks in relation to their own operations or key suppliers. We focused our attention in the deep dive analysis on some of the companies identified as having higher risks and have engaged with them with the results of that assessment.

For our deep dive physical risk analysis, we used a >4°C, SSP5-8.5 2050 climate scenario, which shows an end-of-century temperature rise of 4.5°C and is considered to be the worst-case hot-house scenario.

The results of this climate change scenario analysis work were used to develop a more detailed climate change assessment framework, which has been incorporated into our overall ESG risk and opportunity assessment processes.

We intend to refine our approach to climate scenario analysis on a regular basis. This will be an iterative process, through which we will build on our understanding and on market and scientific developments over time.

Value at risk

Following careful consideration, we did not conduct an analysis of value at risk from climate change impacts. Current climate models to determine value at risk are at an early stage of development, and do not yet provide sufficiently reliable results for a concentrated portfolio like ours. Where relevant and possible, we embed certain climate-related considerations in the valuations of our portfolio companies. We will continue to assess climate modelling tools as they develop and will report on this annually.

Viability statement

In addition to the climate change scenario analyses described above, we have been assessing the potential financial impact of climate change on our portfolio as a whole for some time through the work we do to conduct our annual viability assessment (see pages 129 and 130). When preparing our Viability statement, we carry out a number of tests which consider the impact on the Group of multiple severe, yet plausible individual and combined stress scenarios, including the impact that climate change might have on the value of a number of our potentially more vulnerable assets through changes in regulation, in consumer preferences, an increase in physical risks and other business risks. This analysis is carried out over a three-year timeframe, and is different to climate change scenario analysis, which analyses the impacts of climate change over a much longer time period. Because of the diverse exposures of our current portfolio companies and the flexibility we have in portfolio construction, our analysis showed that a climate-related stress scenario is unlikely to impact the viability of the Group over the three-year time period.

Transition to a low-carbon economy

The ESG Committee discussed the most appropriate approach to align 3i and its portfolio to the UK's net zero ambitions and set relevant targets. We performed a detailed analysis of the portfolio (excluding the PPP projects) to establish how challenging it is for each portfolio company to set science-based targets, in light of (i) available sector guidance and decarbonisation pathways; and (ii) the carbon maturity of the portfolio company itself.

This analysis supported our decision to set SBTs, which were validated by the SBTi in March 2024. Information on our SBTs can be found within the Metrics and targets pillar of this report on page 68.

Our TCFD disclosures continued

Principal climate-related transition risks under the orderly transition scenario

Risk category	Risk drivers	Time horizon	Potential impact, mitigation and opportunities
Policy and legal	• New regulations and commitments	Short and medium term	**Potential impact** • Non-compliance with regulations and commitments could result in reputational damage for 3i and its portfolio as well as in legal fees and fines. **Mitigation** • 3i and its portfolio companies monitor the evolution of the regulatory landscape to ensure that they are prepared for compliance. • Minimum ESG requirements within our RI policy include compliance with applicable laws and regulations. **Opportunities** • Compliance with upcoming regulations facilitates the exit process.
	• Carbon pricing mechanisms	Medium term	**Potential impact** • The introduction of carbon pricing could increase the operating costs of the portfolio companies to which they apply. **Mitigation** • Where material, 3i has begun to engage with portfolio companies to identify those at risk from the introduction of carbon pricing mechanisms, and understand the potential impacts before addressing next steps. **Opportunities** • Portfolio companies subject to carbon pricing mechanisms could develop low-carbon processes and products to reduce this impact.
Technology	• Increased investment required in sustainable or green technologies and low carbon processes • Competitor innovation	Medium and long term	**Potential impact** • Increased investments in new technology and processes to reduce carbon emissions may result in higher costs. • Successful competitor innovation could result in reduced revenue and market share. **Mitigation** • Portfolio companies monitor their markets to identify potential technology risks and, with the support of 3i on their board, assess the new investments required to stay abreast of developments. **Opportunities** • Investment in lower-emissions products and services could lead to improved revenues and profitability over time.
Market	• Changing consumer and investor preferences • Unexpected shifts in market • Changes in job market	Medium and long term	**Potential Impact** • Changes in consumer preferences in response to climate change (eg preference for products and services with a lower carbon impact) could result in decreased revenues for portfolio companies. • An increasing employee focus on sustainability could make it harder for portfolio companies to retain and attract talent if they are not perceived to be responding adequately to the challenges posed by climate change. **Mitigation** • Portfolio companies monitor their offering against evolving consumer preferences and employee/potential employee expectations. **Opportunities** • Portfolio companies could invest in innovation to ensure that their products and services align with evolving consumer preferences.
Reputation	• Stigmatisation of the sector • Increased stakeholder concerns	Short and medium term	**Potential impact** • Stigmatisation and stakeholder concerns may result in decreased revenue and increased operating costs for certain portfolio companies operating in sectors perceived as having a high impact on climate change. **Mitigation** • Where material, 3i has begun working with portfolio companies to develop transition plans and develop their business models to ensure that they transition away from carbon intensive sectors or end markets. **Opportunities** • Portfolio companies that adopt a proactive approach to climate transition could strengthen their market position, particularly in a disorderly transition scenario.

Risk management

TCFD recommendations

Disclose how the organisation identifies, assesses, and manages climate-related risks

- Describe the organisation's processes for identifying and assessing climate-related risks
- Describe the organisation's processes for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We recognise the increasing importance of climate-related risks and monitor these as we do other risks through our comprehensive risk governance framework, both on a portfolio company level and for the Group as a whole. The framework is described in detail on pages 80 to 84, and our portfolio ESG assessment process (which covers an assessment of material climate risks for each portfolio company) is described on page 43 of this report.

3i's own operations are not in themselves exposed to material physical climate risks. We employ fewer than 250 people across seven offices. Nevertheless, the business is increasingly affected directly by climate-related legal and regulatory risks, as well as by the related reputational risks.

The majority of 3i's climate risk exposure is through its portfolio. We describe our processes to identify and manage climate-related risks and opportunities under the Strategy pillar above.

Identification, assessment and management of climate-related risks

We consider climate-related risks on the Group and the portfolio through our risk management framework, which is coordinated by the Group Risk Committee and implemented across the organisation as described in the Risk review. Specifically, in relation to the management and mitigation of climate-related risks in the portfolio, we rely, over the life of the investment, on:

- the assessment of material climate-related risks in the pre-investment phase. This is performed internally and supplemented as appropriate by external specialists and can result in Investment Committee requiring further due diligence to be performed or in investments being declined. Our climate change assessment framework was enhanced following the completion of the second stage of our climate scenario analysis in FY2024 and we will begin trialling this in the current financial year;
- our ongoing portfolio monitoring process, which involves, in addition to the monthly monitoring of bespoke financial and operational KPIs and in-depth semi-annual portfolio company reviews, a detailed annual ESG assessment which covers a number of climate factors. This annual ESG assessment was also enhanced with the benefit of the outputs of our climate change scenario analysis;
- the Investment Committee to manage portfolio risks;
- the influence we have on portfolio companies. We make majority or significant minority investments in our core portfolio companies and exercise influence through membership of their boards;
- the measurement of portfolio company GHG emissions (see "Metrics and targets" on the next page) and engagement with portfolio companies on abatement, mitigation and adaptation strategies; and
- climate scenario analysis, as described under "Strategy" on pages 61 to 63.

Our investment processes are described on page 43 of this Annual report. We further mitigate climate-related risks by improving our understanding of climate change and refining our processes over time. These processes involve an increasing number of employees. We have been encouraged by the level of staff engagement on this topic and intend to continue to provide forums for employees to provide their input and views on how to improve our performance.

Portfolio data collection and management

To support the assessment and management of portfolio sustainability risks, including climate-related risks, in FY2024 we continued to improve the quality of the annual sustainability data (including GHG emissions) we collect from portfolio companies by refining our ESG assessment questionnaires to ensure that they reflect our improved understanding of climate drivers across the portfolio, as well as evolving disclosure requirements, market practice and other stakeholder needs. We continue to work on improving the consistency and comparability of portfolio GHG emissions data, as this will underpin the quality of our portfolio emissions disclosures. The ESG Committee therefore selected and rolled out a new dedicated software tool to help us gather, organise and analyse ESG data from the portfolio, including the data used for the calculation of the portfolio climate metrics disclosed in this TCFD report. This tool provides detailed guidance for each of the metrics collected as well as access to a support team. See "Metrics and targets" on the next page for more information on portfolio emissions data.

Metrics and targets

TCFD recommendations

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

3i Group's portfolio climate metrics

The metrics below provide information on the GHG emissions from our portfolio companies. These metrics cover 99.5% of the portfolio value[1] of 3i Group plc as at 31 March 2024 and are calculated in line with the TCFD recommendations implementation guidance.

Results as at 31 March 2024	Definitions of climate metrics
Portfolio emissions 323,539 tCO_2e	Total portfolio emissions is the absolute Scope 1 and 2 GHG emissions associated with a portfolio. We are allocating GHG emissions for each portfolio company using 3i Group's fully diluted equity ownership[2].
Carbon footprint 15.0 tCO_2e/£m invested	Carbon footprint is total portfolio emissions (Scope 1 and 2) normalised by the value of the portfolio[2], expressed in tonnes of CO_2e/£m invested.
WACI 42.5 tCO_2e/£m revenue[3]	Weighted Average Carbon Intensity ("WACI") is a portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/£m revenue. It is calculated using the carbon intensity for each portfolio company (Scope 1and 2 emissions/revenue) apportioned based on the weight of each portfolio company within the whole portfolio.

1 Note that 3i Investments plc manages a number of co-investment vehicles whose investors are employees or former employees of 3i. For the purpose of this calculation, we have included these co-investment vehicles within the 3i Group scope.
2 Sourced from 3i's finance systems.
3 Sourced from portfolio companies.

Methodology and GHG emissions data source

As a private equity and infrastructure asset manager and owner, 3i is able to collect data from its portfolio companies.

3i requests Scope 1 and Scope 2 (location and market-based) GHG emissions data from all core portfolio companies on an annual basis. This data is provided directly to 3i from portfolio companies through an ESG data collection tool. If a company provides Scope 2 market-based data, this is used for the climate metrics calculation. If Scope 2 market-based data is unavailable, location-based data is used. Scope 3 GHG emissions data is provided by portfolio companies where available and we are working to improve our Scope 3 data coverage further.

Estimations and data gaps

Where current year data is not available, but previous year data is available, we estimate the current year data using data from the previous year, adjusted based on year-on-year changes in revenue.

Where the data is not available, it is noted as a data gap. The significance of the data gap is disclosed through the data coverage indicator (99.5% of the portfolio value).

Data quality

As we invest in private companies that are at different levels of climate-related risk maturity, we have decided to add a data quality score to the data that we are disclosing to ensure that readers understand the reliability and quality of the data provided. Some of our portfolio companies have only just started to estimate their GHG emissions while others have robust processes in place to calculate and assure the data.

We have used a custom scale to reflect overall data quality using the Partnership for Carbon Accounting Financials ("PCAF") methodology as a guide and adjusting it to reflect the specificities of our business model:

Characteristics of the data	Data quality	Certain
Emissions of the company are available and reported by the portfolio company as being verified by a third party	1	↑
Prior year emissions of the company are available and reported by the portfolio company as being verified by a third party. The emissions for the current year are estimated based on prior year emissions and year-on-year changes in revenue	2	
Emissions of the company are available and reported by the portfolio company as being verified internally	3	
Unverified emissions of the company are available, including those calculated using our ESG data collection tool	4	
Emissions of the company, including those calculated by the portfolio company using our ESG data collection tool, are estimated using a GHG emissions calculator using spend data	5	
		Uncertain

The data quality score for 3i Group plc is 2.6. It is derived by assigning each portfolio company a data quality score, weighted by that company's emissions as a percentage of total portfolio emissions.

Our TCFD disclosures continued

Portfolio net zero alignment scale

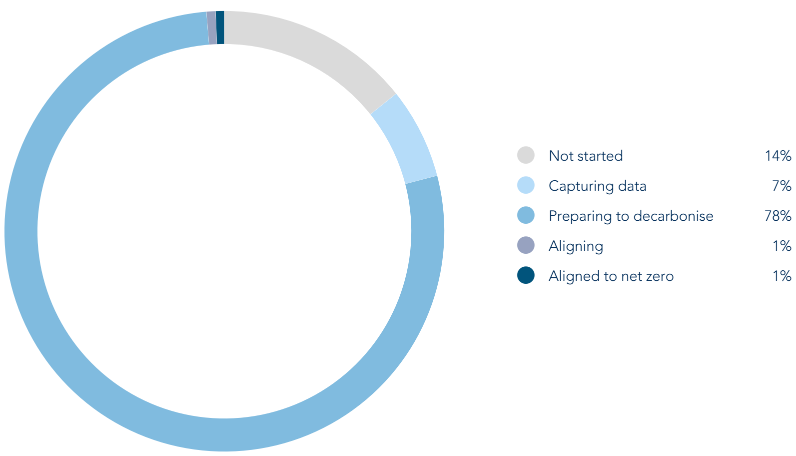
Initiative Climat International (iCI) and the Sustainable Markets Initiative's Private Equity Task Force have developed the Private Markets Decarbonisation Roadmap to enable private markets firms to drive their transition to a low-carbon economy. The metric used within this roadmap is based on the climate maturity of each portfolio company rather than on an implied temperature rise metric which is the methodology suggested by the FCA for climate disclosures. We are using the Private Markets Decarbonisation Roadmap metric because it aligns best with our science-based targets. The Alignment Scale of the Roadmap (as published by the leaders of the initiative) is summarised in the table below:

	Not started	Capturing data	Preparing to decarbonise	Aligning	Aligned to net zero
Definition	Not started to measure emissions or plan how to reduce them	Reporting emissions data but currently no plan in place to reduce emissions	Planning to reduce emissions in line with an approach agreed with the GP	Committed to a decarbonisation plan aligned to a transition pathway	Delivering against a net zero plan and operations aligned to science-based target
Criteria	• Minimal or no emissions data • No decarbonisation plan in place	• Measuring Scope 1 and 2 emissions from operations, alongside material Scope 3 emissions, and making data available to fund	• Decarbonisation plan in place but level of ambition not aligned to net zero pathway	• Committed to near-term science-based target aligned to a long-term net zero pathway	• Demonstrated YoY emissions profile in line with pathway

3i Group plc categorised portfolio companies covering 99.2% of its investment portfolio value as at 31 March 2024 in line with the roadmap's Alignment Scale. The current alignment of the portfolio based on total portfolio emissions is set out in the diagram below.

While the majority of our portfolio is preparing to decarbonise, we have had to categorise a number of our portfolio companies in the "not started" categories. Many of these companies have only recently begun to calculate their Scope 3 GHG emissions, but are not yet in a position to report all material Scope 3 categories to us.

We have categorised companies that have set science-based targets using the SBTi's SME target setting process as "aligning", even though some of them have not yet reported all material Scope 3 categories to us.



Our TCFD disclosures continued

3i Group's emissions from its own operations

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 2019 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the year to 31 March 2024, our measured Scope 1 and 2 emissions (market-based) totalled 232.8 tCO_2e. This comprised:

GHG emissions (Scope)[1]	FY2024 (tCO_2e) UK	FY2024 Rest of the world	FY2024 Total	FY2023 (tCO_2e) UK	FY2023 Rest of the world	FY2023 Total
1	**101.0**	**34.7**	**135.7**	105.6	34.4	140.0
2 – location-based	**92.2**	**118.7**	**210.9**	86.6	72.4	159.0
2 – market-based	**–**	**97.1**	**97.1**	–	41.6	41.6
Total 1 and 2 (location-based)	**193.2**	**153.4**	**346.6**	192.2	106.8	299.0
Total 1 and 2 (market-based)	**101.0**	**131.8**	**232.8**	105.6	76.0	181.6
3	**n/a**	**n/a**	**9,612.8**	n/a	n/a	6,802.3

1 Based on IEA data (2023) Emissions factors, www.iea.org/statistics. All rights reserved; as modified by 3i Group plc.

This is equivalent to 1.0 tCO_2e per full-time equivalent employee, based on an average of 244 employees (2023: 0.8 tCO_2e; 241 employees). Overall, our Scope 1 and 2 (market-based) emissions increased by 28.2% year-on-year. Most of the increase can be attributed to the move of our offices in New York and Amsterdam, as we were unable to procure green electricity immediately after the move, and to the fact that our new premises in New York are heated with steam.

Our measured Scope 3 emissions totalled 9,612.8 tCO_2e. The 41.3% increase in our Scope 3 emissions in FY2024 compared to the previous year is attributable to a few factors, including: (i) improvements to the methodology we adopt to calculate the emissions related to our purchased goods and services; (ii) the emissions associated with the move to new offices in New York and Amsterdam; and (iii) increased business travel following the lifting of travel restrictions associated with the Covid-19 pandemic.

Our total energy consumption was 1,451.4 MWh (1,451,400 kWh) in FY2024, 57% of which was consumed in the UK. The split between energy consumption is shown in the table below.

Energy consumption (kWh in 000s)	FY2024 UK	FY2024 Rest of the world	FY2024 Total	FY2023 UK	FY2023 Rest of the world	FY2023 Total
Electricity	**445.5**	**297.2**	**742.7**	447.6	225.8	673.4
Fuels[1]	**378.1**	**155.1**	**533.2**	578.6	168.3	746.9
District heating, cooling, steam	**–**	**175.5**	**175.5**	–	25.2	25.2

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. Scope 3 emissions are calculated in line with the World Resources Institute's Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as well as the World Resources Institute's GHG Protocol Technical Guidance for Calculating Scope 3 emissions. 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 2024 are:

- Scope 1: natural gas combustion within boilers, fuel combustion within leased vehicles and use of refrigeration and air-conditioning equipment;
- Scope 2: purchased electricity and heat, cooling and steam consumption for our own use, including leased vehicles;
- Scope 3: purchased goods and services, capital goods, 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, for example, due to the timing of invoices from our utilities providers, 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 the average emissions intensity of grids for the country in which the reported operations take place; and (ii) the market-based method, which reflects the emissions from purposefully chosen energy (eg bundled electricity, supplier specific rates, direct electricity contracts).

Although we have a relatively low environmental footprint, we are committed to reducing it further. In our London, Paris, and Luxembourg offices, which account for over 86% of our overall electricity consumption, we purchased our electricity from 100% renewable sources during FY2024. Our New York and Amsterdam teams moved to new premises during the year. Our New York landlord is working on delivering green energy, however, it relies on initiatives to be implemented by the New York state government to achieve that objective. Our new Amsterdam office switched to green energy at the end of FY2024. 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

The 3i emissions from its own operations disclosed on this page have been verified to a limited level of assurance by Accenture to the ISO 14064-3 standard. The portfolio emissions disclosed on page 65 are not included in this third-party verification.

Our TCFD disclosures continued

Science-based targets

On 5 April 2023, we wrote to the SBTi to indicate our commitment to set up near-term science-based targets for 3i. We submitted our targets to SBTi for validation on 31 October 2023. SBTi approved our targets on 22 March 2024. Our science-based targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our portfolio and are formulated in line with the guidance published by SBTi for financial institutions and the private equity sector.

Operations emissions target

3i Group plc commits to reduce its absolute Scope 1 and 2 (market-based) GHG emissions by 42% by FY2030 from a FY2023 base year.

Our strategy to meet this target involves engaging with our landlords on the energy efficiency of our premises and on using less carbon intensive energy sources. We are also engaging with energy suppliers directly or through our landlords on the procurement of renewable electricity.

Financed emissions targets

3i Group's portfolio targets cover 82% of its total investment and lending by invested capital as of FY2023. As of FY2023, the required activities made up 82% of 3i Group's total investment and lending activities by invested capital while optional activities made up 3% and out of scope activities made up 15%.

3i Group plc commits to 31% of its listed and eligible Private Equity portfolio by invested capital setting SBTi-validated targets by FY2028 and 100% by FY2040 from a FY2023 base year.

3i Group plc commits to reduce GHG emissions from the electricity generation sector within its eligible portfolio by 68% per MWh by FY2030 from a FY2023 base year.

3i Group plc commits to continue providing electricity generation project finance only for renewable electricity through FY2030.

Our strategy to meet these targets involves the following actions:

1. As a majority or significant minority investor in our core portfolio companies, we will continue to use our influence and engage with portfolio companies to support them to:
   - (i) measure and report on Scope 1 and 2 GHG emissions at least annually;
   - (ii) measure and report on material Scope 3 GHG emissions at least annually when appropriate; and
   - (iii) develop decarbonisation plans and set science-based targets.
2. We will manage our electricity generation portfolio to reduce its GHG emissions intensity as a whole.
3. We will facilitate knowledge sharing between portfolio companies in relation to formulating decarbonisation plans and setting science-based targets.

We will disclose on progress towards achieving these targets on an annual basis from FY2025.

Performance and risk

What's in this section

Financial review

Strong financial performance

Highlights – Investment basis

Gross investment return
£4,168m
(2023: £5,104m)

Operating profit before carried interest
£4,077m
(2023: £4,956m)

Total return
£3,839m
(2023: £4,585m)

Total return on opening shareholders' funds
23%
(2023: 36%)

Diluted NAV per share at 31 March 2024
2,085p
(31 March 2023: 1,745p)

Total dividend
61.0p
(31 March 2023: 53.0p)

Table 9: Total return for the year to 31 March

Investment basis	2024 £m	2023 £m
Realised (losses)/profits over value on the disposal of investments	**(4)**	169
Unrealised profits on the revaluation of investments	**3,926**	3,769
Portfolio income		
Dividends	**499**	416
Interest income from investment portfolio	**91**	91
Fees receivable	**1**	7
Foreign exchange on investments	**(461)**	530
Movement in the fair value of derivatives	**116**	122
Gross investment return	**4,168**	5,104
Fees receivable from external funds	**72**	70
Operating expenses	**(147)**	(138)
Interest receivable	**13**	4
Interest payable	**(61)**	(54)
Exchange movements	**29**	(29)
Other income/(expense)	**3**	(1)
Operating profit before carried interest	**4,077**	4,956
Carried interest		
Carried interest and performance fees receivable	**62**	41
Carried interest and performance fees payable	**(305)**	(418)
Operating profit before tax	**3,834**	4,579
Tax charge	**(2)**	(2)
Profit for the year	**3,832**	4,577
Re-measurements of defined benefit plans	**7**	8
Total comprehensive income for the year ("Total return")	**3,839**	4,585
Total return on opening shareholders' funds	**23%**	36%

Investment basis and Alternative Performance Measures ("APMs")

In our Strategic report, we report our financial performance using our Investment basis. We do not consolidate our portfolio companies as private equity and infrastructure investments are not operating subsidiaries. IFRS 10 sets out an exception to consolidation and requires us to fair value other companies in the Group (primarily intermediate holding companies and partnerships). As explained in the Investment basis, Reconciliation of Investment basis and IFRS sections below, the total comprehensive income and net assets are the same under our audited IFRS financial statements and our Investment basis. The Investment basis is simply a "look through" of IFRS 10 to present the underlying performance and we believe it is more transparent to readers of our Annual report and accounts.

In October 2015, the European Securities and Markets Authority ("ESMA") published guidelines about the use of APMs. These are financial measures such as KPIs that are not defined under IFRS. Our Investment basis is itself an APM, and we use a number of other measures which, on account of being derived from the Investment basis, are also APMs.

Further information about our use of APMs, including the applicable reconciliations to the IFRS equivalent where appropriate, is provided at the end of the Financial review and should be read alongside the Investment basis to IFRS reconciliation. Our APMs are gross investment return as a percentage of the opening investment portfolio value, cash realisations, cash investment, operating cash profit, net cash/(debt) and gearing.

Financial review continued

Realised losses/profits

In the year, we recognised a small realised loss of £4 million (2023: profit of £169 million) relating to Infrastructure. We generated total realised proceeds of £888 million (2023: £857 million) primarily from Action's capital restructuring.

Unrealised value movements

We recognised an unrealised profit of £3,926 million (2023: £3,769 million). Action's continued strong performance contributed £3,609 million (2023: £3,708 million). We also saw good contributions from a number of our other Private Equity investments including Royal Sanders, EBG, AES, Cirtec Medical, Q Holding, MPM, ten23 health, MAIT and Audley Travel, offsetting negative contributions from arrivia, Tato, WilsonHCG, Luqom, SaniSure and Basic-Fit. Our infrastructure portfolio delivered a good return, driven by the increase in the share price of our quoted investment in 3iN.

Further information on the Private Equity, Infrastructure and Scandlines valuations is included in the business reviews.

Portfolio income

Portfolio income increased to £591 million for the year (2023: £514 million), primarily due to dividend income of £499 million (2023: £416 million), particularly from Action and Royal Sanders and interest income from portfolio companies, the majority of which is non-cash.

Fees receivable from external funds

Fees received from external funds increased to £72 million (2023: £70 million). 3i receives a fund management fee from 3iN, which amounted to £51 million in FY2024 (2023: £49 million).

The remaining fee income received in the year of £21 million (2023: £21 million) includes fees from 3i MIA, our management of the 3i 2020 Co-investment Programme related to Action and other funds.

Operating expenses

Operating expenses increased in the year to £147 million (2023: £138 million) driven by a higher share-based payment charge reflecting the strong performance of 3i's share price during the year which was offset by delayed staff recruitment.

Interest payable

The Group recognised interest payable of £61 million (2023: £54 million). Interest payable predominantly includes interest on the Group's loans and borrowings and amortisation of capitalised fees.

Operating cash profit

We generated an operating cash profit of £467 million in the year (2023: £364 million). Cash income increased to £594 million (2023: £497 million), principally due to an increase in dividend income, which included £375 million of cash dividends from Action (2023: £325 million). We also received cash dividends from Royal Sanders, 3iN, Scandlines, Tato and AES, as well as cash fees from our external funds. Excluding the dividends received from Action, the operating cash profit was £92 million.

Cash operating expenses of £127 million (2023: £133 million) decreased in the year due to the timing of payments. Cash operating expenses are lower than the £147 million (2023: £138 million) of operating expenses recognised in the Consolidated statement of comprehensive income as a result of share-based payments and other non-cash expenses.

Table 10: Unrealised value movements on the revaluation of investments for the year to 31 March

Investment basis	**2024 £m**	2023 £m
Private Equity	**3,874**	3,746
Infrastructure	**72**	23
Scandlines	**(20)**	–
Total	**3,926**	3,769

Table 11: Operating cash profit for the year to 31 March

Investment basis	**2024 £m**	2023 £m
Cash fees from external funds	**74**	67
Cash portfolio fees	**12**	5
Cash portfolio dividends and interest	**508**	425
Cash income	**594**	497
Cash operating expenses[1]	**(127)**	(133)
Operating cash profit	**467**	364

1 Cash operating expenses include operating expenses paid and lease payments.

Financial review continued

Carried interest and performance fees

We receive carried interest and performance fees from third-party funds and 3iN. We also pay carried interest and performance fees to participants in plans relating to returns from investments. These are received and/or paid subject to meeting certain performance conditions. In Private Equity (excluding Action), we typically accrue net carried interest payable of c.12% of GIR and for Action carried interest payable of c.3% of Action's GIR, based on the assumption that all investments are realised at their balance sheet value. Carried interest is paid to participants when cash proceeds have actually been received following a realisation, refinancing event or other cash distribution and performance hurdles are passed in cash terms. Due to the length of time between investment and realisation, the schemes are usually active for a number of years and their participants include both current and previous employees of 3i.

In the year to 31 March 2024, we reduced our carried interest and performance fees payable balance to £818 million (2023: £1,351 million), primarily driven by £735 million paid in relation to Action, as a result of crystallising a further portion of the carried interest liability in the Buyouts 2010-12 carry scheme. As a result of these payments and the further investment in Action in the year, our net holding in Action, after carried interest, is now 53.2% (31 March 2023: 48.9%).

The strong performance of Action in the Buyouts 2010-12 vintage and good performance of a number of portfolio companies in our other vintages in Private Equity led to a £262 million increase in carried interest payable in FY2024.

In Infrastructure, 3iN pays a performance fee based on its NAV on an annual basis, subject to a hurdle rate of return. The continued strong performance of the assets held by 3iN and the sale of Attero, resulted in the recognition of £62 million (2023: £35 million) of performance fees receivable. £43 million (2023: £25 million) was recognised as carried interest and performance fees payable. During the year, we received £58 million of performance fees and paid £33 million to the Infrastructure team.

Overall, the effect of the income statement charge of £305 million (2023: £418 million), cash payments of £778 million (2023: £51 million), as well as currency translation meant that the balance sheet carried interest and performance fees payable was £818 million (31 March 2023: £1,351 million).

Table 12: Carried interest and performance fees for the year to 31 March

Investment basis Statement of comprehensive income	2024 £m	2023 £m
Carried interest and performance fees receivable		
Private Equity	**–**	4
Infrastructure	**62**	37
Total	**62**	41
Carried interest and performance fees payable		
Private Equity	**(262)**	(392)
Infrastructure	**(43)**	(26)
Total	**(305)**	(418)
Net carried interest payable	**(243)**	(377)

Table 13: Carried interest and performance fees at 31 March

Investment basis Statement of financial position	2024 £m	2023 £m
Carried interest and performance fees receivable		
Private Equity	**5**	6
Infrastructure	**42**	37
Total	**47**	43
Carried interest and performance fees payable		
Private Equity	**(803)**	(1,325)
Infrastructure	**(15)**	(26)
Total	**(818)**	(1,351)

Table 14: Carried interest and performance fees paid in the year to 31 March

Investment basis cash flow statement	2024 £m	2023 £m
Carried interest and performance fees cash paid		
Private Equity	**745**	24
Infrastructure	**33**	27
Total	**778**	51

Net foreign exchange movements

The Group recorded a total foreign exchange translation loss of £316 million including the impact of foreign exchange hedging in the year (March 2023: £623 million gain), as a result of sterling strengthening by 3% against the euro and by 2% against the US dollar.

At 31 March 2024, the notional value of the Group's forward foreign exchange contracts was €2.6 billion and $1.2 billion. The €2.6 billion includes the €600 million notional value of the forward foreign exchange contracts related to the Scandlines hedging programme.

Including the impact from foreign exchange hedging, 75% of the Group's net assets are denominated in euros or US dollars. Based on the Group's net assets at 31 March 2024, including the impact from foreign exchange hedging, a 1% movement in euro and US dollar foreign exchange rates would impact total return by £140 million and £12 million, as shown in Table 15 below.

Pension

The Group's UK defined benefit plan ("the Plan") is fully insured following previous buy-in policies with Legal & General in May 2020 and February 2019 and Pension Insurance Corporation in March 2017. These polices provide long-term security for the Plan members and 3i is no longer exposed to any material longevity, interest or inflation risk in the Plan or any ongoing requirement to fund the Plan. The Trustees of the Plan wrote to members on 18 March 2024 to confirm that they were proceeding with their plan to buy out members' benefits and to distribute the surplus to the Company. This transaction is expected to complete in FY2025.

During the year the Group recognised a £7 million re-measurement gain on the Plan, following a reduction in the tax rate used to restrict the surplus to 25% (31 March 2023: 35%), following a legislative change made by the government effective from 6 April 2024. There was no re-measurement gain (2023: £8 million) on the German defined benefit plan.

Tax

The Group's parent company continues to operate in the UK as an approved investment trust company. An approved investment trust is a UK investment company, which is required to meet certain conditions set out in the UK tax rules to obtain and maintain its tax status. This approval allows certain investment profits of the Company, broadly its capital profits, to be exempt from tax in the UK. The Group's tax charge for the year was £2 million (2023: £2 million).

The Group's overall UK tax position for the financial year is dependent on the finalisation of tax returns of the various corporate and partnership entities in the UK group.

Table 15: Net assets[1] and sensitivity by currency at 31 March

	FX rate	£m	%	1% sensitivity £m
Sterling	**n/a**	**4,817**	**24**	**n/a**
Euro[2]	**1.1695**	**13,947**	**69**	**140**
US dollar[2]	**1.2633**	**1,180**	**6**	**12**
Danish krone	**8.7236**	**200**	**1**	**2**
Other	**n/a**	**26**	**–**	**n/a**

1 The Group's foreign exchange hedging is treated as a sterling asset within the above table.
2 The sensitivity impact calculated on the net assets position includes the impact of foreign exchange hedging.

Financial review continued

Balance sheet and liquidity

During the year, we successfully issued a six-year €500 million bond at a coupon of 4.875% and extended the tenor of the £400 million tranche of our £900 million RCF to November 2026, with both transactions further strengthening our liquidity profile.

At 31 March 2024, the Group had net debt of £806 million (31 March 2023: £363 million) and gearing of 4% after the receipt of strong cash income of £594 million and net cash proceeds of £280 million, offsetting the payment of carried interest and performance fees of £778 million and Group dividend payments of £541 million.

The Group had liquidity of £1,296 million as at 31 March 2024 (31 March 2023: £1,312 million), comprising cash and deposits of £396 million (31 March 2023: £412 million) and an undrawn RCF of £900 million.

The investment portfolio value increased to £21,636 million at 31 March 2024 (31 March 2023: £18,388 million), mainly driven by unrealised profits of £3,926 million in the year.

Further information on investments and realisations is included in the Private Equity, Infrastructure and Scandlines business reviews.

Going concern

The Annual report and accounts 2024 are prepared on a going concern basis. The Directors made an assessment of going concern, taking into account the Group's current performance and the outlook, and performed additional analysis to support the going concern assessment. Further details on going concern can be found on page 128 in the Resilience statement.

Dividend

The Board has recommended a second FY2024 dividend of 34.50 pence per share (2023: 29.75 pence), taking the total dividend for the year to 61.0 pence per share (2023: 53.0 pence). Subject to shareholder approval, the dividend will be paid to shareholders in July 2024.

Table 16: Simplified consolidated balance sheet at 31 March

Investment basis Statement of financial position	2024 £m	2023 £m
Investment portfolio	**21,636**	18,388
Gross debt	**(1,202)**	(775)
Cash and deposits	**396**	412
Net debt	**(806)**	(363)
Carried interest and performance fees receivable	**47**	43
Carried interest and performance fees payable	**(818)**	(1,351)
Other net assets	**111**	127
Net assets	**20,170**	16,844
Gearing[1]	**4%**	2%

1 Gearing is net debt as a percentage of net assets.

Key accounting judgements and estimates

A key judgement is the assessment required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial treatment of investment entities is accurate. The introduction of IFRS 10 resulted in a number of intermediate holding companies being presented at fair value, which has led to reduced transparency of the underlying investment performance. As a result, the Group continues to present a non-GAAP Investment basis set of financial statements to ensure that the commentary in the Strategic report remains fair, balanced and understandable. The reconciliation of the Investment basis to IFRS is shown on pages 76 to 78.

In preparing these accounts, the key accounting estimates are the carrying value of our investment assets, which is stated at fair value, and the calculation of carried interest payable.

Given the importance of the valuation of investments, the Board has a separate Valuations Committee to review the valuation policy, process and application to individual investments. However, asset valuations for unquoted investments are inherently subjective, as they are made on the basis of assumptions which may not prove to be accurate. At 31 March 2024, 96% by value of the investment assets were unquoted (31 March 2023: 95%).

The valuation of the proprietary capital portfolio is a primary input into the carried interest payable and receivable balances, which are determined by reference to the valuation at 31 March 2024 and the underlying investment management agreements.

Reconciliation of Investment basis and IFRS

Background to Investment basis financial statements

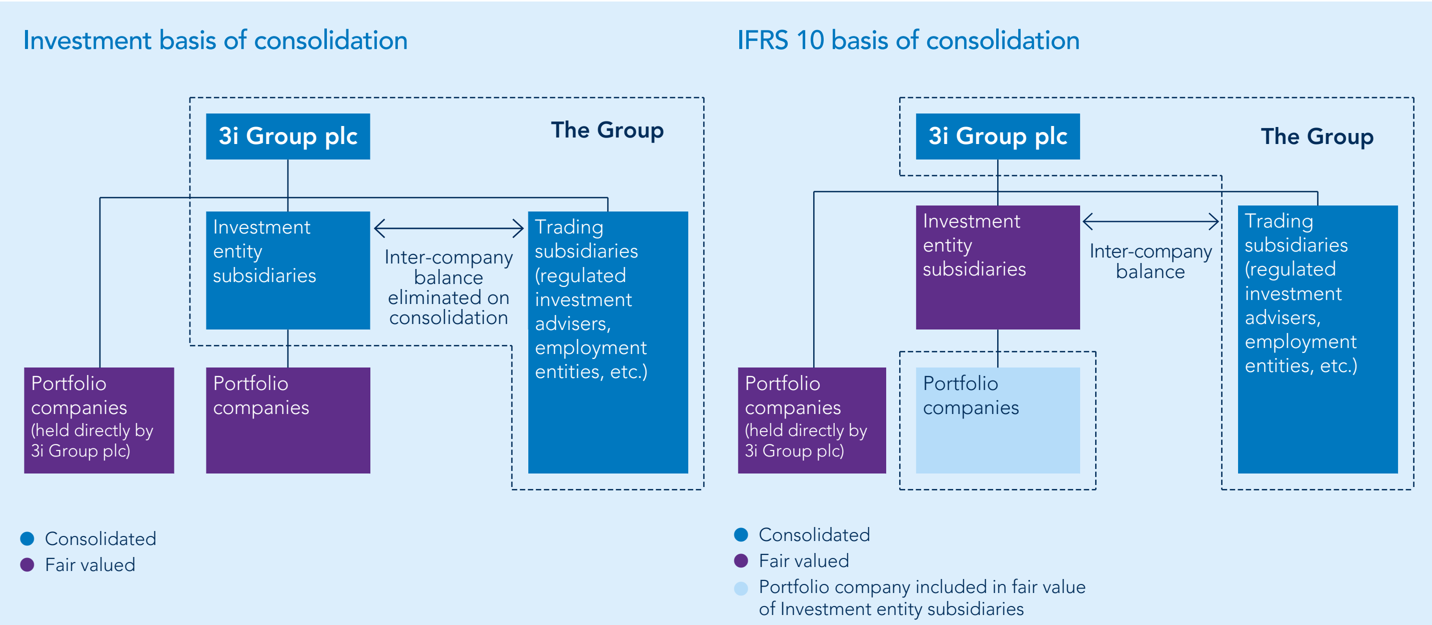
The Group makes investments in portfolio companies directly, held by 3i Group plc, and indirectly, held through intermediate holding company and partnership structures ("Investment entity subsidiaries"). It also has other operational subsidiaries which provide services and other activities such as employment, regulatory activities, management and advice ("Trading subsidiaries"). The application of IFRS 10 requires us to fair value a number of intermediate holding companies that were previously consolidated line by line. This fair value approach, applied at the intermediate holding company level, effectively obscures the performance of our proprietary capital investments and associated transactions occurring in the intermediate holding companies.

The financial effect of the underlying portfolio companies and fee income, operating expenses and carried interest transactions occurring in Investment entity subsidiaries are aggregated into a single value. Other items which were previously eliminated on consolidation are now included separately.

To maintain transparency in our report and aid understanding we introduced separate non-GAAP "Investment basis" Statements of comprehensive income, financial position and cash flow in our 2014 Annual report and accounts. The Investment basis is an APM and the Strategic report is prepared using the Investment basis as we believe it provides a more understandable view of our performance. Total return and net assets are equal under the Investment basis and IFRS; the Investment basis is simply a "look through" of IFRS 10 to present the underlying performance.

Reconciliation of Investment basis and IFRS

A detailed reconciliation from the Investment basis to IFRS basis of the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated cash flow statement is shown on the following pages.



Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated statement of comprehensive income

for the year to 31 March

	Notes	Investment basis 2024 £m	IFRS adjustments 2024 £m	IFRS basis 2024 £m	Investment basis 2023 £m	IFRS adjustments 2023 £m	IFRS basis 2023 £m
Realised (losses)/profits over value on the disposal of investments	1,2	**(4)**	**5**	**1**	169	(105)	64
Unrealised profits on the revaluation of investments	1,2	**3,926**	**(1,184)**	**2,742**	3,769	(1,872)	1,897
Fair value movements on investment entity subsidiaries	1	**–**	**861**	**861**	–	2,112	2,112
Portfolio income							
Dividends	1,2	**499**	**(136)**	**363**	416	(187)	229
Interest income from investment portfolio	1,2	**91**	**(62)**	**29**	91	(62)	29
Fees receivable	1,2	**1**	**2**	**3**	7	3	10
Foreign exchange on investments	1,3	**(461)**	**223**	**(238)**	530	(327)	203
Movement in the fair value of derivatives		**116**	**–**	**116**	122	–	122
Gross investment return		**4,168**	**(291)**	**3,877**	5,104	(438)	4,666
Fees receivable from external funds		**72**	**–**	**72**	70	–	70
Operating expenses	4	**(147)**	**1**	**(146)**	(138)	1	(137)
Interest receivable	1	**13**	**(4)**	**9**	4	–	4
Interest payable		**(61)**	**–**	**(61)**	(54)	–	(54)
Exchange movements	1,3	**29**	**23**	**52**	(29)	23	(6)
Income from investment entity subsidiaries	1	**–**	**21**	**21**	–	30	30
Other income/(expense)		**3**	**–**	**3**	(1)	–	(1)
Operating profit before carried interest		**4,077**	**(250)**	**3,827**	4,956	(384)	4,572
Carried interest							
Carried interest and performance fees receivable	1,4	**62**	**–**	**62**	41	–	41
Carried interest and performance fees payable	1,4	**(305)**	**254**	**(51)**	(418)	380	(38)
Operating profit before tax		**3,834**	**4**	**3,838**	4,579	(4)	4,575
Tax charge	1,4	**(2)**	**–**	**(2)**	(2)	–	(2)
Profit for the year		**3,832**	**4**	**3,836**	4,577	(4)	4,573
Other comprehensive income							
Exchange differences on translation of foreign operations	1,3	**–**	**(4)**	**(4)**	–	4	4
Re-measurements of defined benefit plans		**7**	**–**	**7**	8	–	8
Other comprehensive income for the year		**7**	**(4)**	**3**	8	4	12
Total comprehensive income for the year ("Total return")		**3,839**	**–**	**3,839**	4,585	–	4,585

The IFRS basis is audited and the Investment basis is unaudited.

Notes to the Reconciliation of consolidated statement of comprehensive income above:

1 Applying IFRS 10 to the Consolidated statement of comprehensive income consolidates the line items of a number of previously consolidated subsidiaries into a single line item "Fair value movements on investment entity subsidiaries". In the "Investment basis" accounts we have disaggregated these line items to analyse our total return as if these Investment entity subsidiaries were fully consolidated, consistent with prior years. The adjustments simply reclassify the Consolidated statement of comprehensive income of the Group, and the total return is equal under the Investment basis and the IFRS basis.

2 Realised profits, unrealised profits and portfolio income shown in the IFRS accounts only relate to portfolio companies that are held directly by 3i Group plc and not those portfolio companies held through Investment entity subsidiaries. Realised profits, unrealised profits and portfolio income in relation to portfolio companies held through Investment entity subsidiaries are aggregated into the single "Fair value movement on investment entity subsidiaries" line. This is the most significant reduction of information in our IFRS accounts.

3 Foreign exchange movements have been reclassified under the Investment basis as foreign currency asset and liability movements. Movements within the Investment entity subsidiaries are included within "Fair value movements on investment entities".

4 Other items also aggregated into the "Fair value movements on investment entity subsidiaries" line include fees receivable from external funds, audit fees, administration expenses, carried interest and tax.

Notes to the Reconciliation of consolidated statement of financial position on page 77:

1 Applying IFRS 10 to the Consolidated statement of financial position aggregates the line items into the single line item "Investments in investment entity subsidiaries". In the Investment basis we have disaggregated these items to analyse our net assets as if the Investment entity subsidiaries were consolidated. The adjustment reclassifies items in the Consolidated statement of financial position. There is no change to the net assets, although for reasons explained below, gross assets and gross liabilities are different. The disclosure relating to portfolio companies is significantly reduced by the aggregation, as the fair value of all investments held by Investment entity subsidiaries is aggregated into the "Investments in investment entity subsidiaries" line. We have disaggregated this fair value and disclosed the underlying portfolio holding in the relevant line item, ie, quoted investments or unquoted investments. Other items which may be aggregated include carried interest, other assets and other payables, and the Investment basis presentation again disaggregates these items.

2 Intercompany balances between Investment entity subsidiaries and trading subsidiaries also impact the transparency of our results under the IFRS basis. If an Investment entity subsidiary has an intercompany balance with a consolidated trading subsidiary of the Group, then the asset or liability of the Investment entity subsidiary will be aggregated into its fair value, while the asset or liability of the consolidated trading subsidiary will be disclosed as an asset or liability in the Consolidated statement of financial position for the Group.

3 Investment basis financial statements are prepared for performance measurement and therefore reserves are not analysed separately under this basis.

Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated statement of financial position
as at 31 March

	Notes	Investment basis 2024 £m	IFRS adjustments 2024 £m	IFRS basis 2024 £m	Investment basis 2023 £m	IFRS adjustments 2023 £m	IFRS basis 2023 £m
Assets							
Non-current assets							
Investments							
Quoted investments	1	**946**	**(67)**	**879**	962	(121)	841
Unquoted investments	1	**20,690**	**(6,497)**	**14,193**	17,426	(8,749)	8,677
Investments in investment entity subsidiaries	1,2	**–**	**5,804**	**5,804**	–	7,844	7,844
Investment portfolio		**21,636**	**(760)**	**20,876**	18,388	(1,026)	17,362
Carried interest and performance fees receivable	1	**2**	**1**	**3**	3	–	3
Other non-current assets	1	**36**	**(8)**	**28**	33	(3)	30
Intangible assets		**4**	**–**	**4**	5	–	5
Retirement benefit surplus		**61**	**–**	**61**	53	–	53
Property, plant and equipment		**4**	**–**	**4**	3	–	3
Right of use asset		**49**	**–**	**49**	9	–	9
Derivative financial instruments		**83**	**–**	**83**	73	–	73
Total non-current assets		**21,875**	**(767)**	**21,108**	18,567	(1,029)	17,538
Current assets							
Carried interest and performance fees receivable	1	**45**	**–**	**45**	40	–	40
Other current assets	1	**53**	**(6)**	**47**	41	(11)	30
Current income taxes		**1**	**–**	**1**	1	–	1
Derivative financial instruments		**82**	**–**	**82**	48	–	48
Cash and cash equivalents	1	**396**	**(38)**	**358**	412	(250)	162
Total current assets		**577**	**(44)**	**533**	542	(261)	281
Total assets		**22,452**	**(811)**	**21,641**	19,109	(1,290)	17,819
Liabilities							
Non-current liabilities							
Trade and other payables	1	**(50)**	**45**	**(5)**	(11)	7	(4)
Carried interest and performance fees payable	1	**(280)**	**250**	**(30)**	(1,049)	1,006	(43)
Loans and borrowings		**(1,202)**	**–**	**(1,202)**	(775)	–	(775)
Derivative financial instruments		**–**	**–**	**–**	(3)	–	(3)
Retirement benefit deficit		**(21)**	**–**	**(21)**	(20)	–	(20)
Lease liability		**(45)**	**–**	**(45)**	(5)	–	(5)
Deferred income taxes		**(1)**	**–**	**(1)**	(1)	–	(1)
Provisions		**(2)**	**–**	**(2)**	(4)	–	(4)
Total non-current liabilities		**(1,601)**	**295**	**(1,306)**	(1,868)	1,013	(855)
Current liabilities							
Trade and other payables	1	**(136)**	**2**	**(134)**	(85)	9	(76)
Carried interest and performance fees payable	1	**(538)**	**514**	**(24)**	(302)	268	(34)
Derivative financial instruments		**–**	**–**	**–**	(1)	–	(1)
Lease liability		**(4)**	**–**	**(4)**	(5)	–	(5)
Current income taxes		**(3)**	**–**	**(3)**	(4)	–	(4)
Total current liabilities		**(681)**	**516**	**(165)**	(397)	277	(120)
Total liabilities		**(2,282)**	**811**	**(1,471)**	(2,265)	1,290	(975)
Net assets		**20,170**	**–**	**20,170**	16,844	–	16,844
Equity							
Issued capital		**719**	**–**	**719**	719	–	719
Share premium		**791**	**–**	**791**	790	–	790
Other reserves	3	**18,752**	**–**	**18,752**	15,443	–	15,443
Own shares		**(92)**	**–**	**(92)**	(108)	–	(108)
Total equity		**20,170**	**–**	**20,170**	16,844	–	16,844

The IFRS basis is audited and the Investment basis is unaudited.
Notes: see page 76.

Reconciliation of Investment basis and IFRS continued

Reconciliation of consolidated cash flow statement

for the year to 31 March

	Notes	Investment basis 2024 £m	IFRS adjustments 2024 £m	IFRS basis 2024 £m	Investment basis 2023 £m	IFRS adjustments 2023 £m	IFRS basis 2023 £m
Cash flow from operating activities							
Purchase of investments	1	**(603)**	**97**	**(506)**	(330)	284	(46)
Proceeds from investments	1	**883**	**(340)**	**543**	885	(658)	227
Amounts paid to investment entity subsidiaries	1	**–**	**(674)**	**(674)**	–	(535)	(535)
Amounts received from investment entity subsidiaries	1	**–**	**580**	**580**	–	841	841
Net cash flow from derivatives		**69**	**–**	**69**	23	–	23
Portfolio interest received	1	**8**	**(3)**	**5**	19	(7)	12
Portfolio dividends received	1	**500**	**(134)**	**366**	406	(183)	223
Portfolio fees received	1	**12**	**–**	**12**	5	–	5
Fees received from external funds		**74**	**–**	**74**	67	–	67
Carried interest and performance fees received	1	**58**	**–**	**58**	58	–	58
Carried interest and performance fees paid	1	**(778)**	**725**	**(53)**	(51)	22	(29)
Operating expenses paid	1	**(121)**	**–**	**(121)**	(128)	–	(128)
Co-investment loans received	1	**42**	**(37)**	**5**	3	2	5
Tax paid	1	**(3)**	**–**	**(3)**	–	–	–
Other cash income	1	**3**	**(1)**	**2**	–	–	–
Interest received	1	**13**	**(4)**	**9**	4	–	4
Net cash flow from operating activities		**157**	**209**	**366**	961	(234)	727
Cash flow from financing activities							
Issue of shares		**1**	**–**	**1**	1	–	1
Purchase of own shares		**–**	**–**	**–**	(30)	–	(30)
Dividends paid		**(541)**	**–**	**(541)**	(485)	–	(485)
Repayment of long-term borrowing		**–**	**–**	**–**	(200)	–	(200)
Proceeds from long-term borrowing		**422**	**–**	**422**	–	–	–
Lease payments		**(6)**	**–**	**(6)**	(5)	–	(5)
Interest paid		**(40)**	**–**	**(40)**	(54)	–	(54)
Net cash flow from financing activities		**(164)**	**–**	**(164)**	(773)	–	(773)
Cash flow from investing activities							
Purchase of property, plant and equipment		**(3)**	**–**	**(3)**	(1)	–	(1)
Net cash flow from investing activities		**(3)**	**–**	**(3)**	(1)	–	(1)
Change in cash and cash equivalents	2	**(10)**	**209**	**199**	187	(234)	(47)
Cash and cash equivalents at the start of year	2	**412**	**(250)**	**162**	229	(17)	212
Effect of exchange rate fluctuations	1	**(6)**	**3**	**(3)**	(4)	1	(3)
Cash and cash equivalents at the end of year	2	**396**	**(38)**	**358**	412	(250)	162

The IFRS basis is audited and the Investment basis is unaudited.

Notes to the Reconciliation of consolidated cash flow statement above:

1 The Consolidated cash flow statement is impacted by the application of IFRS 10 as cash flows to and from Investment entity subsidiaries are disclosed, rather than the cash flows to and from the underlying portfolio. Therefore in our Investment basis financial statements, we have disclosed our cash flow statement on a "look through" basis, in order to reflect the underlying sources and uses of cash flows and disclose the underlying investment activity.

2 There is a difference between the change in cash and cash equivalents of the Investment basis financial statements and the IFRS financial statements because there are cash balances held in Investment entity subsidiaries. Cash held within Investment entity subsidiaries will not be shown in the IFRS statements but will be seen in the Investment basis statements.

Alternative Performance Measures ("APMs")

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. Our Investment basis is itself an APM. The explanation of and rationale for the Investment basis and its reconciliation to IFRS is provided on page 75. The table below defines our additional APMs.

Gross investment return as a percentage of opening portfolio value

Purpose

A measure of the performance of our proprietary investment portfolio.

Calculation

It is calculated as the gross investment return, as shown in the Investment basis Consolidated statement of comprehensive income, as a % of the opening portfolio value.

Reconciliation to IFRS

The equivalent balances under IFRS and the reconciliation to the Investment basis are shown in the Reconciliation of the consolidated statement of comprehensive income and the Reconciliation of the consolidated statement of financial position respectively.

Page 18
KPIs

Cash realisations

Purpose

Cash proceeds from our investments support our returns to shareholders, as well as our ability to invest in new opportunities.

Calculation

The cash received from the disposal of investments in the year as shown in the Investment basis Consolidated cash flow statement.

Reconciliation to IFRS

The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated cash flow statement.

Page 18
KPIs

Cash investment[1]

Purpose

Identifying new opportunities in which to invest proprietary capital is the primary driver of the Group's ability to deliver attractive returns.

Calculation

The cash paid to acquire investments in the year as shown on the Investment basis Consolidated cash flow statement.

Reconciliation to IFRS

The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated cash flow statement.

