

# Sustainability and Risk



# Sustainability

We support and encourage portfolio companies to improve their sustainability performance over time, resulting in long-term value creation.



As active owners, we use our influence to accelerate responsible business practices across the portfolio. Working closely with management teams, we help integrate sustainability into strategy, enhance governance frameworks and navigate changes in regulations and stakeholder expectations.

Effective integration of sustainability into strategy and operations supports long-term value creation by enhancing a company's ability to grow revenue, manage costs, attract and retain talent, as well as improving access to capital and achieving higher valuations at exit.

Based on our investment approach, mandate and sector exposure, we have identified three sustainability themes as being of strategic importance and have focused our engagement activities across these topics:



**Carbon and climate**



**Strategy and leadership**



**Health & safety and people**

This report outlines our work to advance sustainability and highlights key initiatives across the portfolio that demonstrate the progress being made.

## Responsible investing

3i's Responsible Investment policy sets out the minimum ESG requirements that new portfolio companies are expected to meet or commit to meeting within a reasonable time period. It also sets out activities that, if undertaken by a company, prevent 3i from investing in it. The policy applies to all investments.

It outlines clear expectations across key areas, including environmental management, business integrity, fair and safe working conditions and good governance.

An assessment of ESG risks and opportunities is embedded at every stage of the investment lifecycle. We identify significant ESG factors prior to investment and implement robust plans to mitigate risks or capture opportunities throughout the ownership period and up to exit.

The Responsible Investment policy is reviewed regularly. In May 2024, it was updated to, amongst other things, incorporate new considerations that will support 3i in achieving its science-based emissions reduction targets over time.

To access the Responsible Investment policy and for more information on the Investment Manager's other sustainability policies, please refer to the 3i Group website: [www.3i.com/sustainability](http://www.3i.com/sustainability).

# Sustainability continued

## Q&A

with 3i Investments Partner Anna Dellis

**Q Where do you see sustainability creating the most value for the 3iN portfolio?**

**AD** Our portfolio companies are identifying and pursuing opportunities to support their customers to meet their own decarbonisation ambitions and to participate in the energy transition. With our capital and expertise, we help them capture these opportunities. TCR is supporting its customers to increasingly use ground support equipment powered by electricity; ESVAGT and Tampnet are supporting the offshore wind sector and the emerging carbon capture and storage sector; Infinis is investing in solar energy generation; Future Biogas is supporting corporates like AstraZeneca to procure energy created by biogas; Oystercatcher's storage terminal in Singapore is storing and blending sustainable aviation fuel for Changi Airport as well as for export to other countries.

**Q In March 2024, the SBTi validated 3i Group's emissions reduction targets. Has 3iN's portfolio made progress on target setting since then?**

**AD** We want our portfolio companies' targets to be credible and underpinned by a plan that management can follow and be confident it can deliver. Since March 2024, Joulz and Ionisos have secured SBTi validation of their targets, and SRL and TCR have submitted targets for validation. We are now leveraging the experience and learnings of these first movers for the benefit of other portfolio companies. In this way we support portfolio companies that, due to their size for example, might not otherwise have been in a position to commit to a science-based target, to be able to do so. This demonstrates a real benefit of 3iN ownership for our portfolio.

“  
**With our capital and expertise, we help our portfolio companies capture opportunities to play a role in the energy transition.**”

**Anna Dellis**

Partner, 3i Investments plc



**Q How does 3iN drive improvements in health and safety performance across its portfolio?**

**AD** We expect that health and safety is at the top of the board agenda. We ensure that portfolio company board reporting is fit for purpose and includes leading indicators, such as near misses, to allow effective oversight of health and safety risk and accident prevention. 3iN's representatives on portfolio company boards receive health and safety training to increase their effectiveness in this role. We believe it is critical that they lead by example – showing management teams and employees that health and safety is a key priority for 3iN.



**Watch video online**

## Sustainability continued Sustainability in action

A number of our portfolio companies are continuing to contribute to the energy transition, either through the production and supply of renewable energy, or through the offering of services and products which enable their customers to decarbonise, including the following examples:

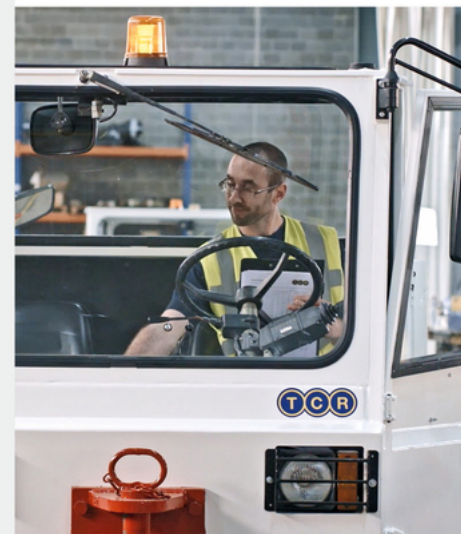


In February 2025, Future Biogas and AstraZeneca announced that the UK's first unsubsidised biomethane plant was operational. The plant in Gonerby Moor, Lincolnshire, will supply 100 GWh of renewable energy annually to AstraZeneca UK. This is equivalent to 20% of AstraZeneca's total gas consumption, displacing approximately 18,000 tCO<sub>2</sub>e per year. The plant will provide clean biomethane for all of AstraZeneca's R&D and manufacturing in the UK, supporting the sustainable production of medicines.