Page 18
KPIs

Operating cash profit

Purpose

By covering the cash cost of running the business with cash income, we reduce the potential dilution of capital returns.

Calculation

The cash income from the portfolio (interest, dividends and fees) together with fees received from external funds less cash operating expenses and leases payments as shown on the Investment basis Consolidated cash flow statement. The calculation is shown in Table 11 of the Financial review.

Reconciliation to IFRS

The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated cash flow statement.

Page 18
KPIs

Net (debt)/cash

Purpose

A measure of the available cash to invest in the business and an indicator of the financial risk in the Group's balance sheet.

Calculation

Cash and cash equivalents plus deposits less loans and borrowings as shown on the Investment basis Consolidated statement of financial position.

Reconciliation to IFRS

The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated statement of financial position.

Gearing

Purpose

A measure of the financial risk in the Group's balance sheet.

Calculation

Net debt (as defined above) as a % of the Group's net assets under the Investment basis. It cannot be less than zero.

Reconciliation to IFRS

The equivalent balance under IFRS and the reconciliation to the Investment basis is shown in the Reconciliation of the consolidated statement of financial position.

1 Cash investment of £593 million is different to cash investment per the cash flow of £603 million due to a £10 million investment in Private Equity which was recognised in FY2023 and paid in FY2024.

Risk management

Effective risk management underpins the successful delivery of our strategy and longer-term sustainability of the business. Our values and culture are integral to our approach to risk management.

Understanding our risk appetite

As both an investor and asset manager, 3i is in the business of taking risks in order to seek to achieve its targeted returns for shareholders and other investors.

The Board approves the strategic objectives that determine the level and types of risk that 3i is prepared to accept. The Board reviews 3i's strategic objectives and associated risk appetite at least annually. The Group's risk management framework is designed to support the delivery of the Group's strategic objectives and the longer-term sustainability of the business and its investment portfolio, within the agreed risk appetite parameters.

3i's Risk appetite statement, which is consistent with previous years, is built on rigorous and comprehensive investment procedures and conservative capital management. Please refer to page 81 for further details.

Values and culture

Strong values and institutional culture are integral to our approach to risk management and are embedded in 3i's approach to risk governance, described in the next section, led by the Board and the Chief Executive. To underpin this, 3i has in place a comprehensive compliance manual, code of conduct and policy framework, supported by a systematic programme of refresher training and independent monitoring.

Members of the Executive Committee are responsible for ensuring individual behaviours meet the Group's high standards of conduct across their respective business or functional areas. All employees share the responsibility for upholding 3i's strong control culture and supporting effective risk management. Senior managers, typically those who report to Executive Committee members, are required to confirm their individual and business area compliance annually. In addition, all staff are required to comply with regulatory conduct rules, complete an annual verification questionnaire, and are assessed on how they demonstrate 3i's values as part of their annual appraisal. 3i's global policies and procedures are reinforced through an annual e-learning programme covering topics such as financial crime, anti-bribery and money laundering, market abuse and regulatory conduct rules.

Finally, the Remuneration Committee is responsible for ensuring the Group's remuneration policy is aligned with the Group's culture and values, weighted towards variable compensation dependent on performance, and does not encourage inappropriate or excessive risk taking. More specifically, our investment teams, who are responsible for investment origination and asset management, have reward structures specifically designed to ensure alignment with the Group's investment objectives and risk management appetite.

Approach to risk governance

The Board is responsible for risk assessment, the risk management process and the protection of the Group's reputation, brand integrity and longer-term sustainability. It considers the most significant current and emerging risks facing the Group using a range of quantitative data and analyses where possible. These include: vintage controls which consider the portfolio concentration by geography and sector; periodic reporting of financial and non-financial KPIs from the portfolio, including leverage levels and ESG indicators; and liquidity reporting. Longer-term and new and emerging risks are evaluated as part of the strategic review process and development of the Group's investment strategy.

Board oversight is exercised through the Audit and Compliance Committee which focuses on: upholding standards of integrity; financial and non-financial reporting; risk management; going concern and resilience; and internal control. This includes monitoring and reviewing the effectiveness of the risk management and internal control systems. The Audit and Compliance Committee's activities are discussed further in its report on pages 122 to 127.

The Investment Committee oversees the investment pipeline development and approves new investments, significant portfolio changes and divestments. It is integral to ensuring a consistent approach to managing the Group's most material risks. This includes alignment with 3i's financial and strategic objectives and risk appetite, and ensuring that the long-term sustainability of portfolio companies is taken into consideration.

The Board has delegated the responsibility for risk oversight to the Chief Executive. He is assisted by the Group Risk Committee ("GRC") in managing this responsibility, and is guided by the Board's appetite for risk and any specific limits set. The GRC maintains the Group risk review, which summarises the Group's principal risks, associated mitigating actions and key risk indicators, and identifies any changes to the Group's risk profile. The review also incorporates a watch list of new and emerging risks for monitoring and risk mitigation purposes. The risk review takes place four times a year, with the last review in April 2024, and the Chief Executive provides updates after each meeting to the Audit and Compliance Committee.

Please refer to pages 82 to 84 for further details on the Group's risk governance framework.

Risk appetite

Our risk appetite is defined by our strategic objectives. We invest capital in businesses to deliver capital returns, and portfolio and fund management cash income to cover our costs and increase returns to our investors. As proprietary capital investors we have a long-term, responsible approach.

Investment risk

The substantial majority of the Group's capital is invested in Private Equity. Before the Group commits to a Private Equity investment, we assess the opportunity using the following criteria:

- return objective: individually assessed and subject to a minimum target of a 2x money multiple over four to six years;
- geographic focus: headquartered in our core markets of Europe and North America;
- sector expertise: focus on Consumer, Healthcare, Industrial Technology, Services and Software;
- responsible investment: all investments are screened against the criteria and exclusions set out in our Responsible Investment policy; and
- vintage: invest up to £750 million per annum in four to seven new investments in companies with an enterprise value range of €100 million to €500 million at investment.

Investments made by 3iN need to be consistent with 3iN's overall return target of 8% to 10% over the medium term and generate a mix of capital and income returns. Other Infrastructure investments made by the Group should be capable of delivering capital growth and fund management fees which together generate mid-teen returns. All Infrastructure investments are also made subject to the criteria set out in the Group's Responsible Investment policy.

On occasion, the Group may conclude that it is in the interest of shareholders, and consistent with our strategic objectives, to hold a Private Equity investment for a longer period.

Capital management

3i adopts a conservative approach to managing its capital resources as follows:

- the Group aims to operate within a range of £500 million net cash to £1 billion net debt, with tolerance to operate outside of this range on a short-term basis and up to a gearing level of 15% dependent on investment and realisation flows. The Group may raise debt, or use other financing from time to time, to manage investment and realisation flows. The Group has no appetite for structural gearing; the achievement of its returns objectives is not reliant on gearing;
- the Group manages liquidity conservatively; maintaining a RCF to provide additional committed liquidity and financial flexibility, and monitoring using a framework that assesses forecast cash flows and a broader range of factors;
- the Group accepts a degree of currency exposure risk with respect to its investment portfolio, but aims to partially reduce the impact of currency movements on its net asset value through a combination of matching currency realisations with investments and the use of its euro and US dollar foreign exchange hedging programmes, taking into account the associated costs and liquidity risks. These portfolio hedging programmes have a total size of €2.0 billion and $1.2 billion respectively;
- in addition, the Group may hedge specific assets or exposures where appropriate; for example, in relation to currency exposures on longer-term investments, such as Scandlines (€600 million hedging programme); and
- we have limited appetite for the dilution of capital returns as a result of operating and interest expenses. All our business lines generate cash income to mitigate this risk.

Role of the Investment Committee

Our Investment Committee is fundamental to the management of investment risk. It is involved in and approves every material step of the investment, portfolio management and realisation process.

3i's approach to portfolio construction is built on originating opportunities thematically and investing selectively in businesses that benefit from long-term structural sustainable growth. Integral to this thematic approach is the identification of new and emerging risks and opportunities, in areas such as: consumer preferences; the environment and sustainability; technological change; and demographic and social trends.

New investment opportunities are considered at the outset of the investment process. Investment proposals cover the expected benefit of operational improvements, growth initiatives, ESG initiatives, and M&A activity, that will be driven by a combination of our investment professionals and the portfolio company's management team. They will also include a view on the likely exit strategy and timing. All proposed investments are screened against 3i's Responsible Investment policy.

In evaluating new and existing investments, the Investment Committee considers potential reputational risks and broader ESG developments and trends. The latter includes the risks and opportunities in relation to the environmental and social aspects of each company's products and services, the markets in which they operate, and the supply chain. Investment cases may include consideration of the feasibility and cost of initiatives to reduce the company's environmental footprint, where material.

After investing, 3i works with portfolio companies' management to manage risks and invest in initiatives that support sustainable long-term growth, whilst closely monitoring each investment case:

- our monthly portfolio monitoring reviews assess current performance against budget, prior year and a set of traffic light indicators and bespoke, forward-looking financial and non-financial KPIs;
- we hold semi-annual in-depth reviews of our portfolio companies. These focus on the longer-term performance and plan for the investment compared to the original investment case, together with any strategic developments, a detailed assessment of ESG risks and opportunities, and market outlook; and
- where necessary, additional reviews may take place for assets where there are more significant operational challenges. As part of this process, leverage, banking covenants and counterparty risks are closely monitored across the portfolio.

Our monitoring processes consider instances where individual portfolio company underperformance could have adverse reputational consequences for the Group, even though the value impact may not be material.

The monthly portfolio monitoring reviews and the semi-annual reviews are attended by the Investment Committee and the senior members of the investment teams. A number of non-executive Directors attend the semi-annual reviews.

Finally, we recognise the need to plan and execute a successful exit at the optimum time, taking consideration of market conditions. This exit risk is closely linked to the external economic environment. Exit plans are refreshed where appropriate in the semi-annual portfolio reviews and the divestment process is clearly defined and overseen by the Investment Committee.

We regularly review our internal processes and investment decisions in light of actual outcomes. This includes periodic back-testing of the more recent Private Equity investments by comparing their performance and forecast returns on exit against the original investment case presented at the time of the investment.

Role of the Group Risk Committee

The quarterly Group risk review process includes an analysis of key developments since its last review; new and emerging risks; and the key strategic and financial metrics (such as KPIs) considered to be indicators of potential changes in the Group's risk profile. The GRC uses this information to determine and review its principal risks and the implications of any new and emerging risks.

It then evaluates the impact and likelihood of each principal risk in the context of the Group's strategic objectives, risk appetite and with reference to associated measures and KPIs. The adequacy of the mitigation plans is then assessed and, if necessary, additional actions are agreed and reviewed at the subsequent meeting. A report summarising the key conclusions of each GRC meeting together with a copy of the risk review report is provided to the Audit and Compliance Committee, which provides independent oversight of the work of the GRC, as described on pages 122 to 127.

A number of focus topics are also agreed in advance of each meeting. In FY2024, the GRC covered the following:

- a review of the Group's IT framework including cyber security, systems developments, the use of Artificial Intelligence tools, and IT resilience;
- an update on the Group's business continuity and resilience planning and testing, including oversight of third-party suppliers;
- a review of the Group's stress tests to support its Going concern, Viability and Resilience statements;
- semi-annual updates from the investment business lines on ESG issues and themes with respect to the Group's portfolio companies, including progress with carbon reporting;
- semi-annual updates from 3i's ESG Committee, including progress with TCFD-aligned reporting; and
- the proposed risk disclosures in the FY2024 Annual report and accounts.

There were no significant changes to the GRC's overall approach to risk governance or its operation in FY2024. This approach is benchmarked from time to time against a peer group of private equity investment trusts, European investment companies, traditional asset managers and a selection of US alternative asset managers to ensure it remains fit for purpose.

The GRC also receives an update on the Group's risk log which is used to record operational risk incidents and "near misses". The Board and Executive Committee have a very limited tolerance for operational risk events and errors. Accordingly, a relatively low reporting threshold is applied. This involves both a qualitative and quantitative impact assessment; any financial losses or exposures greater than £20,000 must be reported.

The risk log is also used to record incidents at portfolio companies which could impact 3i's reputation as an investor or where 3i may have regulatory reporting obligations. Examples include fraud, cyber security, data protection, health and safety, and litigation. The responsible 3i investment team is required to set out the risk mitigation steps being undertaken and provide updates on progress.

Role of the ESG Committee

The Group's ESG Committee provides input and advice on developing the Group's ESG strategy; the assessment and management of relevant ESG risk and opportunities; ESG related regulatory and reporting obligations; and coordination of ESG-related activities and initiatives.

The GRC receives semi-annual updates on the work of the Committee as part of its risk review process. Refer to the Sustainability section on pages 39 to 68 for further details.

Related risk management activities

3i's risk management framework is augmented by a separate Risk Management function ("function") which has specific responsibilities under the FCA's Investment Funds sourcebook and is functionally and hierarchically separate from the investment teams. It considers the separate risk reports for each Alternative Investment Fund ("AIF") managed by the Group, including areas such as portfolio composition, portfolio valuation, operational updates and team changes, which are then considered by the GRC. The function meets ahead of the GRC meetings to consider the AIF risk reports, and also to discuss any key developments that might impact the principal risks affecting the Group.

In practice, the Group operates a "three lines of defence" framework to support the identification and management of risk. These are:

(1) First line – line management across our business lines and professional services teams.

(2) Second line – teams with specific oversight and control responsibilities – for example, Compliance, HR, Finance and IT – and oversight and challenge by the GRC.

(3) Third line – Internal Audit, which provides independent assurance over the operation of the Group's risk management framework and the internal controls designed to manage and mitigate risk.

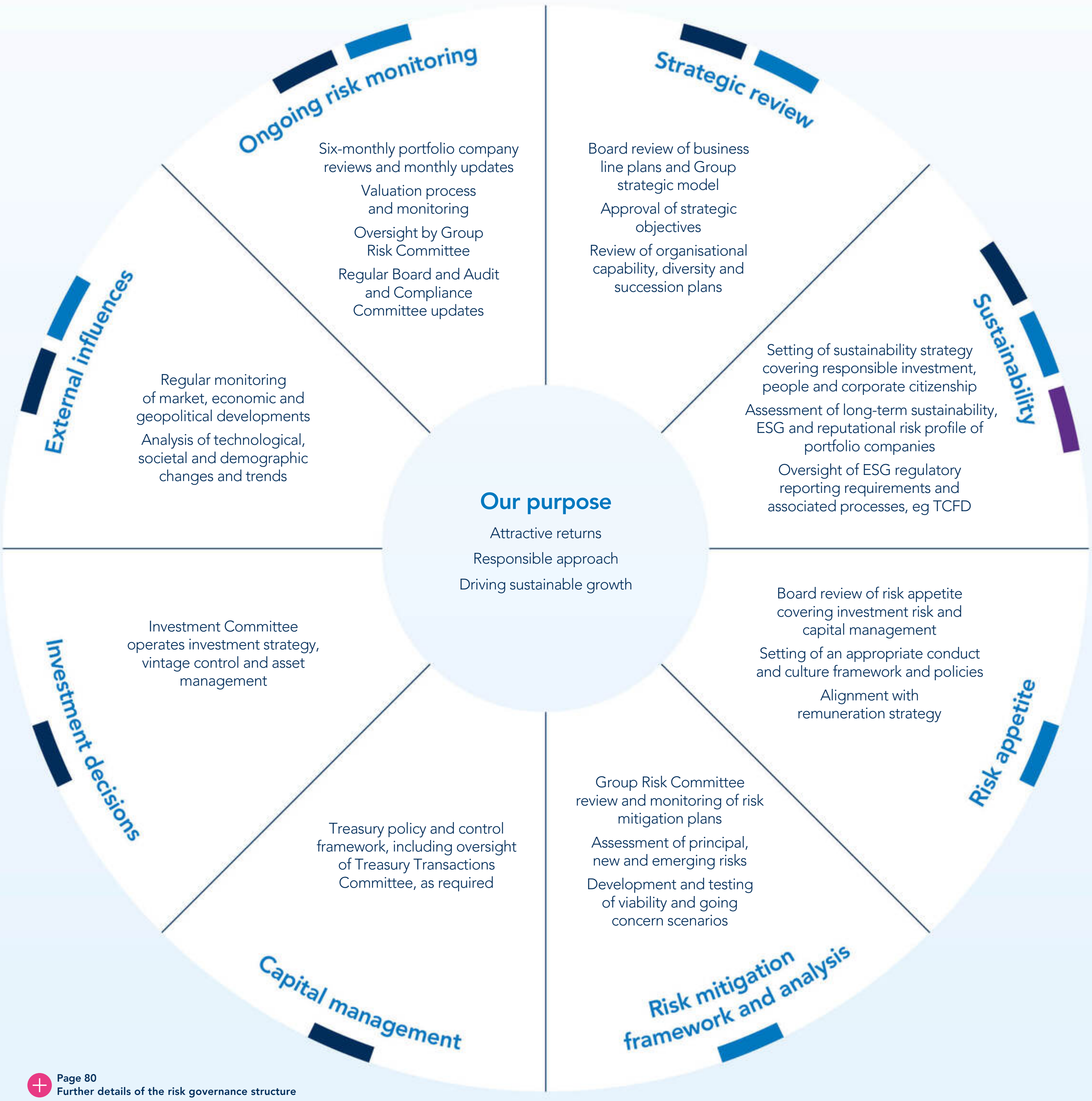
Our responsible investment policy
www.3i.com/sustainability/sustainability-policies

Pages 16-17
Our long-term, responsible approach

Integrated approach to risk management

3i's approach to risk management consists of a number of interrelated processes, illustrated below, the operation of which is overseen by a combination of the Investment Committee, Executive Committee, Group Risk Committee and ESG Committee.

- Responsibility of Investment Committee
- Responsibility of Group Risk Committee
- Responsibility of ESG Committee



Page 80
Further details of the risk governance structure

Principal risks and mitigations – aligning risk to our strategic objectives

Business and risk environment in FY2024

We define our principal risks as those that have the potential to impact materially the delivery of our strategic objectives. During the year, the Directors considered a robust assessment of the principal and new and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Further details can be found in the Audit and Compliance Committee report on pages 122 to 127.

This section provides an overview of the Group's principal risks, new and emerging risks, and the key matters considered during the year as part of the risk assessment process.

The Group's overall principal risk profile, summarised on on pages 89 to 93, has remained relatively stable although the precise nature of the individual risks may have evolved. The main changes agreed by the GRC during the year were:

- for the reasons noted opposite, "Geopolitical risks" have increased; in particular, the potential impact of a wider conflict in the Middle East;
- the likelihood and impact of the risk of "Volatility in capital markets, foreign exchange and commodities" has reduced; however, this could easily change given the current geopolitical backdrop;
- the risk of "Global economic uncertainty" is considered to be lower compared to last year based on recent economic data and forecasts, albeit this could be adversely affected by geopolitical developments and other factors;
- the risk of "Lower investment or realisation rates" increased, reflecting the low levels of deal activity and lack of liquidity in private markets; and
- the risk of "Underperformance of portfolio companies" has been split out to show Action separately from the remainder of the investment portfolio in view of the materiality of the former.

The Group's principal risk mitigation plans, which are subject to regular review by the GRC, have not required any notable changes during the year.

External

External risks are the risks to our business which are usually outside of our direct control such as political, economic, environmental, social, regulatory and competitor risks.

Geopolitical uncertainty has been a focal point of discussion for the GRC over the past year. Of particular concern has been the potential impact of the conflict in the Middle East and the risk of further escalation or widening of the conflict with Russia. These conflicts have the potential, inter alia, to increase market volatility and disrupt supply chains, which could affect the operations of some of 3i's portfolio companies and impact 3i's investment and realisation plans.

The period has been characterised by continued inflation, high interest rates and slow economic growth. More recently, the global economic outlook has improved, with evidence of falling inflation and the expectation that interest rates may have peaked. There are still, however, areas of continued weakness and considerable uncertainties given the current geopolitical backdrop. The number of key elections taking place in 2024 may also result in policy changes, which could add further uncertainty in due course.

The main focus of the GRC has been on understanding how these changes potentially play out across the different geographies and sectors in which 3i's portfolio companies operate, supply chain risks, and the impact on deal activity. Measures and initiatives put in place some time ago have enabled portfolio companies to manage their performance through various economic headwinds. This is reflected in the continued positive momentum in the overall portfolio performance across both business lines; in particular, investments in the areas of value-for-money, private label, healthcare and infrastructure.

The Group's resilience assessment and viability testing covers a range of stress test scenarios including a number of severe yet plausible external events linked back to the Group's principal risks. Further details can be found in the Group's Resilience statement on pages 128 to 130. As part of its overall resilience planning, 3i continues to maintain a conservative approach to managing its capital resources and costs.

ESG considerations are an important component of our strategic and investment objectives and approach to risk management. Further information on work done in relation to ESG reporting and compliance obligations, including TCFD-aligned reporting, and our approach to climate-related risk and opportunities can be found in the Sustainability section on pages 39 to 68.

Principal risks and mitigations – aligning risk to our strategic objectives continued

Investment

The Investment Committee is responsible for managing the Group's investment risks. The focus of the quarterly GRC meetings is on 3i's investment outcomes in the context of the Group's risk appetite, overall risk profile and potential risks to the achievement of its strategic objectives.

The core areas of the Group's investment strategy and focus remain unchanged, although delivery of these continues to be refined in terms of approach, resourcing and processes. The underlying views on key long-term risks and trends remains consistent with last year.

During the year, the GRC discussed the lack of liquidity and low levels of deal activity in private markets and the factors contributing to this, including higher interest rates and unrealistic price expectations on the part of sellers. This has impacted new investment levels; however, a very selective and disciplined approach to investment remains appropriate in the current market.

The risk of "Underperformance of portfolio companies" was split out to show Action separately from the remainder of the investment portfolio in view of the materiality and strong, cash generative characteristics of the former. The GRC concluded that the performance risk assessment for the portfolio excluding Action, has been stable over the period, reflecting a resilient performance by the majority of the portfolio, partly offset by a mixed performance by a minority of companies in more challenged sectors.

Notwithstanding the challenging external environment described previously, portfolio performance continues to benefit from: a combination of the diversity and structure of the portfolio; a disciplined approach to investment and exit planning; and mitigating steps taken to address cost pressures and weaker consumer demand where there is a particular exposure.

Our investment and portfolio monitoring processes continue to evolve in response to new and evolving risks. 3i has recently updated its Responsible Investment policy. ESG due diligence on new investments is shifting from broader screening to a more targeted, in-depth assessment process, together with enhanced standards and a clearer ESG maturity roadmap to support portfolio companies.

The GRC receives updates on the work of the ESG Committee and progress with ESG initiatives across the portfolio. Good progress has been made in advancing the ESG maturity of the portfolio and improving carbon measurement and reporting capabilities. This includes the roll-out of a new ESG data collection tool for the portfolio, which will support improved ESG reporting and monitoring.

Operational

3i's operational risk profile has remained stable over the year.

Attracting and retaining key people remains a principal risk and significant operational priority. Whilst competition in the recruitment market has eased compared to last year, our overall risk assessment is unchanged.

During the year, the Group experienced modest levels of voluntary staff turnover; 6.0% in FY2024. This reflects 3i's strong performance and helps to underpin the longer-term resilience of the business.

Our Remuneration Committee ensures that our variable compensation schemes are in line with market practice and consistent with sound risk management. These schemes include carried interest for investment executives, an important long-term incentive, which rewards cash-to-cash returns.

The effective on-boarding and integration of new hires remains a priority and is an important part of maintaining a cohesive Group culture and good control mindset.

Detailed succession plans are in place for each business area. The Board completed its last formal annual review of the Group's organisational capability and succession plans in September 2023.

The GRC also receives updates on IT security and operational resilience. 3i has continued to operate robust and secure IT systems supported by key third-party service providers. There were no significant IT performance or security issues in the period. 3i continues to review and refresh its IT systems, device strategy, and cyber security framework. 3i engages the services of a leading cyber security services company, including a part-time Chief Information Security Officer, which provides ready access to intelligence and expert advice on new and emerging cyber security threats.

Incident management and business continuity plans are reviewed at least annually. This includes consideration of a broad range of "severe but plausible" business disruption scenarios and incorporates an assessment of third-party supplier risks.

Fraud risk is considered on a regular basis. 3i has a robust fraud risk assessment and anti-fraud programme in place. The latter includes fraud prevention work by Internal Audit, awareness training and provision of an independent reporting service or "hotline" accessible by all staff. The Group's cyber security programme also aims to identify and mitigate the risks of third-party frauds, for example, ransomware and phishing attacks, through the use of IT security tools and regular staff training.

Capital management

3i continues to maintain a conservative approach to managing its capital resources and has operated within the limits set out in its Risk appetite statement on page 81 and in accordance with the Treasury policy approved by the Board. The latter includes a detailed liquidity and currency exposure risk monitoring and reporting framework, incorporating a range of quantitative and qualitative measures and associated risk tolerance levels.

Accordingly, there are currently no principal risks in relation to capital management.

New and emerging risks

The key elements to 3i's approach to identifying and monitoring new and emerging risks include the following:

- a thematic approach to investment origination and portfolio construction, which involves consideration of emerging risks and trends that can support long-term sustainable growth in the portfolio;
- the quarterly review by the GRC of significant developments which could potentially impact the Group's risk profile and the achievement of its strategic objectives;
- maintenance of a watch list of risks which are deemed of sufficient importance to require active monitoring by the GRC, but are not currently regarded as risks to the achievement of the Group's strategic objectives; and
- monitoring of developments by 3i's professional service teams, covering their respective specialist areas such as tax, legal and regulatory compliance, and ESG.

3i's thematic approach to investment origination and portfolio construction is developed based on an analysis of new and emerging risks and trends over a longer time horizon. The current themes (pages 12 and 13) include: value-for-money and discount; energy transition, energy security and resource scarcity; digitalisation, digital transformation and big data; and demographic and social change. This approach enables 3i to adapt its investment strategy in a way which manages longer-term risks whilst taking advantage of the upside opportunities.

The Board carries out an in-depth annual strategic review which includes an update and discussion on current and emerging risks and the Group's risk appetite. The outputs are linked back to the work of the GRC and the Investment Committee, the latter being responsible for the execution of the investment strategy, including the assessment and management of risks over the investment lifecycle. The outputs also form part of our medium-term viability stress testing and long-term business resilience assessment (pages 128 to 130).

New and emerging ESG risks are factored into the development of 3i's investment themes. In addition, changes in legislation and reporting requirements are closely monitored. Investment opportunities are screened at an early stage against 3i's Responsible Investment policy to filter out any which are exposed to excessive risks. Once invested, we monitor ESG risks closely and use our influence to support our portfolio companies across a range of ESG-related areas, including improvements in risk management processes; addressing emerging regulations and legislation; and encouraging the development of more environmentally sustainable behaviours. 3i also has the flexibility to sell investments that become or have the potential to become overly exposed to ESG risks. Further information can be found in the Sustainability section on pages 39 to 68.

The quarterly GRC risk review considers any significant developments which could impact the Group's principal risks and the achievement of its strategic objectives. The areas of risk considered include external developments, investment outcomes, the Groups' capital management and operational risks. External developments typically cover geopolitical developments, the economic outlook and market performance. The focus is on near to medium-term emerging risks and trends. Based on this analysis, the GRC reviews the need to update principal risks and initiate or change the risk mitigation plan. The Group's current principal risks and risk mitigation plan are summarised on pages 85 to 93.

In addition to the review of principal risks, the GRC maintains a watch list of risks which are deemed of sufficient importance to require active monitoring by the GRC but are not currently regarded as risks to the achievement of the Group's strategic objectives. This includes new and emerging risks. The watch list sets out details of how these risks are being mitigated and any further actions agreed by the GRC. Risks on the watch list may be reclassified as principal risks and vice versa based on the GRC's assessment.

During the year, the risk of the "Impact of Artificial Intelligence (AI)" was added to the watch list. The risk mitigation steps taken included the introduction of a specific Group AI policy and the formation of an AI steering group to make recommendations on the selection, assessment and deployment of AI tools and to promote training and awareness.

The other risks on the watch list remain unchanged from last year. These include:

- external environment – increased ESG reporting and compliance obligations; reputational risks in relation to the private equity industry; uncertainty regarding the impact of global and local tax initiatives; UK/EU trading relationship; and the potential re-emergence of a global pandemic;
- investment outcomes – portfolio concentration; and the impact of AI; and
- operations – third-party supplier resilience; and cyber security.

The risk mitigation plans for risks on the watch list are reviewed quarterly by the GRC. The main changes during the year were in relation to AI, as outlined above, and the application of 3i's supplier relationship management toolkit, which was extended to include more suppliers for ongoing assessment and tracking purposes as part of improvements to 3i's business resilience planning.

Outlook

The longer-term economic outlook continues to be affected by a number of factors including price inflation; cost-of-living pressures; higher interest rates; and geopolitical tensions. Whilst there have been some positive economic indicators, our outlook remains cautious in view of the number of potential downside factors which could impact economic growth and market volatility.

3i's business model, its disciplined approach to investment, active portfolio management, and diverse investment portfolio have been resilient to the challenges of the past year. This resilience has also been confirmed in the results of the latest stress tests carried out as part of our viability assessment.

3i continues to work closely with portfolio management teams to support their respective business and contingency plans in response to challenging economic and market conditions. Where appropriate, enhanced portfolio monitoring and reporting processes may be put in place to support portfolio companies through more difficult periods and to identify possible further actions.

Although we did not make any new Private Equity investments in the year, we have continued to grow portfolio value; for example, through our buy-and-build strategy and increased equity stake in Action. For further information, please refer to the Business review section (pages 21 to 33). We have a clear and consistent strategy and a disciplined approach to investment whilst looking to put more capital behind those portfolio companies we already know well. We expect competition for the best assets in our sectors to remain intense and prices high. Accordingly, our focus remains on identifying attractive and sensibly priced new investments, and value accretive bolt-on acquisitions for our portfolio companies.

Principal risks and mitigations – aligning risk to our strategic objectives continued

The disclosures on the following pages are not an exhaustive list of risks and uncertainties faced by the Group, but rather a summary of the principal risks which are regularly reviewed by the GRC and the Board, and have the potential to affect materially the achievement of the Group's strategic objectives and impact its financial performance, reputation and brand integrity.

Movements in risk status and link to strategic objectives

- Risk exposure has increased
- No significant change in risk exposure
- Risk exposure has decreased
- Grow investment portfolio earnings
- Use our strong balance sheet
- Realise investments with good cash-to-cash returns
- Increase shareholder distributions
- Maintain an operating cash profit

External

Principal risk

Global economic uncertainty

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Impacts general market confidence and risk appetite
- Higher risk of market volatility, price shocks or a significant market correction
- Potential for extended period of higher inflation and interest rates
- Limits earnings growth or reduces NAV owing to contraction of earnings in our investments and/or changes in multiples and discount rates used for their valuation
- Increases liquidity or covenant risks across the portfolio or limits ability to refinance our investments
- Leads to reduced M&A volumes in 3i's core markets, economic instability and lower growth, which impacts investment portfolio exit plans and realisation levels

Risk management and mitigation

- Regular portfolio company reviews and Investment Committee focus on investment strategy, exit processes and refinancing strategies
- Monthly portfolio monitoring to identify and address portfolio issues promptly
- Monitoring of valuations and application of the valuations policy by the Valuations Committee
- Regular liquidity and currency monitoring and strategic reviews of the Group's balance sheet
- Regular review of resourcing and key man exposures as part of business line reviews and the portfolio company review process
- Overall shape and resilience of the portfolio

FY2024 outcome

- Strong performance of Action and overall resilient performance from the remainder of the portfolio
- Overall increase in portfolio valuation particularly in value-for-money and private label consumer, healthcare and infrastructure sectors
- Group GIR of 23%
- Low Group gearing of 4% and liquidity of £1,296 million. Undrawn RCF of £900 million

Principal risks and mitigations – aligning risk to our strategic objectives continued

External continued

Principal risk

Impact of higher interest rates on debt markets and pricing of specific assets

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Higher risk of market volatility, price shocks or a significant market correction
- Limits earnings growth or reduces NAV owing to contraction of earnings in our investments and/or changes in multiples and discount rates used for their valuation
- Increases liquidity or covenant risks across the portfolio or limits ability to refinance our investments
- Impacts market confidence and risk appetite more generally

Risk management and mitigation

- Regular portfolio company reviews as well as Investment Committee focus on investment strategy, exit processes and refinancing strategies
- Monthly portfolio monitoring, including financing arrangements, to identify and address issues promptly
- Monitoring of valuations and application of the valuations policy by the Valuations Committee
- Regular liquidity, currency and counterparty risk monitoring and strategic reviews of the Group's balance sheet

FY2024 outcome

- Strong performance of Action and resilient performance overall from the remainder of the portfolio
- Overall increase in portfolio valuation particularly in value-for-money and private label consumer, healthcare and infrastructure sectors
- Group GIR of 23%
- Low Group gearing of 4% and liquidity of £1,296 million. Undrawn RCF of £900 million
- Average leverage across the Private Equity portfolio was 2.7x (31 March 2023: 2.5x)
- Over 70% of our Private Equity term debt is hedged at a weighted average tenor of more than three years. The average all-in debt cost on the total hedged term debt is less than 6.5%

Principal risk

Volatility in capital markets, foreign exchange and commodities

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- May impact portfolio company valuations and realisation processes
- Increases risks with exit plans and bank financing
- Potential for large equity market fall to impact asset valuations
- Unhedged foreign exchange rate movements impact total return and NAV

Risk management and mitigation

- Portfolio company reviews focus on investment strategy, exit plans and refinancing strategies
- Long-term approach to setting valuation multiples
- Active management of exit strategies by Investment Committee to enable us to adapt to market conditions
- Regular liquidity and currency monitoring, and strategic reviews of the Group's balance sheet
- Foreign exchange hedging programmes and management of investment and realisation currency flows

FY2024 outcome

- Continuation of euro and US dollar medium-term foreign exchange hedging programme
- Foreign exchange exposures at the portfolio company level monitored and hedged where appropriate
- Strong portfolio performance, demonstrating resilience, leading to an increase in portfolio value in the year
- At 31 March 2024, 75% of the investment portfolio was denominated in euros or US dollars. Sterling strengthened by 3% against the euro and 2% against the US dollar and as a result, we generated a total foreign exchange translation loss of £316 million (2023: £623 million gain) net of derivatives in the year

Principal risks and mitigations – aligning risk to our strategic objectives continued

External continued

Principal risk

Transaction execution challenges in current market

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Reduced investment rates in Private Equity and Infrastructure as a result of higher pricing or market uncertainties
- Risk of wider outcomes on core investment case assumptions, impacting returns
- Market uncertainty may result in some attractive investment opportunities
- Reduced level of realisations and refinancing

Risk management and mitigation

- Strong central oversight and disciplined approach to investment pipeline and pricing
- Active management of investments and exit strategies by Investment Committee
- 3i's local teams and networks facilitate the origination of off-market transactions

FY2024 outcome

- Increased investment in Action and Royal Sanders and completed seven bolt-on acquisitions, with one requiring 3i proprietary capital investment
- Realised proceeds of £888 million including £762 million proceeds received from Action's capital restructuring
- In April 2024, we agreed the sale of nexeye, generating expected exit proceeds of c.€452 million

Principal risk

Geopolitical risks

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Indirect operational impact, eg third-party suppliers or supply chain disruption
- Impact of higher energy and commodity prices, price shocks and supply chain issues
- Increased transportation times and costs
- Increased number and complexity of sanctions
- Direct or indirect reputational risks, eg exposures to Russia
- Impact on NAV through contraction of Private Equity portfolio earnings or changes in valuation multiples
- Reduced realisation potential, impacting shareholder returns

Risk management and mitigation

- Detailed scenario and contingency planning at the portfolio company level
- Steps taken by portfolio companies to manage through an extended period of disruption
- Regular assessment of portfolio company operations and performance
- Sanctions policy and monitoring
- Long-term approach to valuation multiples

FY2024 outcome

- Contingency plans in place to address key risks and subject to review as part of the portfolio company review process
- Continued monitoring of headwinds faced from international conflict
- Supply side constraints and price inflation continue to be closely managed and monitored across the portfolio

Investment

Principal risk

Lower investment or realisation rates

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- May impact longer-term returns and capital management and therefore ability to deliver strategic plan
- May impact progress with specific strategic initiatives
- May reduce staff morale and confidence
- Cost base may not be sustainable
- May impact Group's reputation as an investor of proprietary capital and as a manager of 3iN and other funds
- Increases the importance of the role of bolt-on acquisition opportunities

Risk management and mitigation

- Regular monitoring of investment and divestment pipeline
- Early involvement of Investment Committee as new investment ideas are identified
- Disciplined approach to sourcing investment opportunities and pricing
- Regular review of asset allocation
- Focus on bolt-on acquisition opportunities, which can be more attractively priced and offer synergy benefits

FY2024 outcome

- Increased investment in Action and Royal Sanders and completed seven bolt-on acquisitions in Private Equity, with one requiring 3i proprietary capital investment
- Investment Committee maintained a cautious stance, declining a number of investment proposals where price and risk and reward failed to meet Group requirements
- In early May 2024, we agreed to invest c.€116 million in a new investment for our Private Equity portfolio, Constellation

Principal risks and mitigations – aligning risk to our strategic objectives continued

Investment continued

Principal risk

Underperformance of portfolio companies (ex-Action)

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Reduction in NAV and realisation potential impacting shareholder returns
- Impacts reputation as an investor of proprietary capital and as a manager of 3iN and other funds
- May set back specific strategic initiatives
- May impact long-term returns

Risk management and mitigation

- Rigorous initial assessment of new investment opportunities to maintain quality of our investment pipeline
- Monthly portfolio monitoring of all investments to review operating performance, identify weaknesses and opportunities early and act as appropriate
- Active management of portfolio company Chair, CEO and CFO appointments
- Sharing of any incidents of portfolio fraud and cyber breaches across investment teams to ensure monitoring is up to date

FY2024 outcome

- Liquidity support provided to three portfolio companies in the year
- Close monitoring and adaptation of portfolio company exit plans
- 93% of our portfolio companies valued on an earnings basis grew their earnings over the last 12 months to 31 December 2023

Principal risk

Underperformance of Action

This risk was previously considered as part of the risk of "Underperformance of portfolio companies" but has been separated out as a standalone principal risk on materiality grounds

Link to strategic objectives

Potential impact

- Reduction in NAV and realisation potential impacting shareholder returns
- Impact on 3i's reputation as an investor of proprietary capital
- Materiality of the investment increases the potential impact and profile of underperformance
- May set back specific strategic initiatives

Risk management and mitigation

- Regular monthly monitoring to review operating performance, identify weaknesses and opportunities early and take action as appropriate
- Additional asset monitoring and reporting, including 3i Chief Executive in the role of chair of the Action board
- Sharing of any operational incidents such as fraud and cyber breaches to ensure appropriate remedial actions and monitoring

FY2024 outcome

- Close monitoring of Action, including frequent performance updates to the 3i Board
- Action is currently valued on a run-rate EBITDA, with growth of 28% during the year
- Action added 303 new stores during 2023

Principal risks and mitigations – aligning risk to our strategic objectives continued

Investment continued

Principal risk

Portfolio ESG and sustainability risk profile/performance

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Poor or insufficient management of ESG risks or adverse developments impact 3i's reputation as an investor
- Potential impact on NAV, realisation potential and shareholder returns and on new Infrastructure fundraising initiatives
- May affect 3i's ability to meet external reporting obligations or published targets

Risk management and mitigation

- Investment Committee, GRC and ESG Committee involvement with Board oversight
- Responsible Investment policy
- Structured approach to identify and manage ESG and sustainability risks and "themes" and to collect relevant data as part of the semi-annual portfolio company review process
- Early engagement with 3i Communications team in the event of any incidents
- Limited exposure to remote/more challenging geographies and higher risk sectors
- Close monitoring of trends and developments in external reporting
- Dedicated 3i ESG resources and provision of training where required

FY2024 outcome

- Further refinements in the monitoring of ESG risks
- Implementation of a new ESG data collection tool for portfolio companies
- Approval of science-based targets for 3i in March 2024
- Collected Scope 1 and 2 data from over 97% of our Private Equity portfolio companies and over 95% of our economic infrastructure investments[1]

1 Excludes some legacy minority and other minority investments where we have limited influence.

Operational

Principal risk

Ability to recruit, develop and retain key people

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Impairs ability to deliver key performance objectives
- Potential to delay execution of strategic plan with possible impact on shareholder returns

Risk management and mitigation

- Specific focus by Remuneration Committee which approves all material incentive arrangements to ensure they reflect market practice
- Annual Board review of succession planning
- Regular review of resourcing and key man exposures as part of business line reviews and the portfolio company review process
- HR policies and procedures for recruitment and vetting, and ongoing performance management

FY2024 outcome

- Organisational capability and succession plan reviewed by the Board in September 2023
- Successful talent recruitment and continuous training and development programmes throughout the year. 23 new hires in FY2024
- Limited staff voluntary turnover of 6.0%
- Good progress with recruitment and integration of new hires

Directors' duties under Section 172

Section 172 statement

The Directors believe that during the year they have, individually and together, acted in way that they consider, in good faith, was most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard to the factors set out below ("section 172 factors")

Our business model is set out on pages 14 and 15 and the Board's strategic objectives and key performance indicators are set out on pages 18 and 19.

When making decisions, the Board takes into consideration the Company's purpose and strategic objectives, as well as the potential long-term impact of those decisions on its various stakeholder groups, including those listed in section 172 of the Companies Act 2006 ("section 172"). A summary of the principal section 172 factors is set out below.

Section 172 factors

The likely consequences of any decision in the long term	Our purpose and strategy, including our long-term responsible investment approach, aims to drive sustainable growth in our investment portfolio. Read more in the Strategic report
The interests of the Company's employees	Our employees are critical to the success of the Company. Our approach as a responsible employer is described more fully in the Sustainability section. Read more in the Sustainability report
The need to foster the Company's business relationships with suppliers, customers and others	We engage with all our third-party service providers, suppliers and customers in an open and transparent way to foster strong business relationships to ensure both the success of the Company and its legal and regulatory compliance. Read more in the Governance report
The impact of the Company's operations on the community and the environment	We embed responsible business practices throughout our organisation by promoting the right values and culture. In addition we partner with charities which relieve poverty, promote education and support elderly and disabled people. Read more in the Sustainability report
The desirability of maintaining a reputation for high standards of business conduct	Our success relies on maintaining a strong reputation and seeking to ensure our values and culture are aligned to our purpose, our strategy and our ways of working. Read more in the Overview and strategy section and the Sustainability report
The need to act fairly towards all members of the Company	The Board engages actively with its shareholders and takes into account their interests when implementing our strategy. Read more in this section and in the Governance report

How stakeholder interests have influenced decision making

The Board takes into account stakeholder interests and other section 172 factors in its key business decisions. Directors are reminded of their section 172 duties at Board meetings.

Throughout the year and when implementing the Company's strategic priorities, the Board has considered the varied interests of the Company's stakeholders and the impact of key decisions on them. The Board recognises that not all decisions will yield positive outcomes for every stakeholder group. Therefore, the Board and the Executive Committee evaluate these conflicts during decision making.

Key decisions made by the Board this year, along with how stakeholder interests and other section 172 factors were considered, are detailed below. Additional information on Board decision making can be found on pages 107 to 109.

Key decisions in the year

FY2023 second dividend and FY2024 first dividend

Background: In May 2023 the Board decided on an increased total dividend for FY2023 and in November 2023 a first dividend for FY2024 (in line with the Company's dividend policy announced in May 2018) of one half of the total dividend for the previous year.

Stakeholder considerations: Amidst a difficult macro-economic environment, the Board carefully considered several factors. These included shareholders' desire for income distributions, the necessity to maintain sufficient liquidity to cover investment activity and operational and other costs, whilst maintaining a robust, low-geared balance sheet. Despite adverse macro-economic conditions, the Company's investment portfolio had performed well overall with excellent performance from Action and resilient performance across the rest of the portfolio, notwithstanding pockets of weakness in companies with significant exposure to discretionary consumer spending, the construction sector and recruitment. Additionally, the Board factored in various external influences, such as inflation, higher interest rates, elevated energy prices, supply chain disruptions, and Russia's continued invasion of Ukraine. These considerations, along with the Company's strong financial performance and positive outlook, informed the decisions regarding the proposed FY2024 second dividend for the current year.

Impact on the success of 3i: Being thoughtful about setting the dividend is particularly important as it potentially impacts a number of the Company's stakeholders. In particular, shareholders can rely on the Company's consistent approach to its dividend policy which is an important aspect of the investment case for 3i's shareholders.

€500 million bond issuance

Background: For over 11 years, the Company has operated a conservative balance sheet strategy with no structural gearing. Over the period, this has significantly de-risked the Group. Alongside the significant growth in the value of the Company's investment portfolio, management has tightly controlled costs resulting in a consistent operating cash profit. These factors have enabled 3i to adjust to the pace of investment and divestment flows with limited external pressure.

The issuance was deemed appropriate because, following the repayment of the £200 million 2023 bond and the significant growth in the Group's NAV, the Company had significant capacity to raise additional debt whilst maintaining our conservative balance sheet strategy and prudent approach to managing liquidity.

Stakeholder considerations: In issuing the bond, the Board took into consideration shareholders' expectations for the Company to maintain a conservative balance sheet strategy. Issuing the bond was within its policy range of £500 million net cash to £1 billion net debt and was within its tolerance for up to 15% gearing. The Board considered a range of factors relating to the key terms of the bond and how these would benefit shareholders. Issuing in euros provided a natural hedge to the euro portfolio and diversified the funding base to a larger European investor base. The timing of execution, proposed tenor and size of the issuance were also considered, with shareholder interests being an important factor. The consistency of approach to our balance sheet strategy also sent a positive message to rating agencies, bond investors and our lenders.

Impact on the success of 3i: Despite volatile financial markets 3i was able to successfully issue the €500 million bond at a coupon of 4.875%. The bond forms part of the wider approach to maintaining a conservative balance sheet and prudent liquidity management, which is fundamental to the Company's proprietary capital model.

As at 31 March 2024, the Group had gross debt of £1,202m and gearing of 4%.

For the purposes of the UK Companies Act 2006, the Strategic report of 3i Group plc comprises pages 1 to 95.

By order of the Board

Simon Borrows
Chief Executive

8 May 2024

Governance

What's in this section

Chair's governance review

David Hutchison
Chair

"Our corporate governance framework remains an anchor for 3i's execution of its strategic objectives.

I am pleased to present our Corporate Governance Report. The purpose of this report is to summarise our corporate governance framework and to explain how we, as a Board, have taken decisions.

Robust and effective corporate governance is fundamental to 3i's operations and to the generation of consistent, long-term value for our shareholders.

As set out in my letter on pages 2 and 3, 3i has responded well to challenging macro-economic circumstances. As a Board, we are confident in 3i's ability to execute its strategic objectives and discussed more fully in the CEO's report on pages 6 to 11.

Board activities and consideration of stakeholders

The Board is conscious of its duty to consider the interests of a broad spectrum of stakeholders and other section 172 factors, particularly in the current challenging macro-economic and geopolitical climate. An overview of the range of matters that the Board discussed and debated at its meetings during the year can be found on pages 108 and 109. How we engaged with our stakeholders is summarised on pages 110 to 113. The Company's section 172 statement is available on page 94.

We work with 3i's management to ensure that the Company possesses the necessary financial and human resources to execute its long-term strategy and promote its long-term success.

Culture and values

Consistent with previous years, the Board recognises the importance and differentiation that culture and strong values bring to the delivery of performance. As a Board and as Directors individually we aim to lead by example, promoting a culture of integrity, rigour and energy, accountability and ambition in line with 3i's values as detailed on page 17, in addition to providing constructive challenge to management.

Board composition

As announced last year, Caroline Banszky retired from the Board at the end of the 2023 AGM. There have been no further changes to the Board composition this year and we continue to maintain an effective succession plan, more details of which are contained in my Nominations Committee report on pages 116 to 121.

Dividend

We have continued with our dividend policy to maintain or grow the dividend year-on-year, subject to the strength of our balance sheet and the outlook for investment and realisations. As a result the Board has recommended a second FY2024 dividend of 34.50 pence per share, taking the total dividend for the year to 61.0 pence per year. Subject to shareholder approval this will be paid in July 2024.

David Hutchison
Chair

8 May 2024

Governance at a glance

Strong corporate governance is essential to create value for our stakeholders and underpins the long-term success of our company.

Highlights
as at 31 March 2024

23%
Total return on equity

Supporting management in a challenging macro-economic climate to enable them to pursue 3i's long-term value creation strategy in the portfolio.

Read more in the Chief Executive's statement and the Financial review

2,085p
NAV per share

An increase of 19% in the NAV in FY2024.

Read more in Key performance indicators

61.0p
Dividend per share

Payment of the first dividend of 26.50 pence per share in January 2024 and recommendation of the second dividend in July 2024 of 34.50 pence per share.

Read more in Financial review

Board focus areas
as at 31 March 2024

Strategy
Read more in Key performance indicators

Financial
Read more in Financial review

Portfolio companies
Read more in Business review

Purpose, culture and values
Read more in Sustainability report

Risk management and internal control
Read more in Risk Management

Governance
Read more in Governance report

A balanced Board
as at 31 March 2024

44% Female representation

11% Ethnically diverse

66% Independent directors

Board priorities for FY2025

Growth
To support the management in delivering the strategic plan

Shareholders
To achieve long-term growth for shareholders

Sustainability
Continue to oversee delivery of the sustainability strategy

Corporate governance statement

The Financial Reporting Council's UK Corporate Governance Code 2018 (the "Code") is the standard against which we measured ourselves in FY2024.

The Board is pleased to confirm that we complied with all of the provisions set out in the Code for the period under review, save for provision 19 of the Code in respect of tenure of the Chair.

Details on how we have applied the principles set out in the Code and how governance operates at 3i have been summarised throughout this Governance section and elsewhere in this Annual report as set out below.

Our Governance framework is set out on page 101. (The Code is available to view on the Financial Reporting Council's website).

Corporate Governance code

Board leadership and Company purpose

	Page(s)
Effective Board	102–109
Purpose, values and culture	1, 16–17, 40–57, 80, 109, 127
Governance framework	101
Stakeholder engagement	110–113
Workforce policies and practices	52–55, 153–154

Audit, risk and internal control

	Page(s)
External Auditor and Internal Auditor	126–127
Fair, balanced and understandable review	125, 155
Internal financial controls and risk management	80–93, 122–130

Division of responsibilities

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External commitments and conflicts of interest	102-103, 153
Board resources	97, 107

Remuneration

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Linking remuneration to purpose and strategy	136–137
Remuneration policy review	137
Independent judgement and discretion	136–149

Composition, succession and evaluation

	Page(s)
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Board skills, experience and knowledge	102-103, 119
Annual Board evaluation	114–115

Explanation on Provision 19 – Chair tenure

The Board and the Nominations Committee have carefully considered the extended tenure of the Chair.

As detailed in our FY2023 Annual report, when appointing David Hutchison as Chair, the Nominations Committee and the Board were fully aware of the Code's provision regarding a Chair's tenure exceeding nine years, and the fact that David had then already served as a non-executive Director for eight years. Despite this, the Nominations Committee and the Board, when considering the Company's long-cycle investment business, recognised that David's extensive knowledge of the Company's business and portfolio assets – gained in part from his seven-year tenure as Chair of the Valuations Committee – and his understanding of the Board's conservative balance sheet and selective investment strategies, made him the most suitable candidate to promote the success of the Company.

The Nominations Committee and the Board recognise the potential risks associated with extended tenure of a chair, including the possibility of compromised objectivity, inadequate management accountability, and insufficient promotion of constructive challenge among Board members. To mitigate these risks further, a number of additional steps were taken as detailed below.

Steps taken to mitigate risks associated with extended tenure

- The Committee and the Board sought to balance this appointment by appointing an experienced senior director as Senior Independent Director. This role, filled by Lesley Knox in October 2021, includes ensuring corporate governance arrangements remain robust and appropriate and leading the annual review of whether David's continued tenure as Chair is in the best interests of the Company.
- It was agreed that the Nominations Committee would undertake an annual review, led by the Senior Independent Director, of the continued appropriateness of David's appointment. This would be in addition to the mitigation provided by the Board and Chair annual performance reviews.

  The first such annual review was held by the Nominations Committee in March 2023 and a second review was conducted in March 2024 (both in the absence of David). Both reviews concluded that David continued to perform effectively as Chair, maintained objective judgement and independence, and promoted constructive challenge among Board members. The Committee also noted that in a business where long-term knowledge of the business and its assets is crucial, David's continued appointment was appropriate. The Committee's overall conclusion was that David's continued appointment as Chair for the coming year was in the best interests of the Company and that the balance and independence of the Board remained appropriate.
- Since 31 March 2023, David has not been a member of the Remuneration Committee.
- The appointment in November 2021 of Peter McKellar, an independent non-executive Director with extensive experience of asset management and asset valuation, as Chair of the Valuations Committee, provided continuity and effective governance of that Committee.

The Nominations Committee will undertake its next review in March 2025.

Recommendation

The Board has carefully considered the Chair's tenure and believes that it is in the best interests of 3i and its stakeholders that David remains as Chair. The Board is therefore recommending to shareholders the re-election of David at the forthcoming AGM on 27 June 2024.

For more information
Page 117

Governance framework

Board

- Approves risk appetite and strategy
- Responsible for ensuring effective risk management and oversight processes exist
- Oversees ESG and sustainability strategy, approach and policies
- Assisted by four Board Committees with responsibility for specific areas
- Delegates management to the Chief Executive
- Assesses investment performance against objectives

Company Secretary

Nominations Committee

- Responsible for ensuring that the Board has the necessary skills, experience and knowledge
- Responsible for appointing a diverse Board
- Responsible for Board and senior executive succession

Audit and Compliance Committee

- Reviews and oversees financial and non-financial reporting (including sustainability matters), risks and internal controls, and the relationship with the External auditor
- Reviews and challenges management reports
- Receives updates from the Chief Executive on outputs from GRC
- Oversees tax policy and strategy

Valuations Committee

- Specific and primary responsibility for the valuation policy and valuations (including underlying assumptions) of the Group's investment portfolio
- Direct engagement with the External auditor, including its specialist valuations team

Remuneration Committee

- Ensuring a remuneration culture weighted towards performance based variable reward, whilst discouraging inappropriate risk taking and taking non-financial indicators, including ESG indicators, into account
- Approves carried interest and asset performance linked schemes
- Ensuring Executive Directors' remuneration is closely aligned with shareholder returns
- Oversees the implementation of fair remuneration for employees

Chief Executive

- Delegated responsibility for management of the Group
- Delegated responsibility for investment decisions
- Delegated responsibility for risk management
- Delegated responsibility and day-to-day accountability for sustainability matters

Executive Committee

- Assists the Chief Executive in setting the Group strategy, including sustainability aspects
- Monitors divisional performance
- Facilitates information sharing between divisions
- Responsible for recruitment and retention
- Meets monthly

Conflicts Committee

- Deals with potential conflicts as required

Treasury Transactions Committee

- Considers specific treasury transactions as required

Market Abuse Regulation Committee

- Considers potential disclosure matters as required

Investment Committee

- Manages the Group's investment portfolio and monitors its most material risks
- Meets when required
- Strict oversight of each step of the investment lifecycle
- Approves all investment, divestment and material portfolio decisions
- Monitors investments against original investment case
- Ensures investments are in line with the Group's investment policy and risk appetite
- Implements the Responsible Investment policy
- Chaired by the Chief Executive

Group Risk Committee

- Assists the Chief Executive with the oversight of risk management
- Implements the Group's risk appetite policy and monitors performance
- Maintains the Group risk review which details its principal risk exposures; a watch list of new and emerging risks; and appropriate mitigations and controls
- Two members of the GRC form the Risk Management function as required by FCA rules
- Maintains oversight of ESG risks, and relevant ESG regulations
- Oversight and review of the Responsible Investment policy
- Chaired by the Chief Executive

ESG Committee

- Advises the Chief Executive, directly and through the Investment and Group Risk Committees, on ESG risks and opportunities
- Develops the Group's ESG approach, and related policies and procedures
- Ensures the Group's compliance with relevant ESG-related legal and regulatory requirements, standards and guidelines
- Coordinates ESG-related activities and initiatives
- Reviews and monitors the Group's ESG performance
- Monitors stakeholder expectations, market developments, trends and best practice in relation to relevant ESG matters
- Chaired by the General Counsel

Board leadership and Company purpose

Board of Directors

at 31 March 2024

The Board promotes a culture of strong governance across the business.

David Hutchison
Chair

Chair since November 2021 and non-executive Director since 2013. David has considerable investment and banking experience across a range of asset classes which supports his leadership of the Board.

Previous experience
Chief Executive of Social Finance Limited from 2009 to March 2022. Until 2009 Head of UK Investment Banking at Dresdner Kleinwort Limited and a member of its Global Banking Operating Committee. From 2012 to 2017, a non-executive director of the Start-Up Loans Company.

Simon Borrows
Chief Executive

Chief Executive since 2012, and an Executive Director since he joined 3i in 2011. Chair of the Group's Risk Committee, Executive Committee and Investment Committee. Chair of the Supervisory Board of Peer Holding I B.V., the Dutch holding company for the Group's investment in Action.

Previous experience
Formerly Chair of Greenhill & Co International LLP, having previously been Co-Chief Executive Officer of Greenhill & Co, Inc. Before founding the European operations of Greenhill & Co in 1998 he was the Managing Director of Baring Brothers International Limited. Formerly a non-executive director of the British Land Company PLC and Inchcape plc.

James Hatchley
Group Finance Director

Group Finance Director since June 2022 and an Executive Director since May 2022. A member of the Executive Committee, Investment Committee, Group Risk Committee and ESG Committee. Joined 3i in 2017 and was Group Strategy Director until June 2022.

Previous experience
Formerly Chief Operating Officer of KKR in Europe and, before that, Co-CEO of Avoca Capital. Earlier in his career, James was a corporate finance professional for 20 years, principally with Greenhill & Co. and Schroders. He qualified as a chartered accountant in 1992. Formerly a non-executive director of Great Ormond Street Hospital for Children NHS Foundation Trust.

Jasi Halai
Chief Operating Officer

Chief Operating Officer and an Executive Director since May 2022. A Member of the Executive Committee, Investment Committee, Group Risk Committee and ESG Committee. Joined 3i in 2005 and has held a variety of posts in the business, most recently as Group Financial Controller and Operating Officer. Also a non-executive director of Barratt Developments PLC.

Previous experience
Prior to joining 3i, worked for CDC Group (now British International Investment) and at Actis following its demerger from CDC. Jasi is a chartered management accountant. Formerly a non-executive director of Porvair PLC.

Board leadership and Company purpose continued
Board of Directors continued

Stephen Daintith

Independent non-executive Director

Non-executive Director since 2016. Chief Financial Officer and an executive director of Ocado Group plc. Stephen contributes directly relevant financial and operating experience as Chair of the Audit and Compliance Committee, drawn from a range of consumer, digital, engineering and other international businesses, to the Board's decision making.

Previous experience
Formerly an executive director of Rolls-Royce Holdings plc from 2017 to March 2021 and Finance Director of Daily Mail and General Trust plc ("DMGT") from 2011 to 2017. Non-executive director of ZPG Plc. Prior to joining DMGT he was Chief Operating Officer and Chief Financial Officer of Dow Jones and prior to that Chief Financial Officer of News International. He originally qualified as a chartered accountant with Price Waterhouse (now part of PwC).

Lesley Knox

Independent non-executive Director

Non-executive Director since October 2021 and Senior Independent Director since November 2021. Also Senior Independent Director of Legal & General Group plc, non-executive director of Dovecot Studios Limited, Senior Independent Director and Chair of Remuneration Committee of Genus Plc, and a trustee of Grosvenor Group Limited pension fund and National Galleries of Scotland Foundation. Lesley brings to the Board's discussions a wealth of international, strategic and financial services experience having spent over 17 years in senior roles in financial services, including in asset management and corporate finance.

Previous experience
Formerly held a number of senior roles in financial services, including head of institutional asset management at Kleinwort Benson. Also previously served as Chair of Alliance Trust PLC, as Senior Independent Director at Hays plc and non-executive director of SAB Miller plc, Centrica plc and Thomas Cook Group plc.

Coline McConville

Independent non-executive Director

Non-executive Director since 2018. Also a member of the Supervisory Board of Tui AG and a non-executive director and Chair of the ESG Committee at King's Cross Central General Partnership. Coline has a diverse commercial background, having worked in a range of sectors and also brings to the Board significant listed board experience including chairing several remuneration committees and previously acting as Senior Independent Director at Fevertree. This enables her to make valuable contributions to the Board's discussions and to those of the Remuneration Committee, which she now chairs.

Previous experience
Formerly a non-executive director of Fevertree Drinks plc, Travis Perkins plc, Tui Travel plc, UTV Media plc, Wembley National Stadium Limited, Shed Media plc, HBOS plc and Inchcape plc. Prior to that was Chief Operating Officer and Chief Executive Officer Europe of Clear Channel International Limited and had previously worked for McKinsey and LEK.

Peter McKellar

Independent non-executive Director

Non-executive Director since June 2021. Also Chair of Princess Private Equity Holdings Limited, non-executive director of Investcorp Capital plc and a non-executive board member of Scottish Enterprise, from which he will retire in July 2024 . Peter brings to the Board significant experience and understanding of financial services and asset management, with a particular expertise in private equity and infrastructure. This enables him to bring a valuable asset management perspective to the Board's discussions and to those of the Valuations Committee, which he now chairs.

Previous experience
Formerly Deputy Chair of AssetCo plc, Global Head of Private Markets at Standard Life Aberdeen plc and previously led Standard Life Investments' private equity and infrastructure business and was their Chief Investment Officer. Prior to that, he held a variety of finance posts in industry and corporate finance positions.

Alexandra Schaapveld

Independent non-executive Director

Non-executive Director since January 2020. Also non-executive director and Chair of the Audit Committee at Société Générale S.A. Alexandra brings extensive financial services expertise in a number of important markets for 3i as well as considerable board experience in a variety of sectors. These help provide an international perspective to the Board's decision-making process.

Previous experience
Formerly on the boards of Bumi Armada Berhad, Vallourec S.A., FMO N.V., Stage Entertainment N.V., Holland Casino N.V., VU University and VU Medical Center and Duin & Kruidberg. Prior to that, many years of corporate and investment banking at RBS and ABN AMRO.

Executive Committee

at 31 March 2024

Simon Borrows
Chief Executive

James Hatchley
Group Finance Director

Jasi Halai
Chief Operating Officer

Page 102
See profiles

Simon Borrows
Chief Executive

James Hatchley
Group Finance Director

Jasi Halai
Chief Operating Officer

Kevin Dunn
General Counsel and Company Secretary

Joined 3i in 2007 as General Counsel and Company Secretary. Responsible for 3i's legal, compliance, internal audit and company secretarial functions. A member of the Executive Committee, Group Risk Committee and ESG Committee.

Previous experience
Prior to joining 3i, was a Senior Managing Director, running GE's European Leveraged Finance business after serving as European General Counsel for GE. Prior to GE, was a partner at the law firms Travers Smith and Latham & Watkins.

Board leadership and Company purpose continued

Executive Committee continued

Rob Collins
Managing Partner,
Head of North American Infrastructure

Joined 3i in 2017 as the Managing Partner for North American Infrastructure. A member of the Executive Committee. Also a non-executive director of Smarte Carte, Regional Rail and EC Waste.

Previous experience
Prior to joining 3i, led Hastings' infrastructure investment team in North America and Europe. Founded the infrastructure M&A practice at Morgan Stanley and Greenhill where he was a Managing Director at both firms. Started his infrastructure career at Goldman Sachs after serving as a nuclear-power officer in the US Navy.

Pieter de Jong
Co-Head of Private Equity

Joined 3i in 2004 and served as Managing Director of 3i Benelux between 2011 and 2019. A member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Yanga, Mepal, European Bakery Group, Royal Sanders and Weener Plastics.

Previous experience
Started his career at Stork in the US, before joining Van Den Boom Group, a corporate finance consulting firm in Benelux, where he became partner/owner responsible for M&A. After selling the firm to NIBC in 2000, he headed the M&A department until 2003.

Julien Marie
Chief Human Resources Officer

Joined 3i in 2001 as HR Manager and was appointed HR Director in 2004. A member of the Executive Committee and Group Risk Committee.

Previous experience
Prior to joining 3i, worked at Bouygues Construction and Bouygues Telecom for six years.

Scott Moseley
Managing Partner,
Co-Head of European Infrastructure

Joined 3i in 2007 and was made a Partner in 2012. Managing Partner, Co-Head of European Infrastructure since July 2022 and a member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Tampnet, ESVAGT and GCX.

Previous experience
Prior to joining 3i more than 16 years ago, Scott held various roles within the capital markets teams at WestLB and Credit Agricole.

Bernardo Sottomayor
Managing Partner,
Co-Head of European Infrastructure

Joined 3i in 2015 as a Partner with responsibility for origination and execution of new investments across Europe. Managing Partner, Co-Head of European Infrastructure since July 2022 and a member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of TCR and ESP.

Previous experience
Prior to joining 3i, was a Partner at Antin Infrastructure and his other previous infrastructure management experience includes roles as Managing Director at Deutsche Bank's European infrastructure fund, Head of M&A at Energias de Portugal and further infrastructure M&A advisory experience with UBS and Citigroup in London.

Peter Wirtz
Co-Head of Private Equity

Joined 3i in 1998 and served as 3i Germany Co-Head between 2009 and 2019. A member of the Executive Committee, Investment Committee and Group Risk Committee. Also a non-executive director of Luqom and YDEON.

Previous experience
Prior to joining 3i, worked for Deutsche Bank and spent four years with Procter & Gamble in various finance functions.

The role of the Board

The Board's role is to lead the Company in promoting its long-term success and thereby generating value for shareholders. The Board operates within a robust corporate governance framework and ensures that this framework is embedded across the organisation.

The Board oversees the Company's purpose, values and strategy and satisfies itself that these are aligned with the Company's culture. All Directors are expected to demonstrate integrity, set a positive tone and adhere to the Company's culture and values.

The Board, through its Audit and Compliance Committee, assesses and monitors behaviours and adherence to the Company's values. Regular reports from the Internal Audit and Group Compliance teams consider and comment on culture within the business. The Remuneration Committee reviews workforce remuneration and the alignment of incentives and rewards with culture. The Board ensures that employee policies and practices are consistent with the Company's culture and values and supports its long-term success during its annual review of succession planning and strategic capability.

The Board approves the Group's strategic objectives and ensures the necessary resources are in place for the Company to meet these objectives through a Board approved planning and budgeting process. The Board measures performance against those objectives using the KPIs set out on pages 18 and 19 which are reported to the Board in the monthly Board report.

The Board meets formally on a regular basis for scheduled Board meetings and on an ad hoc basis when the need arises. There is a clearly defined schedule of matters reserved for the Board. The Board is assisted by various Principal Board Committees which report to it regularly. Details of their activities in the year are provided on pages 116 to 149.

Attendance at Board and Committee meetings[1]

	Independence	Board	Audit and Compliance Committee	Nominations Committee	Remuneration Committee	Valuations Committee
Total meetings held[1]		7	6	2	6	4
Number attended:						
D A M Hutchison	Independent on appointment	7(7)	–	1(2)	–	4(4)
S A Borrows	Executive Director	7(7)	–	–	–	4(4)
J G Hatchley	Executive Director	7(7)	–	–	–	4(4)
J H Halai	Executive Director	7(7)	–	–	–	–
S W Daintith[2]	Independent	7(7)	6(6)	2(2)	–	1(4)
L M S Knox	Independent	7(7)	–	2(2)	5(6)	2(4)
C McConville	Independent	7(7)	6(6)	2(2)	6(6)	–
P A McKellar	Independent	7(7)	–	2(2)	6(6)	4(4)
A Schaapveld[3]	Independent	7(7)	6(6)	2(2)	3(3)	4(4)
C Banszky[4]	Independent	2(2)	1(1)	–	3(3)	–

1 This table shows the number of scheduled full meetings of the Board and its Committees attended by each Director who is a member thereof in the year, together with (in brackets) the number of meetings they were eligible to attend. In addition to these meetings a number of additional meetings of the Board and its Committees were held, often at short notice, to deal with ad hoc business as it arose. Non-attendance at meetings was due to unavoidable prior commitments or illness. As explained in this report Mr Hutchison did not attend the Nominations Committee meeting which included discussion of the Chair's tenure and performance.
2 Mr Daintith stepped down from the Valuations Committee when he was appointed Chair of the Audit and Compliance Committee after the 2023 AGM.
3 Ms Schaapveld joined the Remuneration Committee after the 2023 AGM.
4 Ms Banszky retired from the Board on 29 June 2023.

Non-executive Directors also attended a number of other Company meetings, portfolio company reviews and Infrastructure partner reviews to increase their understanding of the 3i business, the portfolio companies and the strength and depth of our people.

Division of responsibilities

How the Board operates

The Board holds one to two meetings a year at or near one of our non-UK offices or one of our portfolio companies, providing a chance for non-executive Directors to meet our local teams and the management of selected portfolio companies. In January of this year the Board and Committee meetings were held in Amsterdam where Directors met the Action senior management team at Action's headquarters and visited an Action store. They also met and received presentations from the CEO of Mepal and the Private Equity team for Royal Sanders. In March the Board and Committee meetings were held at 3i's New York office where Directors met 3i's US-based teams and received presentations from the CEOs of Cirtec, SaniSure and WilsonHCG.

The Board holds an annual Strategy Day.

The Board receives regular reports on potential conflicts of interests involving Directors and any actual conflicts of interest identified are managed appropriately. This may involve excluding the Director concerned from relevant information and discussions.

There is a clear division of responsibilities between the Chair and Chief Executive. Day-to-day management of the Group is the responsibility of the Chief Executive. To assist him in this role, the Chief Executive has established a number of additional management committees, including the Investment Committee, Group Risk Committee and ESG Committee, which are outlined in our governance framework on page 101.

The Board ensures that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Responsibilities of the Chair

- Leads the Board and is responsible for its overall effectiveness in directing the Company.
- Leads the Board in its oversight of the Company's purpose, values and culture.
- Leads the Board in setting its agenda, approving strategy, monitoring financial and operational performance, and establishing the Group's risk appetite.
- Organises the business of the Board, ensuring the Company's effectiveness, and the maintenance of an effective system of internal controls.
- Ensures that Directors receive accurate, timely and clear information. This includes ensuring that the non-executive Directors receive regular reports on shareholders' views on the Group.
- Responsible for the composition of the Board, facilitates constructive Board relations and the effective contribution of all non-executive Directors.
- Leads the annual Board and Board Committee evaluation process.

Responsibilities of the Chief Executive

- Direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.
- Chairs the Investment Committee to review the acquisition, management and disposal of investments.
- Leads the Executive management team to develop and implement the Group's strategy and manage the risk and internal control framework.
- Reports to the Board on financial and operational performance, risk management and progress in delivering the strategic objectives.
- Regularly engages with shareholders and other key stakeholders on the Group's activities and progress.
- Oversees the implementation of the ESG strategy.
- Oversees the Group's values and culture.

Role of the Senior Independent Director

- The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for the other Directors and the shareholders.
- Leads succession planning for the Chair.
- Leads the Chair's performance review and the annual review of the continued appropriateness of the Chair's appointment.

Role of non-executive Directors

- Provide constructive challenge, strategic guidance and hold management to account.
- Scrutinise the performance of management in meeting agreed objectives.
- Seek assurance on the integrity of the financial information and that financial and non-financial controls and systems of risk management are robust and defensible.
- Determine appropriate levels of remuneration for Executive Directors and Executive Committee and together with the Chair, have a prime role in appointing Directors and in succession planning for the Board.
- Ensure that they have sufficient time to meet their Board responsibilities.

Division of responsibilities continued

What the Board did in FY2024

In FY2024, the Board met for seven scheduled meetings and a strategy day in December 2023 (see page 106).

The Chair sets the Board's agenda. Board members and, as appropriate, executives from the relevant business areas are invited to present on key items allowing the Board the opportunity to debate and challenge initiatives directly with the senior management team.

As described on page 94, when making decisions the Board has regard to the interests of stakeholders, as well as the section 172 factors.

Examples of some important decisions taken by the Board in the year and how, where relevant, the Board had regard to the interests of relevant stakeholders are set out on page 95. Our key stakeholders are set out below and discussed in more detail on pages 110 to113.

In addition to the Board decisions referred to above, the Board also dealt with its regular annual cycle of business, examples of which are set out on the next page.

Our key stakeholders

Division of responsibilities continued

What the Board did in FY2024 continued

FY2024 Focus areas	Matters approved	Other matters considered/outcomes	Stakeholders
Purpose, culture and values	• Slavery and human trafficking statement • Operation and effectiveness of the Remuneration Policy both for Executive Directors and the wider employee group	• Executive and senior management succession planning • Organisational capability • Employee leadership and development initiatives • Diversity, equity and inclusion initiatives • Equal Opportunities and Diversity policy • Board evaluation • Ongoing meeting of Board diversity targets	
Portfolio companies	• Non-executive Director approvals for certain investments and divestments • Portfolio company valuations	• Presentations from the CEOs of Action, Mepal, Cirtec, SaniSure and WilsonHCG, and the deal team of Royal Sanders • Visit to Action HQ and Action store • Detailed reporting on Action and rotating updates on portfolio companies at Board and Valuations Committee • ESG reviews of portfolio companies • Attendance at portfolio company reviews and Infrastructure partner reviews	
Strategy	• Group's approach to environmental sustainability and climate change • Senior leadership succession and contingency planning	• Strategy day – 3i Group strategic financial planning and analysis – Private Equity strategic plan – Infrastructure strategic plan – ESG updates – designation of Royal Sanders as a longer-term hold asset – further investment in Action through the buy back of carried interest – visit to Action HQ and an Action store • Private Equity and Infrastructure business and portfolio updates	
Financial	• Payment of the first dividend in January 2024 and recommendation of the second dividend to be paid in July 2024 • Operating budget • Annual report, half-year report and quarterly updates • Approval of investment valuations • €500 million bond	• Financial reporting from the Group Finance Director including key financial highlights and performance against budget • Valuations reporting from Group Finance Director and Chief Operating Officer • Market overviews • Funding and Treasury review • Assessment of investment performance against objectives	
Risk management and internal control	• Board risk appetite • Risk review	• Compliance and internal controls updates • Detailed reporting from the Group Risk Committee including updates on the business continuity plan, cyber security and IT • Going concern, Viability statement, Resilience statement and stress testing	
Governance	• Approval of the Chair's continued tenure • Approval of a shareholder reunification programme and utilisation of funds realised as a result of this programme for charitable purposes	• Updates on the Code • Oversight of ESG strategy and compliance with ESG regulation	

Division of responsibilities continued

Engaging with stakeholders

Engaging and communicating with our stakeholders is an integral part of 3i's business and critical to ensuring our continued success. We engage with our stakeholders in a variety of ways, as detailed in this section.

Engaging with shareholders

In FY2024, shareholders engaged principally on the performance of Action and of the rest of the portfolio, capital allocation strategy and market conditions for new investments and realisations.

The CEO, Group Finance Director and the Group Investor Relations and Sustainability Strategy Director meet with institutional shareholders and potential investors after the announcement of the annual results and throughout the year. The Chair meets with institutional shareholders at their request.

The Investor Relations and Company Secretariat teams are available to retail shareholders to respond to their queries.

In addition to this ongoing investor engagement, the Company has an extensive engagement programme detailed below which enables investors to make informed decisions about their investment in the Company:

Our FY2024 Investor Relations programme

We engage shareholders through a full programme of events. Our results presentations and capital markets seminars are webcast live and available to all who are interested. On-demand webcasts and transcripts are also available on the Company's website after the events.

2023

May
- Annual results announcement and presentation webcast

June
- BNP Paribas Exane European CEO Conference
- Kepler Investment Companies conference
- Annual General Meeting

July
- Q1 performance update
- Chair's meetings with shareholders

September
- Private Equity capital markets seminar
- Bank of America Financial Services conference

November
- Half-yearly results announcement and presentation webcast

2024

February
- Q3 performance update

March
- Action capital markets seminar
- Morgan Stanley Financials Conference

Institutional investors

- UK and international one-on-one meetings with 3i's principal shareholders twice a year and throughout the year as required.
- Large group investor calls are held after the publication of the annual and half-year results, and quarterly performance updates, to target both existing and potential investors.
- Meetings held with the Chair at the request of institutional shareholders. The SID and the Audit and Compliance Committee Chair are also available as required.
- Meetings with potential shareholders on a regular basis as part of arranged UK and international roadshows and as required.
- Participation in conferences for institutional investors organised by a number of international banks and brokers.
- Engagement with analysts from investment banks by the Group Investor Relations and Sustainability Strategy Director.

Capital market seminars

- Two capital markets seminars in FY2024, held in September 2023 and March 2024, both held via a webcast accessible to all on the 3i website.
- The September 2023 seminar included presentations from the deal teams on our Private Equity investments of nexeye and European Bakery Group, and an update on the role and work of 3i's Private Equity banking team.
- The March 2024 seminar focused on Action with results and strategy updates from the CEO and CFO of Action, along with presentations on Action's sustainability programme.

Annual and half-year results presentations

- The annual and half-year results are presented via live webcasts accessible to all investors on the 3i website. Listeners are encouraged to submit questions during the webcasts.

Individual investors

- Can attend live webcasts of the results presentations and capital markets seminars.
- Can engage directly with non-executive Directors, Executive Directors, the Company Secretary and the Group Investor Relations Director at the AGM.
- Can engage with and contact the Group Investor Relations and Sustainability Strategy Director and the Company Secretary, whose contact details are on the website, to raise issues and provide feedback.

Annual General Meeting

- The AGM is held as an in person meeting, preceded by business presentations from the Chair and Chief Executive.
- Shareholders are encouraged to ask questions during the meeting, and have the opportunity to meet Directors before and after the formal proceedings.

Website

- The 3i website provides a wealth of useful and detailed information for all shareholders, who can also sign up for our email alert service to be notified of key announcements.

Outcome of engagement with shareholders

The outcome of this engagement is that we maintain a strong relationship with shareholders. The Board recognises the importance of fostering a proactive and meaningful relationship with current and prospective shareholders.

The extensive Investor Relations programme enables investors to understand 3i's performance, assists them in making their investment decisions and provides them with an opportunity to engage with Directors and senior management. Executive Directors routinely update the Board on investor relations activities and on any feedback received from analysts and shareholders. Any major issues brought up by shareholders concerning the Group are communicated to and discussed with the Board.

Engaging with other stakeholders

Stakeholders	Engagement	Outcome
Fund investors	**Why?** Fund investors, like shareholders, want to understand and have confidence in 3i's strategy, performance, culture, sustainability policies, compliance and governance. It is also important that the Board and management understand issues that are specific to them. **How?** There is an engagement programme with fund investors and co-investors led by the Fund Investor Relations team with regular and ad hoc meetings, supported by comprehensive reporting. The Chief Executive and relevant investment professionals participate in some of these meetings, as appropriate.	Fund investors have provided capital we have invested in certain assets as part of our investment management activities and which generates fee income for 3i. They are customers to whom we owe regulatory duties. Positive engagement with Fund investors enhances our relationship with them and provides them with the information they require to maintain their investment in the relevant fund. **Page 36 Total assets under management**
Employees	**Why?** 3i is a people business. Our people are critical to the success of the Company and we rely on having motivated people with the appropriate expertise and skills required to deliver our strategy. **How?** Our approach as a responsible employer is described in the Sustainability section. The Directors' report on page 154 includes details on their engagement with our employees. We continue to support our employees and to maintain strong employee engagement.	Having meaningful engagement with employees helps create a strong, supportive work culture, which develops and retains talent, enabling 3i to continue to deliver strong performance. **Pages 52 to 55 Sustainability report** **www.3i.com/sustainability/sustainability-reports-library**
Portfolio companies	**Why?** 3i's long-term, responsible approach to its investments means that it participates in the active management of its portfolio companies. Close engagement and a strong governance framework enables us to help them grow and create value. **How?** Our investment teams work closely with investee companies and their management teams. One or more investment team professionals are usually appointed as directors of each investee company. In addition, regular forums across the Private Equity and Infrastructure portfolios share best practice and experience. This year we held a Sustainability forum for ESG and sustainability representatives from across the PE and Infrastructure portfolios where colleagues could discuss best practice, shared experiences and develop peer networks. A CFO forum was held which included presentations on what data-driven organisations look like, the impact of artificial intelligence ("AI") on the role of the CFO, the evolving role of the CFO in enabling sustainability success and the debt markets and how to effectively mitigate the higher interest rate environments. The CTO forum focused on cyber security and how to enable generative AI adoption in companies. More recently an online forum was held for portfolio HR directors.	We are able to share best practice and connect management teams across the portfolio. Growing and generating value in the portfolio companies enables 3i to generate attractive returns for our shareholders and fund investors, contributing towards the long-term success of 3i. **Pages 14 to 15 Our business model** **Pages 42 to 51 Sustainability report** **Pages 21 to 38 Investment activity**

Division of responsibilities continued
Engaging with stakeholders continued

Stakeholders	Engagement	Outcome
Debt holders	**Why?** Access to debt markets provides important flexibility and resilience to the Company's financial structure. **How?** Together with the Group Finance Director, the Group Treasurer engages with debt providers and hedging counterparties through regular reviews and updates including the Group's results presentations. A dedicated section on 3i.com is maintained for debt investors.	The successful issue of the recent euro bond demonstrates the benefits of positive engagement with debt holders. This provided well priced additional liquidity, diversified our funding base and provided additional foreign exchange hedging whilst maintaining our conservative balance sheet strategy. **Page 70 Financial review** **Page 94 Directors' duties under Section 172** **Pages 184 to 185 Notes to the accounts**
Government and Regulators	**Why?** The Company works in a regulated environment and can only continue to operate if it complies with relevant laws and regulations. **How?** Our Group Compliance team and local professionals lead our relationships with national and international regulators, including the UK FCA, the US SEC and the Luxembourg CSSF. The Company actively participates in policy forums, engages on regulatory matters and is a member of a number of industry bodies, including the British Private Equity & Venture Capital Association and Invest Europe. We maintain active relationships with other governance-related bodies including the FRC, relevant UK government departments, ESG rating agencies, the FTSE Women Leaders Review, the Parker Review and proxy advisers through participation in consultations, surveys and events.	Maintaining open and constructive dialogue and strong relationships with relevant authorities and governance bodies helps support the achievement of our strategic goals within a compliant framework.
Third-party professional advisers and service providers	**Why?** The Company relies on its extensive network of professional advisers and service providers to help it originate, analyse and execute new investments, to assist with portfolio management and to support the business operations of the Company. **How?** The investment teams, Executive Directors and functional teams lead these relationships and maintain close and regular dialogue with our professional advisers and service providers who include due diligence providers, operational and IT support providers, law firms, the Registrars, the External auditor and the Company's corporate brokers.	The support from our advisers and service providers contributes to 3i's long-term success.
Communities	We embed responsible business practices throughout our organisation by promoting our values and culture. We use our influence with our portfolio companies to ensure that they assess their environmental and social impacts and dependencies and, where relevant, devise strategies to address them. We also partner with organisations and charities that support charities which relieve poverty, promote education and support elderly and disabled people.	For details of the Company's contribution to and engagement with communities see the Sustainability section. **Page 56 Act as a good corporate citizen**

Composition, succession and evaluation

Board performance review

In accordance with the Code, the Board conducted its annual performance review of its own performance and that of its Committees and the Chair. The Board performance review process operates on a three-year cycle. This year, the performance review was undertaken internally led by the Chair and the Company Secretary.

Board performance review process

1. Each Director and the General Counsel and Company Secretary completed a Board performance review questionnaire and all Directors (except the Chair) and the General Counsel and Company Secretary completed a Chair performance review questionnaire.
2. Responses to the questionnaire were collated by the Company Secretary and shared with the Chair on a non-attributable basis.
3. Sections specifically relating to the Chair were shared with the Senior Independent Director.
4. The Chair held one-on-one discussions with each Director to discuss their performance and that of the Board.
5. Feedback was shared and discussed with the Board at its March 2024 meeting.

Topics covered in the performance review

- Board composition and expertise;
- stakeholder engagement;
- Board dynamics;
- Board support and meeting management;
- performance of the Board's Committees;
- Board's strategic and operational oversight;
- risk management and internal control;
- succession and talent oversight; and
- priorities for change.

Findings from the 2024 review and recommendations

The overall finding of the review was that the Board had continued to perform strongly and had benefitted from the leadership provided by the Chair. The Board agreed to focus on a number of areas including:

- continued oversight on the performance of Action and other longer-term hold assets, and ensuring the Board developed and maintained appropriate mechanisms to satisfy itself in this regard;
- maintaining oversight over the rest of the Private Equity and Infrastructure portfolio;
- non-executive Director succession planning; and
- the form and process for the FY2025 performance review.

Composition, succession and evaluation continued
Board performance review continued

Findings from the 2023 performance review	Actions and steps taken
The value of the January 2023 meeting with Action senior management and that this should be a more regular event.	In January 2024, the Board and Committee meetings were held in Amsterdam and included meetings with Action senior management, visits to the Action headquarters and an Action store. The Board also met with the Benelux investment teams.
The importance to the Board of visits and meetings with 3i's other significant overseas investment teams, visiting one of them each year as time permitted.	In March 2024, Board and Committee meetings were held in 3i's New York offices and included presentations from New York team members and US-based portfolio companies.
To continue focus on employee capability and development.	This was addressed in the annual organisational capability and succession planning review and on the Strategy day. This was supplemented by increased reporting to the Board from the Chair of the Remuneration Committee.
The Board's size and composition was broadly appropriate. The Board agreed that following the appointment of Stephen Daintith as the Audit and Compliance Committee Chair it would, in due course, be appropriate to search for a potential successor to him.	Russell Reynolds, an independent search firm, has been engaged to assist in the search for a new non-executive Director. The Directors agreed that any such recruitment process would include focus on diversity in its widest form, alongside finding a candidate with the appropriate skills and qualifications.
A desire to hear from more external speakers on topics of relevance and interest.	Directors received a presentation from Bain on artificial intelligence and from a senior Bank of America economist on developments in the US economy and its outlook. Presentations were given by the CEOs of Cirtec, SaniSure and WilsonHCG. In addition, members of the Private Equity team presented to the Board on ESG, data analytics and other topics during the year.
To maintain oversight of the Group's approach to sustainability.	Over the year the Directors received presentations on the science-based targets and their impact on the Group and the portfolio, on sustainability reporting requirements and on sustainability matters within portfolio companies.

Directors review of the performance of the Chair

In her role as Senior Independent Director, Lesley Knox led a review by the Directors of the performance of the Chair which was also facilitated by a questionnaire and summary results report prepared by the Company Secretary. Ms Knox subsequently reported back to the Board on the review and provided feedback to the Chair.

Read more on page 117
Nominations Committee report

Nominations Committee report

David Hutchison
Committee Chair

> I am pleased to present the Nominations Committee report for the year ended 31 March 2024. My report explains the role of the Committee and its work this year.

What the Committee reviewed in FY2024

- Board and senior management succession
  - Chair tenure
  - Contingency Executive Director succession plan
  - Board and senior management succession plans
- Board and Chair evaluation
- Size, balance and composition of the Board

Committee membership	Meetings
David Hutchison (Chair)	1(2)
Stephen Daintith	2(2)
Lesley Knox	2(2)
Coline McConville	2(2)
Peter McKellar	2(2)
Alexandra Schaapveld	2(2)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. As explained in this report Mr Hutchison did not attend the meeting which included discussion of the Chair's tenure and performance.

Dear Shareholder

Role and purpose of the Committee

The Committee's principal role is to monitor the size, balance and composition of the Board to ensure that it has the necessary skills and experience to enable the Group to deliver its current and future strategic objectives. In doing so it ensures that plans are in place for orderly succession for both the Board and senior management positions, including contingency plans for unanticipated events. It also reviews the Company's work on diversity, equity and inclusion. The Committee's discussions are complemented by discussions at meetings of the full Board where appropriate.

Directors

Directors' biographical details are set out on pages 102 and 103.

All Directors are subject to re-appointment every year. Accordingly, at the AGM to be held on 27 June 2024, all the Directors will retire from office and, being eligible, will seek re-appointment. The Board's recommendation for re-appointment of Directors is set out in the 2024 Notice of AGM.

Caroline Banszky retired from the Board at the end of the 2023 AGM and there were no changes to the membership of the Board this year.

Throughout the year Lesley Knox continued to serve as Senior Independent Director. As Senior Independent Director, Lesley provides support to me, acts as an intermediary with the other Directors, if necessary, and oversees my appraisal and review of tenure by the other Directors. Lesley is also available to the Company's shareholders to address any concerns they have been unable to resolve through me, Simon Borrows or James Hatchley or where they consider these channels to be inappropriate.

Appointments and appointment process

We maintain a structured and transparent procedure for identifying the requisite skills and experience, evaluating suitable candidates, and appointing new Directors. For non-executive Directors, the assessment process includes an evaluation of their availability to fulfil their roles. Recommendations for appointments require Board approval. There have been no non-executive Director appointments this year. However, the Committee has appointed Russell Reynolds, an external search consultancy, to assist in the next appointment process and the search is ongoing. The Committee conducted a review of its appointment process and confirmed its continued appropriateness.

Succession planning for the Board

The Committee considers long-term succession planning as part of ensuring an appropriate level of refreshment and diversity on the Board. Our approach to succession planning seeks to ensure that retirements are planned for and occur in a coordinated manner. This mitigates risks to the Company's strategic objectives by avoiding gaps in key skills or a lack of continuity. The Committee believes that length of service will not necessarily compromise the independence or contribution of Directors of 3i. The Nominations Committee evaluates the appropriate balance between the retention of the corporate memory of the Company (including detailed knowledge of portfolio companies in which it has been invested for many years), with maintaining a suitable rate of refreshment at any given point in time.

The Board and Nominations Committee have carefully considered the question of Chair tenure as detailed on page 100. In my absence the Nominations Committee, chaired by the Senior Independent Director, reviewed my tenure as Chair in March 2024. Further details are set out here in the Report from the Senior Independent Director and in the Corporate Governance statement on page 100.

The Board also recognises that in providing leadership, governance, challenge and support it must, when considering the Chair tenure, take account of matters including: the importance of Director independence; the need to periodically refresh the Board and its leadership; knowledge and understanding of the Company's investment business and its strategic objectives; as well as diversity, continuity and retention of corporate memory. We believe that an appropriate balance of all these factors is essential both for the effective functioning of the Board and the delivery of the Board's purpose. At times this may result in some longer-serving Directors, including the Chair.

Report from the Senior Independent Director on the Committee's annual review of Chair's tenure

David Hutchison, who was appointed as Chair of the Board in November 2021, has now served as a Director for more than ten years. This does not comply with the provisions of the UK Corporate Governance Code ("the Code") and a full explanation of the background to David's appointment as Chair and why the Nominations Committee and the Board believe it appropriate for the Chair to continue in office is therefore set out on page 100.

The Board and Nominations Committee are aware of the risks to good corporate governance which could follow from excessive Chair tenure. As one of the measures adopted to mitigate this risk the Nominations Committee has decided that it will review annually the continued appropriateness of the Chair's appointment. This review is led by the Senior Independent Director and will take place in the absence of the Chair.

The first such review, led by me, took place in March 2023 and a further review was conducted in March 2024. The Nominations Committee discussed the reasoning behind the provisions of the Code limiting Chair tenure, reviewed the circumstances of David Hutchison's appointment as Chair and reviewed his performance in this role over the past year. This review was conducted in parallel with the annual Chair evaluation which acts as a further mitigant to the risks associated with tenure beyond nine years.

At the 2023 AGM, over 91% of shareholders who voted at the AGM voted in favour of David Hutchison's continued appointment. To date, no shareholders have expressed any concerns to the Company relating to David's continued appointment. This year's review concluded that David continued to perform effectively as Chair, continued to exercise objective judgement and continued to appropriately promote constructive challenge amongst Board members. The Committee noted the very favourable results from the Chair evaluation review, in particular David's thoughtful and respectful approach and ability to build strong relationships with fellow non-executive Directors, Executive Directors and wider management whilst promoting constructive challenge. The Nominations Committee also noted that in the context of a company where long-term knowledge of the business and its portfolio companies was of great importance, David's continued appointment was all the more appropriate. The Committee concluded unanimously that David's continued appointment for the coming year was in the best interests of the Company.

Lesley Knox
Senior Independent Director
8 May 2024

Composition, succession and evaluation continued
Nominations Committee report continued

Diversity and inclusion

The Board strongly supports the principle of boardroom diversity and actively promotes diversity, inclusion and equal opportunity in 3i. The Board's aim is to have Directors who have an appropriate mix of skills, experience and knowledge and who are diverse in terms of gender, social and ethnic backgrounds, as well as cognitive and personal strengths. When we engage external consultancies to assist with Director appointments, they are instructed to put forward a diverse range of candidates for consideration from which the Board can make appointments on merit and against objective criteria.

The Board currently comprises nine Directors of whom four are women. This exceeds the 40% female gender diversity target set by the FTSE Women Leaders review. The Board meets the Parker Review recommendation of having at least one Director from a minority ethnic group.

During the year the Committee reviewed the Company's Equal Opportunities and Diversity policy and decided that no changes to the policy were required at this time. The Committee also reviewed the Company's diversity, equity and inclusion activities during the year and considered how the Company's Equal Opportunities and Diversity policy had been implemented. Further details are set out in the Sustainability report on pages 52 and 55.

The Committee reviews and monitors initiatives aimed at developing a diverse pipeline of talent within the Company below Board level through the succession planning process referred to above and the appointments process. When hiring, we seek to recruit on merit from a diverse pool of candidates.

Whilst we take a long-term approach to improving the diversity of our workforce and are committed to creating an inclusive culture in which both existing and newly-recruited staff can reach their potential, regardless of their sex, gender, social or ethnic backgrounds, the challenge nonetheless remains that there is a limited size talent pool, particularly at senior levels, within an extremely competitive market.

The gender balance of our employees and our senior managers is reported in more detail in the Sustainability section on page 53. At 31 March 2024, our employees were 59.4% male and 40.6% female. The under-representation of women in senior management and investment roles at 3i is an issue we share with much of the private equity and alternative asset investment sector. Nonetheless, 3i continues to focus on increasing the number of women in these roles, whilst recognising that significant change will take time to achieve. As at 31 March 2024, 29.2% of Executive Committee plus their direct reports who were senior managers were female (for further information and details on how this figure is calculated see page 53 of the Sustainability report).

As at 31 March 2024, approximately 15% of 3i's total UK employees declared to have an ethnic minority (excluding white minority) background. The proportion of our UK-based employees from an ethnic minority (excluding white minority) background in mid to higher salary brackets was approximately 16%.

The Company participates in a number of diversity, equity and inclusion initiatives, details of which are contained in the Sustainability section on pages 53 and 54.

Diversity of individuals on the Company's Board and in executive management

In accordance with LR 9.8.6 R (9) of the FCA Listing Rules the Board confirms that, as at 31 March 2024, the Company met the targets set out in that rule in that at least 40% of the Board were women, that at least one of the specified senior positions on the Board (the Chair, the Chief Executive, the Senior Independent Director or the Chief Financial Officer) was held by a woman and that at least one Director was from a minority ethnic background. There have been no changes to the Board since 31 March 2024 which would affect the Company's ability to meet these targets.

In accordance with LR 9.8.6 R (10) of the FCA Listing Rules, the following tables set out data, as at 31 March 2024, on the ethnic background and the gender identity or sex of the individuals on the Company's Board and in its executive management.

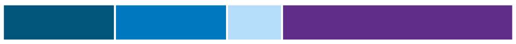
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender identity or sex					
Men	5	56%	3	9	90%
Women	4	44%	1	1	10%
Not specified/prefer not to say	–	–	–	–	–
Ethnic background					
White British or other white (including minority-white groups)	8	89%	4	6	60%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	11%	–	1	10%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	3	30%

The tables above include data for three individuals who are included in both the Board and executive management. The Company's approach to collecting the data used for the purposes of the above disclosures was to use data on gender or sex from our employee records and to ask the individuals which ethnic background was applicable to them together with permission to use it for this purpose, save where individuals were located in non-UK jurisdictions where we believe it would be inappropriate or unlawful to make such a request.

Composition, succession and evaluation continued
Nominations Committee report continued

Composition of the Board
at 8 May 2024

Tenure



- **22%** >9 years
- **22%** 6-9 years
- **11%** 3-6 years
- **45%** 1-3 years
- **0%** 0-1 years

Ethnicity

- **11%** Ethnically diverse
- **89%** Not ethnically diverse

Gender diversity

- **44%** Women
- **66%** Men

Directors' skills, experience and knowledge

The Directors have a range of core skills, experience and knowledge which enable them to effectively support and appropriately challenge management on the delivery of 3i's strategy. These skills include the following:

- Audit and finance
- Financial services and global markets
- Investment trusts and asset management
- Consumer/Commercial
- Remuneration
- Sustainability
- Digital
- UK plc governance
- Prior CEO/CFO/CIO

Training and advice

The Company has a training policy which provides a framework within which training for Directors is planned with the objective of ensuring Directors understand the duties and responsibilities of being a director of a listed company and are updated on developments that particularly impact 3i. All Directors are required to keep their skills up to date and maintain their familiarity with the Company and its business.

On appointment, all non-executive Directors participate in an extensive induction programme. They have discussions with the Chair and the Chief Executive. This is followed by briefings on: strategy; finance; Private Equity and Infrastructure including portfolio assets; external funds and co-investment and legacy funds; HR, remuneration and carry schemes; and legal, regulatory and compliance matters including the responsibilities of Directors. The Company provides opportunities for non-executive Directors to obtain a thorough understanding of the Company's business by meeting members of the senior management team who in turn arrange, as required, visits to investment or support teams.

In the year, Directors received presentations on data and generative AI and the US economy, in addition to presentations given by the CEOs and Private Equity investment teams of a number of portfolio companies. They also received, during the course of Board and Committee meetings, updates on developments in relation to regulatory matters, ESG, risk, financial and other reporting requirements and the UK and global tax environment. Directors have the opportunity to suggest additional subjects for presentations where they believe it would be helpful. All non-executive Directors have the opportunity to access the Company's compliance e-training modules which are used to train the Company's employees on regulatory compliance matters.

The Company has procedures for Directors to take independent legal or other professional advice in relation to the performance of their duties. In addition, Directors have access to the advice and services of the Company Secretary, who advises the Board, through the Chair, on governance matters.

Activities in the year

What was discussed	What the Committee did	Outcome
Board and senior management succession	**Size, balance and composition of the Board, and non-executive Director appointments** Whilst there were no new non-executive Director appointments during the year, the Committee has continued to keep the size, balance and composition of the Board under review. Immediately following the 2024 AGM, the Board will continue to comprise nine Directors, being the Chair, three executive Directors and five independent non-executive Directors.	The Committee remains of the view that a nine or 10 member Board is an appropriate size of Board for the Company and that the Board has the right balance of skills and experience. The Committee decided that whilst there was no immediate need for non-executive Director recruitment, in the interests of long-term succession planning it commenced a search process for a further non-executive Director to join the Board during FY2025. This process is ongoing.
	Contingency Executive Director succession plan The Committee reviewed its short-term contingency succession plans for scenarios where any of the executive Directors were unexpectedly unable to carry out their duties.	The Committee noted the existing contingency arrangements for circumstances where any of the executive Directors suddenly became unable to carry out their duties. No changes to these arrangements were recommended.
	Senior management succession plans In relation to succession planning below Board level, and as part of the Board's work to support the development of a diverse pipeline of talent, the Committee and the Board considered and discussed the 2024 Group Succession Planning and Strategic Capability Review, which was presented to the Directors by relevant Executive Committee members and the Chief Human Resources Officer. This annual review identifies development and succession plans for key staff, including all members of the Executive Committee and their direct reports, with details of short-term contingency arrangements in case of a sudden vacancy, planned successors and identification of those who, with further experience, could be potential longer-term successors.	The Board and the Committee were able to satisfy themselves as to the appropriateness of the succession planning process in place for senior positions within the Group.

Composition, succession and evaluation continued
Nominations Committee report continued

What was discussed	What the Committee did	Outcome
Board performance review	Details on how the annual Board performance review process was conducted and areas covered are on pages 114 and 115. The evaluation process for the year was conducted internally led by the Chair supported by the Company Secretary. The Committee reviewed the evaluation process which had been followed in the year with a view to identifying whether any changes or improvements should be made for future years.	Details on the outcome of the evaluation are set out on pages 114 and 115. The evaluation process informed the development of the Board's rolling agenda for the subsequent year and confirmed the Board's key strategic priorities and objectives. The Committee and the Board agreed that further consideration should be given over the coming year to evaluation arrangements going forward including benchmarking for external facilitators to conduct the Board's next externally facilitated evaluation process.
Review of Chair tenure	The Committee keeps the continued tenure of the Chair under regular review. This process is led by the Senior Independent Director and is particularly important given that the Chair has served as a Director for in excess of nine years.	Details of the review are set out on page 117 in the report from the Senior Independent Director. The Committee concluded that the Chair's continued appointment for the coming year was in the best interests of the Company.

David Hutchison
Chair, Nominations Committee

8 May 2024

Audit, risk and control

Audit and Compliance Committee report

Stephen Daintith
Committee Chair

"I am pleased to present the Audit and Compliance Committee report for the year ended 31 March 2024. This is my first report and I would like to thank the previous Committee Chair, Caroline Banszky, for her stewardship of this role over the last nine years. My report explains the Committee's work this year.

What the Committee reviewed in FY2024

- Financial and non-financial reporting
- External audit
- Internal control, compliance and risk management
- Risk review

Committee membership	Meetings
Stephen Daintith (Chair)	6(6)
Coline McConville	6(6)
Alexandra Schaapveld	6(6)
Caroline Banszky[1]	1(1)

1 Ms Banszky retired from the Board on 29 June 2023.

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. Other regular attendees at the Committee meetings include the following: the Chair; Chief Executive; Group Finance Director; Chief Operating Officer; Company Secretary; Director of Group Reporting and Valuations; Head of Internal Audit; Head of Group Compliance; and the External auditor, KPMG LLP.

Dear Shareholder

We held six regular scheduled meetings this year, four of which were coordinated with 3i's external reporting timetable.

On 24 May 2023, the Financial Reporting Council ("FRC") launched a consultation regarding the Corporate Governance Code and our response endorsed the views of the General Counsel 100 ("GC100") to the proposed changes to the Code. Subsequent to this consultation, the FRC published a revised version of the UK Corporate Governance Code 2024 ("revised Code") on 22 January 2024. The revised Code will apply to financial years beginning on or after 1 January 2025, other than Provision 29, which will come into effect for financial years beginning on or after 1 January 2026. We welcome the revised Code and specifically the focus on the effectiveness of material internal controls.

In addition to the Committee's usual focus on internal controls and the integrity of the Group's financial reporting, this year the Committee has overseen the implementation of a new financial reporting key internal controls system, an important enhancement to our existing control environment. The Committee will continue its focus on internal material controls across the Group.

The revised Code states that the Audit and Assurance policy and Resilience statement, which we published in 2021 and 2022 respectively in response to the Brydon Review, are no longer required. On that basis we have removed the Audit and Assurance policy from our Annual report and accounts this year, but will retain it as a standalone document for internal purposes. The intention is that the policy will be considered by the Committee as part of its review of the effectiveness of 3i's risk management and internal control system; in particular, in its assessment of the scope and adequacy of audit and assurance activities. We have, however, retained the Resilience statement as we believe the Resilience statement provides the user with important insight into how our business model remains a going concern and viable over the short, medium and long-term periods.

Audit, risk and control continued
Audit and Compliance Committee report continued

In advance of each Committee meeting, I met with the Group Finance Director, the Chief Operating Officer and the Heads of Compliance and Internal Audit to discuss their reports as well as any relevant issues. I also met privately with KPMG as part of my ongoing review of their effectiveness and, periodically, with other members of the 3i senior management team. I continue to have regular discussions and planning meetings with management and KPMG on delivering and effective audit.

The rest of the report sets out in detail the Committee's activities in the year. It is structured as follows:

- Governance
- Report on the year
- Areas of accounting judgement and control focus
- Risk management and internal control effectiveness
- Internal audit
- External audit

I look forward to engaging with you on the work of the Committee.

Stephen Daintith
Chair, Audit and Compliance Committee

8 May 2024

Audit and Compliance committee's terms of reference
www.3i.com/investor-relations/governance/principal-board-committees

What the Committee reviewed in FY2024

Financial and non-financial reporting

- Annual and half-year reports and quarterly performance updates
- Key accounting judgements and estimates
- Update on the relevant thematic reviews from the FRC
- Reviewed the Annual report to ensure that it is fair, balanced and understandable, including APMs
- Going concern, Viability and Resilience statement
- Bond issuance and RCF extension
- ESG disclosure enhancements including TCFD reporting and science-based targets

External audit

- Confirmation of the External auditor independence
- Policy and approval for non-audit fees
- FY2024 audit plan, including significant audit risks (being the valuation of the unquoted investment portfolio and the calculation of carried interest)
- Audit results report, including the results from testing Key Audit Matters
- External auditor performance and effectiveness

Internal control, compliance and risk management

- Review of 3i's system of risk management and internal control, including overseeing implementation of a new financial reporting key internal controls system, replacing the existing system
- Internal audit reports assessing internal control, processes, fraud and matters relevant to financial reporting
- Review of the Viability statement and the supporting stress test scenarios
- Update on cyber security and penetration tests
- Business resilience including IT and disaster recovery
- Annual staff verification exercise
- Audit and Assurance policy

Risk review

- Valuation reports and recommending the investment portfolio valuation to the Board
- Review of investment themes from portfolio company review process and portfolio performance including ESG issues and risks
- Regular reviews of compliance with regulatory rules and compliance monitoring findings
- Annual tax update and reports on tax policy and strategy
- Reports from the Group Risk Committee ("GRC") and the risk log
- Update on litigation matters

Governance

All members of the Committee are independent non-executive Directors. The Board believes members have the necessary range of financial, risk, control and commercial experience required to provide effective challenge to management. In particular, the Board is satisfied that Stephen Daintith has recent and relevant financial experience as outlined in the Code and the Committee as a whole has competence relevant to the sector in which it operates. The attendance of members at meetings is shown in the table on page 122.

The Committee meets privately for part of its meetings and also has regular private meetings with the External auditor, the Group Finance Director, the Chief Operating Officer, the Head of Internal Audit and the Head of Compliance in the absence of other members of the management team.