In January 2025, TCR was selected to provide a centralised all-electric GSE pool at JFK International Airport's New Terminal One, scheduled to open in 2026. Through this contract, TCR will deliver the world's first fully electric GSE pool.

In delivering the project, TCR will collaborate with local communities and partners, fostering a diverse workplace and creating around 50 local jobs, including roles for electric GSE maintenance technicians.



In 2024, Joulz implemented a Virtual Power Grid ('VPG') at the new distribution centre in Maarsse for Albert Heijn, a large Dutch supermarket chain. Designed to address grid congestion challenges common across the Netherlands, this VPG solution integrates solar panels and a Battery Energy Storage System, all managed by an intelligent Energy Management System. The solution helps minimise dependence on the grid network, and reduces emissions by maximising the use of on-site renewable energy by up to 24%.





# Sustainability continued

## Sustainability in action continued

Many of our portfolio companies are demonstrating progress through sustainability projects or achievements in areas of high importance to their industries, including the following examples:

### FLAG

Gender diversity was a key leadership priority at FLAG in 2024, embedding action across the organisation. Female representation in FLAG's workforce increased from 21% to 26% in the year. This progress was driven by targeted graduate recruitment, increased focus on attracting experienced female talent and the successful launch of a Women in Tech forum. Looking ahead, the company will focus on female representation in management, enhancing inclusive hiring practices and reviewing internal policies to further support a gender-inclusive culture.



### infinis

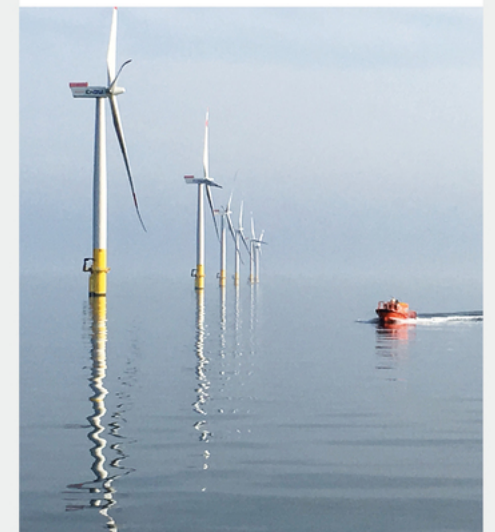
In 2024, Infinis was awarded the prestigious Royal Society for the Prevention of Accidents Order of Distinction, recognising 16 consecutive Gold Awards. The award is an external recognition of Infinis' safety culture and commitment to operational excellence.

As Infinis continues to expand its portfolio of solar and battery storage sites, in line with the UK's net zero ambitions, continuous improvement in safety practices remains a key focus.



### ESVAGT

In 2025, a number of ESVAGT vessels were certified as 'Biofuel Ready' by a leading ship classification organisation. This confirms that each vessel meets key technical standards to operate safely on biofuel, supporting ESVAGT's broader transition to low-emission fuels. Efforts are underway to secure similar certifications from other maritime safety bodies, with approvals expected later this year. These advancements support ESVAGT's commitment to integrating biofuel capabilities across its fleet, aiding offshore industries in reducing operational emissions.



# Sustainability continued

## Our sustainability pathway guides companies as they progress ESG maturity during our ownership

### Ensure the business aligns with governance best practice

#### Why is this material to 3iN?

Good governance is essential to appropriate risk management and ensuring compliance with laws and regulations at all times.

#### Engagement approach

- Review of policies alongside 3i Legal team
- Support to comply with incoming regulations

#### Performance metrics

**82%**

had all recommended governance policies in place<sup>2</sup> (2023<sup>1</sup>: 73%)

**91%**

had health and safety as the first topic on the board agenda (2023<sup>1</sup>: 64%)

#### Next steps

- Continued engagement on Anti-Trust policy implementation (new focus for 2024; 64% of portfolio companies currently have an Anti-Trust policy in place)
- Help companies prepare for CSRD as applicable



### Identify appropriate senior individuals to lead on sustainability

#### Why is this material to 3iN?

Internal accountability and appropriate resourcing ensures executive management oversight and execution.

#### Engagement approach

- Annual in-person Sustainability Forum for the portfolio sustainability leads to meet each other and receive tailored upskilling
- Regular webinars to share best practice, upskill and build a network of ESG leads

#### Performance metrics

**91%**

had a resource with ESG responsibility (2023<sup>1</sup>: 91%)

**100%**

gave regular board updates on sustainability (2023<sup>1</sup>: NA)

#### Next steps

- Continued support of ESG leaders through portfolio networking events and upskilling opportunities



### Measure GHG emissions and develop decarbonisation strategies aligned with SBTi where possible

#### Why is this material to 3iN?

By implementing a plan to decarbonise we ensure our investments are well placed to leverage opportunities in the transition to the low-carbon economy.

#### Engagement approach

- Introduction of portfolio company teams to specialist advisers for GHG emissions baselining and independent certification bodies for GHG emissions auditing, to improve data quality
- Bespoke support to prepare SBTi applications

#### Performance metrics

**4**

companies had set or submitted science-based targets for SBTi validation (2023<sup>1</sup>: 2)

**91%**

had their emissions data verified by a third party (2023<sup>1</sup>: 82%)

#### Next steps

- Continued improvements in emissions data quality and Scope 3 emissions baselining
- Sharing of best practice on decarbonisation planning and SBTi target validation



<sup>1</sup> Figures show percentage of companies by number as at 31 December. The 2023 figures exclude Valorem (exited in FY25). Where 2023 data is not provided a comparable is not available due to changes in data collection.