Report on the year

The review work of the Committee in the past year is summarised in the table on page 123. This work included the assessment and evaluation of the areas of significant accounting judgement, and monitoring the effectiveness of 3i's risk management framework as described in more detail later in this section. In addition, the Committee focused on a number of topics, which are set out below.

Taxation

The Committee received an annual update from the Group Tax Director on the Group's taxation status which covered liaison with fiscal authorities in the UK and other jurisdictions, relevant external developments, and material tax projects.

Cyber security and IT

The Committee also received an annual update on cyber security and key IT projects. There were no serious cyber incidents reported in the year and the Committee noted the steps taken to improve 3i's detective and protective controls, and maintain staff training and awareness on cyber security risks. The update on IT projects covered a new AI policy and related oversight process; the continued migration of "on-premise" data and services to cloud-based solutions; the device refresh strategy; resilience and continuity planning; and the roadmap for key systems projects, including the replacement of the Treasury Management, HR and ERP systems.

Going concern and viability

The Directors are required to make a statement in the Annual report and accounts as to 3i's viability. The Committee provides advice to the Board on the form and content of the statement, including the underlying assumptions. In advance of the year-end the Committee reviewed the Group's proposed stress test scenarios to support the going concern basis and Viability statement. At the year end, the Committee evaluated a report from management setting out its view of 3i's viability and content of the proposed Viability statement.

This report was based on the Group's strategic plan and covered forecasts for investments and realisations, liquidity and gearing, including forecast outcomes of the stress tests and forecast capital and liquidity performance against an assessment of the Group's risk profile. It incorporated the 31 March 2024 valuations and consideration of a range of economic outcomes. The Committee discussed whether the choice of the three-year period remained appropriate and concluded that it remained the most appropriate period and provided more certainty on the Group's performance due to the nature of the Group's business and its risk appetite to invest in Private Equity and Infrastructure investments for a period of four to six years, whilst acknowledging the reduced reliability of assumptions in the later period of the plan. See our Resilience statement on page 128 for further details.

The Directors believe the Group has sufficient financial resources and liquidity, is well placed to manage business risks in the current economic environment, and can continue operations for a period of at least 12 months from the date of issue of these financial statements. The Directors have also considered key dependencies set out within the Risk management section including investment and operational requirements.

Taking into account the assessment of the Group's stress testing results and its risk appetite statement on page 80, the Committee agreed to recommend the Viability statement and three-year viability period which was subsequently approved by the Board.

Audit and Assurance policy

3i first published an Audit and Assurance policy in FY2021, in response to the recommendations of the Brydon Review published in December 2019. We welcomed this initiative and anticipated that it would eventually become a requirement under the UK government's planned audit and corporate governance reforms. The final version of UK Corporate Governance Code 2024 published in January 2024, however, does not include the requirement for such a policy nor its publication.

Accordingly, the Committee has decided not to publish a policy going forward, but to maintain one for internal purposes. The intention is that the policy will be considered by the Committee as part of its review of the effectiveness of 3i's risk management and internal control system; in particular, in its assessment of the scope and adequacy of audit and assurance activities.

Areas of accounting judgement and control focus

The Committee pays particular attention to matters it considers to be important by virtue of their complexity, level of judgement and potential impact on the financial statements and wider business model. Significant areas of focus considered by the Committee are detailed on the next page, alongside the actions taken by the Committee (with appropriate challenge from the External auditor) to address them.

Areas of accounting judgement and control focus

Valuation of the proprietary capital investment portfolio

Area of significant attention

The most material area of judgement and estimation in the financial statements, and noted as a significant risk and Key Audit Matter by the External auditor, relates to the valuation of the unquoted investment portfolio, which, at 31 March 2024, was £20,690 million, or 92% of gross assets, under the Investment basis.

In recognition of the importance of this area, the Board has a Valuations Committee to review the valuations policy, process and application to individual investments. The Valuations Committee provides quarterly oral reports to the Audit and Compliance Committee and the Board, supported by the relevant minutes of the Valuations Committee.

What the Committee reviewed and concluded

On behalf of the Board, the Committee received and evaluated quarterly reports from the Chair of the Valuations Committee and the External auditor, with particular focus on the assumptions supporting the valuation of unquoted asset investments, any valuation uncertainties and the proposed disclosures in the financial statements. Members of the Committee also attend the Valuations Committee meetings.

The detail on the key valuation considerations and the review and challenge undertaken in the year is included in the Valuations Committee report on pages 131 to 135.

The Committee also reviewed and concluded that no fair value adjustment should be made to the investment entity subsidiaries' NAVs and judgement for control is appropriate for those investees and funds consolidated within the Group.

Carried interest payable

Area of significant attention

The valuation of the investment portfolio is a primary input into the carried interest payable and receivable balances, which are determined by reference to the valuation at 31 March 2024.

During the year the Group crystallised £778 million of carried interest liability, with the majority of payments being made to participants in the Buyouts 2010-12 scheme.

What the Committee reviewed and concluded

Internal Audit reviews the carried interest balances and carry plan distributions made to plan participants before the payments are made. Summaries of the work done are included in updates to the Committee.

The Committee reviewed a summary of carried interest payable as part of the overall summary prepared by management to support the Annual report and accounts 2024.

Fair, balanced and understandable and the presentation of 3i's reports and accounts

Area of significant attention

Under the Code, the Board should establish arrangements to ensure the Annual report presents a fair, balanced and understandable assessment of the Group's position and prospects.

The Group prepares the non-GAAP Investment basis financial statements to provide a disaggregated view of the underlying portfolio alongside the IFRS basis to aid in the understanding of the results and performance of the underlying portfolio.

What the Committee reviewed and concluded

The Committee reviewed the half-yearly and annual financial statements as well as the quarterly performance updates with management, focusing on the integrity and clarity of disclosures and enabling the Board to provide the fair, balanced and understandable confirmation to shareholders in the Annual report and accounts 2024.

A report summarising the considerations for the Annual report and accounts 2024 was reviewed by the Committee in advance of the year end and a summary of the detailed procedures undertaken was prepared alongside the Annual report and accounts 2024.

Internal audit

The Committee continued to monitor the scope, activity, and resources of the Group's Internal Audit function, including approving the internal audit plan and assessing whether its operating model remained effective and in line with relevant professional standards. The Committee receives quarterly updates on internal audit activity, including the results of reviews of 3i's investment offices and professional services teams; updates on outstanding agreed actions from previous reports; and any changes to the audit plan in response to business developments or new areas of higher risk.

In the absence of an external quality assessment in FY2024, the Committee also received an effectiveness self-assessment from the Head of Internal Audit which is designed to assist the Committee in its monitoring of the function.

Based on reports and other evidence seen, and meetings held over the course of the year, the Committee concluded that the Internal Audit function remained effective.

External audit

The Committee has responsibility for making recommendations to the Board on the appointment of the External auditor, determining its independence from the Group and its management and agreeing the scope and fee for the audit.

KPMG were appointed auditors of 3i Group plc for the year ending 31 March 2021, following a tender process in July 2018. Consistent with the IESBA Code of Ethics, the current audit partner on the 3i Group audit is expected to rotate after a maximum of five years.

Auditor independence

The Group has a policy for setting out what non-audit services can be purchased from the firm appointed as External auditor or a member of the firm's network. The aim of the policy is to support and safeguard the objectivity and independence of the External auditor and to comply with the FRC's Ethical Standards for auditors. It also ensures that where fees for approved non-audit services are greater than a pre-determined limit, they are subject to the Committee Chair's prior approval.

The policy permits certain non-audit services to be procured, following approval, when the Committee continues to see benefits for the Group in engaging KPMG. Examples of this include work:

- that is closely related to the external audit as described in para 5.36 of the FRC's Ethical Standards;
- where a detailed understanding of the Group is required; and
- where KPMG is able to provide a higher quality and/or better value service than other potential providers.

The key principle of our policy is that permission to engage the External auditor will always be refused when a threat to independence and/or objectivity is present or perceived or without any proper safeguards in place. In line with the FRC's Ethical Standards, 3i will not generally use KPMG for any non-audit services (unless explicitly permitted) that are not closely related to KPMG's role as 3i's External auditor. This includes tax and legal, consulting and investment-related services such as due diligence.

All proposals for services with KPMG must be forwarded to the Chief Operating Officer in the first instance and will require approval by the Chair of the Audit and Compliance Committee above a defined limit and provided the work is not closely related to KPMG's role as 3i's External auditor. Examples of services that require additional approval include:

- the fee exceeds £100,000; or
- the service is work other than services closely related to KPMG's role as 3i's External auditor.

Smaller engagements with fees of less than £100,000 and services that are explicitly permitted and are not considered closely related to the audit are approved by the Chief Operating Officer on behalf of the Committee.

KPMG has reviewed its own independence in line with these criteria and its own ethical guideline standards. This includes the review of due diligence processes undertaken within the Group's investment activities. KPMG has confirmed to the Committee that following its review it is satisfied that it has acted in accordance with relevant regulatory and professional requirements.

Audit and non-audit fees

The total audit fee for the year was £3.1 million (2023: £2.8 million). Non-audit fees paid to the External auditor were £0.4 million (2023: £0.4 million). The Committee concluded that these fees fell within its criteria for engaging KPMG and do not believe they pose a threat to the External auditor's independence or objectivity.

Assessing external audit effectiveness

The Committee reviews the effectiveness of KPMG through the use of questionnaires completed by management, by considering the extent of its contribution at Committee meetings throughout the course of the year, and in one-to-one meetings.

The FY2024 evaluation also reviewed the quality of the audit process, the use of KPMG's valuation specialists to support the audit of the portfolio valuations and the technical knowledge of the team.

The Committee concluded that the audit was effective and that there should be a resolution to shareholders to recommend the re-appointment of KPMG LLP at the 2024 AGM.

Risk management and internal control framework

The Committee is responsible, on behalf of the Board, for overseeing the effectiveness of the Group's risk management and internal control system. The overall framework is reviewed by the Committee in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC.

The GRC, Executive Committee and senior managers are required to provide the Committee with regular updates on a range of topics to enable the Committee to form a view on the Group's principal risks, risk mitigation plans and any significant new risks, themes or developments.

The GRC provides an update on the assessment of the Group's principal risks and new and emerging risks, together with details of how these are being managed or mitigated in the context of the Group's strategic objectives and risk appetite. The reports also include updates on key ESG risks and developments, both in relation to the Group and the investment portfolio. Further details on can be found in the Risk management section on pages 80 to 93.

Audit, risk and control continued
Audit and Compliance Committee report continued

The Committee receives a range of reports and information on the operation of the Group's system of internal control, including controls over financial reporting. The Group's external reporting is subject to a well-established input, review and verification process, which the Committee is briefed and consulted on.

Details of what the Committee reviewed can be found in the tables on pages 123 and 125. A summary of the key control framework is set out below.

Review of effectiveness

For monitoring and reporting purposes, a significant control failure or weakness is defined as one resulting in or with potential to result in a material misstatement in the financial statements or loss to the business, or significant reputational damage, penalties or sanctions.

Both the External and Internal Auditors provide the Committee with details of their respective reporting frameworks, including materiality limits and risk ratings. This is to ensure there is an understanding of how the definitions are applied in evaluating the nature and severity of any risk or internal control findings and the appropriateness of remedial action plans.

The Committee's review of the risk management and internal control system takes into account the various updates and reports outlined in this section. In addition, the Committee receives an annual risk and internal control effectiveness review from Internal Audit and an end-of-audit report from the External auditor. The Executive Committee, supported by their direct reports, is also required to sign-off an annual control attestation, the results of which are reported by Internal Audit. The Committee also reviews the Group's anti-fraud programme and use of the whistle blowing facility.

The Committee performed its annual review of the system's effectiveness and reported its conclusions to the Board. The Board noted that the system has been in place for the year under review and up to the date of approval of this Annual report and accounts 2024, and that there had been no significant control failings or weaknesses which required remedial action.

Summary of key control framework

Investment process

- Due diligence process
- Investment procedures
- Investment Committee review and approval
- ESG assessment
- Responsible Investment policy

Investment portfolio companies

- 3i board representatives
- Active management of senior appointments
- Minimum ESG requirements

Investment portfolio management

- Procedures for portfolio management
- Monthly portfolio company dashboards and performance monitoring
- Six-monthly investment and portfolio company reviews, including reporting against ESG requirements

Viability and going concern

- Stress testing methodology and modelling
- Analysis of assets and liabilities
- Capital adequacy review process
- Group strategy and liquidity forecasting models

Valuations process

- Approved Valuations policy
- Investment and portfolio company review processes
- Central oversight by the Valuations team, Investment Committee and Valuations Committee

Financial reporting

- Framework of key financial controls and reconciliations
- Portfolio, fund and partnership accounting processes
- Documented analyses of complex transactions and changes in accounting requirements and disclosures
- Operating expense budget

People and culture

- Values framework and HR policies
- Performance management framework
- Remuneration policies
- Conduct and compliance policies and monitoring
- Succession planning process

Advisory relationships

- Pre-approved suppliers of investment due diligence services
- Tendering and approval process for other advisers, eg legal, tax
- Monitoring of performance and patronage
- Confidentiality and conflicts management

Third-party service suppliers

- Use of 3i's Supplier Relationship Management tool
- Required contractual protections, eg data security and business continuity
- Oversight and governance frameworks for critical suppliers
- Independent service organisation reports

Balance sheet management

- Treasury policy and control framework
- Liquidity monitoring framework
- Fund transfer and release controls
- Portfolio concentration and vintage control monitoring framework
- FX hedging programmes

Change management

- Approval process for changes to corporate structure or new products/business areas
- Ongoing monitoring of legal and regulatory changes
- Active participation and engagement with government, regulators and trade bodies
- Business systems project governance and oversight

IT systems and security

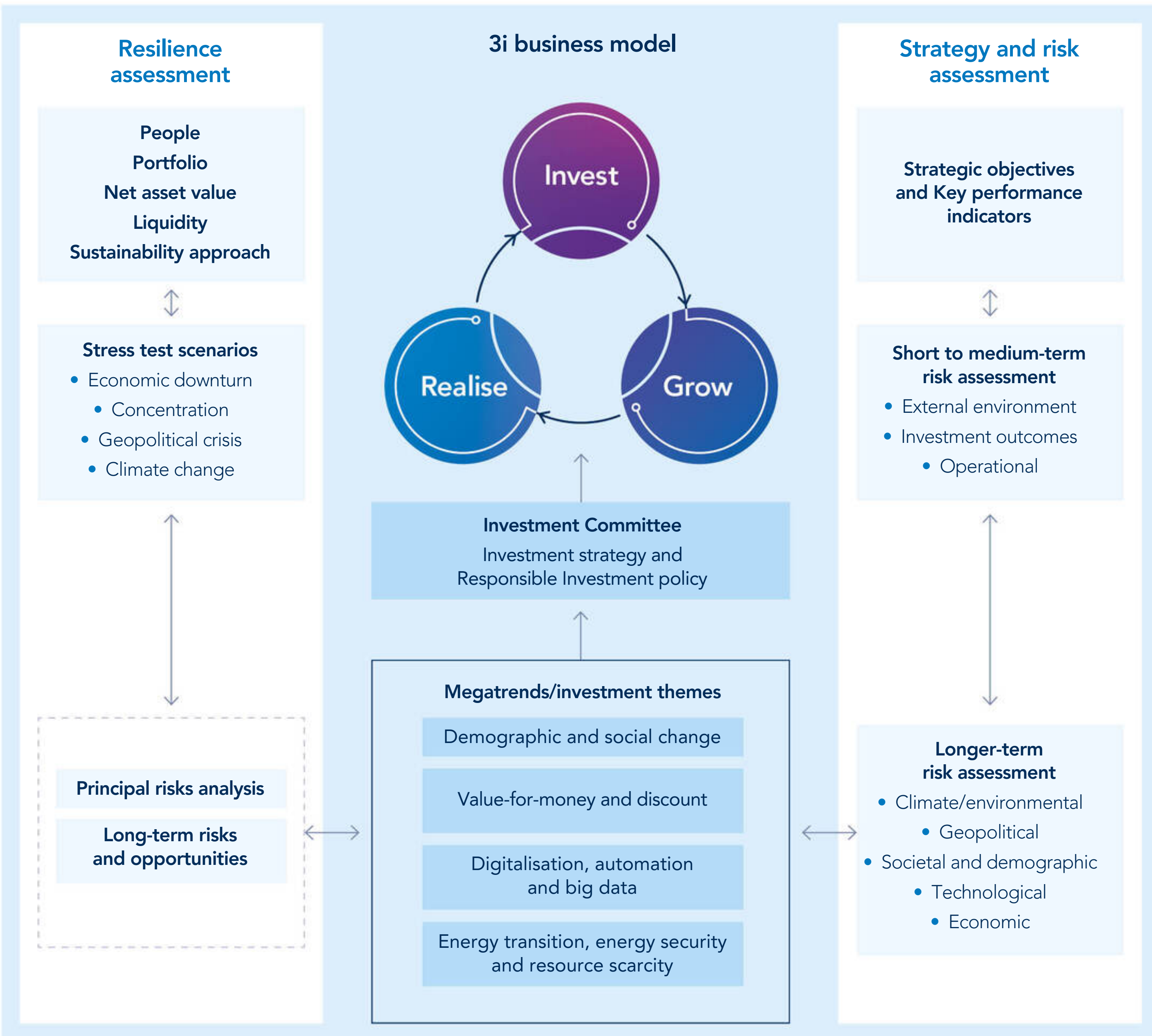
- IT governance and policy framework
- Access and data security controls
- Back-up and disaster recovery procedures and testing
- IT and cyber security monitoring and control framework, and regular penetration tests
- Staff cyber security awareness training

Resilience statement

Our resilience is dependent on the success of our investment strategy, careful management of our balance sheet and costs, and the ability to attract and retain a capable and diverse team. This is underpinned by a strong institutional culture and values, robust corporate governance, and effective risk and operational management.

The success of our investment strategy, in particular, requires a long-term, responsible and risk-based approach to building a resilient portfolio with strong growth potential, and maintaining and developing the expertise, relationships and institutional culture to support this. This foundation supports 3i's ability to generate attractive returns through sustainable growth.

Our resilience assessment draws upon a number of interdependent components, illustrated below. Further information can be found in the sections on the Group's business strategy (pages 12 to 17), Approach to risk management (pages 80 to 93) and Sustainability (pages 39 to 68).



Short-term resilience

In assessing our short-term resilience, we undertake regular portfolio monitoring, including six-monthly strategic portfolio company reviews and monthly trading updates for each portfolio company. These reviews highlight and appraise sources of risk at a portfolio company level and feed into the quarterly valuation process. Regular portfolio updates are provided to the Board and Audit and Compliance Committee.

We also carry out periodic assessments of the Group's operational resilience, including key people risks, IT systems and security infrastructure, and critical third-party suppliers.

Active management of liquidity underpins our short-term resilience, which is supported by the ready availability of short-term funding and a conservative balance sheet policy that ensures a low level of structural gearing at the holding company level.

The identification of material uncertainties, that could cast significant doubt over the ability of the Group to continue as a going concern, forms the basis of the Directors' Going concern statement below.

Going concern statement

Going concern is assessed for a period of at least 12 months from the date of approval of the Annual report and accounts. The Directors are required to evaluate whether the Group has adequate resources to continue in operational existence for at least the next 12 months. The Directors have made an assessment of going concern, taking into account both the Group's current performance and outlook using the information available up to the date of issue of these financial statements.

In carrying out their assessment of going concern and short-term resilience, the Directors considered a wide range of information, including:

- details of the Group's strategy, risk appetite, and business and operating models;
- information on the Group's principal risks and mitigation plans;
- a summary of the financial position considering performance; and
- current market volatility and geopolitical and economic uncertainties.

The Group monitors its funding position and its liquidity risk throughout the year to ensure it has access to sufficient funds to meet forecast cash requirements.

At 31 March 2024, the Group remained well funded with liquidity of £1,296 million (31 March 2023: £1,312 million). Liquidity comprised cash and deposits of £396 million (31 March 2023: £412 million) and undrawn RCF of £900 million (31 March 2023: £900 million). During the year, we successfully issued a six-year €500 million bond at a coupon of 4.875% and extended the tenor of the £400 million tranche of our £900 million RCF to November 2026. The Group monitors its liquidity regularly, ensuring it is adequate and sufficient. This is underpinned by the monitoring of investments, realisations, foreign exchange hedging (including the liquidity impact of the Group hedging programme implemented last year), operating expenses and receipt of portfolio cash income.

Liquidity is also central to the Group's dividend policy to maintain or grow the dividend year-on-year. This policy is subject to maintaining a conservative balance sheet approach and is therefore informed by the outlook for investment and realisation levels. Allowing the Group to exercise discretion over the level of dividends paid ensures that the Directors can recommend a sustainable dividend which takes into account the need to maintain liquidity for new investment and operating expenses.

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2024. After making the assessment on going concern and short-term resilience, the Directors considered it appropriate to prepare the financial statements of the Company and the Group on a going concern basis.

The Group has sufficient financial resources and liquidity and is well positioned to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of this report. The Directors have concluded that there are no material uncertainties or risks that could cast significant doubt over the short-term resilience of the Group or its ability to continue as a going concern over the duration of that period based on investment and operational requirements.

Medium-term resilience

The assessment of medium-term resilience, which includes the modelling of stress tests and reverse stress tests, considers the viability and performance of the Group in the event of specific stressed scenarios which are assumed to occur over a five-year horizon in line with the Group's strategic planning process.

The stress testing focuses upon the principal risks, but also considers those new and emerging risks which are considered to be of sufficient importance to require active monitoring by the GRC; these include, for example, concentration risk in the portfolio and the impact of climate change. The medium-term resilience of the Group is examined through analysing the impact of these scenarios on key metrics such as net asset value and liquidity.

In each stress test scenario, the Group remains viable. The medium-term resilience of 3i is further supported by the availability of controllable management actions that can mitigate the impact of certain stress events. These actions include, for example, the flexing of investment and dividend levels for liquidity purposes.

Viability statement

The stress testing as detailed above forms the basis of the Viability statement. 3i conducts its strategic planning over a five-year period; the Viability statement is based on the first three years, which reflects the nature of the Group's business and its risk appetite to invest in Private Equity and Infrastructure investments for a period of four to six years and, therefore, provides more certainty over the forecasting assumptions used. The Directors assess 3i's viability and medium-term resilience over a three-year period from the date that the Annual report and accounts is approved. 3i's strategic plan and associated principal risks, as set out on pages 85 to 93, are the foundation of the Directors' assessment.

The assessment is overseen by the Chief Operating Officer and Group Finance Director and is subject to challenge by the GRC, review by the Audit and Compliance Committee and approval by the Board.

Audit, risk and control continued
Resilience statement continued

The Group's strategic plan projects the performance, net asset value and liquidity of 3i over a five-year period and is presented at the Directors' annual strategy meeting in December and updated during the year as appropriate. At the strategy meeting, the Directors consider the strategy and opportunities for, and threats to, each business line and the Group as a whole. The outcome of those discussions is included in the next iteration of the strategic plan which is then used to support the assessment of viability and medium-term resilience. The current iteration of the strategic plan reflects the current macro-economic headwinds and geopolitical uncertainty.

The Group's viability testing considers multiple severe, yet plausible, individual and combined stress scenarios. These scenarios include a range of estimated impacts, primarily based on providing additional support to portfolio companies as a result of a downturn and delaying the Group's ability to realise and make new investments. A key judgement applied is the extent of the impact of certain market and economic developments, including the outlook on interest rates, inflation and economic growth. The scenarios tested are as follows:

- widespread economic turmoil – considers the impact of a recession, triggered by persistent inflation, high interest rates and weak consumer demand, with a significant impact on valuations and realisations;
- concentration risk – considers a material adverse event affecting a single large asset in the investment portfolio;
- combined scenario with widespread economic turmoil and concentration risk – considers both scenarios occurring at the same time;
- impact of a significant event – considers the impact of a loss in value of certain portfolio companies following a material event such as significant operational underperformance, covenant breaches, fraud, a cyber security breach or other ESG issues; and
- climate change – considers the impact of climate change on 3i's portfolio, driven by changes in consumer behaviour, regulations, and other physical and business risks.

The assessment projects the amount of capital the Group needs in the business to cover its risks, including financial and operational risks, under such stress scenarios. The results of each of the stress test scenarios indicate that the Group is able to meet its obligations as they fall due for the viability period over three years from the date of approval of these financial statements by, in certain cases, making use of controllable management actions. In all these scenarios the Directors expect the Group to be able to absorb the impact on NAV, whilst the liquidity and solvency of the Group is protected.

Mitigating actions within management control include reducing new investment levels, dividend levels and drawing on the existing RCF. The analysis shows that, while there may be a significant impact on the Group's reported performance in the short term under a number of these scenarios, the resilience and quality of the balance sheet is such that solvency is maintained, and the business remains viable.

As part of the assessment of viability and medium-term resilience, the Group also undertakes reverse stress testing to identify the circumstances under which the Group's business model would no longer remain viable. These circumstances include a prolonged delay in the projected realisation date of investments, at the same time as continued investment by the Group at a level not supported by the liquidity forecast. In the absence of any mitigating management actions, these reverse stress tests determine the point at which the Group would lack the liquidity to remain viable. Overall, the reverse stress tests are sufficiently improbable as to provide a low risk of impact to the Group's viability and medium-term resilience. In practice, in the event of a market downturn and a significant delay in realisations, mitigating actions within management control would be exercised to provide sufficient liquidity.

Taking the inputs from the strategic planning process and its stress scenarios, the Directors reviewed an assessment of the potential effects of 3i's principal risks on its current portfolio and forecast investment and realisation activity, and the consequent impact on 3i's capital and liquidity.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due up to at least the end of the three-year period of the assessment.

Long-term resilience

The long-term resilience of our business is underpinned by our capabilities as a leading investor in Private Equity and Infrastructure assets and our effective risk management of the core elements of our business model (pages 14 and 15). This includes our long-term responsible approach to investment, conservative balance sheet strategy and an effective team built on a consistent set of shared values.

Fundamental to our long-term resilience is our investment strategy. We invest capital in businesses to deliver capital returns and portfolio and fund management cash income to cover our costs, and increase returns to our investors. Our long-term investment horizon is possible because we have a permanent capital base and are not driven by fundraising cycles. We adopt a sector and thematic approach to origination and portfolio construction which in turn supports long-term sustainable growth in the portfolio.

Crucially, this investment approach can be adapted in response to new and emerging risks and challenges including climate change, societal and demographic trends and technological changes. It also informs decision taking on portfolio realisations enabling the composition of the investment portfolio to evolve over time.

The analysis and management of our principal risks is focused on the short to medium term, and used as a basis to develop a range of stress test scenarios. Although these are modelled over a five-year horizon, the resilience shown by the Group, and its ability to recover from these stressed situations, supports the assessment of our resilience over a longer term. The availability and effectiveness of management actions employed in the stress testing scenarios demonstrates the flexibility with which we can respond to new and emerging risks.

Valuations Committee report

Peter McKellar
Committee Chair

I am pleased to present the Valuations Committee report for the year ended 31 March 2024. My report explains the role of the Committee, as well as the work we reviewed this year.

Committee membership	Meetings
Peter McKellar (Chair)	4(4)
Simon Borrows	4(4)
Stephen Daintith[1]	1(1)
James Hatchley	4(4)
David Hutchison	4(4)
Lesley Knox	2(4)
Alexandra Schaapveld	4(4)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend. Other regular attendees at the Committee include the following: Audit and Compliance Committee Chair; Chief Operating Officer; Group General Counsel; Managing Partners of Private Equity; Director of Group Reporting and Valuations; and the External Auditor, KPMG LLP.

1 Stephen Daintith stepped down from the Valuations Committee when he was appointed Chair of the Audit and Compliance Committee at the end of the 2023 AGM.

Dear Shareholder

The Valuations Committee plays a key role in providing the Board with assurance that the valuation methodology and process are robust and independently challenged. During the year, we met four times as part of the Group's external reporting timetable. We reviewed and challenged the assumptions behind management's proposed asset valuations and reported to the Audit and Compliance Committee and the Board.

Our principal focus year-on-year is the Group's unquoted investments in Private Equity and Infrastructure, as a high level of judgement is required to value this portfolio of assets. This portfolio accounts for 96% of 3i's investment portfolio. The valuation of the Group's largest Infrastructure investment, namely the quoted holding in 3iN, represents 4% of 3i's investment portfolio, and the valuation is based on the share price of 3iN at the relevant balance sheet date.

This year, we have predominantly focused on how our portfolio companies have navigated adverse macro-economic headwinds such as higher interest rates, inflation and weaker discretionary consumer sentiment, as well as geopolitical instability that introduced further volatility and uncertainty into capital markets. Whilst the majority of our portfolio companies continue to mitigate these headwinds well and demonstrate resilient trading, some of our portfolio companies have seen prolonged weaker end-markets or company-specific challenges. In these instances, alongside our usual rigour and challenge of earnings and multiples, we have also applied particular focus on the quality of the normalisations and the overall maintainability of earnings. In setting our valuation multiples, we have also applied particular focus and consideration to private market transactions where there have been difficulties matching buyers and sellers due to pricing misalignment, compared to quoted market multiples which have largely seen a good recovery.

Valuations Committee's terms of reference
www.3i.com/investor-relations/governance/principal-board-committees

At each Committee meeting, we received a detailed report from the Group Finance Director and Chief Operating Officer recommending the proposed valuation of the Group's investment portfolio. This report highlights the main drivers of value movement, analysed between performance (movement in earnings and net debt), multiple movements and other factors. At each meeting, we also reviewed selected assets for detailed discussion; examples of such assets covered during the year included Action, European Bakery Group, Royal Sanders, SaniSure, Tato and WilsonHCG.

I met the Group Finance Director and Chief Operating Officer in advance of each meeting to discuss the key valuation assumptions and to review management's paper before circulation. I also met the External auditor, KPMG, privately to discuss the results of its quarterly reviews. These reviews challenged management's approach to valuations, the selection of comparable companies and the relevance of earnings adjustments. Additionally, KPMG selected a sample of 13 assets, equivalent to 80% of the 31 March 2024 unquoted portfolio by value, across the half-year and full-year ends, for an in-depth review by its specialist valuations team to help to derive an independent valuation range. In March 2024, KPMG and I discussed their approach to the year-end audit and their sample of assets selected.

In advance of the full-year and half-year ends, management hold portfolio company review ("PCR") meetings with the respective investment teams. Non-executive Directors, including myself, the Chair and members of the Committee, attended a significant proportion of the meetings held in September 2023 and March 2024.

Our valuation methodology and process remains consistent. The valuation inputs for the Group's portfolio companies are reviewed on a case-by-case basis and considered against business plans, budgets, shorter and longer-term views on trading, and sector performance. Management considers various data points to support the fair value of investments, including estimates of run-rate and forecast earnings and the maintainability of these, in addition to historic earnings.

The judgements applied and resulting valuations were discussed with the Committee and the External auditor throughout the year.

We embed an assessment of ESG factors on our portfolio companies throughout our investment lifecycle. These assessments form part of our normal portfolio management process, and as part of our PCR process, which helps inform investment decisions, mitigation of risk or value creation opportunities. Management continues to progress the collection of quantitative and qualitative ESG data and the ability to store and monitor it. As part of our case-by-case review of our portfolio companies, the risks and opportunities from climate change and other ESG factors are an important consideration in the overall discussion on fair value.

By count, we have a relatively small portfolio of assets, which allows us to challenge each valuation on an individual basis. We welcome the FCA's upcoming review of the disciplines and governance around private market valuations. We believe our valuation methodology and process are rigorous and robust and, given we are a listed entity, we offer greater transparency on our valuation practice for our shareholders, regulators and other interested parties.

The rest of this report sets out in more detail what the Committee did during the year.

Peter McKellar
Chair, Valuations Committee

8 May 2024

Audit, risk and control continued
Valuations Committee report continued

The Committee focused on the following significant issues in FY2024:

Earnings and multiple assumptions

Area of significant attention

Of the total portfolio by value, 87% is valued using a multiple of earnings at 31 March 2024, or 22% excluding Action (see further detail on Action as an area of significant attention on page 134). This requires judgement, as the earnings of the portfolio company may be adjusted so that they are considered "maintainable". We also apply a liquidity discount to the enterprise value determined according to factors such as our alignment with management and other shareholders and our investment rights in the company. The liquidity discounts vary between 5%-33% of the enterprise value of each portfolio company.

There is also a significant degree of judgement in selecting the set of comparable quoted companies and transactions which are used as a key data point in determining the appropriate multiple to calculate an enterprise value. Multiples are selected by reference to the market valuation of quoted comparable companies, M&A transactions and input, in certain cases, from corporate finance advisers. We also take into account growth profile, geographic location, business mix, degree of diversification, and leverage/refinancing risk. The multiple implied by the quoted comparables may be adjusted if, in certain cases, the longer-term view (cycle or exit plan) supports the use of a different multiple. This continues to be an important exercise given the market volatility we have seen as a result of the macro-economic environment. We continue to consider the impact of IFRS 16 and ASC 842 on the quoted comparable companies for those assets that report under local GAAP.

Private Equity assets are typically valued using a multiple of earnings. However, alternative valuation methodologies, such as a DCF valuation or a sum-of-the-parts, may be considered as an alternative benchmark for potential values or as a cross-check relative to the earnings-based valuation.

In the year, the Committee placed a key focus on:

- the budgets and projections for each portfolio company versus performance, considering the uncertainty around the macro-economic outlook;
- the maintainability of earnings across LTM, forecast and run-rate earnings;
- the quality of earnings across the portfolio and the impact of one-off related normalisation adjustments;
- portfolio company leverage and covenant monitoring; and
- our long-term, through-the-cycle, view on multiples against a challenging environment for private market transactions and the recovery of capital markets and the average of the quoted comparable peer sets.

What the Committee reviewed and concluded

Earnings data is received monthly from Private Equity portfolio companies and monitored closely by management. Actual earnings may then be adjusted in management's proposed valuations, for example, to reflect a full year's trading of an acquired business, removing profit from discontinued activities, any forecast uncertainty or to exclude exceptional transaction costs. Material adjustments are highlighted to the Committee in the quarterly report for review and approval.

All multiples used by management have been adjusted, where the longer-term view of the exit or multiple supports the use of a different multiple. At 31 March 2024, two portfolio company valuation multiples, including Action, were valued above their peer set averages but remain well within the peer set range. Notable changes in multiples, which commonly result from significant bolt-on acquisitions, a change in performance or a shift in market sentiment in that sector, are presented to the Committee quarterly and adjustments are reviewed by the Committee at each meeting.

Audit, risk and control continued
Valuations Committee report continued

The Committee focused on the following significant issues in FY2024:

Action

Area of significant attention

Action forms 65% of the total portfolio by value. Valued on a multiple of earnings basis, Action is the largest investment for the Group and, therefore, its valuation is a key area of focus.

Action's run-rate earnings grew significantly in the 12 months to the end of Action's P3 2024 (which ended on 31 March 2024), driven by new store openings and increased transaction volumes. All geographies performed well, with a reduction in prices across 42% of its catalogue in 2023, contributing to the strong growth in volumes. Following the successful debut of a US dollar term loan, Action returned £762 million of proceeds to 3i, in addition to £375 million of cash dividends further to its strong cash generation. 3i reinvested £455 million of these proceeds, increasing its equity interest in Action from 52.9% to 54.8%.

Action was valued using its run-rate earnings for the 12 months to P3 2024 of €1,848 million and a run-rate multiple of 18.5x (31 March 2023: 18.5x) after applying a liquidity discount of 5%.

When considering the multiple for Action we paid particular attention to the following areas:

- the appropriateness of the comparable peers from both a forward and backward-looking view; and
- the strength of Action's performance across its key performance indicators compared to its peers.

Management also cross-checked the earnings-based valuation against a DCF model.

What the Committee reviewed and concluded

The Committee noted Action's impressive performance in the year and noted the momentum in its trading and strong like-for-like sales growth.

The Committee reviewed the work done by management on the comparable peer set and Action's relative performance across its key performance indicators, as well as the potential use of the DCF model.

The Committee agreed with management's approach of valuing Action on the basis of a multiple of earnings, but noted that the DCF model provides a useful reference point.

The Committee reviewed the run-rate adjustments and earnings normalisations to ensure a consistent valuation methodology was applied.

Assets valued using a DCF basis

Area of significant attention

For assets valued using a DCF basis, which represent 5% of the total portfolio by value, the key valuation judgements relate to longer-term assumptions that drive the underlying business plan and cash flows and decisions on the appropriate discount rates.

EC Waste, Regional Rail, Scandlines and Smarte Carte are the significant investments valued using a DCF valuation basis. A DCF model also forms the most significant input into an early-stage investment, ten23 health, which is valued on a sum-of-the-parts basis.

What the Committee reviewed and concluded

Material assumptions for the DCF valuations are reviewed by the Committee. Sensitivity to assumptions is also noted. Any material changes are reviewed by the Committee.

Audit, risk and control continued
Valuations Committee report continued

The Committee focused on the following significant issues in FY2024:

Imminent sale assets	Area of significant attention	What the Committee reviewed and concluded
	At any point in time, it is likely that a number of potential exit processes from the portfolio are underway. Judgement is applied by management as to the likely eventual exit proceeds and certainty of completion. This means that in some cases an asset may not be moved to an imminent sales basis until very shortly before completion; in other cases, the move may occur on signing, even if the time to completion is a period of some months. However, as a general rule an asset moves to an imminent sale basis only when a process is materially complete and the remaining risks are estimated to be small, given the completion risk around unquoted equity transactions. In April 2024, we reached an agreement to sell nexeye for expected proceeds of c.€452 million. The valuation at 31 March 2024 is in line with these proceeds, less a 2.5% discount to reflect the residual execution risk.	Active sales processes are reviewed by the Committee, including details such as the timeline to potential completion, the number and make-up of bidders for investments, execution and due diligence risks, and regulatory or competition clearance issues. Management proposes a treatment for each asset in a sales process, which the Committee reviews at each meeting.

Review process

As part of its challenge and review process, the Committee:

- considered the management information provided to support the Committee's review of the valuations, including management's responses to any challenges raised by Committee members or the External auditor;
- sought assurance from the External auditor as to whether and how they had considered the appropriateness of valuations and the underlying assumptions made;
- reviewed the consistency of the views of management and the External auditor and their valuation specialists; and
- reviewed and challenged the differential between carrying values and those implied by the multiples of comparable quoted companies and transactions.

The Committee was satisfied that the application of the valuation policy and process was appropriate during the period under review, and recommended the portfolio valuation to the Audit and Compliance Committee and the Board at each quarter end for approval by the Board.

In addition, the Committee is responsible for keeping the Group's valuation policy under review and recommending any changes to the policy to the Audit and Compliance Committee and the Board. The policy is reviewed at least annually, with the last update in January 2024.

More information on our valuation methodology, including definitions and rationale, is included in Note 13 – Fair values of assets and liabilities on page 178 and in the Portfolio valuation – an explanation section on page 217.

External audit

As part of its year-end audit, KPMG's specialist valuations team reviews a selection of investments to support its overall audit opinion on the financial statements as a whole.

Remuneration

Directors' remuneration report

Coline McConville
Committee Chair

Committee membership during the year

Name	Meetings
Coline McConville	6(6)
Caroline Banszky	3(3)
Alexandra Schaapveld	3(3)
Lesley Knox	5(6)
Peter McKellar	6(6)

The column above headed "Meetings" shows the number of meetings of the Committee attended by each member during the year, together with, in parentheses, the number of meetings they were entitled to attend.
The Chief Executive, the Company Chair, the Remuneration Director and the General Counsel & Company Secretary attend Committee meetings by invitation, other than when their personal remuneration is being discussed.

Dear Shareholder

This letter summarises the key Executive Director remuneration issues considered by the Remuneration Committee in the year and decisions we arrived at.

FY2024 Performance

3i delivered a strong FY2024 total return on opening shareholders' funds of 23% (2023: 36%). The FY2024 scorecard, as set out in the Annual report on remuneration, shows a mix in performance within the quantitative section, with another year of excellent performance from Action resulting in it materially overachieving against its target range. The wider portfolio saw Infrastructure deliver above target performance, with the Private Equity (ex Action) portfolio delivering a 7% return, below its threshold target of 10%. These strong results were delivered in spite of challenging economic conditions during the year.

We saw a modest recovery in the global economy in 2023 as the fragile macro-economic environment and geopolitical uncertainty persisted. Although inflation has begun to moderate, consumer confidence remains strained, with a strong emphasis on affordability. During the year, these dynamics supported substantial growth for our value-for-money and private label portfolio companies. Notably, Action, with its impressive performance, continued its growth trajectory by expanding its store footprint across Europe. The healthcare market saw a positive rebound and our Infrastructure portfolio maintained its resilient performance.

Against the backdrop of a subdued M&A market in 2023, we continued our disciplined approach to the deployment of capital, investing a total of £593 million in FY2024, including a further £455 million of investment into Action to increase our stake from 52.9% to 54.8%. Seven bolt-on acquisitions were completed in the Private Equity portfolio, one of which required further investment of £38 million.

During the year, we made significant progress with our ESG agenda, with a particular focus on our climate change strategy. We are reporting for the first time in alignment with TCFD recommendations, in compliance with FCA requirements, including aggregate portfolio emissions. Additionally, our near-term science-based targets were approved by the Science Based Targets initiative in March 2024.

Over the year, we delivered very strong total shareholder returns of 71%, the majority of which is based on our share price performance. We also further strengthened our balance sheet and liquidity position with the issue of a six-year €500 million bond.

FY2024 bonus outcomes

As reflected in our remuneration policy, when considering annual bonuses, the Committee uses the scorecard outcome as a "prompt and guide to judgement" and "has the discretion to adjust the annual bonus outcomes, both upwards and downwards (where significant adjustment is required), to ensure the outcome is a fair reflection of the overall performance of the Company and the individual".

In considering an appropriate FY2024 bonus, reflective of overall performance, the Committee considered whether the scorecard outcome of 70.6% reflected the exceptional overall Company performance. The Committee acknowledged that, in hindsight, the weighting of Action's returns within the scorecard was low. Had the weighting been allocated on the same ratio as the portfolio value (as at 31 March 2023) the overall scorecard outcome would have been almost 80%.

Action's continued exceptional returns have a substantial impact on the Company's overall results. The importance of this investment is reflected in the Chief Executive holding the position of Chair of Action. In addition, the Group Finance Director and Chief Operating Officer have been very engaged in executing our strategy of continuing to reduce the carried interest liability related to Action and increasing our investment in Action when opportunities arise, with our shareholding increasing from 52.9% to 54.8% in the year.

The Committee considered whether it was appropriate to exercise its discretion and award bonuses of 80% (FY2023: 85%) of maximum and concluded that while overall performance, as well as the shareholder experience, could be argued to warrant a higher bonus, the adjustment was not deemed to be sufficiently "significant" (as required within our Policy) to merit the exercise of discretion.

2021 LTIP outcomes

The 2021 LTIP award was based on two equally weighted performance conditions: absolute TSR and relative TSR against the FTSE 350. You will see in this report that based on performance over the three-year period, the 2021 LTIP achieved 100% vesting with absolute TSR growth of 33% per annum and relative TSR well above the upper decile of the peer group. The Committee considered that the value of awards vesting was appropriate without adjustment.

FY2025 scorecard

The scorecard structure and metrics have remained materially unchanged since the appointment of the Chief Executive in 2012. Following the Committee's discussion of the appropriate FY2024 bonus, it concluded that it will conduct a thorough review of the scorecard and the appropriate measures of performance for FY2025 and future years. The Company has undergone significant change since 2012, which should be reflected in the structure and metrics by which management is assessed. Details of these changes will be included in next year's remuneration report.

Looking forward

As noted in previous letters, Jasi Halai joined the Board on 12 May 2022, with remuneration arrangements set in line with the shareholder-approved policy and at a level that would allow progression in her role over time. The Committee reviewed Jasi's performance, continued progress in the role and overall remuneration opportunity against a relevant peer group, and decided that it would be appropriate to increase Jasi's base salary by 10%. As set out later in the report, the base salaries for Simon Borrows and James Hatchley will be increased by 4.5%, in line with other employees in the Group.

Thoughtful allocation of capital and rigorous management of invested capital are the core components underpinning 3i's ability to generate long-term sustainable returns. Our remuneration policy needs to reflect this and align with our strategy. The existing policy was approved at last year's AGM but has remained largely unchanged for more than 10 years. Whilst our Policy has delivered appropriate outcomes since the Chief Executive implemented the new strategy in 2012, the Company has changed significantly since then in terms of portfolio structure and overall size (by NAV and market capitalisation). Therefore, over the coming year the Committee will conduct a thorough review of this policy to ensure that it remains aligned with the Company's strategy and will continue to incentivise and reward management in the medium to long term. If changes to our policy are required, we will consult with our largest shareholders, and present any new policy to shareholders to approve in due course.

I hope that you will find this report a clear account of the way in which the Committee has implemented the remuneration policy during the year and I look forward to your support for our Annual report on remuneration at the upcoming AGM.

Coline McConville
Chair, Remuneration Committee

8 May 2024

The Annual report on remuneration (Implementation report)

During FY2024, we operated under the remuneration policy approved at the 2023 AGM, which can be found on our website at **www.3i.com**.

Director remuneration for the year (audited)

Single total figure of remuneration for each Director

	FY2024								FY2023							
£'000	Salary /fees	Benefits	Pension	Total Fixed Pay	Annual bonus	LTIP	Total Variable Pay	Total	Salary/ fees	Benefits	Pension	Total Fixed Pay	Annual bonus	LTIP	Total Variable Pay	Total
S A Borrows	**713**	**17**	**21**	**751**	**2,031**	**5,483**	**7,514**	**8,265**	687	16	18	721	2,357	6,428	8,785	9,506
J G Hatchley	**503**	**17**	**53**	**573**	**895**	**283**	**1,178**	**1,751**	431	14	45	490	921	346	1,267	1,757
J S Wilson	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	121	5	13	139	–	–	–	139
J H Halai	**357**	**19**	**46**	**422**	**577**	**191**	**768**	**1,190**	298	16	31	345	573	232	805	1,150
D A M Hutchison	**335**	**–**	**–**	**335**	**–**	**–**	**–**	**335**	325	–	–	325	–	–	–	325
C J Banszky	**24**	**–**	**–**	**24**	**–**	**–**	**–**	**24**	96	–	–	96	–	–	–	96
S W Daintith	**89**	**–**	**–**	**89**	**–**	**–**	**–**	**89**	84	–	–	84	–	–	–	84
L M S Knox	**96**	**–**	**–**	**96**	**–**	**–**	**–**	**96**	94	–	–	94	–	–	–	94
P A McKellar	**98**	**–**	**–**	**98**	**–**	**–**	**–**	**98**	96	–	–	96	–	–	–	96
C McConville	**98**	**–**	**–**	**98**	**–**	**–**	**–**	**98**	96	–	–	96	–	–	–	96
A Schaapveld	**92**	**–**	**–**	**92**	**–**	**–**	**–**	**92**	84	–	–	84	–	–	–	84

- Benefits for Executive Directors include a car allowance, provision of health insurance and, for Mrs Wilson and Ms Halai, the value of the Share Incentive Plan matching share awards.
- The amounts shown as pension are salary supplements in lieu of pension contributions. These supplements were in line with pension contributions for the Group's employees generally (12% of pensionable salary).
- Annual bonus awards made in respect of the year are delivered as 60% 3i Group plc shares deferred over four years, and the remaining 40% as a cash payment in May 2024. All annual bonus awards are subject to the malus/clawback policy. Those shares deferred over four years are released in four equal annual instalments commencing June 2025 and all share awards carry the right to receive dividends and other distributions.
- In addition to the table above, dividends or dividend equivalents on unvested deferred share awards were paid during the year (Mr Borrows: £134k, Mr Hatchley: £53k and Ms Halai: £20k).
- The values shown in the FY2024 LTIP column represent the performance shares vesting from the 2021 LTIP, together with the value of accrued dividends on those shares. The shares have been valued using the three-month average closing share price to 31 March 2024 (2,450.92 pence). The 2021 LTIP value attributable to share price growth since the awards were granted is £2,585k, £134k and £90k for Mr Borrows, Mr Hatchley and Ms Halai respectively. Further detail is provided on page 141. The values shown in the FY2023 LTIP column represent the shares that vested from the 2020 LTIP last year, together with the value of accrued dividends on those shares. This value has been restated using the prevailing share price at the time of vesting (1,857 pence for Mr Borrows and 1,936.5 pence for Mr Hatchley and Ms Halai), being the third anniversary of grant.
- The fees shown for the non-executive Directors include fees used to purchase shares in the Company.
- Non-executive Directors receive reimbursement for their reasonable expenses for attending Board meetings. The Group meets the associated tax cost.
- Ms Halai retained Directors' fees of £70k from Barratt Developments plc.

The Annual report on remuneration (Implementation report) continued

FY2024 performance

Formulaic performance measures (70% of total. FY2024 payout 40.6%)

Area of strategic focus	Weighting	Metric	Threshold	Maximum	Performance	Pay-out
Portfolio returns (Action)	32.5%	Gross investment return (% of opening portfolio value)	16%	21%	33%	100%
Portfolio returns (excl. Action)	27.5%	Private Equity gross investment return (% of opening portfolio value)	10%	15%	7%	0%
Portfolio returns (Infrastructure)	7.5%	Gross investment return (% of opening portfolio value)	8%	10%	9.3%	74%
Operating performance	2.5%	Operating cash profit	£0m	>£0m	£467m	100%

- The threshold and maximum return targets are set in line with 3iN's public return objectives.
- Excluding the dividend received from Action the operating cash profit was £92 million.

Qualitative performance measures (30% of total. FY2024 payout 30%)

Area of strategic focus	Weighting	Metric	Expectation	Performance	Comments
Investment management and operations	7.5%	Private Equity portfolio earnings growth	>10%	24%	93% of our Private Equity portfolio by value grew earnings in 2023, with particularly strong performance from Action, Royal Sanders and European Bakery Group.
		New capital invested in Private Equity	Up to €700m	€642m	During the year, Action completed its debut US dollar term loan issuance in the US leveraged loan market raising $1.5 billion. Action also completed a capital restructuring with a pro-rata redemption of shares. 3i reinvested £455 million of the £762 million of proceeds from the Action share redemption to increase our gross equity stake from 52.9% to 54.8%. Across the remaining portfolio, we prioritised our capital deployment into further reinvestments into existing portfolio companies and continued our buy-and-build activities.
		New 3iN capital committed in Core/PPP	£100m	£99.5m	The 3iN team has continued to deploy capital while retaining its pricing discipline and during the year, the team completed follow on investments in Future Biogas, DNS:NET and Ionisos.
		Development of assets relative to their investment plans			Action delivered another year of very strong performance and across the remaining portfolio we have seen resilient performance. A number of assets operating in the value-for-money and private label consumer and healthcare sectors delivered strong growth. These stronger performing assets largely offset softer performance from companies working through adverse phases of their market cycles or experiencing company-specific issues. In aggregate, in a challenging environment, we generated total Private Equity proceeds of £866 million inclusive of the proceeds from the Action capital restructuring (£104 million ex-Action). During the year the Infrastructure business completed the realisation of Attero for proceeds of €214 million, a 31% uplift on opening value.

The Annual report on remuneration (Implementation report) continued

Area of strategic focus	Weighting	Metric	Expectation	Performance	Comments
ESG	10.0%	Environmental, social and governance targets across the portfolio and 3i Group			Our science-based targets were validated by the SBTi on 22 March 2024. These targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our investment portfolio. The second phase of climate change scenario analysis was completed in the year. The results provide further insights into climate change risks and opportunities across our portfolio and were used to enhance the climate element of our ESG investment assessment framework. The Company has supported nine charity partners which work across a variety of areas, donating a total of £1 million through the year.
Strategy	5.0%	Development of the strategic vision of the Group and progress of corporate projects			The Company continues to crystallise outstanding carried interest in the Buyouts 2010-12 scheme relating to Action. The North American Infrastructure Fund completed its final close in December 2023. The Fund completed a new investment in Amwaste and Regional Rail completed two bolt-on acquisitions adding over 100 miles of freight rail to the platform. Together with Action, a number of other companies are starting to demonstrate significant compounding potential, with impressive earnings growth and cash generation. We have designated Royal Sanders as a longer-term hold.
People	7.5%	Development of the quality and strength of the Group's staff			The Private Equity business presented its plans for the reorganisation of the team structure. The Private Equity leaders are now focused on executing the investment team reorganisation to support our continued origination and portfolio management. We continue to take part in various initiatives to improve DE&I internally and across the industry, including sponsorship of Level 20, offering internships as part of GAIN (Girls Are INvestors) and #10000BlackInterns programmes.

Consistent with previous years, the Board did not set a threshold and maximum for all metrics, and set expectations rather than targets for some. This is because the timing of investments and realisations is highly sensitive to market conditions, and a more prescriptive approach would run the risk of creating perverse incentives for executives. For example, setting a target level of realisations may result in the earlier sale of assets than would otherwise be appropriate, and setting a target level of investments may result in investing at inflated prices.

Executive Director annual bonus outcomes

In light of the performance detailed above, and following an assessment taking into account the shareholder, employee, and wider stakeholder experience, the Committee awarded bonuses to the Executive Directors of 70.6% of maximum. As set out in the Committee Chair's covering letter, the Committee considered whether it was appropriate to exercise its discretion and award bonuses above 70.6% and concluded that while overall performance could be argued to warrant a higher bonus, the adjustment was not sufficiently "significant" (as required within our Policy) to merit the exercise of discretion. Bonuses are delivered as 40% paid in cash immediately and 60% deferred into the Company's shares, vesting in equal instalments over four years. Annual bonus awards are subject to the malus/clawback policy.

Share awards vesting in FY2024 subject to performance conditions

2021 Long-term incentive award (audited)

The Long-term incentive awards granted in June 2021 were subject to performance conditions based on absolute and relative total shareholder return over the three financial years to 31 March 2024. The table below shows the achievement against these conditions and the resulting proportion of the awards which will vest in June 2024.

	Weighting	Threshold		Maximum		Actual		Total
Total shareholder return measure	%	Performance	% vesting	Performance	% vesting	Performance	% vesting	% vesting
Absolute total shareholder return	50%	10% pa	20%	18% pa	100%	33% pa	100%	100%
Relative total shareholder return (as measured against the FTSE 350 Index)	50%	Median	25%	Upper quartile	100%	Above Upper quartile	100%	

The table below shows the grants made to the Executive Directors in 2021, at a share price of 1,226.3 pence, and the resulting number of shares that will vest due to the achievement against the performance targets as set out above. The value of the shares vesting has been included in the single figure table using the three-month average closing share price to 31 March 2024 of 2,450.92 pence.

As set out in the cover letter from the Committee Chair, reflecting on performance delivered over the performance period (in terms of operational performance of the business and returns delivered to our shareholders), the Committee considered the formulaic out-turn to be an appropriate reflection of performance and therefore did not exercise any discretion or downwards adjustment in relation to the award.

	Basis of award at grant	Face value at grant £'000	Number of shares awarded at 1,226.3p per share	% vesting	Number of shares vesting	Value of shares vesting at 2,450.92p per share £'000
S A Borrows	Face value award of 4 times base salary of £647k	2,589	211,095	100%	211,095	5,174
J Hatchley	Discretionary award made in 2021	134	10,912	100%	10,912	267
J Halai	Discretionary award made in 2021	90	7,339	100%	7,339	180

The proportion of the award vesting to Simon Borrows is subject to a further holding period, and shares will be released on the fifth anniversary of grant together with the value of dividends that would have been received during the period from grant to the release date. The awards made to James Hatchley and Jasi Halai were granted before they became Executive Directors and are not subject to a further holding period. Accordingly, they will be released in June 2024.

Change in the remuneration of the Directors compared to other employees

The table below shows the percentage change in remuneration paid to each Director and employees as a whole for the past four performance years.

	FY2024			FY2023			FY2022			FY2021		
	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus	Salary/ Fees	Benefits	Bonus
S A Borrows	4%	12%	(14)%	4%	–%	(10%)	3%	–%	9%	–%	–%	149%
J G Hatchley	17%	19%	(3)%									
J H Halai	20%	38%	1%									
D A M Hutchison	3%			74%			85%			9%		
C J Banszky	(75%)			3%			–%			–%		
S W Daintith	6%			4%			–%			–%		
L M S Knox	2%			114%			–%			–%		
P A McKellar	2%			33%			–%			–%		
C McConville	2%			3%			3%			3%		
A Schaapveld	10%			4%			(5%)			467%		
Employees	7%	27%	(5)%	13%	2%	6%	7%	9%	32%	2%	2%	76%

D A M Hutchison was appointed Chair in November 2021. The change in the fees shown above is due to part-year payments.

The Annual report on remuneration (Implementation report) continued

Details of share awards granted in the year

LTIP

Performance share awards were granted to the Executive Directors during the year as shown in the table below.

Description of award	A performance share award, which releases shares, subject to satisfying the performance conditions, on the fifth anniversary of award.
Face value	Chief Executive – 400% of salary, being 155,184 shares. Group Finance Director – 250% of salary, being 68,386 shares. Chief Operating Officer – 225% of salary, being 44,098 shares. The share price used to make the award was the average mid-market closing price over the five working days starting with the day of the announcement of the 2023 annual results (1,853.9 pence). We continue to apply our long-held consistent policy of measuring performance using the three-month average closing share price to 31 March and granting awards using the five-day average closing price (starting on the day of the announcement of the annual results).
Performance period	1 April 2023 to 31 March 2026.
Performance targets	50% of the award is based on absolute TSR measured over the performance period, and vests: • 0% vesting below 10% pa TSR; • 20% vesting at 10% pa TSR; • straight-line vesting between 10% and 18% pa TSR; and • 100% vesting at 18% pa TSR. 50% of the award is based on relative TSR measured against the FTSE 350 Index over the performance period, and vests: • 0% vesting for below median performance against the index; • 25% vesting for median performance against the index; • 100% vesting for upper quartile performance against the index; and • straight-line vesting between median and upper quartile performance. Total shareholder returns are calculated based on the average closing share price over the first three months of the calendar year.
Remuneration Committee discretion	The Committee can reduce any award which would otherwise vest if there are unauthorised breaches of the Group's liquidity and gearing policies or where significant adjustment is required to ensure the outcome is a fair reflection of the performance of the Company and the individual.

Deferred bonuses awarded in FY2024

All Directors are considered to be Identified Staff and, for awards made during FY2024, 60% of the annual bonus was delivered in 3i Group plc shares deferred over four years (and which vest one quarter per annum over those four years). The remaining 40% was delivered as a cash bonus in May 2023. The following awards were made on 4 June 2023 in respect of FY2023 performance:

	Face value at grant	Number of shares awarded at 1,853.9p per share	Vesting
S A Borrows	£1,406k	75,834	Four equal instalments annually from 1 June 2024
J G Hatchley	£620k	33,418	Four equal instalments annually from 1 June 2024
J H Halai	£386k	20,797	Four equal instalments annually from 1 June 2024

The face value of the awards were reported in the FY2023 single figure of remuneration. The share price used to calculate face value was the average of the mid-market closing prices over the five working days starting with the date of the announcement of the Company's results for the year ended 31 March 2023 (11 May 2023 to 17 May 2023), which was 1,853.9 pence. These awards are not subject to further performance conditions but are subject to our malus and clawback policy.

Share Incentive Plan

During the year, Ms Halai participated in the HMRC-approved Share Incentive Plan which allowed employees to invest up to £150 per month from pre-tax salary in ordinary shares ("partnership shares"). For each partnership share, the Company grants two free ordinary shares ("matching shares") which are forfeited if the participant resigns within three years of grant. Dividends are reinvested in further ordinary shares ("dividend shares").

Ms Halai purchased 85 partnership shares, and received 170 matching shares and 600 dividend shares at prices ranging between 1,728.67 pence and 2,805 pence per share, with an average price of 2,146.87 pence.

Hedging of share awards

As a matter of policy the Group ensures that it holds the maximum potential number of shares granted under the LTIP and Deferred Share Plan from the date of grant. Shares are purchased by the Employee Benefit Trust in the market as and when required to ensure that coverage is maintained.

Pension arrangements (audited)

The Executive Directors receive pension benefits on the same percentage basis (12%) of their pensionable salaries as other employees of the Company. During the year, they received salary supplements in lieu of pension of £21k (Mr Borrows), £53k (Mr Hatchley) and £37k (Ms Halai) respectively.

Prior to 2011, Executive Directors were eligible for membership of the 3i Group Pension Plan, a defined benefit contributory scheme. Pension accrual ceased for all members with effect from 5 April 2011. Salary linkage was removed in February 2023 and replaced with a time-limited cash allowance, which the Chief Operating Officer receives (£9k), in line with other, similarly affected staff.

Payments to past Directors (audited)

No payments to past Directors were made in the year.

Payments for loss of office (audited)

No payments to Directors for loss of office were made in the year.

The Annual report on remuneration (Implementation report) continued

Statement of Directors' shareholding and share interests (audited)

The Company's share ownership and retention policy requires Executive Directors to build up over time and thereafter maintain a shareholding in the Company's shares equivalent to at least 3.0 times gross salary in the case of the Chief Executive and 2.0 times gross salary for the Group Finance Director and Chief Operating Officer. In addition, shareholding targets have been introduced for other members of the Executive Committee at 1.5 times their gross salaries and for partners in the Group's businesses at 1.0 times their gross salaries. Since 2018 non-executive Directors and the Chair are required to build up over time and thereafter maintain a shareholding in the Company's shares equivalent to at least the same as their respective annual base fees (cash and shares).

Executive Directors are expected to maintain a shareholding in the Company for two years post-employment, at the lower of their shareholding at the time they leave employment and the levels set out above.

Details of Directors' interests (including interests of their connected persons) in the Company's shares as at 31 March 2024 are shown in the table below. The closing share price on 31 March 2024 was 2,809 pence.

	Owned outright	Deferred shares	Subject to performance	Shareholding requirement	Current shareholding (% salary)
S A Borrows	16,502,204	835,442	365,976	300%	69,142
J G Hatchley	357,798	105,374	161,278	200%	3,459
J H Halai	87,990	54,072	101,908	200%	1,886

	Shares owned outright	Shareholding requirement	Current shareholding (% base fee)
D A M Hutchison	107,170	100%	898
S W Daintith	20,902	100%	836
L M S Knox	2,607	100%	104
P A McKellar	103,030	100%	4,120
C McConville	9,886	100%	395
A Schaapveld	10,054	100%	402

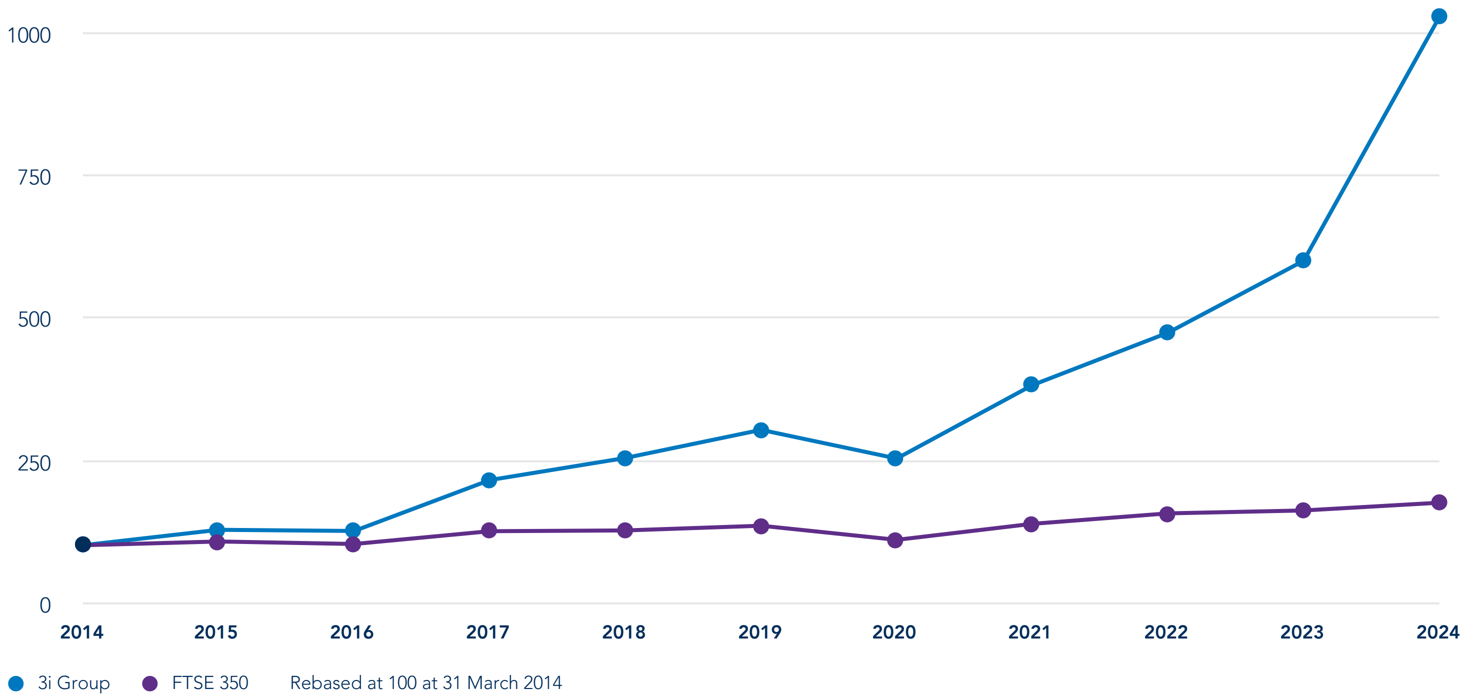
- The share interests shown for Ms Halai include shares held in the 3i Group Share Incentive Plan. The owned outright column includes partnership and dividend shares under the SIP. The deferred shares column includes matching shares under the SIP.
- The number of shares shown includes the 2021 Performance Share award. The performance against the performance targets results in 100% of the shares being released as described on page 141.
- Directors are restricted from hedging their exposure to the 3i share price.
- From 1 April 2024 to 8 May 2024, Ms Halai became interested in a further 5 shares overall outright (SIP Partnership Shares) and a further 10 deferred shares (SIP Matching Shares). There were no other changes to Directors' share interests in that period.

The Annual report on remuneration (Implementation report) continued

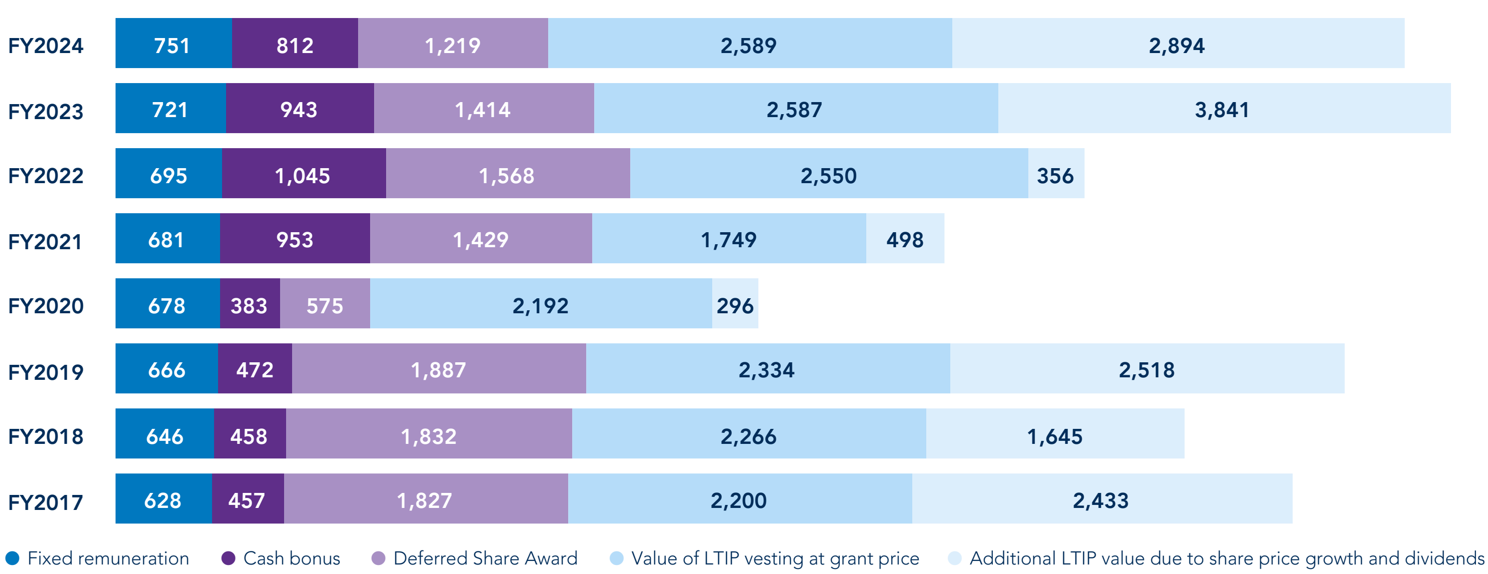
Performance graph – TSR graph

This graph compares the Company's total shareholder return for the 10 financial years to 31 March 2024 with the total shareholder return of the FTSE 350 Index. The FTSE 350 Index is considered to be an appropriate comparator as it reflects both the variety of the Company's portfolio of international investments as well as the diverse currencies in which those investments are denominated.

3i Total shareholder return vs FTSE 350 total return over the 10 years to 31 March 2024



Chief Executive's single figure remuneration history (£'000)



The Annual report on remuneration (Implementation report) continued

Performance table

Table of historic Chief Executive data

Year	Chief Executive	Single figure of total remuneration £'000	Percentage of maximum annual bonus paid	Percentage of maximum LTIP vesting
FY2024	S A Borrows	8,265	70.6%	100%
FY2023	S A Borrows	9,506	85.0%	100%
FY2022	S A Borrows	6,215	98.0%	100%
FY2021	S A Borrows	5,310	92.0%	71%
FY2020	S A Borrows	4,124	37.0%	91%
FY2019	S A Borrows	7,877	92.5%	100%
FY2018	S A Borrows	6,847	92.5%	100%
FY2017	S A Borrows	7,544	95.0%	100%
FY2016	S A Borrows	5,821	92.5%	98%
FY2015	S A Borrows	8,278	92.5%	91%

Relative importance of spend on pay

	FY2024	FY2023	Change %
Remuneration of all employees	**£102m**	£97m	5%
Dividends paid to shareholders	**£541m**	£485m	12%

Statement of implementation of the remuneration policy in the coming year

The table below sets out how the Committee intends to operate the remuneration policy in FY2025. As mentioned in the Chair's letter, whilst our Policy has delivered appropriate outcomes since the Chief Executive implemented the new strategy in 2012, the Company has changed significantly since then in terms of portfolio structure and overall size (by NAV and market capitalisation). Therefore, over the coming year the Committee will conduct a thorough review of this Policy to ensure that it remains aligned with the Company's strategy and will continue to incentivise and reward management in the medium to long term. If changes to our Policy are required we will consult with our largest shareholders, and present any new Policy to shareholders to approve at the 2025 AGM.

Policy element	Implementation of policy during FY2025
Base salary	Base salaries for most employees will be increased by 4.5%. The 4.5% increase will also be applied to the Chief Executive and Group Finance Director. The base salary of the Chief Operating Officer will be increased to reflect development in the role. Effective from 1 July 2024, salaries for the current Executive Directors will therefore be as follows: • Chief Executive: £751,605 (4.5%) • Group Finance Director: £529,951 (4.5%) • Chief Operating Officer: £399,685 (10%)
Pension	No changes to the current arrangements are proposed for FY2025 and a pension contribution or salary supplement will be as follows: • Chief Executive: 12% of benefit salary (subject to a 3i earnings cap. FY2025: £217,241) • Group Finance Director: 12% of base salary • Chief Operating Officer: 12% of base salary Prior to 2011, Executive Directors were eligible for membership of the 3i Group Pension Plan, a defined benefit contributory scheme. Pension accrual ceased for all members with effect from 5 April 2011. Salary linkage was removed in February 2023 and replaced with a time-limited cash allowance, which the Chief Operating Officer receives, in line with other, similarly affected staff.

The Annual report on remuneration (Implementation report) continued

Policy element	Implementation of policy during FY2025
Annual bonus	The maximum annual bonus opportunities for FY2025 will remain unchanged, in line with the remuneration policy, as follows: • Chief Executive: 400% of salary • Group Finance Director: 250% of salary • Chief Operating Officer: 225% of salary The scorecard structure and metrics have remained materially unchanged since the appointment of the Chief Executive in 2012. Following the Committee's discussion of the appropriate FY2024 bonus it concluded that it will conduct a thorough review of the scorecard and the appropriate measures of performance for FY2025 and future years. The Company has undergone significant change since 2012, which should be reflected in the structure and metrics by which management are assessed. Details of these changes will be included in next year's Remuneration Report. The Committee considers that the specific targets and expectations contained within the FY2025 scorecard are commercially sensitive and therefore will not be disclosed in advance. We will report to shareholders next year on performance and the resulting bonus out-turns. At least 50% of any bonus award will be deferred into shares vesting in equal instalments over four years. Awards are subject to the Company's malus and clawback policy.
Benefits	No changes to the current arrangements are proposed for FY2025. Benefits will continue to include a car allowance, provision of health insurance and any Share Incentive Plan matching share awards.
Long-term Incentive Plan	Awards under the Long-term Incentive Plan in FY2025 will remain unchanged and be made as follows: • Chief Executive: 400% of salary • Group Finance Director: 250% of salary • Chief Operating Officer: 225% of salary Performance will be measured over a three-year period and will be determined by the Remuneration Committee. Performance measures remain unchanged from the previous year and will be as follows: 50% of the award is based on absolute TSR measured over the performance period, and vests: • 0% vesting below 10% pa TSR; • 20% vesting at 10% pa TSR; • straight-line vesting between 10% and 18% pa TSR; and • 100% vesting at 18% pa TSR. 50% of the award is based on relative TSR measured against the FTSE 350 Index over the performance period, and vests: • 0% for below median performance against the index; • 25% for median performance against the index; • 100% for upper quartile performance against the index; and • straight-line vesting between median and upper quartile performance. Total shareholder returns are calculated based on the average closing share price over the first three months of the calendar year. Awards are subject to the Company's malus and clawback policy. To the extent that shares vest, awards are subject to a holding period whereby they are released on or around (but not earlier than) fifth anniversary of grant. The Chief Executive, Group Finance Director and Chief Operating Officer do not participate in carried interest plans or similar arrangements.

The Annual report on remuneration (Implementation report) continued

Policy element	Implementation of policy during FY2025
Shareholding requirements	Shareholding requirements will be as follows: • Chief Executive: 300% of salary • Group Finance Director: 200% of salary • Chief Operating Officer: 200% of salary • Non-executive Directors (including the Company Chair): 100% of base fee (cash and shares) • Executive Directors will be expected to maintain a shareholding in the Company for two years post-employment, at the lower of their shareholding at the time they leave employment and of the levels set out above. Deferred bonus awards and shares to be released under the Long-term Incentive Plan may be reduced or withheld if the post-employment shareholding targets for the Executive Directors are not met.
Non-executive Director fees	The base fees for the non-executive Directors have increased by the same percentage (4.5%) as salaries for employees. The Chair, Senior Independent Director, Committee Chair and Committee membership fees have been benchmarked against other FTSE 100 organisations and have been increased accordingly. Overall, fees remain moderately positioned relative to similar FTSE 100 companies. Fees for FY2025 will be: **Chair fee:** £288,000 plus £82,000 in 3i shares **Non-executive Directors:** Board membership base fee: £56,500 plus £17,000 in 3i shares Senior Independent Director fee: £20,000 Committee Chair: £25,000 Committee member: £10,000 Committee fees are payable in respect of the Audit and Compliance Committee, Remuneration Committee and Valuations Committee.
Malus and clawback policy	Long-term incentive awards and deferred bonus share awards made during the year to Executive Directors may be forfeited or reduced in exceptional circumstances, on such basis as the Committee considers to be fair, reasonable and proportionate, taking into account an individual's role and responsibilities. Such exceptional circumstances include: (1) a material misstatement in the financial statements of the Company or Group or any Member of the Group; or (2) where an individual has caused, wholly or in part, a material loss for the Group as a result of: (i) reckless, negligent or wilful actions or omissions; or (ii) inappropriate values or behaviour; (3) an error in assessing any applicable Performance Conditions or the number of shares; (4) the assessment of any applicable Performance Conditions and/or the number of shares to be released being based on inaccurate or misleading information; (5) misconduct on the part of the individual concerned; (6) a Member of the Group is censured by a regulatory body or suffers a significant detrimental impact on its reputation, provided that the Committee determines that the individual was responsible for, or had management oversight over, the actions, omissions or behaviour that gave rise to that censure or detrimental impact; or (7) the Company (or entities representing a material proportion of the Group) becomes insolvent or otherwise suffers a corporate failure so that ordinary shares in the Company cease to have material value, provided that the individual is responsible (in whole or in part) for that insolvency or failure. In exceptional circumstances (and on such basis as the Committee considers fair, reasonable and proportionate taking into account an individual's role and responsibilities), the Group may recover amounts that have been paid or released from awards (including cash bonus awards), as long as a written request for the recovery of such sums is made in the two-year period from the date of payment or release and in circumstances where either (a) there has been a material misstatement of Group financial statements or (b) the Group suffers a material loss. In arriving at its decision, the Committee will take into consideration such evidence as it may reasonably consider relevant including as to the impact of the affected individual's conduct, values or behaviours on the material misstatement or material loss, as the case may be.

The Annual report on remuneration (Implementation report) continued

Remuneration Committee advisers

The Committee appointed Deloitte LLP as advisers in 2013 and during the year they provided the Committee with external, independent advice.

Deloitte LLP are members of the Remuneration Consultants Group and as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK. During the year, Deloitte LLP also provided 3i with certain tax advisory services. The Committee has reviewed the advice provided during the year and is satisfied that it has been objective and independent. The total fees for advice during the year were £50,250 (excluding VAT) (2023: £63,500 (excluding VAT)).

Result of voting at the 2023 AGM

At the 2023 AGM, shareholders approved the Remuneration report that was published in the 2023 Annual report and accounts. At the 2023 AGM, shareholders approved the Directors' remuneration policy. The results for both of these votes are shown below:

Resolution	Votes for	Votes against	Total votes cast	Votes withheld
Approval of the Directors' remuneration report at the 2023 AGM	717,956,004 95.23%	35,957,994 4.77%	753,913,998	8,479,583
Approval of the Directors' remuneration policy at the 2023 AGM	717,765,664 95.05%	37,374,379 4.95%	755,140,043	7,253,538

Audit

The tables in this report (including the Notes thereto) on pages 138 to 149 marked as "audited" have been audited by KPMG.

By order of the Board

Coline McConville
Chair, Remuneration Committee
8 May 2024

Additional statutory and corporate governance information

This section of the Directors' report contains the corporate governance statement required by FCA Disclosure Guidance and Transparency Rule 7.2.

Corporate governance

The Corporate Governance Code to which the Company is subject is the UK Corporate Governance Code (the "Code") which was published by the FRC in July 2018 and which is available on the FRC website.

Details on the Company's compliance with the Code and an explanation as to why the Company has not complied throughout the year with provision 19 of the Code in respect of Chair tenure are set out in the Corporate Governance statement on pages 99 and 100 and in the report on the Nominations Committee's review of Chair tenure on page 117.

The Group's internal control and risk management systems, including those in relation to the financial reporting process, are described in the Risk management section on pages 80 to 93.

Directors: independence and time commitments

Directors' biographical details are set out on page 102. The Board currently comprises the Chair, five non-executive Directors and three Executive Directors. Mr D A M Hutchison (Chair), Mr S A Borrows, Mr J G Hatchley, Ms J H Halai, Mr S W Daintith, Ms L M S Knox, Mr P A McKellar, Ms C L McConville and Ms A Schaapveld all served as Directors throughout the year under review.

The Board regularly considers the independence of non-executive Directors. The Board considers all of the Company's non-executive Directors to be independent for the purposes of the Code. The Chair was independent on appointment as Chair. Consideration was also given to time commitments when Directors seek to take on any additional external appointments and on any Director's appointment.

Investment policy

The UK Listing Authority's Listing Rules require 3i, as a closed-ended investment fund, to publish an investment policy. Shareholder approval is required for material changes to this policy. Non-material changes can be made by the Board. The current policy is set out below. No changes have been made to the policy since it was published in the Company's 2018 Report and Accounts.

- 3i is an investment company which aims to provide its shareholders with quoted access to private equity and infrastructure returns. Currently, its main focus is on making quoted and unquoted equity and/or debt investments in businesses and funds in Europe, Asia and the Americas. The geographies, economic sectors, funds and asset classes in which 3i invests continue to evolve as opportunities are identified. Proposed investments are assessed individually and all significant investments require approval from the Group's Investment Committee. Overall investment targets are subject to periodic reviews and the investment portfolio is also reviewed to monitor exposure to specific geographies, economic sectors and asset classes.
- 3i seeks to diversify risk through significant dispersion of investments by geography, economic sector, asset class and size as well as through the maturity profile of its investment portfolio.
- Although 3i does not set maximum exposure limits for asset allocations, it does have a maximum exposure limit that, save as mentioned below, no investment will be made unless its cost[1] does not exceed 15% of the investment portfolio value as shown in the last published valuation. A further investment may be made in an existing portfolio business provided the aggregate cost of that investment and of all other unrealised investments in that portfolio business does not exceed 15% of the investment portfolio value as shown in the last published valuation. A higher limit of 30% will apply to the Company's investment in 3i Infrastructure plc. For the avoidance of doubt, 3i may retain an investment, even if its carrying value is greater than 15% or 30% (as the case may be) of the portfolio value at the time of an updated valuation.
- Investments are generally funded with a mixture of debt and shareholders' funds with a view to maximising returns to shareholders, whilst maintaining a strong capital base. 3i's gearing depends not only on its level of debt, but also on the impact of market movements and other factors on the value of its investments. The Board takes this into account when, as required, it sets a precise maximum level of gearing. The Board has therefore set the maximum level of gearing at 150% and has set no minimum level of gearing. If the gearing ratio should exceed the 150% maximum limit, the Board will take steps to reduce the gearing ratio to below that limit as soon as practicable thereafter. 3i is committed to achieving balance sheet efficiency.

1 Where 3i makes an investment in an existing portfolio business as part of a restructuring or reorganisation of its investment in that existing portfolio business (which restructuring or reorganisation may involve, without limitation, 3i disposing of all or part of its existing investment in the relevant portfolio business and reinvesting all or part of the proceeds into a different entity which acquires or holds the relevant portfolio business or a substantial part thereof), the cost of that investment, for the purposes of determining the maximum exposure limit under this policy, shall, to the extent that the investment does not increase 3i's exposure to the relevant portfolio business, be deemed to be the cost of 3i's existing investment in the relevant portfolio business (or, in the case of a partial reinvestment, the pro-rated cost of 3i's existing investment in the relevant portfolio business) immediately prior to the restructuring or reorganisation. If 3i's investment includes a further investment, such that 3i increases its overall exposure to the relevant portfolio business as part of the restructuring or reorganisation, the cost of any such further investment at the date of such investment shall be added to the cost of the investment in the existing portfolio business as determined pursuant to the previous sentence.

Appointment and re-election of Directors

Subject to the Company's Articles of Association, the Companies Act and satisfactory performance evaluation, non-executive Directors are appointed for an initial three-year term. Before the third and sixth anniversaries of first appointment, the Director discusses with the Board whether it is appropriate for a further three-year term to be served.

Under the Company's Articles of Association, the minimum number of Directors is two and the maximum is 20, unless otherwise determined by the Company by ordinary resolution. Directors are appointed by ordinary resolution of shareholders or by the Board. The Company's Articles of Association provide for all Directors to retire from office at every Annual General Meeting of the Company although they may offer themselves for re-appointment by the shareholders.

Shareholders can remove any Director by special resolution and appoint another person to be a Director in their place by ordinary resolution. Shareholders can also remove any Director by ordinary resolution of which special notice has been given.

Subject to the Company's Articles of Association, retiring Directors are eligible for re-appointment. The office of Director is vacated if the Director resigns, becomes bankrupt or is prohibited by law from being a Director or where the Board so resolves following the Director suffering from ill health or being absent from Board meetings for 12 months without the Board's permission.

The Board's responsibilities and processes

The composition of the Board and its Committees, as well as the Board's key responsibilities and the way in which it and its Committees work, are described on pages 97 to 149. The Board is responsible to shareholders for the overall management of the Group and may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Articles of Association and any directions given by special resolution of the shareholders. The Articles of Association empower the Board to offer, allot, grant options over or otherwise deal with or dispose of the Company's shares as the Board may decide.

The Companies Act 2006 authorises the Company to make market purchases of its own shares if the purchase has first been authorised by a resolution of the Company.

At the AGM in June 2023, shareholders renewed the Board's authority to allot ordinary shares and to repurchase ordinary shares on behalf of the Company subject to certain limits. Details of the authorities which the Board will be seeking at the 2024 AGM are set out in the 2024 Notice of AGM.

The Board's diversity policies in relation to Directors are described in the Nominations Committee report on page 118 and such policies in relation to employees are described on pages 153 and 154.

Matters reserved for the Board

The Board has approved a formal schedule of matters reserved to it and its duly authorised Committees for decision. These include matters such as the Group's overall strategy, strategic plan and annual operating budget; approval of the Company's financial statements and changes to accounting policies or practices; changes to the capital structure or regulated status of the Company; major capital projects or changes to business operations; investments and divestments above certain limits; policy on borrowing, gearing, hedging and treasury matters; and adequacy of internal control systems.

Rights and restrictions attaching to shares

A summary of the rights and restrictions attaching to shares as at 31 March 2024 is set out below.

The Company's Articles of Association may be amended by special resolution of the shareholders in a general meeting. Holders of ordinary shares enjoy the rights set out in the Articles of Association of the Company and under the laws of England and Wales. Any share may be issued with or have attached to it such rights and restrictions as the Company by ordinary resolution or, failing such resolution, the Board may decide.

Holders of ordinary shares are entitled to attend, speak and vote at general meetings and to appoint proxies and, in the case of corporations, corporate representatives to attend, speak and vote at such meetings on their behalf. To attend and vote at a general meeting a shareholder must be entered on the register of members at such time (not being earlier than 48 hours before the meeting) as stated in the Notice of general meeting. On a poll, holders of ordinary shares are entitled to one vote for each share held.

Holders of ordinary shares are entitled to receive the Company's Annual report and accounts, to receive such dividends and other distributions as may lawfully be paid or declared on such shares and, on any liquidation of the Company, to share in the surplus assets of the Company after satisfaction of the entitlements of the holders of any shares with preferred rights as may then be in issue.

There are no restrictions on the transfer of fully paid shares in the Company, save that the Board may decline to register: a transfer of uncertificated shares in the circumstances set out in the Uncertificated Securities Regulations 2001; a transfer to more than four joint holders; a transfer of certificated shares which is not in respect of only one class of share; a transfer which is not accompanied by the certificate for the shares to which it relates; a transfer which is not duly stamped in circumstances where a duly stamped instrument is required; or a transfer where in accordance with section 794 of the Companies Act 2006 a notice (under section 793 of that Act) has been served by the Company on a shareholder who has then failed to give the information required within the specified time.

In the latter circumstances, the Company may make the relevant shares subject to certain restrictions (including in respect of the ability to exercise voting rights, to transfer the shares validly and, except in the case of a liquidation, to receive the payment of sums due from the Company).

There are no shares carrying special rights with regard to control of the Company. There are no restrictions placed on voting rights of fully paid shares, save where in accordance with Article 12 of the Company's Articles of Association a restriction notice has been served by the Company in respect of shares for failure to comply with statutory notices or where a transfer notice (as described below) has been served in respect of shares and has not yet been complied with. Where shares are held on behalf of former or current employees under employee share schemes, those participants can give instructions to the holder of such shares as to how votes attached to such shares should be exercised.

In the circumstances specified in Article 38 of the Company's Articles of Association, the Company may serve a transfer notice on holders of shares. The relevant circumstances relate to: (a) potential tax disadvantage to the Company, (b) the number of "United States Residents" who own or hold shares being 75 or more, or (c) the Company being required to be registered as an investment company under relevant US legislation. The notice would require the transfer of relevant shares and, pending such transfer, the rights and privileges attaching to those shares would be suspended.

The Company is not aware of any agreements between holders of its securities that may restrict the transfer of shares or exercise of voting rights.

Share capital and debentures

The issued ordinary share capital of the Company as at 1 April 2023 was 973,312,950 ordinary shares and at 31 March 2024 was 973,366,445 ordinary shares of 73 19⁄22 pence each. It increased over the year by 53,495 ordinary shares on the issue of shares to the Trustee of the 3i Group Share Incentive Plan.

At the AGM on 29 June 2023, the Directors were authorised to repurchase up to 97,000,000 ordinary shares in the Company (representing approximately 10% of the Company's issued ordinary share capital as at 8 May 2023) until the Company's AGM in 2024 or 28 September 2024, if earlier. This authority was not exercised in the year. Details of the authorities which the Board will be seeking at the 2024 AGM are set out in the 2024 Notice of AGM.

As at 31 March 2024, the Company had sterling and euro fixed rate notes in issue as detailed in Note 17 to the accounts.

The Articles of Association also specifically empower the Board to exercise the Company's powers to borrow money and to mortgage or charge the Company's assets and any uncalled capital and to issue debentures and other securities.

Portfolio management and voting policy

In relation to unquoted investments, the Group's approach is to seek to add value to the businesses in which the Group invests through the Group's extensive experience, resources and contacts and through active engagement with the Boards of those companies. In relation to quoted investments, the Group's policy is to exercise voting rights on all matters affecting its interests.

Tax and investment company status

The Company is an investment company under section 833 of the Companies Act 2006. HM Revenue & Customs has approved the Company as an Investment Trust under section 1158 of the Corporation Tax Act 2010 and the Company directs its affairs to enable it to continue to remain so approved.

Where appropriate, the Company looks to the provisions included within the Association of Investment Companies SORP.

Major interests in ordinary shares

The table below shows notifications of major voting interests in the Company's ordinary share capital (notifiable in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules or section 793 Companies Act 2006) which had been received by the Company as at 31 March 2024 and 18 April 2024.

	As at 31 March 2024	% of issued share capital	As at 18 April 2024	% of issued share capital
BlackRock, Inc	104,843,078	10.77	104,462,265	10.73
Vanguard Group Inc	44,327,827	4.55	44,444,774	4.57
Invesco Asset	35,481,279	3.65	35,781,215	3.68
FMR LLC	34,428,051	3.54	34,485,382	3.54
J.P. Morgan	30,091,063	3.09	29,405,869	3.02

3i Investments plc

3i Investments plc is authorised by the FCA to, among other things, manage Alternative Investment Funds ("AIFs"). It is currently the Alternative Investment Fund Manager ("AIFM") of seven AIFs, including the Company and 3i Infrastructure plc. In compliance with regulatory requirements, 3i Investments plc has ensured that a depository has been appointed for each AIF. This is Citibank UK Limited.

The Annual report and accounts meet certain investor disclosure requirements as set out in FUND 3.2.2R, 3.2.3R, 3.2.5R and 3.2.6R of the FCA's Investment Funds sourcebook ("FUND Disclosures") for the Company as a standalone entity. The Company's profit for the year is stated in its Company statement of changes in equity on page 159 and its financial position is shown on page 158. The Company performs substantially all of its investment-related activities through its subsidiaries and therefore the Group's Consolidated statement of comprehensive income is considered to be more useful to investors than a Company statement.

Furthermore, in some instances the relevant FUND Disclosures have been made in relation to the Group on a consolidated basis rather than in respect of the Company on a solo basis. This is because the Company operates through its Group subsidiaries and therefore reporting on the Group's activities provides more relevant information on the Company and its position. There have been no material changes to the disclosures required to be made under FUND 3.2.2R in the past year.

Although certain FUND Disclosures are made in this Annual report, full disclosures are summarised on the 3i website at **www.3i.com**. This will be updated as required and changes noted in future Annual reports.

For the purposes of the FUND Disclosures set out in FUND 3.3.5(R)(5) and (6), the total amount of remuneration paid by the AIFM to its staff for the year to 31 March 2024 was £292 million, of which £48 million was fixed remuneration and £244 million was variable remuneration. The total number of beneficiaries is 242. The aggregate total remuneration paid to AIFM Remuneration Code Staff for the year to 31 March 2024 was £82 million, of which £68 million was paid to senior management and £13 million was paid to other AIFM Remuneration Code Staff. A summary of the remuneration policy of 3i can be found on the Company's website.

Dividends

A first FY2024 dividend of 26.50 pence per ordinary share in respect of the year to 31 March 2024 was paid on 12 January 2024. The Directors recommend a second FY2024 dividend of 34.50 pence per ordinary share be paid in respect of the year to 31 March 2024 to shareholders on the Register at the close of business on 21 June 2024.

The trustee of The 3i Group Employee Trust and the trustee of the 2010 Carry Trust have each waived (subject to certain minor exceptions) dividends declared on shares in the Company held by those trusts and the trustee of The 3i Group Share Incentive Plan has waived dividends on unallocated shares in the Company held by it.

Directors' conflicts of interests, external appointments and indemnities

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association enable Directors to approve conflicts of interest and include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, if necessary, to appropriate conditions.

The Board has adopted a policy on Directors' other appointments under which additional external appointments should not be undertaken without prior approval of the Board. Executive Directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

As permitted by the Company's Articles of Association during the year and as at the date of this Directors' report, there were in place Qualifying Third-Party Indemnity Provisions (as defined under relevant legislation) for the benefit of the Company's Directors and Qualifying Pension Scheme Indemnity Provisions for the benefit of the directors of one associated company, Gardens Pension Trustees Limited.

Directors' employment contracts

Mr S A Borrows, Ms J H Halai and Mr J G Hatchley each have employment contracts with the Group with notice periods of 12 months where notice is given by the Group and six months where notice is given by the Director. Save for these notice periods their employment contracts have no unexpired terms. None of the other Directors has a service contract with the Company.

Employment

The employment policy of the Group is one of equal opportunity in the selection, training, career development and promotion of employees, regardless of age, gender, sexual orientation, ethnic origin, religion and whether disabled or otherwise. Further details on equal opportunities and diversity are included in the Sustainability report on pages 52 to 54 and in the Nominations Committee report on pages 118 and 119.

3i treats applicants and employees with disabilities fairly and provides facilities, equipment and training to assist disabled employees to do their jobs. Arrangements are made as necessary to ensure support to job applicants who happen to be disabled and who respond to requests to inform the Company of any requirements. Should an employee become disabled during their employment, efforts would be made to retain them in their current employment or to explore the opportunities for their retraining or redeployment within 3i. Financial support is also provided by 3i to support disabled employees who are unable to work, as appropriate to local market conditions.

3i's principal means of keeping in touch with the views of its employees is through employee appraisals, informal consultations, team briefings and employee conferences. Managers throughout 3i have a continuing responsibility to keep their staff informed of developments and to communicate financial results and other matters of interest. This is achieved by structured communication including regular meetings of employees. Members of the Board have regular formal and informal interaction with a significant number of 3i employees, including through office visits and one-to-one meetings.

3i is an equal opportunities employer and has clear grievance and disciplinary procedures in place. 3i also has an employee assistance programme which provides a confidential, free and independent counselling service and is available to all UK employees and their families in the UK.

3i's employment policies are designed to provide a competitive reward package which will attract and retain high-quality staff, whilst 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 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 those 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. Remuneration policy is reviewed by the 3i Group plc Remuneration Committee, comprising 3i Group plc non-executive Directors.

Where appropriate, employees are eligible to participate in 3i share schemes to encourage employees' involvement in 3i's performance. Investment executives in the Private Equity business line may also participate in carried interest schemes, which allow executives to share directly in future profits on 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 conditions.

Employees are able to raise in confidence with the Company any matters of concern. Issues can be raised with line management, the Internal Audit team and the Human Resources team as appropriate. Employees can also raise matters with an externally run confidential telephone reporting line, and can do so anonymously if they wish. Matters raised are investigated and followed up as appropriate. The Board monitors any matters reported to the externally run telephone reporting line through an annual report to Audit and Compliance Committee from Internal Audit.

Workforce engagement

The Company has a Staff Engagement strategy which has been adopted by the Board as the most appropriate way for the Company to comply with the relevant requirements of the Code. This is in preference to adopting one of the three workforce engagement examples specifically mentioned in the UK Corporate Governance Code. The Board believes this Strategy is appropriate and proportionate in the context of an office-based workforce with in the region of 250 employees worldwide, all of whom engage regularly with members of senior management. Senior management and members of the Board meet formally and informally with staff in a variety of contexts including office visits, investment reviews, Board and Committee presentations and Board dinners with investment teams. A general "open door" policy (whether physically or virtually) adopted by senior management encourages interaction with staff. The Human Resources team are a point of contact for all members of staff and they, as well as line managers, report issues requiring management attention to senior management as they occur. The Internal Audit and Group Compliance teams consider employee matters including culture, compliance with the Company's values and staff turnover in their reports to senior management. The formal annual appraisal process provides a further opportunity for engagement.

During the year the Board visited 3i's Amsterdam and New York offices and met formally and informally with the teams based there. Directors receive updates on employee matters in presentations from the business line heads, as well as from the Chief Human Resources Officer, in the annual Board consideration of the Group Succession Planning and Strategic Capability Review. Committee Chairs held a number of private and other meetings with function heads during the year. Non-executive Directors also meet with a wide range of members of the investment teams at the twice-yearly PCR meetings.

Diversity and inclusion policy

Details of the Company's approach to diversity and inclusion are set out under the heading Employment on page 153, in the Sustainability section on pages 52 and 55 and in the Nominations Committee report on pages 118 and 119.

Political donations

In line with Group policy, during the year to 31 March 2024, no donations were made to political parties or organisations, or independent election candidates, and no political expenditure was incurred.

Share reunification programme

The Board approved a programme to reunify shareholders with their dormant shareholding. A tracing programme was conducted by the Registrar to attempt to contact dormant shareholders, and where this was not possible, the relevant shares and unpaid dividends were forfeited in accordance with 3i's Articles of Association. The Board agreed that the proceeds of such forfeiture would be used for charitable purposes. Those dormant shareholders affected by this programme have a further six years from the point of forfeiture to contact the Registrar to make a claim.

Significant agreements

As at 31 March 2024, the Company was party to one agreement subject to a renegotiation period on a change of control of the Company following a takeover bid. This agreement is a £900 million multi-currency Revolving Credit Facility Agreement dated 13 March 2020 and as amended from time to time between the Company, Barclays Bank PLC and a number of other banks. The Company is required to promptly notify Barclays Bank PLC, as agent bank, of a change of control. This opens a 20-day negotiation period to determine if each lender is willing to continue participating in the facility. For any lender with whom no agreement is reached, amounts outstanding to that lender would be repayable and their commitment cancelled, with no less than 10 business days' notice after the end of the negotiation period.

Internal control and risk management systems

A description of the Group's internal control and risk management systems in relation to the financial reporting process is set out in the Risk management section on pages 80 to 93.

Going concern

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2024.

After making enquiries, the Directors considered it appropriate to prepare the financial statements of the Company, and the Group, on a going concern basis. The Viability statement is included on pages 129 and 130.

Audit information

Pursuant to section 418(2) of the Companies Act 2006, each of the Directors confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of such information.

Appointment of Auditor

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of KPMG LLP as the Company's Auditor will be put to members at the forthcoming AGM.

Information required by Listing Rule 9.8.4

Information required by Listing Rule 9.8.4 not included in this section of the Directors' report may be found as set out below:

Topic	Location
Capitalised interest	Portfolio income on page 71
Share allotments	Note 20 on page 186

Website

3i's website provides a brief description of 3i's history, current operations, strategy and portfolio, as well as articles, interviews and videos to showcase specific themes and investments. It also includes an archive of over 10 years of news and historical financial information on the Group and details of forthcoming events for shareholders and analysts.

Information included in the Strategic report

In accordance with section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' report has been included in the Strategic report: risk management objectives and policies; post-balance sheet events; likely future developments in the business; engagement with suppliers, customers and others; employee involvement; and greenhouse gas emissions. The Directors' Viability statement is also shown in the Resilience statement on pages 129 and 130.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the Group and parent Company financial statements for each financial year in accordance with applicable United Kingdom law and regulations. They are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards and applicable law;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual financial report

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider this Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors of the Company and their functions are listed on pages 102 and 103.

3i Group plc is registered in England with company number 1142830.

Directors' report

For the purposes of the UK Companies Act 2006, the Directors' report of 3i Group plc comprises the Governance section on pages 97 to 155 other than the Directors' remuneration report on pages 136 to 149.

The Strategic report, Directors' report and Directors' remuneration report have been drawn up and presented in accordance with and in reliance upon English company law and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by that law.

By order of the Board

K J Dunn
Company Secretary

8 May 2024

Registered office:
16 Palace Street
London SW1E 5JD

Audited financial statements

What's in this section

Consolidated statement of comprehensive income

for the year to 31 March

	Notes	2024 £m	2023 £m
Realised profits over value on the disposal of investments	2	**1**	64
Unrealised profits on the revaluation of investments	3	**2,742**	1,897
Fair value movements on investment entity subsidiaries	12	**861**	2,112
Portfolio income			
Dividends		**363**	229
Interest income from investment portfolio		**29**	29
Fees receivable	4	**3**	10
Foreign exchange on investments		**(238)**	203
Movement in the fair value of derivatives	18	**116**	122
Gross investment return		**3,877**	4,666
Fees receivable from external funds	4	**72**	70
Operating expenses	5	**(146)**	(137)
Interest receivable		**9**	4
Interest payable		**(61)**	(54)
Exchange movements		**52**	(6)
Income from investment entity subsidiaries		**21**	30
Other income/(expense)		**3**	(1)
Operating profit before carried interest		**3,827**	4,572
Carried interest			
Carried interest and performance fees receivable	14	**62**	41
Carried interest and performance fees payable	15	**(51)**	(38)
Operating profit before tax		**3,838**	4,575
Tax charge	8	**(2)**	(2)
Profit for the year		**3,836**	4,573
Other comprehensive income that may be reclassified to the income statement			
Exchange differences on translation of foreign operations		**(4)**	4
Other comprehensive income that will not be reclassified to the income statement			
Re-measurements of defined benefit plans	26	**7**	8
Other comprehensive income for the year		**3**	12
Total comprehensive income for the year		**3,839**	4,585

Earnings per share			
Basic (pence)	9	**397.9**	475.0
Diluted (pence)	9	**396.7**	473.8

The Notes to the accounts section forms an integral part of these financial statements.

Consolidated statement of financial position
as at 31 March

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Investments			
Quoted investments	11,13	**879**	841
Unquoted investments	11,13	**14,193**	8,677
Investments in investment entity subsidiaries	12,13	**5,804**	7,844
Investment portfolio		**20,876**	17,362
Carried interest and performance fees receivable	14	**3**	3
Other non-current assets	16	**28**	30
Intangible assets		**4**	5
Retirement benefit surplus	26	**61**	53
Property, plant and equipment		**4**	3
Right of use asset		**49**	9
Derivative financial instruments	18	**83**	73
Total non-current assets		**21,108**	17,538
Current assets			
Carried interest and performance fees receivable	14	**45**	40
Other current assets	16	**47**	30
Current income taxes		**1**	1
Derivative financial instruments	18	**82**	48
Cash and cash equivalents		**358**	162
Total current assets		**533**	281
Total assets		**21,641**	17,819
Liabilities			
Non-current liabilities			
Trade and other payables	19	**(5)**	(4)
Carried interest and performance fees payable	15	**(30)**	(43)
Loans and borrowings	17	**(1,202)**	(775)
Derivative financial instruments	18	**–**	(3)
Retirement benefit deficit	26	**(21)**	(20)
Lease liability		**(45)**	(5)
Deferred income taxes	8	**(1)**	(1)
Provisions		**(2)**	(4)
Total non-current liabilities		**(1,306)**	(855)
Current liabilities			
Trade and other payables	19	**(134)**	(76)
Carried interest and performance fees payable	15	**(24)**	(34)
Derivative financial instruments	18	**–**	(1)
Lease liability		**(4)**	(5)
Current income taxes		**(3)**	(4)
Total current liabilities		**(165)**	(120)
Total liabilities		**(1,471)**	(975)
Net assets		**20,170**	16,844
Equity			
Issued capital	20	**719**	719
Share premium		**791**	790
Capital redemption reserve		**43**	43
Share-based payment reserve	27	**42**	31
Translation reserve		**(6)**	(2)
Capital reserve		**17,154**	14,044
Revenue reserve		**1,519**	1,327
Own shares	21	**(92)**	(108)
Total equity		**20,170**	16,844

The Notes to the accounts section forms an integral part of these financial statements.

David Hutchison
Chair

8 May 2024

Consolidated statement of changes in equity

for the year to 31 March

2024	**Share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Share-based payment reserve £m**	**Translation reserve £m**	**Capital reserve[1] £m**	**Revenue reserve[1] £m**	**Own shares £m**	**Total equity £m**
Total equity at the start of the year	**719**	**790**	**43**	**31**	**(2)**	**14,044**	**1,327**	**(108)**	**16,844**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**3,309**	**527**	**–**	**3,836**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**
Re-measurements of defined benefit plans	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**7**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(4)**	**3,316**	**527**	**–**	**3,839**
Share-based payments	**–**	**–**	**–**	**27**	**–**	**–**	**–**	**–**	**27**
Release on exercise/forfeiture of share awards	**–**	**–**	**–**	**(16)**	**–**	**–**	**16**	**–**	**–**
Exercise of share awards	**–**	**–**	**–**		**–**	**(16)**	**–**	**16**	**–**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(190)**	**(351)**	**–**	**(541)**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of ordinary shares	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**1**
Total equity at the end of the year	**719**	**791**	**43**	**42**	**(6)**	**17,154**	**1,519**	**(92)**	**20,170**

1 Refer to Note 20 for the nature of the capital and revenue reserves.

2023	Share capital £m	Share premium £m	Capital redemption reserve £m	Share-based payment reserve £m	Translation reserve £m	Capital reserve[1] £m	Revenue reserve[1] £m	Own shares £m	Total equity £m
Total equity at the start of the year	719	789	43	33	(6)	10,151	1,125	(100)	12,754
Profit for the year	–	–	–	–	–	4,064	509	–	4,573
Exchange differences on translation of foreign operations	–	–	–	–	4	–	–	–	4
Re-measurements of defined benefit plans	–	–	–	–	–	8	–	–	8
Total comprehensive income for the year	–	–	–	–	4	4,072	509	–	4,585
Share-based payments	–	–	–	19	–	–	–	–	19
Release on exercise/forfeiture of share awards	–	–	–	(21)	–	–	21	–	–
Exercise of share awards	–	–	–	–	–	(22)	–	22	–
Ordinary dividends	–	–	–	–	–	(157)	(328)	–	(485)
Purchase of own shares	–	–	–	–	–	–	–	(30)	(30)
Issue of ordinary shares	–	1	–	–	–	–	–	–	1
Total equity at the end of the year	719	790	43	31	(2)	14,044	1,327	(108)	16,844

1 Refer to Note 20 for the nature of the capital and revenue reserves.

The Notes to the accounts section forms an integral part of these financial statements.