<sup>2</sup> Recommended governance policies initially included health & safety, anti-bribery & corruption, data protection, cyber security, sanctions and whistleblowing. Policies on human rights and anti-trust will be incorporated in due course.

# Sustainability continued

## Our sustainability pathway continued

### Develop a materiality-based sustainability strategy approved by the CEO

#### Why is this material to 3iN?

A materiality-based sustainability strategy ensures risks and opportunities are proactively identified and managed, and ensures a clear strategic direction aligned with the overall business strategy.

#### Engagement approach

- Support with the development of strategy through sharing of examples and competitor analysis

#### Performance metrics

**73%**

had a Sustainability strategy in place  
(2023<sup>1</sup>: 73%)

**64%**

published a Sustainability report  
(2023<sup>1</sup>: 45%)

#### Next steps

- Best practice sharing on performing a double materiality assessment for companies in scope of the CSRD where applicable



### Fully embed sustainability objectives in the organisation

#### Why is this material to 3iN?

Integrating ESG objectives in the remuneration model of executive management aligns their incentives with the achievement of the company's sustainability strategy targets.

#### Engagement approach

- Ongoing engagement with portfolio company senior executives on sustainability strategy and targets
- Annual review of target progress

#### Performance metrics

**82%**

had ESG-related remuneration objectives  
(2023<sup>1</sup>: 64%)

**64%**

actively manage climate-related risks  
(2023<sup>1</sup>: NA)

#### Next steps

- Continued monitoring of performance on sustainability objectives



### Put in place a Human Rights policy in line with UN Guiding Principles ('UNGP')

#### Why is this material to 3iN?

Exposure to human rights breaches represents unmitigated risk where companies have not assessed the management of human and labour rights in their own operations and supply chains.

#### Engagement approach

- Proprietary human rights framework launched to support companies to reduce risk exposure
- Topic-specific webinar held to upskill portfolio companies

#### Performance metrics

**73%**

had a Human Rights policy  
(2023<sup>1</sup>: 64%)

**45%**

had human rights as a regular topic on the board agenda  
(2023<sup>1</sup>: NA)

#### Next steps

- Work with portfolio companies to align with UNGP best practice in internal processes
- Ensure the topic is discussed by the portfolio company board annually



<sup>1</sup> Figures show company share by number as at 31 December. The 2023 figures exclude Valorem (exited in FY25). Where 2023 data is not provided a comparable is not available due to changes in data collection.



# Sustainability continued

## Our strategic ESG focus areas

### Our strategic ESG focus areas



Carbon  
and climate



Strategy and  
leadership



Health & safety  
and people



### Carbon and climate

#### Climate change and the transition to the low-carbon economy are significant macroeconomic trends impacting the sectors in which we invest.

In March 2024, 3i Group plc set science-based emissions reduction targets, which were validated by the SBTi. These targets cover both direct emissions and downstream indirect emissions associated with all the portfolio companies that 3i manages. Throughout the year, the Investment Manager has communicated these targets to portfolio companies and has supported them in developing the business case for setting their own science-based emissions reduction targets.

In FY25, one-on-one engagement activities have focused on progressing the baselining of Scope 1, 2 and 3 emissions and supporting the development of decarbonisation roadmaps. The Investment Manager has also facilitated the exchange of best practices and key learnings across portfolio companies operating within the same sector.

As of 31 March 2025, 91% of 3iN portfolio companies (by number) measured Scope 1, 2 and 3 emissions\* and 91% (by number) had achieved third-party assurance for their emissions data.

\* 91% of portfolio companies (by number) measure some Scope 3 categories. They do not all have a complete Scope 3 baseline.

SRL Traffic Systems and TCR submitted their emissions reduction targets for SBTi validation in FY25 and are awaiting responses. Ionisos and Joulz already had validated SBTi targets in place.

The Investment Manager supports portfolio companies in evaluating their exposure to climate-related risks and opportunities, with scenario analysis encouraged as a best practice. Findings are reported annually to the Investment Manager and reviewed by each portfolio company's board at least once a year. Where material risks are identified, companies are expected to implement suitable adaptation and mitigation measures. Climate-related risks and opportunities are also incorporated into risk registers where relevant. The Investment Manager recently selected a climate risk screening tool to enhance portfolio-wide monitoring.

#### 3iN companies that have committed to SBTi



#### 3i Group plc's science-based emissions reduction targets

**Scope 1 and 2:** Reduce absolute Scope 1 and 2 GHG emissions 42% by FY30 from a FY23 base year

**Scope 3:** 31% of the eligible portfolio by invested capital to set SBTi validated targets by FY28 and 100% by FY40

**Energy production:** Reduce GHG emissions from the electricity generation sector within the eligible portfolio by 68% per MWh by FY30 from a FY23 base year

[See the 3i website](#) for more details

SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

#### Planned next steps for FY26

- Continued one-on-one engagement with portfolio companies on emissions data quality, Scope 3 and setting science-based emissions reduction targets
- Continue engaging with portfolio companies on the incorporation of climate risks into their strategy and risk management

[Please see the TCFD product report](#) for a complete TCFD disclosure for 3iN



# Sustainability continued

## Our strategic ESG focus areas continued



### Strategy and leadership

**Stakeholder expectations and regulations related to sustainability are growing. Strong sustainability governance is essential to meet these increased demands.**

The Investment Manager encourages all portfolio companies to assign clear responsibility for sustainability at both board and executive management levels, supported by appropriate resourcing throughout the organisation. Linking executive remuneration to ESG objectives is one way to formalise this accountability. Each 3iN portfolio company investment team includes an ESG lead, tasked with monitoring the portfolio company's sustainability progress and following up on any incidents as they arise.