Consolidated cash flow statement
for the year to 31 March

	Notes	2024 £m	2023 £m
Cash flow from operating activities			
Purchase of investments		**(506)**	(46)
Proceeds from investments		**543**	227
Amounts paid to investment entity subsidiaries		**(674)**	(535)
Amounts received from investment entity subsidiaries		**580**	841
Net cash flow from derivatives		**69**	23
Portfolio interest received		**5**	12
Portfolio dividends received		**366**	223
Portfolio fees received		**12**	5
Fees received from external funds		**74**	67
Carried interest and performance fees received	14	**58**	58
Carried interest and performance fees paid	15	**(53)**	(29)
Operating expenses paid		**(121)**	(128)
Co-investment loans received		**5**	5
Tax paid		**(3)**	–
Other cash income		**2**	–
Interest received		**9**	4
Net cash flow from operating activities		**366**	727
Cash flow from financing activities			
Issue of shares		**1**	1
Purchase of own shares	21	**–**	(30)
Dividends paid	10	**(541)**	(485)
Repayment of long-term borrowing	17	**–**	(200)
Proceeds from long-term borrowing	17	**422**	–
Lease payments	17	**(6)**	(5)
Interest paid		**(40)**	(54)
Net cash flow from financing activities		**(164)**	(773)
Cash flow from investing activities			
Purchases of property, plant and equipment		**(3)**	(1)
Net cash flow from investing activities		**(3)**	(1)
Change in cash and cash equivalents		**199**	(47)
Cash and cash equivalents at the start of the year		**162**	212
Effect of exchange rate fluctuations		**(3)**	(3)
Cash and cash equivalents at the end of the year		**358**	162

The Notes to the accounts section forms an integral part of these financial statements.

Company statement of financial position

as at 31 March

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Investments			
Quoted investments	11,13	**879**	841
Unquoted investments	11,13	**14,193**	8,677
Investment portfolio		**15,072**	9,518
Carried interest and performance fees receivable	14	**5**	81
Interests in Group entities	23	**5,877**	7,867
Other non-current assets	16	**16**	16
Derivative financial instruments	18	**83**	73
Total non-current assets		**21,053**	17,555
Current assets			
Carried interest and performance fees receivable	14	**71**	17
Other current assets	16	**9**	9
Derivative financial instruments	18	**82**	48
Cash and cash equivalents		**328**	128
Total current assets		**490**	202
Total assets		**21,543**	17,757
Liabilities			
Non-current liabilities			
Loans and borrowings	17	**(1,202)**	(775)
Derivative financial instruments	18	**–**	(3)
Total non-current liabilities		**(1,202)**	(778)
Current liabilities			
Trade and other payables	19	**(760)**	(728)
Derivative financial instruments	18	**–**	(1)
Total current liabilities		**(760)**	(729)
Total liabilities		**(1,962)**	(1,507)
Net assets		**19,581**	16,250
Equity			
Issued capital	20	**719**	719
Share premium		**791**	790
Capital redemption reserve		**43**	43
Share-based payment reserve	27	**42**	31
Capital reserve		**17,685**	14,563
Revenue reserve		**393**	212
Own shares	21	**(92)**	(108)
Total equity		**19,581**	16,250

The Company profit for the year to 31 March 2024 is £3,844 million (2023: £4,538 million).

The Notes to the accounts section forms an integral part of these financial statements.

David Hutchison
Chair
8 May 2024

Company statement of changes in equity

for the year to 31 March

2024	Share capital £m	Share premium £m	Capital redemption reserve £m	Share-based payment reserve £m	Capital reserve[1] £m	Revenue reserve[1] £m	Own shares £m	Total equity £m
Total equity at the start of the year	**719**	**790**	**43**	**31**	**14,563**	**212**	**(108)**	**16,250**
Profit for the year	**–**	**–**	**–**	**–**	**3,328**	**516**	**–**	**3,844**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3,328**	**516**	**–**	**3,844**
Share-based payments	**–**	**–**	**–**	**27**	**–**	**–**	**–**	**27**
Release on exercise/forfeiture of share awards	**–**	**–**	**–**	**(16)**	**–**	**16**	**–**	**–**
Exercise of share awards	**–**	**–**	**–**	**–**	**(16)**	**–**	**16**	**–**
Ordinary dividends	**–**	**–**	**–**	**–**	**(190)**	**(351)**	**–**	**(541)**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of ordinary shares	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Total equity at the end of the year	**719**	**791**	**43**	**42**	**17,685**	**393**	**(92)**	**19,581**

1 Refer to Note 20 for the nature of the capital and revenue reserves.

2023	Share capital £m	Share premium £m	Capital redemption reserve £m	Share-based payment reserve £m	Capital reserve[1] £m	Revenue reserve[1] £m	Own shares £m	Total equity £m
Total equity at the start of the year	719	789	43	33	10,577	146	(100)	12,207
Profit for the year	–	–	–	–	4,165	373	–	4,538
Total comprehensive income for the year	–	–	–	–	4,165	373	–	4,538
Share-based payments	–	–	–	19	–	–	–	19
Release on exercise/forfeiture of share awards	–	–	–	(21)	–	21	–	–
Exercise of share awards	–	–	–	–	(22)	–	22	–
Ordinary dividends	–	–	–	–	(157)	(328)	–	(485)
Purchase of own shares	–	–	–	–	–	–	(30)	(30)
Issue of ordinary shares	–	1	–	–	–	–	–	1
Total equity at the end of the year	719	790	43	31	14,563	212	(108)	16,250

1 Refer to Note 20 for the nature of the capital and revenue reserves.

The Notes to the accounts section forms an integral part of these financial statements.

Company cash flow statement
for the year to 31 March

	Notes	2024 £m	2023 £m
Cash flow from operating activities			
Purchase of investments		**(506)**	(46)
Proceeds from investments		**543**	227
Amounts paid to subsidiaries		**(1,013)**	(805)
Amounts received from subsidiaries		**838**	1,034
Net cash flow from derivatives		**69**	23
Portfolio interest received		**5**	12
Portfolio dividends received		**366**	223
Portfolio fees paid		**(2)**	(1)
Carried interest and performance fees received	14	**46**	34
Co-investment loans received		**5**	5
Interest received		**8**	3
Other cash income		**2**	–
Net cash flow from operating activities		**361**	709
Cash flow from financing activities			
Issue of shares		**1**	1
Purchase of own shares	21	**–**	(30)
Dividends paid	10	**(541)**	(485)
Repayment of long-term borrowing	17	**–**	(200)
Proceeds from long-term borrowing	17	**422**	–
Interest paid		**(40)**	(54)
Net cash flow from financing activities		**(158)**	(768)
Change in cash and cash equivalents		**203**	(59)
Cash and cash equivalents at the start of the year		**128**	188
Effect of exchange rate fluctuations		**(3)**	(1)
Cash and cash equivalents at the end of the year		**328**	128

The Notes to the accounts section forms an integral part of these financial statements.

Material accounting policies

Reporting entity

3i Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The consolidated financial statements ("the Group accounts") for the year to 31 March 2024 comprise of the financial statements of the Company and its consolidated subsidiaries (collectively, "the Group").

The Group accounts have been prepared and approved by the Directors in accordance with section 395 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its Company statement of comprehensive income and related Notes.

A Basis of preparation

The Group and Company accounts have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards. The financial statements are presented to the nearest million sterling (£m), the functional currency of the Company.

The following standards, amendments and interpretations have been adopted by the Group for the first time during the year. These new standards have not had a material impact on the Group.

Effective for annual periods beginning on or after		
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The principal accounting policies applied in the preparation of the Group accounts are disclosed below, but where possible, they have been shown as part of the Note to which they specifically relate in order to assist the reader's understanding. These policies have been consistently applied and apply to all years presented, except for in relation to the adoption of new accounting standards.

Going concern

These financial statements have been prepared on a going concern basis as disclosed in the Directors' report. The Directors have made an assessment of going concern for a period of at least 12 months from the date of approval of the accounts, taking into account the Group's current performance, financial position and the principal and emerging risks facing the business.

The Directors' assessment of going concern, which takes into account the business model on pages 14 and 15 and the Group's liquidity of £1,296 million, indicates that the Group and parent company will have sufficient funds to continue as a going concern, for at least the next 12 months from the date of approval of the accounts. As detailed within the Financial review on pages 70 to 74 on the Investment basis the Group covers its cash operating costs, £127 million at 31 March 2024, with cash income generated by our Private Equity and Infrastructure businesses and Scandlines, £594 million at 31 March 2024. The Group's liquidity comprises cash and deposits of £396 million (31 March 2023: £412 million) and an undrawn multi-currency facility of £900 million (31 March 2023: £900 million), which has no financial covenants. During the year the Group further strengthened its liquidity profile through the successful issue of a six-year €500 million bond at a coupon of 4.875% and successfully extended the tenor of the £400 million tranche of our £900 million RCF to November 2026. Post the year end in April 2024, we agreed the sale of nexeye, generating expected exit proceeds of c.€452 million. These exit proceeds, combined with distributions already received, result in a 2.0x money multiple. The transaction is expected to complete in H1 FY2025.

As a proprietary investor, the Group has a long-term, responsible investment approach, and is not subject to external pressure to realise investments before optimum value can be achieved. The Board has the ability to take certain actions to help support the Group in adverse circumstances. Mitigating actions within management control during extended periods of low liquidity include, for example, drawing on the existing RCF or temporarily reducing new investment levels. The Group manages liquidity with the aim of ensuring it is adequate and sufficient, by regular monitoring of investments, realisations, operating expenses and portfolio cash income and there have been no post balance sheet changes that would be materially detrimental to liquidity. The Directors are of the opinion that the Group's cash flow forecast is sufficient to support the Group given the current market, economic conditions and outlook.

Having performed the assessment on going concern, the Directors considered it appropriate to prepare the financial statements of the Company and Group on a going concern basis, and have concluded that the Group has sufficient financial resources, is well placed to manage business risks in the current economic environment, and can continue operations for a period of at least 12 months from the date of issue of these financial statements.

Material accounting policies continued

B Basis of consolidation

In accordance with IFRS 10, the Company meets the criteria as an investment entity and therefore is required to recognise subsidiaries that also qualify as investment entities at fair value through profit or loss. It does not consolidate the investment entities it controls. Subsidiaries that provide investment-related services, such as advisory, management or employment services, are not accounted for at fair value through profit and loss and continue to be consolidated unless those subsidiaries qualify as investment entities, in which case they are recognised at fair value. Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group has all of the following:

- power over the relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to affect those returns through its power over the investee.

The Group is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial treatment is accurate.

Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. All intragroup balances and transactions with subsidiaries are eliminated upon consolidation. Subsidiaries are de-consolidated from the date that control ceases.

The Group comprises several different types of subsidiaries. For a new subsidiary, the Group assesses whether it qualifies as an investment entity under IFRS 10, based on the function the entity performs within the Group. For existing subsidiaries, the Group annually reassesses the function performed by each type of subsidiary to determine if the treatment under IFRS 10 exception from consolidation is still appropriate. The types of subsidiaries and their treatment under IFRS 10 are as follows:

General Partners ("GPs") – Consolidated

General Partners provide investment management services and do not hold any direct investments in portfolio assets. These entities are not investment entities.

Investment managers/advisers – Consolidated

These entities provide investment-related services through the provision of investment management or advice. They do not hold any direct investments in portfolio assets. These entities are not investment entities.

Holding companies of investment managers/advisers – Consolidated

These entities provide investment-related services through their subsidiaries. Typically they do not hold any direct investment in portfolio assets and these entities are not investment entities.

Limited partnerships and other intermediate investment holding structures – Fair valued

The Group makes investments in portfolio assets through its ultimate parent company as well as through other limited partnerships and corporate subsidiaries which the Group has created to align the interests of the investment teams with the performance of the assets through the use of various carried interest schemes. The purpose of these limited partnerships and corporate holding vehicles, many of which also provide investment-related services, is to invest for investment income and capital appreciation. These partnerships and corporate subsidiaries meet the definition of an investment entity and are accounted for at fair value through profit and loss.

Portfolio investments – Fair valued

Under IFRS 10, the test for accounting subsidiaries takes wider factors of control as well as actual equity ownership into account. In accordance with the investment entity exception, these entities have been held at fair value with movements in fair value being recognised in profit or loss.

Associates – Fair valued

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the Consolidated statement of financial position at fair value even though the Group may have significant influence over those companies.

Further detail on our application of IFRS 10 can be found in the Reconciliation of Investment basis to IFRS section.

Material accounting policies continued

C Critical accounting judgements and estimates

The reported results of the Group are sensitive to the accounting policies, assumptions and estimates that underpin the preparation of its financial statements. UK company law and IFRS require the Directors, in preparing the Group's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. The actual outcome may be materially different from that anticipated.

(a) Critical judgements

In the course of preparing the financial statements, one judgement has been made in the process of applying the Group's accounting policies, other than those involving estimations, that has had a significant effect on the amounts recognised in the financial statements as follows:

I. Assessment as an investment entity

The Board has concluded that the Company continues to meet the definition of an investment entity, as its strategic objective of investing in portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged.

(b) Critical estimates

In addition to these significant judgements, the Directors have made two estimates, which they deem to have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements within the next financial year. The details of these estimates are as follows:

I. Fair valuation of the investment portfolio

The investment portfolio, a material group of assets of the Group, is held at fair value. Details of valuation methodologies used and the associated sensitivities are disclosed in Note 13 Fair values of assets and liabilities in this document. Given the importance of this area, the Board has a separate Valuations Committee to review the valuations policies, process and application to individual investments. A report on the activities of the Valuations Committee (including a review of the assumptions made) is included in the Valuations Committee report on pages 131 to 135.

II. Carried interest payable

Carried interest payable is calculated based on the underlying agreements, and assuming all portfolio investments are sold at their fair values at the balance sheet date. The actual amounts of carried interest paid will depend on the cash realisations of these portfolio investments and valuations may change significantly in the next financial year. The fair valuation of the investment portfolio is itself a critical estimate, as detailed above. The sensitivity of carried interest payable to movements in the investment portfolio is disclosed in Note 15.

Material accounting policies continued

D Other accounting policies

(a) Gross investment return

Gross investment return is equivalent to "revenue" for the purposes of IAS 1. It represents the overall increase in net assets from the investment portfolio net of deal-related costs and includes foreign exchange movements in respect of the investment portfolio. The substantial majority is investment income and outside the scope of IFRS 15. It is analysed into the following components with the relevant standard shown where appropriate:

i. Realised profits or losses over value on the disposal of investments are the difference between the fair value of the consideration received in accordance with IFRS 13 less any directly attributable costs, on the sale of equity and the repayment of interest income from the investment portfolio, and its carrying value at the start of the accounting period, converted into sterling using the exchange rates in force at the date of disposal. See Note 2 for more details.

ii. Unrealised profits or losses on the revaluation of investments are the movement in the fair value of investments in accordance with IFRS 13 between the start and end of the accounting period converted into sterling using the exchange rates in force at the date of fair value assessment. See Note 3 for more details.

iii. Fair value movements on investment entity subsidiaries are the movements in the fair value of Group subsidiaries which are classified as investment entities under IFRS 10. The Group makes investments in portfolio assets through these entities which are usually limited partnerships or corporate subsidiaries. See Note 12 for more details.

iv. Portfolio income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be economic benefit and the income can be reliably measured. The following specific recognition criteria must be met before the income is recognised:

- Dividends from equity investments are recognised in profit or loss when the shareholders' rights to receive payment have been established;
- Interest income from the investment portfolio is recognised as it accrues. When the fair value of an investment is assessed to be below the principal value of a loan, the Group recognises a provision against any interest accrued from the date of the assessment going forward until the investment is assessed to have recovered in value; and
- The accounting policy for fee income is included in Note 4.

v. Foreign exchange on investments arises on investments made in currencies that are different from the functional currency of the Company, being sterling. Investments are translated at the exchange rate ruling at the date of the transaction in accordance with IAS 21. At each subsequent reporting date, investments are translated to sterling at the exchange rate ruling at that date.

vi. Movement in the fair value of derivatives relates to the change in fair value of forward foreign exchange contracts which have been used to minimise foreign currency risk in the investment portfolio. See Note 18 for more details.

(b) Foreign currency translation

For the Company and those subsidiaries and associates whose balance sheets are denominated in sterling, which is the Company's functional and presentational currency, monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into sterling at the closing rates of exchange at the balance sheet date. Foreign currency transactions are translated into sterling at the average rates of exchange over the year and exchange differences arising are taken to profit or loss.

The statements of financial position of subsidiaries, which are not held at fair value, denominated in foreign currencies are translated into sterling at the closing rates. The statements of comprehensive income for these subsidiaries and associates are translated at the average rates and exchange differences arising are taken to other comprehensive income. Such exchange differences are reclassified to profit or loss in the period in which the subsidiary or associate is disposed of.

(c) Treasury assets and liabilities

Short-term treasury assets, and short and long-term treasury liabilities are used in order to manage cash flows.

Cash and cash equivalents comprise cash at bank and amounts held in money market funds which are readily convertible into cash and there is an insignificant risk of changes in value. Financial assets and liabilities are recognised in the balance sheet when the relevant Group entity becomes a party to the contractual provisions of the instrument. Derecognition occurs when rights to cash flows from a financial asset expire, or when a liability is extinguished.

Notes to the accounts

1 Segmental analysis

Operating segments are the components of the Group whose results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Chief Executive, who is considered to be the chief operating decision maker, managed the Group on the basis of business divisions determined with reference to market focus, geographic focus, investment funding model and the Group's management hierarchy. A description of the activities, including returns generated by these divisions and the allocation of resources, is given in the Strategic report. For the geographical segmental split, revenue information is based on the locations of the assets held. To aid the readers' understanding we have split out Action, Private Equity's largest asset, into a separate column. Action is not regarded as a reported segment as the chief operating decision maker reviews performance, makes decisions and allocates resources to the Private Equity segment, which includes Action.

The segmental information that follows is presented on the basis used by the Chief Executive to monitor the performance of the Group. The reported segments are Private Equity, Infrastructure and Scandlines.

The segmental analysis is prepared on the Investment basis. The Investment basis is an APM and we believe it provides a more understandable view of performance. For more information on the Investment basis and a reconciliation between the Investment basis and IFRS, see pages 75 to 78.

Investment basis **Year to 31 March 2024**	**Private Equity £m**	*Of which Action £m*	**Infrastructure £m**	**Scandlines £m**	**Total[4] £m**
Realised losses over value on the disposal of investments	**–**	*–*	**(4)**	**–**	**(4)**
Unrealised profits/(losses) on the revaluation of investments	**3,874**	*3,609*	**72**	**(20)**	**3,926**
Portfolio income					
Dividends	**439**	*377*	**35**	**25**	**499**
Interest income from investment portfolio	**80**	*–*	**11**	**–**	**91**
Fees receivable	**7**	*6*	**(6)**	**–**	**1**
Foreign exchange on investments	**(437)**	*(332)*	**(9)**	**(15)**	**(461)**
Movement in the fair value of derivatives	**96**	*58*	**–**	**20**	**116**
Gross investment return	**4,059**	*3,718*	**99**	**10**	**4,168**
Fees receivable from external funds	**4**		**68**	**–**	**72**
Operating expenses	**(92)**		**(52)**	**(3)**	**(147)**
Interest receivable					**13**
Interest payable					**(61)**
Exchange movements					**29**
Other income					**3**
Operating profit before carried interest					**4,077**
Carried interest					
Carried interest and performance fees receivable	**–**		**62**	**–**	**62**
Carried interest and performance fees payable	**(262)**		**(43)**	**–**	**(305)**
Operating profit before tax					**3,834**
Tax charge					**(2)**
Profit for the year					**3,832**
Other comprehensive income					
Re-measurements of defined benefit plans					**7**
Total return					**3,839**
Realisations[1]	**866**	*762*	**22**	**–**	**888**
Cash investment[2]	**(556)**	*(455)*	**(36)**	**(1)**	**(593)**
Net divestment/(investment)	**310**	*307*	**(14)**	**(1)**	**295**
Balance sheet					
Opening portfolio value at 1 April 2023	**16,425**	*11,188*	**1,409**	**554**	**18,388**
Investment[3]	**683**	*455*	**36**	**1**	**720**
Value disposed	**(866)**	*(762)*	**(26)**	**–**	**(892)**
Unrealised value movement	**3,874**	*3,609*	**72**	**(20)**	**3,926**
Foreign exchange (including other movements)	**(487)**	*(332)*	**(3)**	**(16)**	**(506)**
Closing portfolio value at 31 March 2024	**19,629**	*14,158*	**1,488**	**519**	**21,636**

1 Realised proceeds may differ from cash proceeds due to timing of cash receipts. During the year, Private Equity recognised £866 million of realised proceeds, of which £5 million relates to WHT.
2 Cash investment per the segmental analysis is different to cash investment per the cash flow due to a £10 million investment in Private Equity which was recognised in FY2023 and paid in FY2024.
3 Includes capitalised interest and other non-cash investment.
4 The total is the sum of Private Equity, Infrastructure and Scandlines, "Of which Action" is part of Private Equity.

Interest receivable, interest payable, exchange movements, other income, tax charge and re-measurements of defined benefit plans are not managed by segment by the chief operating decision maker and therefore have not been allocated to a specific segment.

Notes to the accounts continued

1 Segmental analysis continued

Investment basis Year to 31 March 2023	Private Equity £m	*Of which Action £m*	Infrastructure £m	Scandlines £m	Total[4] £m
Realised profits over value on the disposal of investments	169	*–*	–	–	169
Unrealised profits on the revaluation of investments	3,746	*3,708*	23	–	3,769
Portfolio income					
Dividends	345	*328*	33	38	416
Interest income from investment portfolio	77	*–*	14	–	91
Fees receivable	7	*1*	–	–	7
Foreign exchange on investments	493	*285*	16	21	530
Movement in the fair value of derivatives	129	*22*	–	(7)	122
Gross investment return	4,966	*4,344*	86	52	5,104
Fees receivable from external funds	4		66	–	70
Operating expenses	(88)		(48)	(2)	(138)
Interest receivable					4
Interest payable					(54)
Exchange movements					(29)
Other income					(1)
Operating profit before carried interest					4,956
Carried interest					
Carried interest and performance fees receivable	4		37	–	41
Carried interest and performance fees payable	(392)		(26)	–	(418)
Operating profit before tax					4,579
Tax charge					(2)
Profit for the year					4,577
Other comprehensive income					
Re-measurements of defined benefit plans					8
Total return					4,585
Realisations[1]	857	*–*	–	–	857
Cash investment[2]	(381)	*(30)*	(16)	–	(397)
Net divestment/(investment)	476	*(30)*	(16)	–	460
Balance sheet					
Opening portfolio value at 1 April 2022	12,420	*7,165*	1,352	533	14,305
Investment[3]	496	*30*	16	–	512
Value disposed	(688)	*–*	–	–	(688)
Unrealised value movement	3,746	*3,708*	23	–	3,769
Foreign exchange (including other movements)	451	*285*	18	21	490
Closing portfolio value at 31 March 2023	16,425	*11,188*	1,409	554	18,388

1 Realised proceeds may differ from cash proceeds due to timing of cash receipts. During the year, Private Equity received £1 million and Infrastructure received £33 million of cash proceeds which were recognised as realised proceeds in FY2022. Private Equity recognised £6 million of realised proceeds which are to be received in FY2024.
2 Cash investment per the segmental analysis is different to cash investment per the cash flow due to a £57 million syndication in Infrastructure which was recognised in FY2022 and received in FY2023 and a £10 million investment in Private Equity which was recognised in FY2023 and is to be paid in FY2024.
3 Includes capitalised interest and other non-cash investment.
4 The total is the sum of Private Equity, Infrastructure and Scandlines, "Of which Action" is part of Private Equity.

Interest received, interest paid, exchange movements, other income, tax charge and re-measurements of defined benefit plans are not managed by segment by the chief operating decision maker and therefore have not been allocated to a specific segment.

Notes to the accounts continued

1 Segmental analysis continued

Investment basis **Year to 31 March 2024**	**Europe[1]** **£m**	**North America** **£m**	**Other** **£m**	**Total** **£m**
Realised losses over value on the disposal of investments	**(1)**	**(3)**	**–**	**(4)**
Unrealised profits on the revaluation of investments	**3,919**	**7**	**–**	**3,926**
Portfolio income	**579**	**12**	**–**	**591**
Foreign exchange on investments	**(416)**	**(44)**	**(1)**	**(461)**
Movement in fair value of derivatives	**88**	**28**	**–**	**116**
Gross investment return	**4,169**	**–**	**(1)**	**4,168**
Realisations	**865**	**22**	**1**	**888**
Cash investment	**(532)**	**(61)**	**–**	**(593)**
Net (investment)/divestment	**333**	**(39)**	**1**	**295**
Balance sheet				
Closing portfolio value at 31 March 2024	**19,485**	**2,124**	**27**	**21,636**

Investment basis Year to 31 March 2023	Europe[1] £m	North America £m	Other £m	Total £m
Realised profits over value on the disposal of investments	169	–	–	169
Unrealised profits on the revaluation of investments	3,445	317	7	3,769
Portfolio income	498	16	–	514
Foreign exchange on investments	418	113	(1)	530
Movement in fair value of derivatives	22	100	–	122
Gross investment return	4,552	546	6	5,104
Realisations	525	332	–	857
Cash investment	(323)	(74)	–	(397)
Net (investment)/divestment	202	258	–	460
Balance sheet				
Closing portfolio value at 31 March 2023	16,239	2,122	27	18,388

1 Includes UK.

2 Realised profits over value on the disposal of investments

	2024 **Unquoted investments**	**Total** **£m**
Realisations	**543**	**543**
Valuation of disposed investments	**(542)**	**(542)**
	1	**1**
Of which:		
– profits recognised on realisations	**1**	**1**
	1	**1**

	2023 Unquoted investments	Total £m
Realisations	193	193
Valuation of disposed investments	(129)	(129)
	64	64
Of which:		
– profits recognised on realisations	64	64
	64	64

Notes to the accounts continued

3 Unrealised profits on the revaluation of investments

	2024 Unquoted investments £m	2024 Quoted investments £m	Total £m
Movement in the fair value of investments	**2,704**	**38**	**2,742**
Of which:			
– unrealised profits	**2,896**	**38**	**2,934**
– unrealised losses	**(192)**	**–**	**(192)**
	2,704	**38**	**2,742**

	2023 Unquoted investments £m	2023 Quoted investments £m	Total £m
Movement in the fair value of investments	1,990	(93)	1,897
Of which:			
– unrealised profits	2,152	–	2,152
– unrealised losses	(162)	(93)	(255)
	1,990	(93)	1,897

4 Revenue

Accounting policy:

The following items from the Consolidated statement of comprehensive income fall within the scope of IFRS 15:

Fees receivable are earned for providing services to 3i's portfolio companies, which predominantly fall into one of two categories:

Negotiation and other transaction fees are earned for providing services relating to a specific transaction, such as when a portfolio company is bought, sold or refinanced. These fees are generally of a fixed nature and the revenue is recognised in full at the point of transaction completion.

Monitoring and other ongoing service fees are earned for providing a range of services to a portfolio company over a period of time. These fees are generally of a fixed nature and the revenue is recognised evenly over the period, in line with the services provided.

Fees receivable from external funds are earned for providing management and advisory services to a variety of fund partnerships and other entities. Fees are typically calculated as a percentage of the cost or value of the assets managed during the year and are paid quarterly, based on the assets under management at that date. The revenue is recognised evenly over the period, in line with the services provided.

Carried interest and performance fees receivable – the accounting policy for carried interest and performance fees receivable is shown in Note 14.

Items from the Consolidated statement of comprehensive income which fall within the scope of IFRS 15 are included in the table below:

Year to 31 March 2024	Private Equity £m	Infrastructure £m	Total £m
Total revenue by geography[1]			
Europe[2]	**11**	**120**	**131**
North America	**2**	**4**	**6**
Total	**13**	**124**	**137**
Revenue by type			
Fees receivable[3]	**9**	**(6)**	**3**
Fees receivable from external funds	**4**	**68**	**72**
Carried interest and performance fees receivable[3]	**–**	**62**	**62**
Total	**13**	**124**	**137**

1 For fees receivable from external funds and carried interest and performance fees receivable the geography is based on the domicile of the fund.
2 Includes UK.
3 Fees receivable and carried interest receivable above are different to the Investment basis figures included in Note 1. This is due to the fact that Note 1 is disclosed on the Investment basis and the table above is shown on the IFRS basis. For an explanation of the Investment basis and a reconciliation between Investment basis and IFRS basis see pages 75 to 78.

Notes to the accounts continued

4 Revenue continued

Year to 31 March 2023	Private Equity £m	Infrastructure £m	Total £m
Total revenue by geography[1]			
Europe[2]	16	101	117
North America	2	2	4
Total	18	103	121
Revenue by type			
Fees receivable[3]	10	–	10
Fees receivable from external funds	4	66	70
Carried interest and performance fees receivable[3]	4	37	41
Total	18	103	121

1 For fees receivable from external funds and carried interest and performance fees receivable the geography is based on the domicile of the fund.
2 Includes UK.
3 Fees receivable and carried interest receivable above are different to the Investment basis figures included in Note 1. This is due to the fact that Note 1 is disclosed on the Investment basis and the table above is shown on the IFRS basis. For an explanation of the Investment basis and a reconciliation between Investment basis and IFRS basis see pages 75 to 78.

Consolidated statement of financial position

As at 31 March 2024, other current assets in the Consolidated statement of financial position include balances relating to fees receivable from portfolio and fees receivable from external funds of £5 million and £1 million respectively (31 March 2023: £4 million and £5 million respectively). Details of the carried interest and performance fees receivable included in the Consolidated statement of financial position are shown in Note 14. These are different to the balances included in the Investment basis Consolidated statement of financial position. For an explanation of the Investment basis and a reconciliation between Investment basis and IFRS basis see pages 75 to 78.

5 Operating expenses

Operating expenses of £146 million (2023: £137 million) recognised in the IFRS Consolidated statement of comprehensive income, include the following amounts:

	2024 £m	2023 £m
Depreciation of property, plant and equipment	**2**	1
Depreciation of right of use assets	**5**	4
Amortisation of intangible assets	**1**	1
Audit fees (Note 7)	**3**	3
Staff costs (Note 6)	**102**	97
Redundancy costs	**2**	–

Including expenses incurred in the entities accounted for as investment entity subsidiaries of £1 million (2023: £1 million), the Group's total operating expenses on the Investment basis for the year were £147 million (2023: £138 million).

6 Staff costs

The table below is prepared in accordance with Companies Act requirements, which is consistent with both the IFRS and the Investment basis.

	2024 £m	2023 £m
Wages and salaries	**74**	72
Social security costs	**15**	12
Share-based payment costs (Note 27)	**9**	9
Pension costs	**4**	4
Total staff costs	**102**	97

The average number of employees during the year was 246 (2023: 241), of which 158 (2023: 152) were employed in the UK.

Notes to the accounts continued

6 Staff costs continued

Wages and salaries shown above include salaries paid in the year, as well as bonuses and portfolio incentive schemes relating to the year ended 31 March 2024. These costs are included in operating expenses. The table below analyses these costs between fixed and variable elements.

	2024 £m	2023 £m
Fixed staff costs	**48**	45
Variable staff costs[1]	**54**	52
Total staff costs	**102**	97

1 Includes cash bonuses and equity and cash-settled share awards.

More detail on staff costs for Directors is included in the Directors' remuneration report on pages 136 to 149.

7 Information regarding the Group's Auditor

During the year, the Group received the following services from its External auditor, KPMG LLP. The table below is prepared in accordance with Companies Act requirements, which is consistent with both the IFRS and the Investment basis.

		2024 £m	2023 £m
Audit services			
Statutory audit	– Company	**1.8**	1.7
	– UK subsidiaries	**0.8**	0.7
	– Overseas subsidiaries	**0.5**	0.4
Total audit services		**3.1**	2.8
Non-audit services			
Other assurance services		**0.4**	0.4
Total audit and non-audit services		**3.5**	3.2

8 Tax

Accounting policy:

Tax represents the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the Consolidated statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity. The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The affairs of the Group's parent company are directed so as to allow it to meet the requisite conditions to continue to operate as an approved investment trust company for UK tax purposes. An approved investment trust company is a UK investment company which is required to meet certain conditions set out in the UK tax rules to obtain and maintain its tax status. This approval allows certain investment profits of the Company, broadly its capital profits, to be exempt from tax in the UK.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets and liabilities have been calculated using the corporation tax rate in the UK of 25% (2023: 25%).

IFRIC 23 has been applied to the recognition and measurement of uncertain tax provisions held at the year end. There were no material uncertain tax positions arising during the year or at the year end.

The Group is within the scope of the OECD Pillar Two model rules. The United Kingdom, the jurisdiction in which the ultimate parent company of the Group is tax resident, has enacted the Pillar Two legislation. The Group has no related current tax exposure for its year ended 31 March 2024, as the rules will first apply to the Group's accounting period ended 31 March 2025. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The application of the legislation and calculating GloBE income to determine the quantitative impact is complex and the Group is engaged with tax specialists to assist it with applying the legislation. The Group's key business operations are not based in low tax jurisdictions and the application of the Pillar Two rules is not anticipated to have a material impact on the Group.

Notes to the accounts continued

8 Tax continued

	2024 £m	2023 £m
Current taxes		
Current year:		
UK	**3**	2
Overseas	**1**	1
Prior year:		
UK	**(1)**	(1)
Overseas	**(1)**	(1)
Deferred taxes		
Current year	**–**	1
Total tax charge in the Consolidated statement of comprehensive income	**2**	2

Reconciliation of tax in the Consolidated statement of comprehensive income

The tax charge for the year is different to the standard rate of corporation tax in the UK, currently 25% (2023: 19%), and the differences are explained below:

	2024 £m	2023 £m
Profit before tax	**3,838**	4,575
Profit before tax multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	**960**	869
Effects of:		
Non-taxable capital profits due to UK-approved investment trust company status	**(838)**	(793)
Non-taxable dividend income	**(120)**	(75)
	2	1
Other differences between accounting and tax profits:		
Permanent differences – non-deductible items	**2**	4
Temporary differences on which deferred tax is not recognised	**2**	1
Overseas countries' taxes	**1**	1
Tax losses brought forward and utilised on which deferred tax not previously provided	**(3)**	(3)
Prior year tax credits	**(2)**	(2)
Total income tax charge in the Consolidated statement of comprehensive income	**2**	2

Including a net tax charge of nil (2023: nil) in investment entity subsidiaries, the Group recognised a total tax charge of £2 million (2023: £2 million) under the Investment basis.

Deferred income taxes

	2024 £m	2023 £m
Opening deferred income tax asset/(liability)		
Tax losses	**1**	1
Income in accounts taxable in the future	**(2)**	(1)
	(1)	–
Recognised through Consolidated statement of comprehensive income		
Tax losses recognised	**–**	–
Income in accounts taxable in the future	**–**	(1)
	–	(1)
Closing deferred income tax asset/(liability)		
Tax losses	**1**	1
Income in accounts taxable in the future	**(2)**	(2)
	(1)	(1)

8 Tax continued

At 31 March 2024, the Group had carried forward tax losses of £1,371 million (31 March 2023: £1,379 million), capital losses of £87 million (31 March 2023: £87 million) and other deductible temporary differences of £86 million (31 March 2023: £59 million). With the additional restrictions on utilising brought forward losses introduced from 1 April 2017, and the uncertainty that the Group will generate sufficient or relevant taxable profits not covered by the Investment Trust exemption in the foreseeable future to utilise these amounts, no deferred tax asset has been recognised in respect of these losses. Deferred tax assets and liabilities have been calculated using the corporation tax rate in the UK of 25% (2023: 25%).

9 Per share information

The calculation of basic net assets per share is based on the net assets and the number of shares in issue at the year end. When calculating the diluted net assets per share, the number of shares in issue is adjusted for the effect of all dilutive share awards. Dilutive share awards are equity awards with performance conditions attached see Note 27 Share-based payments for further details.

	2024	2023
Net assets per share (£)		
Basic	**20.92**	17.50
Diluted	**20.85**	17.45
Net assets (£m)		
Net assets attributable to equity holders of the Company	**20,170**	16,844

	2024	2023
Number of shares in issue		
Ordinary shares	**973,366,445**	973,312,950
Own shares	**(8,997,664)**	(10,660,078)
	964,368,781	962,652,872
Effect of dilutive potential ordinary shares		
Share awards	**3,104,739**	2,849,520
Diluted shares	**967,473,520**	965,502,392

The calculation of basic earnings per share is based on the profit attributable to shareholders and the weighted average number of shares in issue. The weighted average shares in issue for the year to 31 March 2024 are 964,007,876 (2023: 962,674,183). When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share awards. The diluted weighted average shares in issue for the year to 31 March 2024 are 966,901,059 (2023: 965,273,696).

	2024	2023
Earnings per share (pence)		
Basic	**397.9**	475.0
Diluted	**396.7**	473.8
Earnings (£m)		
Profit for the year attributable to equity holders of the Company	**3,836**	4,573

10 Dividends

	2024 pence per share	**2024 £m**	2023 pence per share	2023 £m
Declared and paid during the year				
Ordinary shares				
Second dividend	**29.75**	**286**	27.25	262
First dividend	**26.50**	**255**	23.25	223
	56.25	**541**	50.50	485
Proposed dividend	**34.50**	**332**	29.75	285

The Group introduced a simplified dividend policy in May 2018. In accordance with this policy, subject to maintaining a conservative balance sheet approach, the Group aims to maintain or grow the dividend each year. The first dividend has been set at 50% of the prior year's total dividend.

The dividend can be paid out of either the capital reserve or the revenue reserve subject to the investment trust rules, see Note 20 and the statement of changes in equity for details of reserves.

10 Dividends continued

The distributable reserves of the Company are £8,282 million (31 March 2023: £4,940 million) and the Board reviews the distributable reserves bi-annually, including consideration of any material changes since the most recent audited accounts, ahead of proposing any dividend. The Board also reviews the proposed dividends in the context of the requirements of being an approved investment trust. Shareholders are given the opportunity to approve the total dividend for the year at the Company's Annual General Meeting. Details of the Group's continuing viability and going concern can be found in the Risk management section.

11 Investment portfolio

Accounting policy:

Investments are recognised and derecognised on the date when their purchase or sale is subject to a relevant contract and the associated risks and rewards have been transferred. The Group manages its investments with a view to profiting from the receipt of investment income and capital appreciation from changes in the fair value of investments.

All investments are initially recognised at the fair value of the consideration given and are subsequently measured at fair value, in accordance with the Group's valuation policies.

Quoted investments are accounted for at fair value through profit and loss. Fair value is measured using the closing bid price at the reporting date, where the investment is quoted on an active stock market.

Unquoted investments, including both equity and loans, are accounted for at fair value through profit and loss. Fair value is determined in line with 3i's valuation policy, which is compliant with the fair value guidelines under IFRS and the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines, details of which are available in "Valuations Committee report" on pages 131 to 135.

Interest bearing loans accrue interest which is either settled in cash or capitalised on a regular basis and included as part of the principal loan balance. The capitalisation of accrued interest is treated as part of investment additions during the year. If the fair value of an investment is assessed to be below the principal value of the loan the Group recognises a fair value reduction against any interest income accrued from the date of the assessment going forward. "Capitalisation at nil value" is the term used to describe the capitalisation of accrued interest which has been fully provided for. These transactions are disclosed as additions to portfolio cost with an equal reduction made where loan notes have nil value.

In accordance with IFRS 10, the proportion of the investment portfolio held by the Group's unconsolidated subsidiaries is presented as part of the fair value of investment entity subsidiaries, along with the fair value of their other assets and liabilities.

A reconciliation of the fair value of Investments in investment entities is included in Note 12.

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Opening fair value	**9,518**	6,642	**9,518**	6,642
Additions	**3,596**	908	**3,596**	908
– of which loan notes with nil value	**(6)**	(6)	**(6)**	(6)
Disposals, repayments and write-offs	**(542)**	(129)	**(542)**	(129)
Fair value movement[1]	**2,742**	1,897	**2,742**	1,897
Other movements[2]	**(236)**	206	**(236)**	206
Closing fair value	**15,072**	9,518	**15,072**	9,518
Quoted investments	**879**	841	**879**	841
Unquoted investments	**14,193**	8,677	**14,193**	8,677
Closing fair value	**15,072**	9,518	**15,072**	9,518

1 All fair value movements relate to assets held at the end of the year.
2 Other movements includes the impact of foreign exchange and accrued interest.

3i's investment portfolio is made up of longer-term investments, with average holding periods greater than one year, and thus is classified as non-current.

The table on the next page reconciles between purchase of investments in the cash flow statement and additions as disclosed in the table above.

Notes to the accounts continued

11 Investment portfolio continued

	2024 £m	2023 £m
Purchase of investments	**506**	46
Transfer of portfolio investments from investment entity subsidiaries[1]	**3,068**	781
Syndication	**–**	57
Investment (paid)/payable	**(2)**	2
Investment	**3,572**	886
Capitalised interest received by way of loan notes	**24**	22
Additions	**3,596**	908

1 Includes £2,770 million (31 March 2023: £781 million) related to Action. See Note 12 for further details.

Included within profit or loss is £29 million (2023: £29 million) of interest income. Interest income included £18 million (2023: £14 million) of accrued income capitalised during the year noted above, £5 million (2023: £12 million) of cash income and £6 million (2023: £3 million) of accrued income remaining uncapitalised at the year end.

Quoted investments are classified as Level 1 and unquoted investments are classified as Level 3 in the fair value hierarchy, see Note 13 for details.

12 Investments in investment entity subsidiaries

Accounting policy:

Investments in investment entity subsidiaries are accounted for as financial instruments at fair value through profit and loss in accordance with IFRS 9.

These entities are typically limited partnerships and other intermediate investment holding structures which hold the Group's interests in investments in portfolio companies. The fair value can increase or decrease from either amounts paid to or received from the investment entity subsidiaries or valuation movements in line with the Group's valuation policy.

Substantially all of these entities meet the definition of a Fund under the IPEV guidelines and the fair value of these entities is their net asset value.

We determine that, in the ordinary course of business, the net asset value of investment entity subsidiaries is considered to be the most appropriate to determine fair value. At each reporting period, we consider whether any additional fair value adjustments need to be made to the net asset value of the investment entity subsidiaries. These adjustments may be required to reflect market participants' considerations about fair value that may include, but are not limited to, liquidity and the portfolio effect of holding multiple investments within the investment entity subsidiary. There was no particular circumstance to indicate that a fair value adjustment was required (31 March 2023: no adjustment required) and, after due consideration, we concluded that the net asset values were the most appropriate reflection of fair value at 31 March 2024.

Level 3 fair value reconciliation – investments in investment entity subsidiaries

Non-current	Group 2024 £m	Group 2023 £m
Opening fair value	**7,844**	6,791
Amounts paid to investment entity subsidiaries	**674**	535
Amounts received from investment entity subsidiaries	**(580)**	(841)
Fair value movements on investment entity subsidiaries	**861**	2,112
Transfer of portfolio investments from investment entity subsidiaries	**(3,068)**	(781)
Transfer of assets to investment entity subsidiaries	**73**	28
Closing fair value	**5,804**	7,844

Transfer of portfolio investments from investment entity subsidiaries includes the transfer of investment portfolio between investment entity subsidiaries and the Company at fair value. The consideration for these transfers can either be cash or intra-group receivables. During the year the Company received a transfer of assets of £3,068 million (31 March 2023: £781 million) from partnerships which are classified as investment entity subsidiaries, of which £2,770 million (31 March 2023: £781 million) related to Action.

Notes to the accounts continued

12 Investments in investment entity subsidiaries continued

Restrictions

3i Group plc, the ultimate parent company, receives dividend income from its subsidiaries. There is £21 million (31 March 2023: £225 million) of restrictive cash held in investment entity subsidiaries relating to carried interest and performance fees payable.

Support

3i Group plc continues to provide, where necessary, ongoing support to its investment entity subsidiaries for the purchase of portfolio investments. The Group's current commitments are disclosed in Note 24.

13 Fair values of assets and liabilities

Accounting policy:

Financial instruments are initially classified at either amortised cost or fair value through profit or loss. Financial instruments classified at fair value through profit or loss are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in profit or loss in the Statement of comprehensive income. Financial instruments classified at amortised cost are subsequently measured at amortised cost using the effective interest method with interest income or expense and foreign exchange gains and losses recognised in profit or loss in the Statement of comprehensive income.

(A) Classification

The following tables analyse the Group's assets and liabilities in accordance with the categories of financial instruments in IFRS 9:

	Group 2024 Classified at fair value through profit and loss £m	Group 2024 Other financial instruments at amortised cost £m	Group 2024 Total £m	Group 2023 Classified at fair value through profit and loss £m	Group 2023 Other financial instruments at amortised cost £m	Group 2023 Total £m
Assets						
Quoted investments	**879**	**–**	**879**	841	–	841
Unquoted investments	**14,193**	**–**	**14,193**	8,677	–	8,677
Investments in investment entities	**5,804**	**–**	**5,804**	7,844	–	7,844
Other financial assets	**182**	**106**	**288**	142	82	224
Total	**21,058**	**106**	**21,164**	17,504	82	17,586
Liabilities						
Loans and borrowings	**–**	**1,202**	**1,202**	–	775	775
Other financial liabilities	**–**	**242**	**242**	4	167	171
Total	**–**	**1,444**	**1,444**	4	942	946

	Company 2024 Classified at fair value through profit and loss £m	Company 2024 Other financial instruments at amortised cost £m	Company 2024 Total £m	Company 2023 Classified at fair value through profit and loss £m	Company 2023 Other financial instruments at amortised cost £m	Company 2023 Total £m
Assets						
Quoted investments	**879**	**–**	**879**	841	–	841
Unquoted investments	**14,193**	**–**	**14,193**	8,677	–	8,677
Other financial assets	**170**	**96**	**266**	131	113	244
Total	**15,242**	**96**	**15,338**	9,649	113	9,762
Liabilities						
Loans and borrowings	**–**	**1,202**	**1,202**	–	775	775
Other financial liabilities	**–**	**760**	**760**	4	728	732
Total	**–**	**1,962**	**1,962**	4	1,503	1,507

Within the Company, Interests in Group entities of £5,877 million (31 March 2023: £7,867 million) includes £5,862 million (31 March 2023: £7,845 million) held at fair value and £15 million (31 March 2023: £22 million) held at cost less impairment.

Notes to the accounts continued

13 Fair values of assets and liabilities continued

(B) Valuation

The fair values of the Group's financial assets and liabilities not held at fair value, are not materially different from their carrying values, with the exception of loans and borrowings. The fair value of the loans and borrowings is £1,166 million (31 March 2023: £686 million), determined with reference to their published market prices. The carrying value of the loans and borrowings is £1,202 million (31 March 2023: £775 million) and accrued interest payable (included within trade and other payables) is £29 million (31 March 2023: £12 million).

Valuation hierarchy

The Group classifies financial instruments measured at fair value according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (ie as prices) or indirectly (ie derived from prices)	Derivative financial instruments
Level 3	Inputs that are not based on observable market data	Unquoted investments

Unquoted equity instruments and debt instruments are measured in accordance with the IPEV Guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted equity instruments can be found on page 181.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy at 31 March 2024:

	Group 2024 Level 1 £m	**Group 2024 Level 2 £m**	**Group 2024 Level 3 £m**	**Group 2024 Total £m**	Group 2023 Level 1 £m	Group 2023 Level 2 £m	Group 2023 Level 3 £m	Group 2023 Total £m
Assets								
Quoted investments	**879**	**–**	**–**	**879**	841	–	–	841
Unquoted investments	**–**	**–**	**14,193**	**14,193**	–	–	8,677	8,677
Investments in investment entity subsidiaries	**–**	**–**	**5,804**	**5,804**	–	–	7,844	7,844
Other financial assets	**–**	**165**	**17**	**182**	–	121	21	142
Liabilities								
Other financial liabilities	**–**	**–**	**–**	**–**	–	(4)	–	(4)
Total	**879**	**165**	**20,014**	**21,058**	841	117	16,542	17,500

Notes to the accounts continued

13 Fair values of assets and liabilities continued

We determine that, in the ordinary course of business, the net asset value of an investment entity subsidiary is considered to be the most appropriate to determine fair value. The underlying portfolio is valued under the same methodology as directly held investments, with any other assets or liabilities within investment entity subsidiaries fair valued in accordance with the Group's accounting policies. Note 12 details the Directors' considerations about the fair value of the underlying investment entity subsidiaries.

Movements in the directly held investment portfolio categorised as Level 3 during the year are set out in the table below:

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Opening fair value	**8,677**	5,708	**8,677**	5,708
Additions[3]	**3,596**	908	**3,596**	908
– of which loan notes with nil value	**(6)**	(6)	**(6)**	(6)
Disposals, repayments and write-offs	**(542)**	(129)	**(542)**	(129)
Fair value movement[1]	**2,704**	1,990	**2,704**	1,990
Other movements[2]	**(236)**	206	**(236)**	206
Closing fair value	**14,193**	8,677	**14,193**	8,677

1 All fair value movements relate to assets held at the end of the year.
2 Other movements include the impact of foreign exchange and accrued interest.
3 The table in Note 11 reconciles additions.

Unquoted investments valued using Level 3 inputs also had the following impact on profit and loss: realised profits over value on disposal of investments of £1 million (2023: £64 million), dividend income of £332 million (2023: £200 million) and foreign exchange losses of £238 million (2023: gains of £203 million).

Assets move between Level 1 and Level 3 when an unquoted equity investment lists on a quoted market exchange. There were no transfers in or out of Level 3 during the year. In the 12 months to 31 March 2024, four assets changed valuation basis within Level 3. One asset moved from an other basis valuation to a DCF basis valuation, two assets moved from an earnings-based valuation to an other basis valuation and one asset moved from an earnings-based valuation to an imminent sale basis. The changes in valuation methodology in the period reflect our view of the most appropriate method to determine the fair value of the four assets at 31 March 2024. Further information can be found in the Private Equity and Infrastructure sections of the Business and Financial reviews starting on page 20.

The following table summarises the various valuation methodologies used by the Group to fair value Level 3 instruments, the inputs and the sensitivities applied and the impact of those sensitivities to the unobservable inputs. Overall, our portfolio companies have delivered a resilient performance, despite persistent global macro-economic headwinds. Higher interest rates, inflation and low consumer confidence, caused in part by geopolitical uncertainty, have been important considerations in our portfolio valuations at 31 March 2024. As part of our case-by-case review of our portfolio companies the risks and opportunities from climate change are an important consideration in the overall discussion on fair value. These risks are adequately captured in the multiple sensitivity. All numbers in the table below are on an Investment basis.

13 Fair values of assets and liabilities continued

Level 3 unquoted investments

Methodology	Description	Inputs	Fair value at 31 March 2024 (£m)	Sensitivity on key unobservable input	Fair value impact of sensitivities (£m) +5%/-5%
Earnings (Private Equity)	Most commonly used Private Equity valuation methodology. Used for investments which are typically profitable and for which we can determine a set of listed companies and precedent transactions, where relevant, with similar characteristics	Earnings multiples are applied to the earnings of the Company to determine the enterprise value **Earnings multiples** When selecting earnings multiples, we consider: (1) Comparable listed companies current performance and through-the-cycle averages (2) Relevant market transaction multiples (3) Company performance, organic growth and value-accretive add-ons, if any (4) Exit expectations and other company specific factors For point 1 and 2 of the above we select companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus The pre-discount multiple ranges from 7.5x - 20.0x (2023: 6.4x - 20.0x) Other inputs: **Earnings** Reported earnings are adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, adjustments to arrive at maintainable earnings The most common measure is earnings before interest, tax, depreciation and amortisation ("EBITDA") Earnings are usually obtained from portfolio company management accounts to the preceding quarter end, with reference also to forecast earnings and the maintainable view of earnings Action, our largest asset, is valued using run-rate earnings	**18,916** (2023: 16,109)	For the assets valued on an earnings basis, we have applied a 5% sensitivity to the earnings multiple Action is our largest asset, and we have included a 5% sensitivity on Action's earnings multiple of 19.5x (equivalent to 18.5x net)	**1,103** (2023: 928) **(1,104)** (2023: (930)) **801** (2023: 618) **(801)** (2023: (619))
Discounted cash flow (Private Equity/ Infrastructure/ Scandlines)	Appropriate for businesses with long-term stable cash flows, typically in Infrastructure or, alternatively, businesses where DCF is more appropriate in the short term	Long-term cash flows are discounted at a rate which is benchmarked against market data, where possible, or adjusted from the rate at the initial investment based on changes in the risk profile of the investment The range of discount rates used in our DCF valuations is 10.5% to 16.9% (2023: 10.5% to 16.9%). An outlier has been excluded from the range.	**1,047** (2023: 1,024)	For the assets valued on a DCF basis, we have applied a 5% sensitivity to the discount rate	**(34)** (2023: (37)) **36** (2023: 39)
NAV (Private Equity/ Infrastructure)	Used for investments in unlisted funds	Net asset value reported by the fund manager. The valuation of the underlying portfolio is consistent with IFRS	**104** (2023: 97)	A 5% increase on closing NAV	**5** (2023: 5)
Imminent sale (Private Equity)	Used for assets where a sale has been agreed	A 2.5% discount is applied to expected proceeds	**377** (2023: –)	n/a	n/a
Other (Private Equity/ Infrastructure)	Used where elements of a business are valued on different bases	Values of separate elements prepared on or triangulated against one of the methodologies listed above	**246** (2023: 196)	A 5% increase in the closing value	**12** (2023: 10)

Notes to the accounts continued

14 Carried interest and performance fees receivable

Accounting policy:

The Group earns a share of profits ("carried interest receivable") from funds which it manages on behalf of third parties. These profits are earned when the funds meet certain performance conditions and are paid by the fund when these conditions have been met on a cash basis. In certain limited circumstances the carried interest received may be subject to clawback provisions if the performance of the fund deteriorates materially following carried interest being paid.

Carried interest receivable

The carried interest receivable recognised at the balance sheet date is calculated based on the valuation of the remaining portfolio assets in the fund at that date, discounted to reflect the estimated realisation dates. Following initial recognition, carried interest receivable is accounted for under the amortised cost method in accordance with IFRS 9.

This includes the requirement to calculate expected credit losses at inception. Given that carried interest is received from a small number of entities which are managed by the Group and are paid shortly following receipt of the proceeds or finalisation of the calculation which causes the payments to become due, the expected credit losses for these receivables are expected to be negligible.

Performance fees receivable

The Group earns performance fees from the investment management services it provides to 3i Infrastructure plc ("3iN") when 3iN's total return for the year exceeds a specified threshold. These fees are calculated on an annual basis and paid in three equal instalments over three years. The second and third instalments will only be recognised and received if either: (a) 3iN's performance in the year in which the instalment is paid also triggers payment of a performance fee in respect of that year, or (b) if 3iN's performance over the three years starting with the year in which the performance fee is earned exceeds a specified threshold.

The Group also earns performance fees from the investment management services it provides to certain other funds when the net asset value of the fund exceeds the performance threshold. These fees are calculated on an annual basis, and are recognised and paid at the end of successive five-year performance periods. The first five-year performance period ended on 31 March 2024. In accordance with IFRS 15, revenue from performance fees is recognised when it is sufficiently certain that there will not be a significant reversal, which is usually at the end of the relevant financial year or performance period, when the calculation is finalised and agreed.

Following initial recognition, performance fees receivable are accounted for under the amortised cost method in accordance with IFRS 9. This includes the requirement to calculate expected credit losses at inception. Given that performance fees are received from a small number of entities which are managed by the Group and are paid shortly following receipt of the proceeds or finalisation of the calculation which causes the payments to become due, the expected credit losses for these receivables are expected to be negligible.

	Group 2024 Carried interest receivable £m	**Group 2024 Performance fees receivable £m**	**Group 2024 Total £m**	Group 2023 Carried interest receivable £m	Group 2023 Performance fees receivable £m	Group 2023 Total £m
Opening carried interest and performance fees receivable	**6**	**37**	**43**	9	51	60
Carried interest and performance fees receivable recognised in profit and loss during the year[1]	**–**	**62**	**62**	4	37	41
Received in the year[1]	**–**	**(58)**	**(58)**	(7)	(51)	(58)
Other movements[2]	**–**	**1**	**1**	–	–	–
Closing carried interest and performance fees receivable	**6**	**42**	**48**	6	37	43
Of which: receivable in greater than one year	**3**	**–**	**3**	3	–	3

1 Includes £21 million (2023: nil) of performance fees received from the sale of Attero.
2 Other movements include the impact of foreign exchange.

Notes to the accounts continued

14 Carried interest and performance fees receivable continued

	Company 2024 Carried interest receivable £m	**Company 2024 Performance fees receivable £m**	**Company 2024 Total £m**	Company 2023 Carried interest receivable £m	Company 2023 Performance fees receivable £m	Company 2023 Total £m
Opening carried interest and performance fees receivable	**98**	**–**	**98**	63	25	88
Carried interest and performance fees receivable recognised in profit and loss during the year	**25**	**–**	**25**	42	–	42
Received in the year	**(46)**	**–**	**(46)**	(9)	(25)	(34)
Other movements[1]	**(1)**	**–**	**(1)**	2	–	2
Closing carried interest and performance fees receivable	**76**	**–**	**76**	98	–	98
Of which: receivable in greater than one year	**5**	**–**	**5**	81	–	81

1 Other movements include the impact of foreign exchange.

The closing carried interest receivable balance above is calculated using the fair value of the assets in the relevant funds at the balance sheet date. The carried interest receivable recognised in profit and loss during the year predominantly relates to changes in the fair value of the investments in the relevant funds.

As explained in the accounting policy above, no expected credit losses have been recognised for carried interest and performance fees receivable as these are deemed to be negligible.

15 Carried interest and performance fees payable

Accounting policy:

The Group offers investment executives the opportunity to participate in the returns from investments subject to certain performance conditions. "Carried interest and performance fees payable" is the term used for amounts payable to executives on these investment-related transactions.

A variety of asset pooling arrangements are in place so that participants may have an interest in one or more carried interest plans and participants include current and former investment participants. Carried interest payable is accrued if its performance conditions, measured at the balance sheet date, would be achieved if the remaining assets in that plan were realised at fair value. An accrual is made equal to the participants' share of profits in excess of the performance conditions in place in the carried interest plan, discounted to reflect the likely actual cash payment date, which may be materially later than the time of the accrual.

The Infrastructure performance fee payable is accrued based on the expected award. A significant proportion of the amount awarded is deferred over time and may be granted in 3i Group plc shares. This is recognised over the vesting period in line with the requirements of IFRS 2 or IAS 19, depending on the type of award.

Under IFRS 10, where carried interest payable reduces the fair value of an investment entity subsidiary, that movement is recorded through "Fair value movements on investment entity subsidiaries". At 31 March 2024, £764 million of carried interest payable was recognised in the Consolidated statement of financial position of these investment entity subsidiaries (31 March 2023: £1,274 million).

	Group 2024 £m	Group 2023 £m
Opening carried interest and performance fees payable	**77**	77
Carried interest and performance fees payable recognised in profit and loss during the year	**51**	38
Cash paid in the year	**(53)**	(29)
Other movements[1]	**(21)**	(9)
Closing carried interest and performance fees payable	**54**	77
Of which: payable in greater than one year	**30**	43

1 Other movements include the impact of foreign exchange and a transfer from trade and other payables.

The carry payable expense in the table above includes a £23 million (2023: £13 million) charge arising from Infrastructure share-based payment carry related schemes. The charge includes £16 million (2023: £10 million) of equity awards and £1 million (2023: nil) of cash-settled awards, see Note 27 Share-based payments for further details and £6 million (2023: £3 million) of social security cost.

A 5% increase in the valuation of all individual assets in the underlying investment portfolio held by investment entity subsidiaries would result in a £41 million increase in carried interest and performance fees payable (31 March 2023: £60 million).

15 Carried interest and performance fees payable continued

A 5% decrease in the valuation of all individual assets in the underlying investment portfolio held by investment entity subsidiaries would result in a £41 million decrease in carried interest and performance fees payable (31 March 2023: £60 million).

16 Other assets

Accounting policy:

Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses. Financial assets are recognised at amortised cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses ("ECLs") on initial recognition. Any ECLs are recognised directly in profit and loss, with any subsequent reversals recognised in the same location.

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Prepayments	**4**	3	**–**	–
Other debtors	**71**	51	**25**	25
Proceeds/syndication receivable	**–**	6	**–**	–
Total other assets	**75**	60	**25**	25
Of which: receivable in greater than one year	**28**	30	**16**	16

At 31 March 2024, no ECLs have been recognised against other assets as they are negligible (31 March 2023: nil).

17 Loans and borrowings

Accounting policy:

All loans and borrowings are initially recognised at the fair value of the consideration received. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Financial liabilities are derecognised when they are extinguished.

	Group 2024 £m	Group 2023 £m
Loans and borrowings are repayable as follows:		
Within one year	**–**	–
Between the second and fifth year	**–**	–
After five years	**1,202**	775
	1,202	775

Principal borrowings include:

	Rate	Maturity	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Fixed rate						
€500 million notes (public issue)	4.875%	2029	**427**	–	**427**	–
£375 million notes (public issue)	5.750%	2032	**375**	375	**375**	375
£400 million notes (public issue)	3.750%	2040	**400**	400	**400**	400
			1,202	775	**1,202**	775
Committed multi-currency facilities: Revolving Credit Facility (RCF)						
£400 million tranche	SONIA+0.75%	2026	**–**	–	**–**	–
£500 million tranche	SONIA+0.50%	2027	**–**	–	**–**	–
Total loans and borrowings			**1,202**	775	**1,202**	775

During the year, the Company issued a €500 million maturity bond with a maturity date of June 2029 and extended its £400 million multi-currency facility to November 2026. The syndicated multi-currency facility of £900 million has no financial covenants.

17 Loans and borrowings continued

All of the Group's borrowings are repayable in one instalment on the respective maturity dates. None of the Group's interest-bearing loans and borrowings are secured on the assets of the Group. The fair value of the loans and borrowings is £1,166 million (31 March 2023: £686 million), determined with reference to their published market prices. The interest payable for loans and borrowings recognised within profit and loss is £60 million (2023: £53 million) and the interest paid for loans and borrowings recognised within the Consolidated cash flow statement is £40 million (2023: £54 million).

In accordance with the FCA's Investment Funds sourcebook (FUNDS 3.2.2R and Fund 3.2.6R), 3i Investments plc, as AIFM of the Company, is required to calculate leverage and disclose this to investors. The leverage is calculated using the gross method and commitment method. Gross method calculates the overall exposure over the net asset value whereas the commitment method calculates the net exposure over the net asset value. Leverage at 31 March 2024 for the Group is 118% (31 March 2023: 121%) and the Company is 116% (31 March 2023: 117%) under both the gross method and the commitment method. The leverage for 3i Investments plc at 31 March 2024 is 100% (31 March 2023: 100%) under both the gross method and the commitment method.

Under the Securities Financing Transactions Regulation and the FCA's Investment Funds sourcebook (FUNDS 3.2.4A), 3i is required to disclose certain information relating to the use of securities financing transactions ("SFTs") and total return swaps. At 31 March 2024, 3i was not party to any transactions involving SFTs or total return swaps.

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities are classified as follows:

	Loans and borrowings 2024 £m	**Lease liability 2024 £m**	Loans and borrowings 2023 £m	Lease liability 2023 £m
Opening liability	**775**	**10**	975	14
Additions	**422**	**44**	–	1
Interest	**–**	**1**	–	–
Repayments	**–**	**(6)**	(200)	(5)
Exchange movements	**5**	**–**	–	–
Closing liability	**1,202**	**49**	775	10

18 Derivatives

Accounting policy:

Derivative financial instruments are accounted for at fair value through profit and loss in accordance with IFRS 9. They are revalued at the balance sheet date based on market prices, with any change in fair value being recorded in profit and loss. Derivatives are recognised in the Consolidated statement of financial position as a financial asset when their fair value is positive and as a financial liability when their fair value is negative. Derivative contracts are disclosed in the Consolidated statement of financial position as either current or non-current according to there maturity profile. The Group's derivative financial instruments are not designated as hedging instruments.

Statement of comprehensive income	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Movement in the fair value of derivatives	**116**	122	**116**	122

Statement of financial position	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Non-current assets				
Forward foreign exchange contracts	**83**	73	**83**	73
Current assets				
Forward foreign exchange contracts	**82**	48	**82**	48
Non-current liabilities				
Forward foreign exchange contracts	**–**	(3)	**–**	(3)
Current liabilities				
Forward foreign exchange contracts	**–**	(1)	**–**	(1)

The Group uses forward foreign exchange contracts to mitigate the effect of fluctuations arising from movements in exchange rates in the value of the Group's investments in euro and US dollar. As at 31 March 2024, the notional amount of these forward foreign exchange contracts held by the Company was €2.6 billion (31 March 2023: €2.6 billion) and $1.2 billion (31 March 2023: $1.2 billion).

19 Trade and other payables

Accounting policy:

Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date. Financial liabilities are recognised at amortised cost in accordance with IFRS 9.

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Trade and other payables	**139**	80	**29**	11
Amounts due to subsidiaries	**–**	–	**731**	717
Total trade and other payables	**139**	80	**760**	728
Of which: payable in greater than one year	**5**	4	**–**	–

20 Issued capital and reserves

Accounting policy:

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

Capital reserve recognises all profits and losses that are capital in nature or have been allocated to capital, which include the accumulation of investment gains and losses as well as changes to the value of financial instruments measured at fair value through profit and loss.

Revenue reserve recognises all profits and losses that are revenue in nature or have been allocated to revenue and is the accumulation of revenue profits and losses.

Issued and fully paid	**2024 Number**	**2024 £m**	2023 Number	2023 £m
Ordinary shares of 73$^{19}/_{22}$p				
Opening balance	**973,312,950**	**719**	973,238,638	719
Issued under employee share plans	**53,495**	**–**	74,312	–
Closing balance	**973,366,445**	**719**	973,312,950	719

The Company issued 53,495 ordinary shares to the Trustee of the 3i Group Share Incentive Plan for a total cash consideration of £1,137,723 at various prices from 1,729 pence to 2,805 pence per share (being the market prices on the issue dates which were the last trading day of each month in the year, with the exception of December 2023, when the issue date was 4 January 2024). These shares were ordinary shares with no additional rights attached to them and had a total nominal value of £39,513.

Notes to the accounts continued

21 Own shares

Accounting policy:

Own shares are recorded by the Group when ordinary shares are acquired by the Company or by The 3i Group Employee Benefit Trust. Own shares are deducted from shareholders' equity. A transfer is made to retained earnings at their weighted average cost in line with the vesting of own shares held for the purposes of share-based payments. The number of own shares held by the Trust and the schemes are described in Note 27.

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Opening cost	**108**	100	**108**	100
Additions	**–**	30	**–**	30
Awards granted	**(16)**	(22)	**(16)**	(22)
Closing cost	**92**	108	**92**	108

During the year to 31 March 2024, The 3i Group Employee Benefit Trust did not acquire any shares. During the year to 31 March 2023, the trust acquired 2.4 million shares at an average price of 1,271 pence per share.

22 Capital structure

The capital structure of the Group consists of shareholders' equity and net debt or cash. The type and maturity of the Group's borrowings are analysed further in Note 17. Capital is managed with the objective of maximising long-term return to shareholders, whilst maintaining a capital base to allow the Group to operate effectively in the market and sustain the future development of the business.

	Group 2024 £m	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Cash and deposits	**358**	162	**328**	128
Borrowings and derivative financial liabilities	**(1,202)**	(779)	**(1,202)**	(779)
Net debt[1]	**(844)**	(617)	**(874)**	(651)
Total equity	**20,170**	16,844	**19,581**	16,250
Gearing (net debt/total equity)	**4%**	4%	**4%**	4%

1 The above numbers have been prepared under IFRS and differ from the Investment basis as detailed in the Strategic report.

Capital constraints

The Group is generally free to transfer capital from subsidiary undertakings to the parent company, subject to maintaining each subsidiary with sufficient reserves to meet local statutory/regulatory obligations. No significant constraints (other than those disclosed in Note 12) have been identified and the Group has been able to distribute profits as appropriate.

The Group has been subject to the FCA's MIFIDPRU sourcebook ("MIFIDPRU") since 1 January 2022. The regulatory capital requirements for the Group and 3i Investments plc, an investment firm regulated by the FCA, are calculated in accordance with MIFIDPRU 2.5, 4.3, 4.5 and 4.6. These capital requirements are reviewed regularly by the Group's Audit and Compliance Committee, and the Board of 3i Investments plc, respectively. In addition, 3i Investments plc prepares an Internal Capital and Risk Assessment ("ICARA"), which is approved by the Board of 3i Investments plc on an annual basis.

Notes to the accounts continued

23 Interests in Group entities

Accounting policy:

The Company has controlling equity interests in, and makes loans to, both consolidated and fair valued Group entities. Equity investments in, and loans to, investment entities are held at fair value in the Company's accounts, as this reflects the Group's business model to hold assets to seek returns on capital and not contractual cash flow. The net assets of these entities represent fair value. Equity investments in other subsidiaries are held at cost less impairment and any loans to these subsidiaries are held at amortised cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses on initial recognition.

	Company 2024 Equity investments £m	Company 2024 Loans £m	Company 2024 Total £m
Opening book value	5,061	2,806	7,867
Additions	29	173	202
Share of profits from partnership entities	–	2,548	2,548
Disposals and repayments	–	(2,752)	(2,752)
Fair value movements	(1,951)	(72)	(2,023)
Exchange movements	–	35	35
Closing book value	**3,139**	**2,738**	**5,877**

	Company 2023 Equity investments £m	Company 2023 Loans £m	Company 2023 Total £m
Opening book value	3,912	2,889	6,801
Additions	20	453	473
Share of profits from partnership entities	–	1,148	1,148
Disposals and repayments	–	(1,475)	(1,475)
Fair value movements	1,129	(225)	904
Exchange movements	–	16	16
Closing book value	5,061	2,806	7,867

Equity investments in, and loans to investment entities, are held at fair value and equity investments in other subsidiaries are held at cost less impairment. The measurements at fair value and cost less impairment are assessed against the Company's equity and loan instruments into these subsidiaries, which are eliminated on consolidation for the Group. For this reason equity investments and loans into investments entities do not form part of the investment portfolio for the Company and instead are included within Interests in Group entities. Amounts for equity investments in, and loans to, investment entities held at fair value and other subsidiaries at amortised cost are detailed in Note 13.

Details of significant Group entities are given in Note 30. No expected credit losses have been recognised on those equity investments and loans held at amortised cost as they are not material.

24 Commitments

Accounting policy:

Commitments represent amounts the Group has contractually committed to pay third parties but do not yet represent a charge or asset. This gives an indication of committed future cash flows. Commitments are recognised in the balance sheet at the point of settlement subject to associated risks and rewards being transferred. Commitments at the year end do not impact the Group's financial results for the year.

	Group 2024 due within 1 year £m	**Group 2024 due between 2 and 5 years £m**	**Group 2024 due over 5 years £m**	**Group 2024 Total £m**	Group 2023 due within 1 year £m	Group 2023 due between 2 and 5 years £m	Group 2023 due over 5 years £m	Group 2023 Total £m
Unquoted investments	**8**	**–**	**–**	**8**	9	–	–	9

	Company 2024 due within 1 year £m	**Company 2024 due between 2 and 5 years £m**	**Company 2024 due over 5 years £m**	**Company 2024 Total £m**	Company 2023 due within 1 year £m	Company 2023 due between 2 and 5 years £m	Company 2023 due over 5 years £m	Company 2023 Total £m
Unquoted investments	**8**	**–**	**–**	**8**	9	–	–	9

The amounts shown above include £8 million of commitments made by the Group and Company, to invest into funds (31 March 2023: £9 million). The Group and Company were contractually committed to these investments as at 31 March 2024.

25 Contingent liabilities

Accounting policy:

Contingent liabilities are potential liabilities where there is even greater uncertainty, which could include a dependency on events not within the Group's control, but where there is a possible obligation. Contingent liabilities are only disclosed and not included within the Consolidated statement of financial position.

The Company has provided a guarantee to the Trustees of the 3i Group Pension Plan ("the Plan") in respect of liabilities of 3i plc to the Plan.

At 31 March 2024, there was no (31 March 2023: no) material litigation outstanding, nor any other matter, against the Company or any of its subsidiary undertakings, which may indicate the existence of a contingent liability.

Notes to the accounts continued

26 Retirement benefits

Accounting policy:

Payments to defined contribution retirement benefit plans are charged to profit and loss as they fall due.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit method with actuarial valuations being carried out at each balance sheet date. Interest on the net defined benefit asset/liability, calculated using the discount rate used to measure the defined benefit obligation, is recognised in profit and loss. Re-measurement gains or losses are recognised in full as they arise in other comprehensive income.

A retirement benefit deficit is recognised in the Consolidated statement of financial position to the extent that the present value of the defined benefit obligations exceeds the fair value of plan assets.

A retirement benefit surplus is recognised in the Consolidated statement of financial position where the fair value of plan assets exceeds the present value of the defined benefit obligations limited to the extent that the Group can benefit from that surplus. Where the retirement benefit scheme is in surplus, this is recognised net, being the lower of any surplus in the fund and the asset ceiling.

(i) Defined contribution plans

The Group operates a number of defined contribution retirement benefit plans for qualifying employees throughout the Group. The assets of these plans are held separately from those of the Group. The total expense recognised, in operating expenses, in profit and loss is £3 million (2023: £3 million), which represents the contributions paid to these defined contribution plans. There were no outstanding payments due to these plans at the balance sheet date.

(ii) Defined benefit plans

The Group operates a final salary defined benefit plan for qualifying employees of its subsidiaries in the UK ("the Plan"). The Plan is approved by HMRC for tax purposes, is operated separately from the Group and governed by an independent set of Trustees, whose appointment and powers are determined by the Plan's documentation.

The defined benefit plan is a funded scheme, the assets of which are independent of the Company's finances and administered by the Trustees. The Trustees are responsible for managing and investing the Plan's assets and for monitoring the Plan's funding position.

The Plan has entered into buy-in policies which means that the Plan benefits of all members are now insured and 3i, as sponsor, is no longer exposed to longevity, interest or inflation risk. On an IAS 19 basis, the fair value of three buy-in policies will match the present value of the liabilities insured. The valuation of the Plan was updated on an IAS 19 basis by an independent qualified actuary as at 31 March 2024. The Plan's assets do not include any of the Group's own equity instruments nor any property in use by the Group.

During the year, the Trustees have taken further steps towards a buy-out and wind up of the Plan. Trustees wrote to members to confirm they were proceeding with their plan to buy out members' benefits and to distribute the surplus to the Company. This transaction is expected to complete in FY2025.

Qualifying employees in Germany are entitled to a pension based on their length of service. The future liability calculated by German actuaries is £21 million (31 March 2023: £20 million). There is a £1 million expense (2023: £1 million) recognised in operating expenses, in profit and loss for the year and no gain or loss (2023: £8 million gain) in other comprehensive income for this scheme. Changes in the present value of the obligation, assumptions and sensitivities of this scheme have not been disclosed as they are not material.

The amount recognised in the Consolidated statement of financial position in respect of the Group's defined benefit plans is as follows:

	2024 £m	2023 £m
Present value of funded obligations	**(446)**	(450)
Fair value of the Plan assets	**530**	532
Asset restriction	**(23)**	(29)
Retirement benefit surplus in respect of the Plan	**61**	53
Retirement benefit deficit in respect of other defined benefit schemes	**(21)**	(20)

The total re-measurement gain recognised in other comprehensive income in respect of the Group's defined benefit plans was £7 million (2023: £8 million).

A retirement benefit surplus under IAS 19 is recognised in respect of the Plan on the basis that the Group is entitled to a refund of any remaining surplus once all benefits and expenses have been settled in the expected course. The asset restriction relates to tax that would be deducted at source in respect of a refund of the Plan surplus. During the year, the tax rate used to restrict the surplus has reduced to 25% (31 March 2023: 35%) following a legislative change made by the government effective from 6 April 2024.

Notes to the accounts continued

26 Retirement benefits continued

The amounts recognised in the Consolidated statement of comprehensive income in respect of the Plan are as follows:

	2024 £m	2023 £m
Included in interest payable		
Interest income on net defined benefit asset	**3**	2
Included in other comprehensive income		
Re-measurement gain/(loss)	**–**	–
Asset restriction	**7**	1
Total re-measurement gain and asset restriction	**7**	1
Total	**10**	3

Changes in the present value of the defined benefit obligation were as follows:

	2024 £m	2023 £m
Opening defined benefit obligation	**450**	641
Interest on Plan liabilities	**21**	17
Re-measurement gain/loss:		
– gain from change in financial assumptions	**(16)**	(188)
– experience loss	**12**	4
Benefits paid	**(21)**	(25)
Curtailments and settlements	**–**	1
Closing defined benefit obligation	**446**	450

Changes in the fair value of the Plan assets were as follows:

	2024 £m	2023 £m
Opening fair value of the Plan assets	**532**	723
Interest on Plan assets	**25**	20
Actual return on Plan assets less interest on Plan assets	**(4)**	(184)
Expenses	**(2)**	(2)
Benefits paid	**(21)**	(25)
Closing fair value of the Plan assets	**530**	532

The fair value of the Plan's assets at the balance sheet date is as follows:

	2024 £m	2023 £m
Annuity contracts	**446**	451
Cash and cash equivalents	**84**	81
	530	532

26 Retirement benefits continued

Changes in the asset restriction were as follows:

	2024 £m	2023 £m
Opening asset restriction	**29**	29
Interest on asset restriction	**1**	1
Re-measurements	**(7)**	(1)
Closing asset restriction	**23**	29

The principal assumptions made by the actuaries and used for the purpose of the year-end valuation of the Plan were as follows:

	2024	2023
Discount rate	**4.8%**	4.8%
Expected rate of pension increases	**0% to 3.5%**	0% to 3.6%
Retail Price Index ("RPI") inflation	**3.4%**	3.5%
Consumer Price Index ("CPI") inflation	**2.8%**	2.9%

In addition, it is assumed that members exchange 25% of their pension for a lump sum at retirement on the conversion terms in place at 31 March 2024, with an allowance for the terms to increase in future. The duration of the Plan's defined benefit obligation at the accounting date was around 14 years.

The post-retirement mortality assumption used to value the benefit obligation at 31 March 2024 is 90% of the S3NA very light mortality tables, allowing for improvements in line with the CMI 2021 core projections with a long-term annual rate of improvement of 1.75% (31 March 2023: 90% of the S3NA very light mortality tables, allowing for improvements in line with the CMI 2021 core projections with a long-term annual rate of improvement of 1.75%). The life expectancy of a male member reaching age 60 in 2044 (31 March 2023: 2043) is projected to be 32.4 (31 March 2023: 32.7) years compared to 30.5 (31 March 2023: 30.9) years for someone reaching 60 in 2024.

As the Plan was closed to future accrual of benefits by members with effect from 5 April 2011, the Group ceased to make regular contributions to the Plan in the year to 31 March 2012. The latest triennial valuation for the Plan was completed in September 2020, based on the position as at 30 June 2019. The outcome was an actuarial surplus of £89 million. This valuation is produced for funding purposes and is calculated on a different basis to the IAS 19 valuation net asset of £61 million which is shown in the Note above. A triennial valuation at 30 June 2022 was not required as the Plan Trustees intended to pursue a buy-out and wind-up of the Plan and have since commenced the wind-up process with effect from 4 April 2023. For regulatory purposes, a valuation was carried out as at 30 June 2022 using the Pension Protection Fund's prescribed methodology and assumptions under Section 179 of the Pensions Act 2004 and this valuation confirmed that the Plan is in surplus. The third buy-in policy with Legal & General in 2020 was secured using Plan assets and it is expected that the Group will not have to pay any further contributions to the Plan.

For the year to 31 March 2024, the defined benefit surplus is not impacted by changes in assumptions and sensitivity assumptions are nil (2023: nil); this is because the defined benefit obligation is matched by annuity contracts.

27 Share-based payments

Accounting policy:

The Group has equity-settled and cash-settled share-based payment transactions with certain employees. Equity-settled schemes are measured at fair value at the date of grant, which is then recognised in profit or loss over the period that employees provide services, generally the period between the start of the performance period and the vesting date of the shares. The number of share awards expected to vest takes into account the likelihood that performance and service conditions included in the terms of the award will be met.

Fair value is measured by use of an appropriate model which takes into account the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the award and any other relevant factors. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of 3i Group plc. The charge is adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the year. The movement in cumulative charges since the previous balance sheet is recognised in profit and loss, with a corresponding entry in equity.

Liabilities arising from cash-settled share-based payment transactions are recognised in profit or loss over the vesting period. They are fair valued at each reporting date. The cost of cash-settled share-based payment transactions is adjusted for the forfeitures of the participants' rights that no longer meet the plan requirements as well as for early vesting.

The cost of the share-based payments is allocated either to operating expenses or carried interest depending on the original driver of the award. Executive Director Long-term Incentive Plans are allocated to operating expenses.

To ensure that employees' interests are aligned with shareholders, a significant amount of variable compensation paid to higher earning employees is deferred into shares that vest over a number of years. For legal, regulatory or practical reasons certain participants may be granted cash-settled awards under these schemes, which are intended to replicate the financial effects of a share award without entitling the participant to acquire shares. The weighted average fair value grant price for cash-settled awards granted during the year was 1,956p (31 March 2023: 1,102p) and the reporting price for these awards at 31 March 2024 was 2,809 pence (31 March 2023: 1,685 pence). The carrying amount of liabilities arising from cash-settled awards at 31 March 2024 is £24 million (31 March 2023: £17 million). The total equity-settled share-based payment reserve at 31 March 2024 is £42 million (31 March 2023: £31 million).

The cost of the share-based payments is allocated either to operating expenses or carried interest depending on the original driver of the award. Executive Director Performance Share Awards are allocated to operating expenses.

The total cost recognised in the Consolidated statement of comprehensive income is shown below:

	2024 £m	2023 £m
Share awards included as operating expenses[1,2]	**11**	9
Share awards included as carried interest[1]	**16**	10
Cash-settled share awards[3]	**14**	8
	41	27

1 Credited to equity.
2 For the year ended 31 March 2024, £9 million shown in Note 6 (2023: £9 million), is net of a £2 million (2023: nil) release from the bonus accrual.
3 For the year ended 31 March 2024, £13 million (2023: £8 million) is recognised in operating expenses and £1 million (2023: nil) is recognised in carried interest.

Movements in share awards[1]

The number of equity and cash-settled share-based awards outstanding as at 31 March is as follows:

	2024 Number	2023 Number
Outstanding at the start of the year	**6,277,107**	6,309,498
Granted	**2,336,288**	3,181,041
Exercised	**(2,387,539)**	(2,787,794)
Forfeited	**(14,878)**	(425,638)
Lapsed	**–**	–
Outstanding at the end of year	**6,210,978**	6,277,107
Weighted average remaining contractual life of awards outstanding in years	**1.7**	1.8
Weighted average fair value of awards granted (pence)	**1,708**	872
Weighted average market price at date of exercise (pence)	**1,953**	1,228

1 The above table does not include shares funded by the Carry Trust, for which there is no impact on the Statement of Comprehensive Income or Statement of Financial Position. The prior year comparatives have been updated to reflect this.

27 Share-based payments continued

Details of the different types of awards are as follows:

Performance Share Awards

Performance Share Awards are granted to employees and Executive Directors under the 3i Group Discretionary Share Plan 2020 (and predecessor rules).

Employees

Performance Share Awards granted to employees (other than Executive Directors) after the financial year-end are subject to performance conditions based on absolute and relative Total Shareholder Return over three financial years. Awards performance vest, to the extent they satisfy the performance conditions, following the three-year performance period and are then released in the third year from the date of grant together with a payment equal to the dividends which would have been paid on the released shares during the period from grant to release. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Monte Carlo model. The model simulates the total shareholder return which has been incorporated into the fair value at grant date by applying a discount to the valuation obtained.

Executive Directors

Performance Share Awards granted to Executive Directors after the financial year-end are subject to performance conditions based on absolute and relative total shareholder return over three financial years. Awards performance vest, to the extent they satisfy the performance conditions, following the three-year performance period. Outstanding Executive Director awards granted up to and including 2019 are released, to the extent they have performance vested, together with a payment equal to the value of the dividends which would have been paid on the released shares during the period from grant to release as to 50% in year three and 25% in each of years four and five. Executive Director Performance Share Awards granted from 2020 onwards are released, to the extent they have performance vested, in the fifth year from the date of grant together with a payment equal to the value of the dividends that would have been paid on the released shares during the period from grant to release. The method of settlement is equity. These awards are measured using the Monte Carlo model. The model simulates the total shareholder return which has been incorporated into the fair value at the grant date by applying a discount to the valuation obtained. The features of the Group's share schemes for Executive Directors are described in the Directors' remuneration report on pages 136 to 149.

Restricted Share Awards

Restricted Share Awards are granted under the 3i Group Deferred Bonus Plan 2020 (and predecessor rules) and are granted to employees and Executive Directors after the financial year-end and are subject to continued service conditions. The shares subject to the awards are transferred to the participants on grant subject to forfeiture if the service condition is not fulfilled and cease to be subject to forfeiture in equal proportions generally over the three years following grant or over four years in the case of certain such awards granted to members of the Executive Committee. Cash dividends are received by participants on the shares during the period in which they remain subject to forfeiture. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Black Scholes model.

Infrastructure Performance Fee Share Awards

Infrastructure Performance Fee Share Awards are granted to employees in the Infrastructure team under the 3i Special Share Award Plan. Awards are granted to employees after the financial year-end and are subject to performance conditions based on receipt by 3i plc of certain instalments of performance fees payable by 3i Infrastructure plc under the terms of its Investment Management Agreement with 3i. The shares vest and are released, subject to satisfying the performance conditions, in equal instalments in the first and second years after grant together with payments equal to the value of the dividends which would have been paid on the released shares during the period from grant to release. If the performance condition is not met in year one, the award does not lapse but is retested in year two when some or all of the shares may vest. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Black Scholes model.

Notes to the accounts continued

27 Share-based payments continued

Measurement of fair values

The fair values of the plans have been measured using either the Monte Carlo model or Black Scholes model for equity share awards. The inputs used in the measurement of the grants are based on the following assumptions:

	Monte Carlo model		Black Scholes	
	2024	2023	**2024**	2023
Share price at grant date (pence)[1]	**1,943**	1,171	**1,956**	1,102
Fair value at grant date (pence)[1]	**1,290**	449	**1,803**	971
Exercise price (pence)	**–**	–	**–**	–
Expected volatility (weighted average)	**28.2%**	32.6%	**30.8%**	31.0%
Expected life (weighted average)	**4 years**	4 years	**3 years**	3 years
Dividend yield	**–**	–	**2.7 %**	4.2%
Risk free interest rate	**4.70%**	1.70%	**4.36%**	1.72%

1 Where share awards are granted on multiple dates the average price is disclosed.

Expected volatility was determined by reviewing share price volatility for the expected life of each award up to the date of grant.

Holdings of 3i Group plc shares

The Group has established an employee benefit trust and the total number of 3i Group plc shares held in this trust at 31 March 2024 was 9 million (31 March 2023: 11 million). Dividend rights have been waived on these shares. During the year, the trust did not acquire any shares. During the year to 31 March 2023, the trust acquired 2.4 million shares at an average price of 1,271 pence per share. The total market value of the shares held in trust based on the year-end share price of 2,809 pence (31 March 2023: 1,685 pence) was £253 million (31 March 2023: £180 million).

28 Financial risk management

Introduction

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Risk management section on pages 80 to 93. This Note provides further detail on financial risk management, cross-referring to the Risk management section where applicable, and includes quantitative data on specific financial risks.

The Group is a highly selective investor and each investment is subject to an individual risk assessment through an investment approval process. The Group's Investment Committee is part of the overall risk management framework set out in the Risk section. The risk management processes of the Company are aligned with those of the Group and both the Group and the Company share the same financial risks.

Financial risks

Concentration risk

3i's investment process seeks to diversify risk through significant dispersion of investments by geography, economic sector, asset class and size as well as through the maturity profile of its investment portfolio. Although 3i does not set maximum limits for asset allocation, it does have a maximum exposure limit for the cost of new investments. This is detailed in the Investment policy on page 150 in the Governance section. Quantitative data regarding the concentration risk of the portfolio across geographies can be found in the Segmental analysis in Note 1 and in the 20 large investments table on pages 215 and 216.

Action is the largest asset in the Group's investment portfolio. We first invested in Action in 2011 and throughout our investment have acquired further stakes in the business seeing strong organic growth over our hold period. A 5% increase or decrease in value would result in a £708 million (31 March 2023: £559 million) or £(708) million (31 March 2023: £(559) million) impact on the overall value. For further details on Acton see Action case study on pages 22 to 26.

Credit risk

The Group is subject to credit risk on its unquoted investments, derivatives, cash and deposits. The maximum exposure is the balance sheet amount. The Group's cash is held with a variety of counterparties with a minimum rating above A- with 75% of the Group's unrestricted surplus cash held on demand in AAA rated money market funds (31 March 2023: 78%). The counterparties selected for the derivative financial instruments were all banks with a minimum of a A- credit rating with at least one major rating agency.

The credit quality of unquoted investments, which are held at fair value and include debt and equity elements, is based on the financial performance of the individual portfolio companies. The credit risk relating to these assets is based on their enterprise value and is reflected through fair value movements. Further detail can be found in the Price risk – market fluctuations disclosure in this Note and the sensitivity disclosure to changes in the valuation assumptions is provided in the valuation section of Note 13.

28 Financial risk management continued

Liquidity risk

The liquidity outlook is monitored at least monthly by management and regularly by the Board in the context of periodic strategic reviews of the balance sheet. The new investment pipeline and forecast realisations are closely monitored and assessed against our vintage control policy, as described on page 80 of the Risk management section. The table below analyses the maturity of the Group's gross contractual liabilities.

Financial liabilities

As at 31 March 2024	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due more than 5 years £m	£m Total £m
Gross commitments:					
Fixed loan notes	**56**	**56**	**172**	**1,482**	**1,766**
Committed multi-currency facility	**2**	**2**	**2**	**–**	**6**
Carried interest and performance fees payable within one year	**24**	**–**	**–**	**–**	**24**
Trade and other payables	**134**	**–**	**–**	**5**	**139**
Lease liabilities	**4**	**3**	**15**	**27**	**49**
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**
Total	**220**	**61**	**189**	**1,514**	**1,984**

Gross commitments include principal amounts and interest and fees where relevant. Carried interest and performance fees payable within non-current liabilities of £30 million (31 March 2023: £43 million) has no stated maturity as it results from investment-related transactions and it is not possible to identify with certainty the timing of when the investments will be sold. Carried interest and performance fees payable within non-current liabilities is shown after discounting, which has no impact (31 March 2023: £2 million).

As at 31 March 2023	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due more than 5 years £m	£m Total £m
Gross commitments:					
Fixed loan notes	36	36	110	1,070	1,252
Committed multi-currency facility	2	1	2	–	5
Carried interest and performance fees payable within one year	34	–	–	–	34
Trade and other payables	76	–	–	4	80
Lease liabilities	5	4	1	–	10
Derivative financial instruments	1	2	1	–	4
Total	154	43	114	1,074	1,385

The Company disclosures are the same as those for the Group, with the following exceptions: carried interest and performance fees payable due within one year is nil (31 March 2023: nil), trade and other payables due within one year is £760 million (31 March 2023: £728 million), trade and other payables due more than five years nil (31 March 2023: nil) and lease liabilities due within one year nil (31 March 2023: nil), lease liabilities due between one and two years nil (31 March 2023: nil), lease liabilities due between two and five years nil (31 March 2023: nil) and lease liabilities due more than five years nil (31 March 2023: nil).

Market risk

The valuation of the Group's investment portfolio is largely dependent on the underlying trading performance of the companies within the portfolio, but the valuation and other items in the financial statements can also be affected by interest rate, currency and quoted market fluctuations. The Group's sensitivity to these items is set out below.

(i) Interest rate risk

On the liability side, the direct impact of a movement in interest rates is limited to any drawings under the committed multi-currency facility as the Group's outstanding debt is fixed rate. The sensitivities below arise principally from changes in interest receivable on cash and deposits.

An increase of 100 basis points, based on the closing balance sheet position over a 12-month period, would lead to an approximate increase in total comprehensive income of £4 million (2023: £2 million) for the Group and £3 million (2023: £1 million) for the Company. In addition, the Group and Company have indirect exposure to interest rates through changes to the financial performance and the valuation of portfolio companies caused by interest rate fluctuations.

(ii) Currency risk

The Group's net assets in sterling, euro, US dollar, Danish krone and all other currencies combined are shown in the table on the next page. This sensitivity analysis is performed based on the sensitivity of the Group's net assets to movements in foreign currency exchange rates assuming a 10% movement in exchange rates against sterling. The sensitivity of the Company to foreign exchange risk is not materially different from the Group.

Notes to the accounts continued

28 Financial risk management continued

The Group considers currency risk on specific investment and realisation transactions. Further information on how currency risk is managed is provided on page 90.

As at 31 March 2024	Sterling £m	Euro £m	US dollar £m	Danish krone £m	Other £m	Total £m
Net assets[1]	**4,817**	**13,947**	**1,180**	**200**	**26**	**20,170**
Sensitivity analysis						
Assuming a 10% movement in exchange rates against sterling:						
Impact on net assets	**n/a**	**1,399**	**117**	**20**	**3**	**1,539**

1 The Group's foreign exchange hedging is treated as a sterling asset within the above table.

As at 31 March 2023	Sterling £m	Euro £m	US dollar £m	Danish krone £m	Other £m	Total £m
Net assets[1]	4,797	10,641	1,154	222	30	16,844
Sensitivity analysis						
Assuming a 10% movement in exchange rates against sterling:						
Impact on net assets	n/a	1,064	115	22	3	1,204

1 The Group's foreign exchange hedging is treated as a sterling asset within the above table.

(iii) Price risk – market fluctuations

The Group's management of price risk, which arises primarily from quoted and unquoted equity instruments, is through the careful consideration of the investment, asset management and divestment decisions at the Investment Committee. The Investment Committee's role in risk management is detailed on page 82 in the Risk management section. A 5% change in the fair value of those investments would have the following direct impact in profit or loss:

Group	Quoted investment £m	Unquoted investment £m	Investment in Investment entity subsidiaries £m	Total £m
At 31 March 2024	**44**	**710**	**290**	**1,044**
At 31 March 2023	42	434	392	868

Company	Quoted investment £m	Unquoted investment £m	Total £m
At 31 March 2024	**44**	**710**	**754**
At 31 March 2023	42	434	476

29 Related parties and interests in other entities

The Group has various related parties stemming from relationships with limited partnerships managed by the Group, its investment portfolio (including unconsolidated subsidiaries), its advisory arrangements and its key management personnel. In addition, the Company has related parties in respect of its subsidiaries. Some of these subsidiaries are held at fair value (unconsolidated subsidiaries) due to the treatment prescribed in IFRS 10.

Related parties

Limited partnerships

The Group manages a number of external funds which invest through limited partnerships. Group companies act as the general partners of these limited partnerships and exert significant influence over them. The following amounts have been included in respect of these limited partnerships:

Statement of comprehensive income	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Carried interest receivable	**21**	6	**25**	42
Fees receivable from external funds	**19**	20	**–**	–

Notes to the accounts continued

29 Related parties and interests in other entities continued

Statement of financial position	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Carried interest receivable	**6**	8	**76**	99

Investments

The Group makes investments in the equity of unquoted and quoted investments where it does not have control, but may be able to participate in the financial and operating policies of that company. IFRS presumes that it is possible to exert significant influence when the equity holding is greater than 20%. The Group has taken the investment entity exception, as permitted by IFRS 10, and has not equity accounted for these investments, in accordance with IAS 28, but they are related parties. The total amounts included for investments where the Group has significant influence, but not control, are as follows:

Statement of comprehensive income	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Realised profits over value on the disposal of investments	**1**	–	**1**	–
Unrealised (losses)/profits on the revaluation of investments	**(23)**	89	**(23)**	89
Portfolio income	**14**	18	**14**	17

Statement of financial position	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Unquoted investments	**754**	775	**754**	775

Advisory and management arrangements

The Group acted as Investment Manager to 3i Infrastructure plc ("3iN"), which is listed on the London Stock Exchange, for the year to 31 March 2024. The following amounts have been recognised in respect of the management relationship:

Statement of comprehensive income	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Unrealised profits/(losses) on the revaluation of investments	**38**	(93)	**38**	(93)
Fees receivable from external funds	**50**	49	**–**	–
Performance fees receivable	**41**	35	**–**	–
Dividends	**31**	29	**31**	29

Statement of financial position	**Group 2024 £m**	Group 2023 £m	**Company 2024 £m**	Company 2023 £m
Quoted equity investments	**879**	841	**879**	841
Performance fees receivable	**42**	35	**–**	–

Subsidiaries

Transactions between the Company and its fully consolidated subsidiaries, which are related parties of the Company, are eliminated on consolidation. Details of related party transactions between the Company and its subsidiaries are detailed below.

Management, administrative and secretarial arrangements

The Company has appointed 3i Investments plc, a wholly-owned subsidiary of the Company incorporated in England and Wales, as its investment manager. 3i Investments plc received a fee of £8 million (2023: £8 million) from 3i plc, a fellow subsidiary, for this service.

The Company has appointed 3i plc, a wholly-owned subsidiary of the Company incorporated in England and Wales, to provide the Company with a range of investment management and administrative services. 3i plc received a fee of £25 million (2023: £108 million) for this service.

Notes to the accounts continued

29 Related parties and interests in other entities continued

Key management personnel

The Group's key management personnel comprise the members of the Executive Committee and the Board's non-executive Directors. The following amounts have been included in respect of these individuals:

Statement of comprehensive income	Group 2024 £m	Group 2023 £m
Salaries, fees, supplements and benefits in kind	**6**	6
Cash bonuses	**2**	2
Carried interest and performance fees payable	**31**	34
Share-based payments	**11**	13
Termination payments	**–**	–

Statement of financial position	Group 2024 £m	Group 2023 £m
Bonuses and share-based payments	**18**	14
Carried interest and performance fees payable within one year	**38**	22
Carried interest and performance fees payable after one year	**30**	64

No carried interest and performance fees payable was paid or accrued for the Executive or non-executive Directors, as they do not participate in these schemes (2023: nil). Carried interest and performance fees paid in the year to other key management personnel was £58 million (2023: £7 million).

Unconsolidated structured entities

The application of IFRS 12 requires additional disclosure on the Group's exposure to unconsolidated structured entities.

The Group has exposure to a number of unconsolidated structured entities, as a result of its investment activities across its Private Equity and Infrastructure business lines. The nature, purpose and activities of these entities are detailed below along with the nature of risks associated with these entities and the maximum exposure to loss.

Closed-end limited partnerships

The Group manages a number of closed-end limited partnerships, which are either Private Equity or Infrastructure focused, in return for a management fee. The purpose of these partnerships is to invest in Private Equity or Infrastructure investments for capital appreciation. Limited Partners, which in some cases may include the Group, finance these entities by committing capital to them and cash is drawn down or distributed for financing investment activity.

The Group's attributable stakes in these entities are held at fair value, fees receivable are recognised on an accruals basis and carried interest is accrued when relevant performance hurdles are met.

The risk and maximum exposure to loss arising from the Group's involvement with these entities are summarised below:

	Carrying amount			
Balance sheet line item of asset or liability	Assets £m	Liabilities £m	Net £m	Maximum loss exposure £m
Unquoted investments	**104**	**–**	**104**	**104**
Carried interest receivable	**6**	**–**	**6**	**6**
Total	**110**	**–**	**110**	**110**

At 31 March 2023, the carrying amount of assets and maximum loss exposure of unquoted investments and carried interest receivable was £98 million and £8 million respectively. The carrying amount of liabilities was nil.

At 31 March 2024, the total assets under management relating to these entities was £10.9 billion (31 March 2023: £9.0 billion).

Regulatory information relating to fees

3i Investments plc acts as the AIFM of 3i Group plc. In performing the activities and functions of the AIFM, the AIFM or another 3i company may pay or receive fees, commissions or non-monetary benefits to or from third parties of the following nature:

Transaction fees

3i companies receive monitoring and directors' fees from portfolio companies. The amount is agreed with the portfolio company at the time of the investment but may be renegotiated. Where applicable, 3i may also receive fees on the completion of transactions such as acquisitions, refinancings or syndications either from the portfolio company or a co-investor. Transaction fees paid to 3i are included in portfolio income.

Notes to the accounts continued

29 Related parties and interests in other entities continued

Payments for third-party services

3i companies may retain the services of third-party consultants; for example, for an independent director or other investment management specialist expertise. The amount paid varies in accordance with the nature of the service and the length of the service period and is usually, but not always, paid/reimbursed by the portfolio companies. The payment may involve a flat fee, retainer or success fee. Such payments, where borne by 3i companies, are usually included in portfolio income.

Payments for services from 3i companies

One 3i company may provide investment advisory services to another 3i company and receive payment for such services.

30 Subsidiaries and related undertakings

IFRS 10 deems control, as opposed to equity ownership, as the key factor when determining what meets the definition of a subsidiary. If a group is exposed to, or has rights to, variable returns from its involvement with the investee, then under IFRS 10 it has control. This is inconsistent with the UK's Companies Act 2006, where voting rights being greater than 50% is the key factor when identifying subsidiaries.

Under IFRS 10, 34 of the Group's portfolio company investments are considered to be accounting subsidiaries. As the Group applies the investment entity exception available under IFRS 10, these investee companies are classified as investment entity subsidiaries.

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings. Related undertakings are subsidiaries, joint ventures, associates and other significant holdings. In this context, significant means either a shareholding greater than or equal to 20% of the nominal value of any class of shares or a book value greater than 20% of the Group's assets.