All portfolio companies are expected to conduct a materiality assessment to identify the sustainability topics most relevant to their business.

The Investment Manager actively supports companies in developing robust strategies aligned with these priorities and in progressing towards defined targets.

Ensuring compliance with incoming legislation is a priority and regulatory developments are closely monitored by the Investment Manager. In parallel to the EU legislators considering the European Commission's proposed Omnibus package on simplifying reporting requirements,

#### Planned next steps for FY26

- Continued upskilling of ESG leads on upcoming ESG topics
- Ongoing monitoring of the CSRD readiness of in-scope companies



some portfolio companies are preparing to report in line with the EU's Corporate Sustainability Reporting Directive ('CSRD') where applicable. This includes carrying out double materiality assessments, which are expected to inform the refinement of their sustainability strategies.

The implementation of the Corporate Sustainability Due Diligence Directive ('CSDDD') and the EU Deforestation Regulation ('EUDR') is also being actively monitored.

## 73%

of portfolio companies had a sustainability strategy in 2024

## 91%

of portfolio companies had a resource with ESG responsibility in 2024



### Health & safety and people

**The health and safety of 3iN portfolio companies' employees, as well as that of others impacted by the companies' activities, is the Investment Manager's top priority.**

Each portfolio company board is responsible for overseeing health and safety. Incidents are reported and discussed during board meetings, while serious incidents are immediately escalated to the Investment Manager, with updates monitored as needed.

The Investment Manager encourages companies to set leading and lagging indicator targets and monitors performance monthly. Annual metrics are captured through the annual ESG survey. Where results indicate a negative trend, the issue is followed up with the management team.

In FY24, the Investment Manager's focus was on fostering a strong safety culture. In FY25, the focus narrowed in on mitigating the risk of serious incidents. In December 2024, the Investment Manager's team participated in immersive, in-person training, which included a practical workshop on safety leadership, with a particular emphasis on effective communication.

Following the training, new internal processes were introduced to ensure the effective sharing of lessons learned, promoting continuous improvement across the Investment Manager's team.

The Investment Manager also enhanced its approach to human rights in FY25. A proprietary framework, developed with specialist input, was launched through online training, with ongoing engagement focused on assessing risk exposure and enhancing company policies.

Gender diversity continued to be monitored during the year. Where portfolio companies have been particularly successful in attracting a wider range of applicants to roles, relevant learnings are shared across the portfolio.

## 100%

of portfolio companies had a health and safety policy in 2024

## 64%

of portfolio companies decreased or maintained their lost time injuries frequency rate ('LTIFR') in 2024 vs 2023



#### Planned next steps for FY26

- Continuous improvement on H&S, with a focus on safety culture
- Work with portfolio companies to align human rights-related processes with the UN Guiding Principles

# Risk report



**Our consistent risk governance framework underpins our delivery of long-term sustainable returns.**

**Martin Magee**  
Chair, Audit and Risk Committee



The Company has continued to deliver strong results despite the challenges presented by the geopolitical and economic environment.

Inflation in the UK and Europe was markedly lower during the financial year when compared with the previous year. This allowed central banks to commence easing monetary policy, with the Bank of England base rate and European Central Bank deposit rates ending the financial year at 4.5% and 2.5% respectively. There remains considerable uncertainty over future monetary easing and indeed whether inflationary pressures could start to build again.

A reduction in liquidity in the listed infrastructure sector, as allocations moved to fixed income alternatives when interest rates increased in the previous two years, resulted in shares trading at discounts to NAV across the whole sector. The Company has generally traded at one of the lowest discounts to NAV in the sector throughout the year.

One of the joint Managing Partners of the Investment Manager's European Infrastructure team left during the year, with the other Managing Partner assuming sole leadership of the business, which provided continuity in the management of the Company.

The realisation of Valorem and distributions from portfolio companies, in particular from Oystercatcher and TCR, resulted in a material reduction in net debt, from £505 million to £256 million during the year.

Against this backdrop, the Audit and Risk Committee (the 'Committee') has worked closely with the Investment Manager to understand the effect of these changes on the identified key risks.

Actual and potential changes in the macroeconomic environment were discussed at each meeting, with the recent announcements regarding international trade and tariffs analysed and considered at the latest meeting of the Committee at the end of April 2025.



# Risk report continued

## Risk framework



## Risk-related reporting

### Internal

- Monthly management accounts
- Internal and external audit reports
- Service provider control reports
- Risk logs
- Compliance reports
- Risk-related reporting

### External

- Risk appetite
- Viability statement
- Resilience statement
- Internal controls
- Going concern
- Statutory/accounting disclosures

The Committee noted that the portfolio companies typically do not trade goods across international borders so are less likely to be directly affected, and that the longer-term indirect effects remain uncertain.

The Company's liquidity position was monitored throughout the year, with the position improving through the realisation and distributions mentioned above as well as the recent successful refinancing of the Company's RCF.

The Board and the Committee meet regularly with senior members of the Investment Manager's team, which gave confidence in the continuity of leadership following the departure of one of the Managing Partners.

Regular insight has also been provided to the Board and the Committee by the Company's brokers and other advisers in relation to the market for the Company's shares. This insight was supplemented during the year by an investor perception study, conducted by Rothschild & Co. This was the third such study conducted by the same team, allowing for evolving perceptions to be tracked over time.

The Committee oversees a comprehensive risk management framework that systematically identifies and evaluates the principal, key, and emerging risks impacting the Company.

This framework provides a well-informed basis for the Board's decisions regarding performance, liquidity, capital structure, and the overall business model. Despite the challenges presented by the geopolitical and economic environment, the Company has delivered strong results, driven by dynamic and adaptive decision-making enabled by our risk management process. We remain confident that the consistent application of this robust framework is integral to maintaining the Company's strong track record.

At the beginning of the year, the Committee, alongside the Investment Manager, began a new three-year cycle of risk reviews to identify and consider the impact and likelihood of the principal, key, and emerging risks facing the Company today.

A number of risks were reassessed to reflect developments in the year, and the list of emerging risks was refreshed. The Committee updated the risk register and risk matrix as a result of the analysis conducted during the year, and considered the alignment of the principal risks identified to the Company's strategic objectives. This process is described in more detail on page 63.

The following sections explain how we identify and manage risks to the Company. We outline the principal risks, our assessment of their potential impact on the Company and our portfolio in the context of the current environment and how we seek to mitigate them.

## Risk governance approach

The Board is responsible for risk assessment and the risk management process. It aims to strike a suitable balance between risk mitigation and generating long-term risk-adjusted returns for shareholders. Our approach to risk management is underpinned by our Board values of Integrity, Objectivity, Accountability and Legacy.

The Committee oversees the risk framework, methodology and process. This risk framework ensures a structured and consistent approach to identifying, assessing and addressing risks. Consistency in risk management across the Company's strategy, business objectives, policies and procedures is a key objective of the Committee.

# Risk report continued

The Committee considers the most significant current and emerging risks facing the Company 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 risk review process.

This year, a dashboard of key risk indicators (KRIs) was incorporated into the regular monthly financial reporting, alongside qualitative information, to enhance the Committee's ability, on behalf of the Board, to monitor the Company's risk profile.

The Company is also reliant on the risk management frameworks of the Investment Manager and other key service providers, as well as on the risk management practices of each portfolio company.

Risk management reports are received from the Investment Manager and other service providers.

The Investment Manager's team members represent the Company on all portfolio companies' boards which informs the risk-related reporting.

## Risk appetite

The Committee reviews the Company's risk appetite annually, and this year confirmed that it remained broadly stable. As an investment company, the Company seeks to take investment risk. Our appetite for investment risk is detailed in the Our business model section and the Investment policy set out in this document. All investments adhere to the Investment Manager's Responsible Investment policy, a critical component of our risk approach. In a competitive market for new investments, maintaining investment discipline remains paramount.

That investment discipline is equally important when considering realisations, such as that of Valorem during the year. Our investment procedures are rigorous and comprehensive.

The target risk-adjusted objective of delivering 8% to 10% return per annum over the medium term remains consistent with our current portfolio investment cases.

Should our portfolio expand, the range of expected returns in individual investment cases may widen.

This expansion could include both higher risk/return 'value add' cases and lower risk/return 'core' investments. We acknowledge that this may introduce greater volatility in returns on an individual asset basis.

However, diversification across sectors, countries and underlying economic risks mitigates this volatility. Reflecting the Company's current liquidity position, the current focus remains on investing through the existing portfolio, which we believe should generate better risk-adjusted returns than adding new platform investments, and on repayment of drawings on the Company's RCF. Considerable progress in repaying drawings was made during the year, following the realisation of Valorem and distributions from portfolio companies.

We have intentionally built a diverse portfolio while carefully assessing the risks faced by our portfolio companies. The Committee reaffirmed that the Company's risk appetite for core-plus infrastructure investments remains unchanged, and aligns with our investment mandate and target returns. The recent macroeconomic uncertainty has tested the appropriateness of our business model and risk appetite, and overall, our portfolio has demonstrated resilience, benefitting from diversification across infrastructure subsectors and underlying risk types.

The Company adopts a conservative approach to managing its capital resources. It has no appetite for permanent gearing and the achievement of its returns objectives is not reliant on gearing. The Company operates a flexible funding model and has been a relatively infrequent issuer of new shares in the infrastructure investment trust market.



## Risk report continued

The Company's shares have traded at a discount to published net asset value throughout the year. This has restricted access to new equity issuance and increased the importance of the RCF to bridge the cycle between investment and realisation, as well as cash generation by underlying portfolio companies. The RCF was refinanced in April 2025, well ahead of the maturity of the previous facility in November 2026 and now matures in June 2028.

The Company aims to reduce the impact of currency movements on its net asset value through a combination of euro borrowing on its RCF and a foreign exchange hedging programme.

### Risk review process

The key tools used by the Committee to assess the appetite for key risks are the risk register and the risk matrix.

The process of creating and reviewing the risk register and risk matrix is described below, together with a discussion of the Company's appetite for each of the key risks.

In addition to investment risk, which is discussed above, the Company actively manages and limits exposure to other risks to maintain acceptable levels.

The Company's risk review process includes the monitoring of key strategic and financial metrics considered to be indicators of potential changes in its risk profile.