The Company's related undertakings at 31 March 2024 are listed below:

Description	Holding/share class	Footnote
Subsidiaries		
3i Holdings plc	100% ordinary shares	1
3i Investments plc	100% ordinary shares	1
3i plc	100% ordinary shares	1
3i International Holdings	100% ordinary shares	1
Investors in Industry plc	100% ordinary shares/ cumulative preference shares	1
3i Corporation	100% ordinary shares	2
3i Deutschland Gesellschaft für Industriebeteiligungen mbH	100% ordinary shares	4
Gardens Nominees Limited	100% ordinary shares	1
Gardens Pension Trustees Limited	100% ordinary shares	1
3i Europe plc	100% ordinary shares	1
3i Nominees Limited	100% ordinary shares	1
3i Osprey GP Limited	100% ordinary shares	1
3i Nordic plc	100% ordinary shares	1
3i GP 2004 Limited	100% ordinary shares	3
3i Ademas LP	100% partnership interest	3
The 3i Group Employee Trust	n/a	6
3i International Services plc	100% ordinary shares	1
3i EFV Nominees A Limited	100% ordinary shares	1
3i EFV Nominees B Limited	100% ordinary shares	1
3i India Private Limited	100% ordinary shares	7
3i Sports Media (Mauritius) Limited	100% ordinary shares	8
3i EFV GP Limited	100% ordinary shares	1
IIF SLP GP Limited	100% ordinary shares	3
3i Buyouts 2010 A LP	85% partnership interest	1
3i Buyouts 2010 B LP	79% partnership interest	1
3i Buyouts 2010 C LP	60% partnership interest	1
GP CCC 2010 Limited	100% ordinary shares	3
3i GC GP Limited	100% ordinary shares	1

Description	Holding/share class	Footnote
3i GP 2010 Limited	100% ordinary shares	1
3i Growth Capital A LP	100% partnership interest	1
3i Growth Capital G LP	100% partnership interest	1
3i Growth 2010 LP	85% partnership interest	1
Strategic Investments FM (Mauritius) Alpha Limited	70% ordinary shares	8
3i GC Nominees A Limited	100% ordinary shares	1
3i GC Nominees B Limited	100% ordinary shares	1
3i India Infrastructure Fund B LP	99% partnership interest	1
3i 2004 GmbH & Co. KG	100% partnership interest	4
3i General Partner 2004 GmbH	100% ordinary shares	4
Pan European Growth Co-invest 2006-08 LP	100% partnership interest	1
Pan European Growth (Dutch)A Co-invest 2006-08 LP	100% partnership interest	1
Asia Growth Co-invest 2006-08 LP	100% partnership interest	1
Pan European Growth (Nordic) Co-invest 2006-08 LP	100% partnership interest	1
3i PE 2013-16A LP	100% partnership interest	1
3i PE 2013-16C LP	100% partnership interest	1
3i GP 2013 Ltd	100% ordinary shares	1
GP 2013 Ltd	100% ordinary shares	3
3i BIFM Investments Limited	100% ordinary shares	1
BIIF GP Limited	100% ordinary shares	1
BAM General Partner Limited	100% ordinary shares	1
BEIF Management Limited	100% ordinary shares	1
3i BIIF GP LLP	100% partnership interest	1
3i PE 2016-19 A LP	100% partnership interest	1
3i Managed Infrastructure Acquisitions GP (2017) LLP	100% partnership interest	1
3i Managed Infrastructure Acquisitions GP Limited	100% ordinary shares	1
3i 2016 Gmbh & Co. KG	100% partnership interest	4
3i European Operational Projects GmbH & Co. KG	100% partnership interest	4

Notes to the accounts continued

30 Subsidiaries and related undertakings continued

Description	Holding/share class	Footnote
GP 2016 Limited	100% ordinary shares	3
3i GP 2016 Limited	100% ordinary shares	1
3i European Operational Projects GP s.a.r.l	100% ordinary shares	10
3i SCI Holdings Limited	100% ordinary shares	1
3i North American Infrastructure Partners, LLC	80% equity shares	26
3i Abaco ApS	100% ordinary shares	23
3i Investments (Luxembourg) S.A.	100% ordinary shares	10
3i 2019-22 DLP SCSp	100% partnership interest	10
3i PE 2019-22 A LP	100% partnership interest	1
3i PE 2019-22 B LP	100% partnership interest	1
3i PE 2019-22 Warehouse LP	100% partnership interest	3
3i 2020 Co-investment LP	100% partnership interest	3
3i GP 2019 Limited	100% ordinary shares	1
3i GP 2020 Limited	100% ordinary shares	3
3i GP 2019 s.a.r.l	100% ordinary shares	10
3i GP 2019 (Scots) Limited	100% ordinary shares	3
3i 2020 Co-investment GP s.a.r.l	100% ordinary shares	10
3i France SAS	100% ordinary shares	16
3i IP Acquisitions Limited	100% ordinary shares	1
3i IP Acquisitions GP LLP	100% partnership interest	1
2020 Co-Investment 1 LP	100% partnership interest	1
2020 Co-Investment 2 LP	94% partnership interest	1
3i IIF GP 2020 Limited	100% ordinary shares	1
3i IIF GP LLP	100% partnership interest	1
Coral LP	50% carried interest units	3
3i Benelux B.V.	100% ordinary shares	12
3i Mountain LP	99% partnership interest	3
3i NAI Holdings GP Limited	100% ordinary shares	3
3i PE 2022-25 A LP	100% partnership interest	1
3i PE 2022-25 B LP	100% partnership interest	1
3i GP 2022 Limited	100% ordinary shares	1
3i GP 2022 (Scots) Limited	100% ordinary shares	3
3i PE 2022-25 A (Lux) SCSp	100% partnership interest	10
3i PE 2022-25 B (Lux) SCSp	100% partnership interest	10
3i GP 2022 s.a.r.l	100% ordinary shares	10
3i North American Infrastructure Fund A LP	100% partnership interest	26
3i NAI Holdings LP	100% partnership interest	3
3i North American Infrastructure GP, LLC	100% equity units	26
3i ECW Coinvest GP, LLC	100% equity units	26
3i RR Coinvest GP, LLC	100% equity units	26
3i Aura GP (2022) Limited	100% ordinary shares	1
3i Zephyr GP (2022) Limited	100% ordinary shares	1
3i Infra GP 2022 (Scots) Limited	100% ordinary shares	3
3i Infra 2022 Warehouse LP	100% partnership interest	3
3i 2023 Co-investment LP	51% partnership interest	1
3i MME Coinvest GP, LLC	100% equity units	26

Description	Holding/share class	Footnote
Associates		
3i Growth Carry A LP	25% partnership interest	3
3i Growth Carry B LP	25% partnership interest	3
Pan European Buyouts (Nordic) Co-invest 2006-08 LP	26% partnership interest	1
Global Growth Co-invest 2006-08 LP	30% partnership interest	38
Strategic Investments FM (Mauritius) B Limited	36% ordinary shares	8
3i Growth Capital B LP	36% partnership interest	1
Moon Topco GmbH	49% ordinary shares	13
Layout Holdco A/S	49% ordinary shares	14
Boketto Holdco Limited	47% ordinary shares	15
Klara HoldCo S.A.	43% ordinary shares	10
Shield Holdco LLC	49% equity units	31
Q Holdco Limited	27% ordinary shares	18
3i Infrastructure plc	29% ordinary shares	17
Peer Holding I B.V.	49% ordinary shares	19
AES Engineering Limited	43% ordinary shares	20
Carter Thermal Industries Limited	32% ordinary shares	21
Harper Topco Limited	42% ordinary shares	22
Orange County Fundo de Investmento EM Participacoes	40% equity units	25
Tato Holdings Limited	27% ordinary shares	28
Nimbus Communications Ltd	30% ordinary shares	29
Aurela TopCo Gmbh	49% ordinary shares	5
nexeye holding B.V.	49% ordinary shares	27
C Medical Holdco, LLC	49% equity units	2
Crown Holdco B.V.	49% ordinary shares	42
3i India Infrastructure Holdings Ltd	21% ordinary shares	8
Racing Topco GmbH	49% ordinary shares	24
Panda Holdco LLC	49% equity units	2
Scandlines Infrastructure ApS	35% ordinary shares	30
Alinghi 1 S.A.S	49% ordinary shares	11
SaniSure Holdings GP LLC	49% equity units	2
New Amsterdam Software GP LLC	49% equity units	31
Garden & House International GmbH	36% ordinary shares	32
T&J Holdco Limited	49% ordinary shares	9
WHCG GP LLC	49% equity units	31
Hydra Holdco B.V.	49% ordinary shares	40
European Bakery Group B.V.	49% ordinary shares	41
Himalaya Topco B.V.	46% ordinary shares	39
MAIT Group GmbH	49% ordinary shares	33
Ten23 Health GP LLC	49% equity units	31
George Topco Limited	49% ordinary shares	34
xSuite Top Holding GmbH	49% ordinary shares	35
Balearia Topco B.V.	49% ordinary shares	36
Kite Topco ApS	49% ordinary shares	37

There are no joint ventures or other significant holdings. The 20 large portfolio companies by fair value are detailed on pages 215 and 216. The combination of the table above and that on pages 215 and 216 is deemed by the Directors to fulfil the requirements under IFRS 12 on the disclosure of material subsidiaries.

Notes to the accounts continued

30 Subsidiaries and related undertakings continued

Footnote	Address
1	16 Palace Street, London, SW1E 5JD, UK
2	300 Park Avenue, 23rd Fl, New York, NY 10022, USA
3	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, UK
4	OpernTurm, Bockenheimer Landstresse 2-4, 60306 Frankfurt am Main, Germany
5	Seelbüde 13, 36110 Schlitz, Germany
6	13 Castle Street, St Helier, JE1 1ES, Jersey
7	Level 7, The Capital B-Wing, Bandra Kurla Complex, Bandra East, Mumbai, 400051, India
8	5th Floor, Ebene Esplanade, 24 Bank Street, Cybercity, Ebene, Mauritius
9	Floor 2, Trident 3, Trident Business Park, Styal Road, Manchester, M22 5XB, UK
10	9 Rue Sainte Zithe, L-2763 Luxembourg, Grand Duchy of Luxembourg
11	16 place de l'Iris, 92 400 Courbevoie, France
12	Cornelis Schuytstraat 74, 1071JL Amsterdam, Netherlands
13	Einsteinring 10, 85609 Aschheim, Germany
14	Mørupvej 16 Mørup, 7400 Herning, Denmark
15	New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX, UK
16	29-31, rue de Berri, 75008 Paris, France
17	Aztec Financial Services (Jersey) Limited, Aztec Group House, IFC 6, The Esplanade, St Helier, JE2 3BZ, Jersey
18	1 Bartholomew Lane, London, EC2N 2AX, UK
19	Perenmarkt 15, Zwaagdijk East, 1681PG, Netherlands
20	Bradmarsh Business Park, Mill Close, Rotherham, South Yorkshire, S60 1BZ, UK
21	90 Lea Ford Road, Birmingham, B33 9TX, UK
22	1st James Court, Whitefriars, Norwich, Norfolk, NR3 1RU, UK
23	Nybrogade 12, 1203 Copenhagen, Denmark
24	Schanzenstr. 6-20, Gebäude 2.08, 51063 Cologne, Germany
25	Avenida Brigadeiro Faria Lima, 2055, 19 andar, 01452-001 – Sao Paulo, SP, Brazil
26	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware, 19801, USA
27	Papland 21, 4206CK Gorinchem, Netherlands
28	Thor Specialities (Uk) Ltd, Wincham Avenue, Wincham, Northwich, CW9 6GB, UK
29	44 Oberoi Complex, Andheri (West), Mumbai, India
30	Havneholmen 25, 8.,1561 Copenhagen, Denmark
31	251 Little Falls Drive, Wilmington, DE 19808, New Castle, USA
32	Bahrenfelder Chaussee 49, 22761, Hamburg, Germany
33	Berner Feld 10, 78628 Rottweil, Germany
34	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK
35	Hamburger Str. 12, 22926 Ahrensburg, Germany
36	Herengracht 262, 1016 BV Amsterdam, Netherlands
37	Konges Sløjd, Store Kongensgade 77, 1., 1264 Copenhagen, Denmark
38	2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, JE1 1GH, Jersey
39	Aalsvoort 101, 7241 MB Lochem, Netherlands
40	Weidehek 46, 4824 AS Breda, Netherlands
41	Kronosstraat 2, 5048 CE Tilburg, Netherlands
42	Industriepark Vliedberg 12, 5251 RG Vlijmen, the Netherlands

KPMG LLP's independent auditor's report

to the members of 3i Group plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of 3i Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of 3i Group plc ("the Group") for the year ended 31 March 2024 (FY2024) included in the Annual Report and Accounts, which comprise:

Group (3i Group plc and its subsidiaries)	Parent Company (3i Group plc)
Consolidated statement of comprehensive income	Company statement of financial position
Consolidated statement of financial position	Company statement of changes in equity
Consolidated statement of changes in equity	Company cash flow statement
Consolidated cash flow statement	Notes to the accounts, including the summary of material accounting policies
Notes to the accounts, including the summary of material accounting policies	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit and Compliance Committee ("ACC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

The year ended 31 March 2024 is our fourth year as the Group's auditor. Much of the uncertainty in the macro-economic environment that existed at the end of FY23 remains.

Due to the continued geopolitical tension and global macroeconomic downturn, several portfolio companies experienced difficult trading conditions, although the Company's largest investment, Action, has demonstrated resilience. In comparison, some portfolio companies experienced company-specific issues including lower demand level for products and services and higher cost base. Hence, the level of judgement required to be exercised by the Group and Parent Company in valuations of unquoted investments, in particular as a result of volatility in earnings (including earnings adjustments), comparable company multiples, and cash flows continued to be a focus area.

During the year, the private asset market continues to experience challenges and a low level of market activity. This is primarily driven by the persistent high interest rate environment and low investor confidence during a period of geopolitical and macro-economic uncertainty. As a result, we have increased our focus on the level of judgement required for some key assumptions, namely valuations earnings adjustments and multiples (for assets valued using earnings multiple approach) and discount rates (for assets valued using the discounted cash flow approach).

Carried Interest payable in investment entity subsidiaries has been similarly impacted, as its calculation is primarily driven by the valuation of the investment portfolio as at the year end.

Investment entity subsidiaries composed mainly of unquoted investments and carried interest liabilities. Unquoted investments are considered in 4.1 below with directly held unquoted investments. Whilst the carried interest liability is included in 4.2 below.

As part of our risk assessment, we have maintained our focus on the valuation of the unquoted investment portfolio held directly and by investment entity subsidiaries, and on the accuracy of the carried interest payable included in the valuation of investment entities. We have designed our audit procedures accordingly. This has included specific focus on key assumptions adopted by management. We have considered management's evaluation of the impact of the current geopolitical uncertainty and macro-economic downturn on the portfolio companies. We have also designed additional procedures over the largest asset in the portfolio, Action.

Key Audit Matters (Group and Parent Company)	Vs FY23	Items
Valuation of Unquoted Investments (Group and Parent Company)	↑	4.1
Carried interest payable included in investments in investment entity subsidiaries (Group) and interests in group entities (Parent Company)	↔	4.2

+ Newly identified risk
↔ Similar risk to FY2023
↑ Increase in risk since FY2023
↓ Decrease in risk since FY2023

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

Audit and compliance committee interaction

During the year, the ACC met 6 times. KPMG are invited to attend all ACC meetings and are provided with an opportunity to meet with the ACC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the ACC in section 4, including matters that required particular judgement for each. The matters included in the Audit and Compliance Committee Chair's report on page 122 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities and remain independent of the Group in accordance with UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during the year ended 31 March 2024 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 March 2021. The period of total uninterrupted engagement is for the four financial years ended 31 March 2024.

The Group engagement partner is required to rotate every 5 years. As these are the fourth set of the Group's financial statements signed by Jonathan Mills, he will be required to rotate off after the FY2025 audit.

Total audit fee	£3m (FY2023: £2.7m)
Audit related fees (including interim review)	£0.3m (FY2023: £0.3m)
Non-audit fee as a % of total audit and audit related fee %	10% (FY2023: 11%)
Date first appointed	25 June 2020
Uninterrupted audit tenure	4 years
Next financial period which requires a tender	31 March 2031
Tenure of Group engagement partner	4 years

Materiality (item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

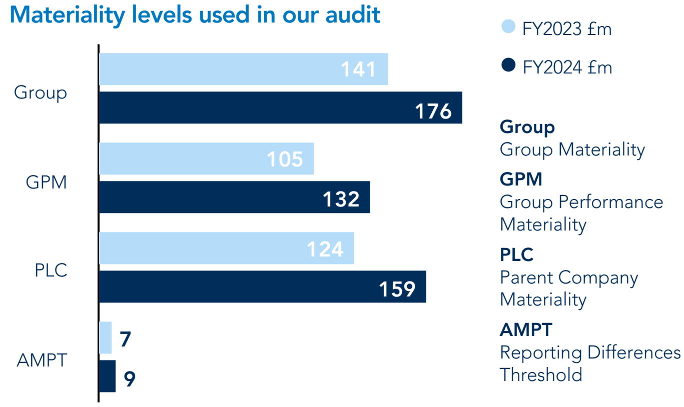
We have determined overall materiality for the Group financial statements as a whole at £176m (FY2023: £141m) and for the Parent Company financial statements as a whole at £159m (FY2023: £124m).

A key judgement in determining materiality was the most relevant metric to select as the benchmark, by considering which metrics have the greatest bearing on shareholder decisions.

Consistent with FY2023, we determined that Total Assets remains the benchmark for the Group as the valuation of the investment portfolio remains the key financial measure. As such, we based our Group materiality on Total Assets, of which it represents 0.8% (FY2023: 0.79%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company Total Assets of which it represents 0.75% (FY2023: 0.7%).

Materiality levels used in our audit



KPMG LLP's independent auditor's report to the members of 3i Group plc continued

Group scope (item 7 below)

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed and the extent of involvement required. The Parent Company is the only component in scope for full scope audit of financial information for consolidation purposes. This is consistent with the prior year.

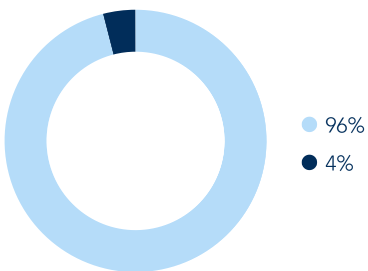
The component within the scope of our work accounted for the percentages illustrated below.

We have performed audit procedures centrally across the Group, as set out in more detail in item 7. In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

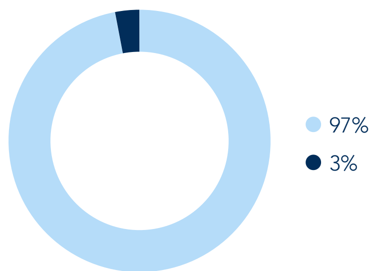
We consider the scope of our audit, as communicated to the Audit and Compliance Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

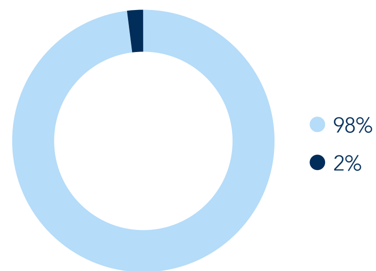
Total assets



Revenue



Net assets



- Full scope audit
- Remaining components

The impact of climate change on our audit

In planning our audit, we have considered the potential impacts of climate change on the Group's business and its financial statements.

Climate change impacts the Group in a variety of ways including the impact of climate risk on investment valuations, potential reputational risk associated with the Group's delivery of its climate related initiatives, and greater emphasis on climate related narrative and disclosure in the annual report.

The Group's exposure to climate change is primarily through the portfolio companies, as the key valuation assumptions and estimates may be impacted by climate change risks.

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular over the valuation of portfolio companies. Our assessment of the impact of climate change was limited to the valuation of unquoted investments. We held discussions with our own climate change professionals to challenge our risk assessment. For the biggest asset in the portfolio, Action, we read its sustainability report to understand the climate change risks and considered the impact on its valuation. On the basis of the risk assessment procedures performed above, we concluded that, while climate change posed a risk to the determination of the valuation of portfolio companies due to the potential impact on the maintainability of valuation earnings or free cash flows forecast, the risk was not significant when we considered the portfolio of investments. As a result, there was no material impact from this on our key audit matters.

We have also read the disclosure of climate related information in the front half of the annual report as set out on pages 58 to 68 and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group and Parent Company, their industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that management considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period are:

- Continued geopolitical tension and macro-economic downturn, including persistent inflation, high interest rates and weak consumer demand impacting the performance of portfolio companies, including their liquidity (which may require 3i to provide further liquidity support to portfolio companies);
- A material downturn in performance of the Group's largest portfolio company, Action; and
- A combination of the two scenarios.

We considered whether these risks could plausibly affect the liquidity of the Group and the Parent in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's and Parent Company's financial forecasts. Our procedures also included an assessment of whether the going concern disclosure in Accounting Policy A to the financial statements gives a complete and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in Accounting Policy A to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in Accounting Policy A to be acceptable; and
- The related statement under the Listing Rules set out on page 129-130 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Principal risks and mitigations statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and mitigations disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement set out on page 129-130 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters (unchanged from FY2023) in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Valuation of unquoted investments (Group and Parent Company)

Financial Statement Elements	FY2024	FY2023	Our assessment of risk vs FY2023	Our results
Unquoted investments – Group and parent	£14,193m	£8,677m	Our assessment of the risk has increased since last year.	**FY2024: Acceptable** FY2023: Acceptable
Investments in investment entity subsidiaries	£5,804m	£7,844m		
Interests in group entities – Parent Company,	£5,804m	£7,844m		

Description of the Key Audit Matter

Subjective valuation

The investment portfolio comprises a number of unquoted investments. These are held by the Group and the Parent Company

As these investments are unquoted and illiquid, the fair value is determined through the application of valuation techniques. The application of valuation techniques involves the exercise of significant judgement by the Group and Parent Company in relation to the assumptions and inputs into the respective models (e.g. maintainability of the earnings, earnings multiple, and discount rate).

Due to the continued geopolitical tension and global macro-economic downturn, several portfolio companies experienced difficult trading conditions, although the Company's largest investment, Action, has demonstrated resilience. In comparison, some portfolio companies experienced company-specific issues including lower demand level for products and services and higher cost base. Accordingly, the level of judgement required to be exercised by the Group and the Parent Company, in particular as a result of the volatility in earnings (including earnings adjustments) and comparable company multiples, remains high in FY2024.

In addition, the private asset market continues to experience challenges and a low level of market activity. This is primarily driven by the persistent high interest rate environment and low investor confidence during a period of geopolitical and macro-economic uncertainty. As a result, we have increased our focus on the level of judgement required for some key assumptions, namely valuations earnings adjustments and multiples (for assets valued using earnings multiple approach) and discount rates (for assets valued using the discounted cash flow approach).

As part of our risk assessment, we considered management's evaluation of the impact of the geopolitical uncertainty and macro-economic downturn on the valuation of portfolio companies and have designed our audit procedures accordingly.

The effect of these matters is that, as part of our risk assessment, we determined that the subjective estimates in fair value measurement of certain unquoted investments, as detailed above, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Our response to the risk

We performed the tests below rather than seeking to rely on any of these controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below.

Control design: We obtained an understanding of any key changes to the processes and controls to determine the fair value of unquoted investments. We documented and assessed the design and implementation of the investment valuation processes and controls.

Benchmarking assumptions: We challenged the Group and Parent Company on key judgements affecting portfolio company valuations, such as the maintainability of the earnings used in valuations, the appropriateness of earnings multiples, and projected cash flows, discount rates and terminal values for discounted cash flow valuations.

We compared key underlying financial data inputs to external sources such as the investee company audited accounts, and management information as applicable. We challenged the assumptions around maintainability of earnings based on the plans of portfolio companies and whether these are achievable. In addition, we checked mathematical accuracy of the underlying models.

Our valuation expertise: For a sample of investments, selected based on audit materiality and risk profile of each investment, we used our own valuations specialists to assist us in assessing the principles and appropriateness of the valuation methodology, critically reviewing the key assumptions, and independently providing a reasonable range for earnings multiples and discount rates.

Understanding of the business: For the largest asset in the portfolio, Action, we visited Action's Head Office in the Netherlands, and held discussions with Action management and the external audit team for Action to understand the business strategy, how accounting estimates are made and any key audit findings.

Historical comparisons: We compared the actual performance or cash flows achieved by portfolio companies to the inputs used in the valuation model for the prior year to understand the reasons for any significant variances and determine whether they are indicative of bias and error in the Group's approach to valuations.

Assessing transparency: We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

Communications with the 3i Group plc Audit and Compliance Committee and Valuations committee

Our discussions with and reporting to the Audit and Compliance Committee and the Valuations Committee included:

- Our approach to the audit of the fair value of the unquoted investment portfolio including details of our planned substantive procedures and the extent of our controls reliance.
- Our conclusions on the appropriateness of 3i's fair value methodology and policy.
- Our conclusions on the appropriateness of the valuation outcome for individual portfolio companies and, for the sample of investments subject to valuation specialists' review, an indication of where the Group's valuations multiple and discount rate (where applicable) falls within our acceptable range.
- The adequacy of the sensitivity disclosures, particularly as they relate to valuation inputs.
- Our assessment of whether any misstatement identified through these procedures was material.

Areas of particular auditor judgement

Auditor judgement is required to assess whether the Directors' estimate of the following key assumptions fall within an acceptable range:

- For assets valued using an earnings multiple approach:
  - Determination of valuation multiples
  - Determination of maintainable earnings (including any earnings adjustments)
- For assets valued using a discounted cash flow approach:
  - Discount rate
  - Projected cash flows
  - Terminal value exit multiple
  - Terminal value earnings

Our results

Based on the risk identified and our procedures performed, we consider the valuation of the unquoted investments to be acceptable (FY2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit and Compliance Committee Report on page 122-127 and the Valuation Committee report on page 131-135 for details on how the committees considered Valuation as an area of significant attention, and page 176 for the accounting policy for unquoted investments.

4.2 Carried interest payable included in investments in investment entity subsidiaires (Group) and interests in group entities (Parent Company)

Financial Statement Elements	FY2024	FY2023	Our assessment of risk vs FY2023	Our results
Investments in investment entity subsidiaries – Group	**£5,804m**	£7,844m	Our assessment of the risk is similar to FY2023.	**FY2024: Acceptable** FY2023: Acceptable
Carried interest payable included in investment entity subsidiaries – Group (Note 15)	**£764m**	£1,274m		
Carried interest payable included Interests in Group entities – Parent Company amounting to £764m	**£5,804m**	£7,844m		

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

Description of the Key Audit Matter	Our response to the risk
The valuation of investment entity subsidiaries and interests in group entities is primarily driven by the valuation of unquoted investments held (see key audit matter above) and the fair value of the carried interest liabilities. Carried interest payable is a liability for the investment entity subsidiaries and interest in group entities which reduces the fair value of investment entity subsidiaries and interest in group entities. Carried interest payable is calculated as a function of the investment returns that would be achieved if the investments within each fund or scheme were realised at reported fair value at the year-end date, subject to the relevant hurdle rates or performance conditions (as set out in relevant limited partnership agreements) being met. **Calculation error** Due to the number of bespoke, complex agreements and the manual nature of the calculation and recognition process, there is an increased risk of error in relation to carried interest payable.	We performed the tests below rather than seeking to rely on any of these controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. **Subjective valuation** Our audit procedures for the valuation of unquoted investments held in investment entity subsidiaries and interest in group entities are consistent with those outlined in section 4.1. **Control design:** We obtained an understanding of the Group and Parent Company's processes to determine the carried interest payable. We documented and assessed the design and implementation of the processes and controls. **Test of details:** We performed the following: • Agreed key inputs, including estimated valuations, relevant hurdles, and performance obligations to supporting documentation. • Independently reperformed calculations and compared the results to management's calculations. • Independently reperformed calculations of the funds' investment returns and compared them to the relevant hurdle rates or performance conditions. **Methodology implementation:** We agreed the methodology used in management's calculations to the relevant limited partnership agreements. **Assessing transparency:** We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of carried interest.

Communications with the 3i Group plc Audit and Compliance Committee and Valuations committee

Our discussions with and reporting to the Audit and Compliance Committee and the Valuations Committee on unquoted investments are covered in section 4.1 including areas of particular auditor judgement. In addition, we have covered the following on carried interest:

- Our approach to the audit of carried interest payable component of the fair value of investment entities and interest in group entities
- Our assessment of whether any misstatement identified through these procedures was material
- The results of our work over the carried interest payable balance held within investment entities and interest in group entities

Our results

Based on the risk identified and our procedures performed, we consider the valuation of carried interest payable included in investment entity subsidiaries and interest in group entities to be acceptable (FY2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit and Compliance Committee Report on page 122-127 for details on how the Audit and Compliance Committee considered carried interest as an area of significant attention, and page 182-183 for the accounting policy and sensitivity disclosure on carried interest payable, and page 177 for accounting policy on investments in subsidiaries.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. In this risk assessment we considered the following:

- Our meetings throughout the year with the Group General Counsel, internal audit and Head of Compliance including obtaining and reviewing supporting documentation such as:
  - Board and Audit and Compliance Committee minutes;
  - Internal audit reports;
  - Internal risk registers; and
  - Breaches registers.
- Enquiries of directors, finance team, the Group General Counsel, the Head of Compliance, internal audit, and the Audit and Compliance Committee as to whether they have knowledge of any actual, suspected, or alleged fraud.
- Consideration of the Group's remuneration policies, key drivers for remuneration and bonus levels; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with companies in the same sectors as 3i operates, and this experience was relevant to the discussion about where fraud risks may arise.

Risk communications

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud risks

As required by auditing standards, and taking into account possible pressures to meet performance targets, we performed procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of the unquoted investment portfolio and investment entity subsidiaries.

On this audit we assessed there to be no fraud risk related to revenue recognition because the Group has a relatively simple revenue model with no material estimation or judgement; the simple nature and low volume of individual revenue transactions means there is a remote risk of material misstatement from fraudulent manipulation; and opportunities for a material misstatement due to fraudulent revenue recognition are limited due to the nature of the portfolio income received.

We identified additional fraud risks relating to the valuation of unquoted investments held on balance sheet and within investment entity subsidiaries.

As these investments are unquoted and illiquid, they are valued using valuation techniques. Such techniques are subjective and involve the exercise of judgement by the Group and Parent Company over areas such as the maintainability of the earnings used in valuations, the determination of earnings multiples, and projected cash flows, discount factors and terminal values for discounted cash flow valuations. In addition, the valuation of unquoted investments drives the share price of the Group, which in turn drives remuneration of the Executive Directors, and is a key indicator for their performance. Due to the highly judgemental nature of these valuations, the reliance on unobservable inputs, and the linkage to Executive Directors' remuneration, we consider there to be increased risk of fraud in relation to the valuation of unquoted investment portfolio. We have further identified that the group CEO is also the chair of the group's largest investment, Action. The CEO can influence decisions made from an operational point of view and could affect the investment held in Action. We consider this to be increased risk of fraud in relation to the valuation of Action.

Link to KAMs

We have challenged key judgements and assumptions used in the valuation of unquoted investments. Further detail in respect to procedures performed over the valuation of unquoted investments is contained within the key audit matter disclosures in section 4.1 of this report.

Procedures to address fraud risks

We performed substantive audit procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included post close journals, those journals containing unusual pairings or those with same preparer and approvers; and
- Assessing significant accounting estimates, including valuation of unquoted investments and investment entity subsidiaries after deducting carried interest payable in investment entities as a liability, for any indicators of management bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group operates in a highly regulated environment, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. Our assessment included inspection of key frameworks, policies, and standards in place, understanding and evaluating the role of the compliance function in establishing these and monitoring compliance.

Risk communications

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Direct laws context and link to audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including:

- financial reporting legislation (including related companies legislation),
- distributable profits legislation
- taxation legislation

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

Most significant indirect law/regulation areas

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate in countries where the non-adherence to laws could prevent trading in such countries.

We identified the following areas as those most likely to have such an effect:

- Anti-bribery and corruption;
- Competition legislation;
- Pensions legislation;
- Regulatory capital and liquidity
- Health and safety legislation;
- Market abuse regulations; and
- Certain aspects of company legislation recognising the financial and regulated nature of two of the Group's subsidiaries and their legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£176m
(FY2023: £141m)
Materiality for the group financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group financial statements as a whole was set at £176m (FY2023: £141m). Consistent with FY2023, we determined that Total Assets remains the main benchmark for the Group as the valuation of the investment portfolio remains the key financial measure.

Our Group materiality of £176m was determined by applying a percentage to the Total Assets. When using an asset related measure to determine overall materiality, KPMG's approach for listed public interest entities considers a guideline range 0.5% - 1% of the measure. In setting overall Group materiality, we applied a percentage of 0.8% (FY2023:0.79%) to the benchmark.

Materiality for the Parent Company financial statements as a whole was set at £159m (FY2023: £124m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.74% (FY2023: 0.70%).

£132m
(FY2023: £105m)
Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 75% (FY2023: 75%) of materiality for 3i Group financial statements as a whole to be appropriate.

The Parent Company performance materiality was set at £119m (FY2023: £93m), which equates to 75% (FY2023: 75%) of materiality for the Parent Company financial statements as a whole.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£9m
(FY2023: £7m)
Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing, and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to 3i Group plc's Audit and Compliance Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 5% (FY2023: 5%) of our materiality for the Group financial statements. We also report to the Audit and Compliance Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £176m (FY2023: £141m) compares as follows to the main financial statement caption amounts:

	Total Gross investment income		Group profit for the year		Total Group Net Assets	
	FY2024	FY2023	**FY2024**	FY2023	**FY2024**	FY2023
Financial statement Caption	**£3,877m**	£4,666m	**£3,836m**	£4,573m	**£20,170m**	£16,844m
Group Materiality as % of caption	**4.5%**	3.0%	**4.6%**	3.1%	**0.9%**	0.8%

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

7. The scope of our audit

Group scope

What we mean

How the Group audit team determined the procedures to be performed across the Group.

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed and the extent of involvement required. We have scoped in one component for the audit of financial information for consolidation purposes.

Scope	Number of components	Range of materiality applied
Full scope audit	1 (FY2023:1)	£159m (FY2023:£124m)
Audit of one or more account balances	0 (FY2023: 0)	n/a (FY2023: n/a)
Specified audit procedures	0 (FY2023: 0)	n/a (FY2023: n/a)

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting

We have performed audit procedures centrally across the Group in the following areas:

- Journal entry testing;
- Share based payments; and
- Defined Benefit Pension.

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

Group audit team oversight

What we mean

The extent of the Group audit team's involvement in component audits.

Only the Parent Company was scoped in for full scope audit. As this audit is performed by the Group engagement team, no additional audit team oversight was required.

8. Other information in the annual report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and Directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Compliance Committee, including the significant issues that the Audit and Compliance Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

KPMG LLP's independent auditor's report to the members of 3i Group plc continued

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.
Other matters on which we are required to report by exception	
Our responsibility Under the Companies Act 2006, we are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	**Our reporting** We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 155, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL
8 May 2024

Portfolio and other information

What's in this section

20 large investments

The 20 investments listed below account for 95% of the portfolio at 31 March 2024 (31 March 2023: 94%). All investments have been assessed to establish whether they classify as accounting subsidiaries under IFRS and/or subsidiaries under the UK Companies Act. This assessment forms the basis of our disclosure of accounting subsidiaries in the financial statements.

The UK Companies Act defines a subsidiary based on voting rights, with a greater than 50% majority of voting rights resulting in an entity being classified as a subsidiary. IFRS 10 applies a wider test and, if a Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee then it has control, and hence the investee is deemed an accounting subsidiary. Controlled subsidiaries under IFRS are noted below. None of these investments are UK Companies Act subsidiaries.

In accordance with Part 5 of The Alternative Investment Fund Managers Regulations 2013 ("the Regulations"), 3i Investments plc, as AIFM, requires all controlled portfolio companies to make available to employees an annual report which meets the disclosure requirements of the Regulations. These are available either on the portfolio company's website or through filing with the relevant local authorities.

Investment Description of business	Business line Geography First invested in Valuation basis	**Residual cost[1] March 2024 £m**	Residual cost[1] March 2023 £m	**Valuation March 2024 £m**	Valuation March 2023 £m	Relevant transactions in the year
Action* General merchandise discount retailer	Private Equity Netherlands 2011/2020/2024 Earnings	**1,108**	653	**14,158**	11,188	£762 million of capital restructuring proceeds and a £375 million cash dividend received. Completed a £455 million reinvestment
3i Infrastructure plc* Quoted investment company, investing in infrastructure	Infrastructure UK 2007 Quoted	**305**	305	**879**	841	£31 million dividend received
Cirtec Medical* Outsourced medical device manufacturing	Private Equity US 2017 Earnings	**172**	172	**586**	552	
Royal Sanders* Private label and contract manufacturing producer of personal care products	Private Equity Netherlands 2018 Earnings	**165**	136	**580**	369	£109 million received from the refinancing, of which £48 million is a dividend. Completed £29 million of further investment and acquired Lenhart in April 2023
Scandlines Ferry operator between Denmark and Germany	Scandlines Denmark/Germany 2018 DCF	**530**	530	**519**	554	£25 million dividend received
AES Engineering Manufacturer of mechanical seals and provision of reliability services	Private Equity UK 1996 Earnings	**30**	30	**403**	351	£6 million dividend recorded. Acquisition of Triseal in June 2023
nexeye* Value-for-money optical retailer	Private Equity Netherlands 2017 Imminent sale	**270**	269	**377**	393	Sale agreed in April 2024
Tato Manufacturer and seller of specialty chemicals	Private Equity UK 1989 Earnings	**2**	2	**335**	411	£7 million dividend recorded

20 large investments continued

Investment Description of business	Business line Geography First invested in Valuation basis	**Residual cost[1] March 2024 £m**	Residual cost[1] March 2023 £m	**Valuation March 2024 £m**	Valuation March 2023 £m	Relevant transactions in the year
SaniSure* Manufacturer, distributor and integrator of single-use bioprocessing systems and components	Private Equity US 2019 Earnings	**76**	76	**334**	389	
Evernex* Provider of third-party maintenance services for data centre infrastructure	Private Equity France 2019 Earnings	**316**	299	**331**	305	Acquisition of Maminfo in January 2024
Smarte Carte* Provider of self-serve vended luggage carts, electronic lockers and concession carts	Infrastructure US 2017 DCF	**194**	189	**306**	300	£5 million distribution received
European Bakery Group* Industrial bakery group specialised in home bake-off bread and snack products	Private Equity Netherlands 2021 Earnings	**84**	46	**267**	73	EBG formed following the acquisition of coolback in July 2023 (3i further investment of £38 million) and Panelto in August 2023
WP* Global manufacturer of innovative plastic packaging solutions	Private Equity Netherlands 2015 Earnings	**238**	257	**234**	274	£42 million distribution received
MPM* An international branded, premium and natural pet food company	Private Equity UK 2020 Earnings	**169**	153	**233**	181	
Luqom* Online lighting specialist retailer	Private Equity Germany 2017 Earnings	**262**	245	**222**	271	£6 million further investment
ten23 health* Biologics focused CDMO	Private Equity Switzerland 2021 Other	**129**	104	**192**	111	£25 million further investment
Audley Travel* Provider of experiential tailor-made travel	Private Equity UK 2015 Earnings	**303**	271	**192**	162	
Q Holding* Manufacturer of catheter products serving the medical device market	Private Equity US 2014 Earnings	**162**	162	**150**	117	
BoConcept* Urban living designer	Private Equity Denmark 2016 Earnings	**121**	110	**133**	160	
Dynatect* Manufacturer of engineered, mission critical protective equipment	Private Equity US 2014 Earnings	**65**	65	**130**	128	
		4,701	**4,074**	**20,561**	**17,130**	

* Controlled in accordance with IFRS.
1 Residual cost includes cash investment and interest, net of cost disposed.

Portfolio valuation – an explanation

Policy

The valuation policy is the responsibility of the Board, with additional oversight and annual review from the Valuations Committee. The policy is reviewed at least annually, with the last update in January 2024. Our policy is to value 3i's investment portfolio at fair value and we achieve this by valuing investments on an appropriate basis, applying a consistent approach across the portfolio. The policy ensures that the portfolio valuation is compliant with the fair value guidelines under IFRS and, in so doing, is also compliant with the IPEV guidelines. The policy covers the Group's Private Equity, Infrastructure and Scandlines investment valuations. Valuations of the investment portfolio of the Group and its subsidiaries are performed at each quarter end.

Fair value is the underlying principle and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date" (IPEV guidelines, December 2022). Fair value is an estimate and, as such, determining fair value requires the use of judgement.

The quoted assets in our portfolio are valued at their closing bid price at the balance sheet date. The majority of the portfolio, however, is represented by unquoted investments.

Private Equity unquoted valuation

To arrive at the fair value of the Group's unquoted Private Equity investments, we first estimate the entire value of the company we have invested in – the enterprise value. We then apportion that enterprise value between 3i, other shareholders and lenders.

Determining enterprise value

The enterprise value is determined using one of a selection of methodologies depending on the nature, facts and circumstances of the investment.

Where possible, we use methodologies which draw heavily on observable market prices, whether listed equity markets or reported merger and acquisition transactions, and trading updates from our portfolio.

As unquoted investments are not traded on an active market, the Group adjusts the estimated enterprise value by a liquidity discount. The liquidity discount is applied to the total enterprise value and we apply a higher discount rate for investments where there are material restrictions on our ability to sell at a time of our choosing.

Note 13 Fair values of assets and liabilities outlines in more detail the range of valuation methodologies available to us, as well as the inputs and adjustments necessary for each. Overall, we have seen resilient performance across the portfolio, driven by a number of assets in the value-for-money and private label consumer, healthcare and infrastructure sectors. The fair value of each investment has been assessed on a case-by-case basis considering historical, current and forward looking data. Where forward-looking data forms the base of a valuation, the accuracy, reliability and maintainability of these forecasts has been considered.

Apportioning the enterprise value between 3i, other shareholders and lenders

Once we have estimated the enterprise value, the following steps are taken:

(1) We subtract the value of any claims, net of free cash balances that are more senior to the most senior of our investments.

(2) The resulting attributable enterprise value is apportioned to the Group's investment, and equal ranking investments by other parties, according to contractual terms and conditions, to arrive at a fair value of the entirety of the investment. The value is then distributed amongst the different loan, equity and other financial instruments accordingly.

(3) If the value attributed to a specific shareholder loan investment in a company is less than its carrying value, a shortfall is implied, which is recognised in our valuation. In exceptional cases, we may judge that the shortfall is temporary; to recognise the shortfall in such a scenario would lead to unrepresentative volatility and hence we may choose not to recognise the shortfall.

Other factors

In applying this framework, there are additional considerations that are factored into the valuation of some assets.

Impacts from structuring

Structural rights are instruments convertible into equity or cash at specific points in time or linked to specific events. For example, where a majority shareholder chooses to sell, and we have a minority interest, we may have the right to a minimum return on our investment.

Debt instruments, in particular, may have structural rights. In the valuation, it is assumed third parties, such as lenders or holders of convertible instruments, fully exercise any structural rights they might have if they are "in the money", and that the value to the Group may therefore be reduced by such rights held by third parties. The Group's own structural rights are valued on the basis they are exercisable on the reporting date.

Assets classified as "terminal"

If we believe an investment has more than a 50% probability of failing in the 12 months following the valuation date, we value the investment on the basis of its expected recoverable amount in the event of failure. It is important to distinguish between our investment failing and the business failing; the failure of our investment does not always mean that the business has failed, just that our recoverable value has dropped significantly. This would generally result in the equity and loan components of our investment being valued at nil. Value movements in the period relating to investments classified as terminal are classified as provisions in our value movement analysis.

Infrastructure unquoted valuation

The primary valuation methodology used for unquoted Infrastructure investments is the DCF method. Fair value is estimated by deriving the present value of the investment using reasonable assumptions of expected future cash flows and the terminal value and date, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the investment. The discount rate is estimated with reference to the market risk-free rate, a risk-adjusted premium and information specific to the investment or market sector.

Scandlines unquoted valuation

Scandlines is valued on a DCF basis. This is consistent with the Infrastructure methodology.

Information for shareholders

Financial calendar

Ex-dividend date	Thursday 20 June 2024
Record date	Friday 21 June 2024
Annual General Meeting	Thursday 27 June 2024
Second FY2024 dividend to be paid	Friday 26 July 2024
Half-year results (available online only)	November 2024
First FY2025 dividend expected to be paid	January 2025

Information on ordinary shares

Shareholder profile: Location of investors at 31 March 2024

UK	51%
North America	31%
Continental Europe	15%
Other international	3%

Share price

Share price at 28 March 2024	2,809
High during the year 26 March 2024	2,822
Low during the year 5 April 2023	1,665

Dividends paid in the year to 31 March 2024

Second FY2023 dividend, paid 28 July 2023	29.75p
First FY2024 dividend, paid 12 January 2024	26.50p

Balance analysis summary

	Number of holdings			Balance as at 31 March 2024			
Range	Individuals	Corporate bodies	Number of shares	% shares	Total holdings	Individual shares	Corporate shares
1–1,000	9,133	184	3,934,434	0.40	9,314	3,861,132	73,302
1,001–10,000	3,880	408	10,001,266	1.03	4,288	8,358,215	1,643,051
10,001–100,000	98	546	22,401,298	2.30	644	2,225,996	20,175,302
100,001–1,000,000	5	414	145,311,165	14.93	419	1,005,489	144,305,676
1,000,001–10,000,000	–	130	375,504,746	38.58	130	–	375,504,746
10,000,001–highest	–	13	416,213,536	42.76	13	–	416,213,536
Total	**13,116**	**1,695**	**973,366,445**	**100.00**	**14,808**	**15,450,832**	**957,915,613**

The table above provides details of the number of shareholdings within each of the bands stated in the register of members at 31 March 2024.

It should be noted that because many individuals and institutions hold shares through nominees (such as brokers, investment managers or investment platforms) the actual number of beneficial owners of shares will be greater than the numbers of holdings in the above table.

The Common Reporting Standard

Tax legislation under the Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard for Automatic Exchange of Financial Account Information requires investment trust companies to provide information about certain shareholders in the company to HMRC. As an investment trust company, 3i Group plc is required to provide information annually to HMRC on certain certificated shareholders and corporate entities. This information includes country of tax residency as well as details of shares held and dividends received. HMRC may in turn exchange such information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements with the UK to exchange financial account information. Certain shareholders have been and will in future be sent a self-certification form for the purposes of collecting required information.

Boiler room and other scams

Shareholders should be wary of any unsolicited investment advice, offers to buy shares at a discounted price or offers to buy 3i shareholdings. These fraudsters use persuasive and high-pressure tactics to lure shareholders into scams. We have become aware of what appears to be an increase in calls to current and former 3i shareholders.

The Financial Conduct Authority ("FCA") has found that victims of share fraud are often seasoned investors with victims losing an average of £20,000.

Please keep in mind that firms authorised by the FCA are unlikely to contact you unexpectedly with an offer to buy or sell shares. You should consider getting independent financial or professional advice before you hand over any money or even share any information with them.

If you receive any unsolicited approaches or investment advice, you should proceed with caution. Steps that you might wish to take could include the following:

- always ensure the firm is on the FCA Register and is allowed to give financial advice before handing over your money. You can check at www.fca.org.uk/register;
- double-check the caller is from the firm they say they are – ask for their name and telephone number and say you will call them back. Check their identity by calling the firm using the contact number listed on the FCA Register. This is important as there have been instances where an authorised firm's website has been cloned but with a few subtle changes, such as a different phone number or false email address;
- check the FCA's list of known unauthorised overseas firms. However, these firms change their name regularly, so even if a firm is not listed it does not mean they are legitimate. Always check that they are listed on the FCA Register; and
- if you have any doubts, call the FCA Consumer Helpline on 0800 111 6768. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Annual reports and Half-yearly reports online

If you would prefer to receive shareholder communications electronically in future, including annual reports and notices of meetings, please visit our Registrars' website at **www.shareview.co.uk/clients/3isignup** and follow the instructions there to register.

The 2024 Half-yearly report will be available online only. Please register to ensure you are notified when it becomes available at **www.3i.com/investor-relations/financial-news**.

More general information on electronic communications is available on our website at **https://www.3i.com/investor-relations/shareholder-centre/**.

Investor relations enquiries

For all investor relations enquiries about 3i Group plc, including requests for further copies of the Annual report and accounts, please contact:

Investor relations
3i Group plc
16 Palace Street
London, SW1E 5JD

Telephone +44 (0)20 7975 3131

email **IRTeam@3i.com**

or visit the Investor relations section of our website at **www.3i.com/investor-relations**, for full up-to-date investor relations information, including the latest share price, results presentations and financial news.

Registrars

For shareholder administration enquiries, including changes of address please contact:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex, BN99 6DA

Telephone 0371 384 2031

Lines are open from 8.30am to 17.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Glossary

3i 2013-2016 vintage includes Audley Travel, Basic-Fit, Dynatect, JMJ, Q Holding and WP. Realised investments include Aspen Pumps, ATESTEO, Blue Interactive, Christ, Geka, Kinolt, Óticas Carol and Scandlines further.

3i 2016-2019 vintage includes arrivia, BoConcept, Cirtec Medical, Formel D, Luqom and nexeye. Realised investments include Havea, Magnitude Software, Royal Sanders (transferred out of the vintage in March 2024) and Schlemmer.

3i 2019-2022 vintage includes European Bakery Group, Evernex, insightsoftware, MAIT, Mepal, MPM, ten23 health, SaniSure, WilsonHCG, Yanga and YDEON.

3i 2022-2025 vintage includes Digital Barriers, Konges Sløjd, VakantieDiscounter and xSuite

3i Buyouts 2010-2012 vintage includes Action. Realised investments include Amor, Element, Etanco, Hilite, OneMed and Trescal.

3i Growth 2010-2012 vintage includes BVG. Realised investments include Element, Hilite, Go Outdoors, Loxam, Touchtunes and WFCI.

Alternative Investment Funds ("AIFs") At 31 March 2024, 3i Investments plc as AIFM, managed seven AIFs. These were 3i Group plc, 3i Growth Capital B LP, 3i Growth Capital C LP, 3i Europartners Va LP, 3i Europartners Vb LP, 3i Managed Infrastructure Acquisitions LP and 3i Infrastructure plc. 3i Investments (Luxembourg) SA as AIFM, managed one AIF, 3i European Operational Projects SCSp.

Alternative Investment Fund Manager ("AIFM") is the regulated manager of AIFs. Within 3i, these are 3i Investments plc and 3i Investments (Luxembourg) SA.

APAC The Asia Pacific region.

Approved Investment Trust Company This is a particular UK tax status maintained by 3i Group plc, the parent company of 3i Group. An approved Investment Trust company is a UK company which meets certain conditions set out in the UK tax rules which include a requirement for the company to undertake portfolio investment activity that aims to spread investment risk and for the company's shares to be listed on an approved exchange. The "approved" status for an investment trust must be agreed by the UK tax authorities and its benefit is that certain profits of the company, principally its capital profits, are not taxable in the UK.

Assets under management ("AUM") A measure of the total assets that 3i has to invest or manages on behalf of shareholders and third-party investors for which it receives a fee. AUM is measured at fair value. In the absence of a third-party fund in Private Equity, it is not a measure of fee generating capability.

B2B Business-to-business.

Board The Board of Directors of the Company.

CAGR is the compound annual growth rate.

Capital redemption reserve is established in respect of the redemption of the Company's ordinary shares.

Capital reserve recognises all profits and losses that are capital in nature or have been allocated to capital. Following changes to the Companies Act, the Company amended its Articles of Association at the 2012 Annual General Meeting to allow these profits to be distributable by way of a dividend.

Carried interest payable is accrued on the realised and unrealised profits generated taking relevant performance hurdles into consideration, assuming all investments were realised at the prevailing book value. Carried interest is only actually paid when the relevant performance hurdles are met and the accrual is discounted to reflect expected payment periods.

Carried interest receivable The Group earns a share of profits from funds which it manages on behalf of third parties. These profits are earned when the funds meet certain performance conditions and are paid by the fund once these conditions have been met on a cash basis. The carried interest receivable may be subject to clawback provisions if the performance of the fund deteriorates following carried interest being paid.

Company 3i Group plc.

DACH The region covering Austria, Germany and Switzerland.

Discounting The reduction in present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation and is used as the typical measure of portfolio company performance.

EBITDA multiple Calculated as the enterprise value over EBITDA, it is used to determine the value of a company.

EMEA The region covering Europe, the Middle East and Africa.

Executive Committee The Executive Committee is responsible for the day-to-day running of the Group (see page 104).

Fair value movements on investment entity subsidiaries
The movement in the carrying value of Group subsidiaries, classified as investment entities under IFRS 10, between the start and end of the accounting period converted into sterling using the exchange rates at the date of the movement.

Glossary continued

Fair value through profit or loss ("FVTPL") is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains and losses on assets and liabilities measured as FVTPL are recognised directly in the Statement of comprehensive income.

Fee income (or Fees receivable) is earned for providing services to 3i's portfolio companies and predominantly falls into one of two categories. Negotiation and other transaction fees are earned for providing transaction related services. Monitoring and other ongoing service fees are earned for providing a range of services over a period of time.

Fees receivable from external funds are earned for providing management and advisory services to a variety of fund partnerships and other entities. Fees are typically calculated as a percentage of the cost or value of the assets managed during the year and are paid quarterly, based on the assets under management to date.

Foreign exchange on investments arises on investments made in currencies that are different from the functional currency of the Company. Investments are translated at the exchange rate ruling at the date of the transaction. At each subsequent reporting date investments are translated to sterling at the exchange rate ruling at that date.

Gross investment return ("GIR") includes profit and loss on realisations, increases and decreases in the value of the investments we hold at the end of a period, any income received from the investments such as interest, dividends and fee income, movements in the fair value of derivatives and foreign exchange movements. GIR is measured as a percentage of the opening portfolio value.

Interest income from investment portfolio is recognised as it accrues. When the fair value of an investment is assessed to be below the principal value of a loan, the Group recognises a provision against any interest accrued from the date of the assessment going forward until the investment is assessed to have recovered in value.

International Financial Reporting Standards ("IFRS") are accounting standards issued by the International Accounting Standards Board ("IASB"). The Group's consolidated financial statements are prepared in accordance with UK adopted international accounting standards.

Investment basis Accounts prepared assuming that IFRS 10 had not been introduced. Under this basis, we fair value portfolio companies at the level we believe provides useful comprehensive financial information. The commentary in the Strategic report refers to this basis as we believe it provides a more understandable view of our performance.

IRR Internal Rate of Return.

Key Performance Indicator ("KPI") is a measure by reference to which the development, performance or position of the Group can be measured effectively.

Like-for-like compare financial results in one period with those for the previous period.

Liquidity includes cash and cash equivalents (as per the Investment basis Consolidated cash flow statement) and undrawn RCF.

Money multiple is calculated as the cumulative distributions plus any residual value divided by paid-in capital.

Net asset value ("NAV") is a measure of the fair value of our proprietary investments and the net costs of operating the business.

Operating cash profit is the difference between our cash income (consisting of portfolio interest received, portfolio dividends received, portfolio fees received and fees received from external funds as per the Investment basis Consolidated cash flow statement) and our operating expenses and lease payments (as per the Investment basis Consolidated cash flow statement).

Operating profit includes gross investment return, management fee income generated from managing external funds, the costs of running our business, net interest payable, exchange movements, other income, carried interest and tax.

Organic growth is the growth a company achieves by increasing output and enhancing sales internally.

Glossary continued

Performance fee receivable The Group earns a performance fee from the investment management services it provides to 3i Infrastructure plc ("3iN") when 3iN's total return for the year exceeds a specified threshold. This fee is calculated on an annual basis and paid in cash early in the next financial year.

Portfolio effect is the level of risk based on the diversity of the investment portfolio.

Portfolio income is that which is directly related to the return from individual investments. It is comprised of dividend income, income from loans and receivables and fee income.

Proprietary Capital is shareholders' capital which is available to invest to generate profits.

Public Private Partnership ("PPP") is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.

Realised profits or losses over value on the disposal of investments is the difference between the fair value of the consideration received, less any directly attributable costs, on the sale of equity and the repayment of loans and receivables and its carrying value at the start of the accounting period, converted into sterling using the exchange rates at the date of disposal.

Revenue reserve recognises all profits and losses that are revenue in nature or have been allocated to revenue.

Revolving Credit Facility ("RCF") The Group has access to a credit line which allows us to access funds when required to improve our liquidity.

Segmental reporting Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive who is considered to be the Group's chief operating decision maker. All transactions between business segments are conducted on an arm's length basis, with intrasegment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

Share-based payment reserve is a reserve to recognise those amounts in retained earnings in respect of share-based payments.

SORP means the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts.

Syndication is the sale of part of our investment in a portfolio company to a third party, usually within 12 months of our initial investment and for the purposes of facilitating investment by a co-investor or portfolio company management in line with our original investment plan. A syndication is treated as a negative investment rather than a realisation.

Total return comprises operating profit less tax charge less movement in actuarial valuation of the historic defined benefit pension scheme.

Total Shareholder Return ("TSR") is the measure of the overall return to shareholders and includes the movement in the share price and any dividends paid, assuming that all dividends are reinvested on their ex-dividend date.

Translation reserve comprises all exchange differences arising from the translation of the financial statements of international operations.

Unrealised profits or losses on the revaluation of investments is the movement in the carrying value of investments between the start and end of the accounting period converted into sterling using the exchange rates at the date of the movement.

3i Group plc

Registered office: 16 Palace Street, London, SW1E 5JD, UK

Registered in England No. 1142830
An investment company as defined by section 833 of the Companies Act 2006

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www.3i.com

3i Group plc

16 Palace Street, London, SW1E 5JD, UK
Telephone +44 (0)20 7975 3131

THR27388

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