The review takes place three times a year, with the last review in April 2025 and includes, but is not limited to, the following:

- infrastructure and broader market overviews;
- key macroeconomic indicators and their impact on the performance and valuation of portfolio companies;
- regular updates on the operational and financial performance of portfolio companies;

- experience of investment and divestment processes;
- compliance with regulatory obligations, including climate-related regulations;
- analysis of new and emerging regulatory initiatives;
- liquidity management;
- assessment of climate risks to the portfolio, including physical, transition and litigation risks;
- consideration of scenarios that may impact the viability of the Company;
- assessment of emerging risks; and
- review of the Company's risk log of relevant incidents or issues during the year.

The Committee uses the risk framework to identify both emerging and key risks, assessing changes in risks over time. This framework is designed to manage, rather than eliminate, the risk of failing to achieve objectives or breaching our risk appetite.

Throughout the year, we closely monitor significant key risks or principal risks, which have the potential to materially impact the achievement of our strategic objectives.

The Committee evaluates the likelihood of each identified risk materialising and the potential impact it may have, with reference to the Company's strategy and business model. We assess risks over two timeframes: within three years; and beyond three years. The results are presented on a risk matrix.

For each risk, we develop mitigating controls and assess their adequacy. If necessary, additional controls are implemented and reviewed during subsequent Committee meetings.

The Committee considers the identified principal risks in greater detail in the assessment of the Company's viability. This assessment considers a number of plausible scenarios that could arise if these risks materialise, including stressed scenarios that might jeopardise the Company's viability. As the Company is an investment company, the stressed scenarios primarily focus on reduced cash flows from our investment portfolio. These scenarios could lead to debt covenant breaches and liabilities not met.

The Investment Manager models the impact of these scenarios on the Company and reports the results to the Committee. The resulting viability assessment is included in this Risk report.

### Risk categorisation

The Committee uses the following categorisation to describe risks that are identified during the risk review process.



# Risk report continued

## Review during the year

In October 2024, the Committee began the latest three-year cycle of reviews with a process designed to identify and score the key risks and update the list of emerging risks currently facing the Company. This started with the 'blank sheet of paper' exercise where each Director, and several members of the Investment Manager's team, identified the top risks facing the Company.

In December 2024, the Investment Manager analysed the collected data and documented both emerging and key risks.

The key risks were scored for impact and likelihood over a three-year period, building upon the scoring of those risks in the prior year's assessment. Those key risks with the highest combination of impact and likelihood were identified as principal risks.

In January 2025, the Committee assessed the results of the risk scoring and made additional adjustments. They also considered the same key risks for a beyond three-year period and discussed the Company's risk appetite.

In April 2025, the Committee reviewed the updated risk register and risk matrix for both a three-year and beyond three-year period, alongside analysis of the portfolio exposure to increased trade tariffs.

We have a relatively diverse spread of assets in the portfolio and it is important that risk diversity is maintained as we evolve the portfolio through new investments, realisations and syndications.

Future realisations and syndications will continue to shape the portfolio's risk profile in line with our strategy. This flexibility allows us to manage exposure to more sensitive assets and adapt to changes in risk profiles over time.

We remain confident that the portfolio remains defensive and resilient, and it is well-positioned to benefit from accretive but discretionary growth opportunities, as highlighted in the Review from the Managing Partner. Our assessment indicates that the current risk appetite is appropriate.

## Emerging risks

As a long-term investor, the Company must carefully assess both identified key risks, as detailed below, and emerging or longer-term risks. Risk categorisation, including the definition of emerging risks, is outlined on page 63.

The Board and the Investment Manager take these factors into account when evaluating portfolio performance and assessing new investments. Their goal is to identify potential risks that can either be mitigated or transformed into opportunities. These risks are identified through a variety of activities such as conversations with stakeholders, presentations given to the Board, attending industry events and horizon scanning performed by the Investment Manager.

As part of our ongoing risk management, the Committee evaluates whether emerging risks should be added to the Company's risk register.

This register is a 'live' document, regularly reviewed and updated by the Committee as new risks emerge and existing risks evolve. Examples of emerging risks considered during the year include opportunities and challenges related to AI tools, geopolitical tensions, change in renewables/energy policies from governments, emerging energy technologies, including nuclear fusion and supply chain risk from new protectionist policies and tariffs. In some instances, emerging risks may already be encompassed within broader identified key risks, such as market and economic risk.

## Key risks

The Committee assesses key risks by evaluating their impact and likelihood on a risk matrix.

Throughout the year, the Committee examined all the key risks in detail. Within the category of key risks, the principal risks identified by the Committee are outlined in the Principal risks and mitigation table (pages 66 to 69). The disclosures in the Risk report do not encompass an exhaustive list of risks and uncertainties faced by the Company. Instead, they serve as a concise summary of significant key risks actively reviewed by the Board, their mitigating controls and developments in the year.

## Risk register review process

### October 2024

Directors identify potential emerging or new key risks facing the Company

### December 2024

Analysis and interpretation of responses

### April 2025

Risk register and risk matrix updated

### January 2025

Impact and likelihood of the identified risks considered





# Risk report continued

Whilst the risk landscape evolved over the course of the year, the inherent principal risk areas that the business faces remain largely consistent with the previous year and are set out in the Principal risks and mitigations table on pages 66 to 69, together with further information on developments in the year and examples of material controls and processes designed to mitigate these risks. The assessment of likelihood and impact led to minor adjustments in the principal risks facing the Company, as compared with the prior financial year.

A new principal risk has been included to reflect the risk that the discount of the share price to net asset value continues for a longer period of time, reflecting the decline in the public valuation of listed companies in the infrastructure sector, which has limited access to the equity capital market.

The risk that debt markets deteriorate has been removed as a principal risk reflecting the stability of funding markets, falling interest rates across Europe and the experience of the Company in refinancing processes during the year.

Market and economic risk was considered the top risk facing the Company and was assessed to have remained stable during the year. This risk encompasses consequences such as high inflation and interest rates, elevated or volatile commodity and energy prices, supply chain constraints, the impact of trade tariffs and volatile capital markets affecting pricing, valuations and portfolio performance.

The risks related to competition and liquidity management were deemed to have decreased over the year. This follows the successful divestment of Valorem and distributions from portfolio companies, in particular Oystercatcher and TCR, all of which have significantly reduced the Company's net debt.

There were no significant changes in the remaining principal risks.

## Fraud and cyber risk

We remain vigilant to cyber- and other IT-related threats that could disrupt the Company, compromise data, or harm our reputation. The Investment Manager has a robust fraud risk assessment and anti-fraud programme in place. This programme includes proactive fraud prevention work by their Internal Audit team, mandatory training to enhance vigilance and awareness, and an independent reporting service (accessible to all staff) known as the 'hotline'.

Additionally, the Investment Manager's cyber security programme focuses on identifying and mitigating risks related to third-party frauds, such as ransomware and phishing attacks. Regular staff training and the use of IT security tools contribute to this effort.

Furthermore, we have a detailed business continuity and disaster recovery plan in place to address significant events.

We also actively request our service providers to inform us promptly of any significant cyber events that they experience.

## Climate risk

Climate risk considers both physical risks (direct impacts of climate change such as flooding events) and transition risks (changes arising from the transition to a low-carbon economy, including regulatory and financial changes) over different time horizons.

Failing to identify and mitigate these risks could lead to reduced asset attractiveness, reputational harm, and a decline in portfolio value over time.

While uncertainties persist regarding the precise impact and timing of climate change, government actions, and future regulations, we recognise that climate-related risk is not only a key risk but also an essential investment theme for the Company.

Climate regulation risk, which the Committee now assesses within the legal, tax and compliance risk, addresses the regulatory risk linked to the transition toward a low-carbon economy. It encompasses the impact of evolving regulations on the Company and the portfolio.

The proposed amendments introduced by the European Commission's Omnibus simplification package to legislation such as the Corporate Sustainability Reporting Directive ('CSRD') and the Corporate Sustainability Due Diligence Directive ('CSDDD') may reduce the anticipated burden from these reporting regimes on our portfolio.

As highlighted in the Sustainability section, the climate-related risks – both physical and transition – are also viewed as opportunities across our portfolio.

There are no immediate acute physical or transition risks identified in the portfolio that would categorise climate risk as a principal risk. An example of transition risk is the risk of early decommissioning of oil and gas assets, which impacts certain customers of Tampnet and ESVAGT. A related transition opportunity is the potential for prolonged life of offshore platforms to facilitate sequestration of carbon dioxide in old oil or gas fields, which could benefit Tampnet and ESVAGT. Drought and flood risk impacts feedstock supply and quality which would impact Future Biogas. Although difficult to quantify, a prudent assumption for feedstock losses has been made alongside contingency for construction activities to address flood risk.

# Risk report continued

## Principal risks and mitigations

### Our Strategic priorities



Maintain balanced portfolio



Disciplined approach



Manage portfolio intensively



Efficient balance sheet



Sustainability key driver

### External

Principal risk	Risk description	Risk mitigation	Developments in the year
<b>Market/economic</b> <div> <p><b>Risk exposure movement in the year</b> No significant change</p> </div> <div> <p><b>Link to Strategic priorities</b> Manage portfolio intensively</p> </div>	<ul style="list-style-type: none"> <li>Macroeconomic or market volatility impacts general market confidence and risk appetite which flows through to pricing, valuations and portfolio performance</li> <li>Fiscal tightening impacts market environment</li> <li>Risk of sovereign default lowers market sentiment and increases volatility</li> <li>Misjudgement of inflation and/or interest rate outlook</li> </ul>	<ul style="list-style-type: none"> <li>Resources and experience of the Investment Manager on deal-making, asset management and hedging solutions to market volatility</li> <li>Periodic legal and regulatory updates on the Company's markets and in-depth market and sector research from the Investment Manager and other advisers</li> <li>Portfolio diversification to mitigate the impact of a downturn in any geography, sector or portfolio company-specific effects</li> <li>The permanent capital nature of an investment trust allows us to look through market volatility and the economic cycle</li> </ul>	<ul style="list-style-type: none"> <li>Strong portfolio performance, demonstrating resilience, leading to an increase in portfolio value in the year</li> <li>Foreign exchange exposures at the portfolio company level monitored and hedged where appropriate</li> <li>The Company's share price traded below NAV during the year and this restricted the Company's ability to raise new capital</li> <li>Private equity market valuations typically less affected than public equity market valuations during periods of significant public market volatility</li> </ul>
<b>Competition</b> <div> <p><b>Risk exposure movement in the year</b> No significant change</p> </div> <div> <p><b>Link to Strategic priorities</b> Disciplined approach</p> </div>	<ul style="list-style-type: none"> <li>Increased competition for the acquisition of assets in the Company's strategic focus areas</li> <li>Deal processes become more competitive and prices increase</li> <li>New entrants compete with a lower cost of capital</li> </ul>	<ul style="list-style-type: none"> <li>Continual review of market data and review of Company return target compared to market returns</li> <li>Ongoing analysis of the competitor landscape</li> <li>Origination experience and disciplined approach of the Investment Manager</li> <li>Strong track record and strength of the 3i Infrastructure brand</li> </ul>	<ul style="list-style-type: none"> <li>Realisation of Valorem at a 31% premium to the September 2023 valuation, before the Valorem sale process was initiated</li> <li>No new platform investments added to the portfolio during the year, with net investment of £22 million in the existing portfolio</li> </ul>

# Risk report continued

## Principal risks and mitigations continued

### Our Strategic priorities



Maintain balanced portfolio



Disciplined approach



Manage portfolio intensively



Efficient balance sheet



Sustainability key driver

### External continued

Principal risk	Risk description	Risk mitigation	Developments in the year
<b>Continuing discount to NAV</b> <div> </div> <p><b>Risk exposure movement in the year</b> New principal risk</p> <div> </div> <p><b>Link to Strategic priorities</b> Maintain balanced portfolio Efficient balance sheet</p>	<ul style="list-style-type: none"> <li>The Company's share price continues to trade at a discount to NAV</li> <li>This restricts the ability to raise new equity which reduces the ability to support the portfolio or take advantage of new investment opportunities and can cause shareholder dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of the level of discount or premium relative to the listed infrastructure sector</li> <li>Clear communication to investors on strategy, performance and outlook</li> <li>Regular engagement with shareholders and consideration of shareholder feedback</li> <li>Deliver strong returns to build investor confidence</li> <li>Consider ways to enhance share price performance through effectiveness of marketing or policies such as share buybacks</li> <li>The Company's brokers are in regular contact with existing shareholders and prospective new investors</li> </ul>	<ul style="list-style-type: none"> <li>Validation of NAV through sale of Valorem at a 31% premium to pre-transaction valuation, and syndication of a stake in Future Biogas to RWE at a 15% premium to pre-transaction valuation</li> <li>Ongoing withdrawal of liquidity from listed infrastructure sector puts pressure on share prices</li> <li>Discount is smaller than listed infrastructure comparables</li> </ul>

### Operational

Principal risk	Risk description	Risk mitigation	Developments in the year
<b>Loss of senior Investment Manager staff</b> <div> </div> <p><b>Risk exposure movement in the year</b> No significant change</p> <div> </div> <p><b>Link to Strategic priorities</b> Maintain balanced portfolio Sustainability key driver</p>	<ul style="list-style-type: none"> <li>Members of the deal team at the Investment Manager leave, and 'deal-doing' and portfolio management capability in the short to medium term is restricted</li> </ul>	<ul style="list-style-type: none"> <li>Strength and depth of the senior team and strength of the 3i Group brand</li> <li>Performance-linked compensation packages, including an element of deferred remuneration</li> <li>Notice periods within employment contracts</li> <li>Careful management and robust planning of senior management transition</li> </ul>	<ul style="list-style-type: none"> <li>The Investment Manager's team has strength and depth</li> <li>Careful management of change in senior management, moving from Bernardo Sottomayor and Scott Moseley as joint Managing Partners to Bernardo Sottomayor as sole Managing Partner, providing continuity of leadership</li> </ul>



# Risk report continued

## Principal risks and mitigations continued

### Our Strategic priorities



Maintain balanced portfolio



Disciplined approach



Manage portfolio intensively



Efficient balance sheet



Sustainability key driver

### Operational continued

Principal risk	Risk description	Risk mitigation	Developments in the year
<b>Management of liquidity</b>  <b>Risk exposure movement in the year</b> Decreased  <b>Link to Strategic priorities</b> Disciplined approach Efficient balance sheet	<ul style="list-style-type: none"> <li>Failure to manage the Company's liquidity, including cash and available credit facilities</li> <li>Insufficient liquidity to pay dividends and operating expenses or to make new investments or support portfolio companies</li> <li>Hold excessive cash balances, introducing cash drag on the Company's returns</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting of current and projected liquidity</li> <li>Investment and planning processes consider sources of liquidity</li> <li>Flexible funding model, where liquidity can be sought from available cash balances including reinvestment of proceeds from realisations, committed credit facilities which can be increased with approval from our lenders, and the issue of new share capital</li> <li>Growth opportunities can be part or fully funded by portfolio company cash balances and/or available debt facilities</li> </ul>	<ul style="list-style-type: none"> <li>The Company has access to a £900 million RCF that was refinanced in April 2025 and now matures in June 2028. Total liquidity of £644 million comprised cash and deposits of £4 million and undrawn facilities of £640 million at 31 March 2025, a substantial increase of £249 million during the financial year</li> <li>No outstanding commitments at 31 March 2025</li> <li>Access to the equity capital markets was limited as a result of share price declines in the listed infrastructure investment trust sector and this restricted the Company's ability to raise new capital</li> </ul>
<b>Deliverability of return target</b>  <b>Risk exposure movement in the year</b> No significant change  <b>Link to Strategic priorities</b> Maintain balanced portfolio Sustainability key driver	<ul style="list-style-type: none"> <li>Failure to ensure the investment strategy can deliver the return target and dividend policy of the Company</li> <li>Failure to adapt the strategy of the Company to changing market conditions</li> </ul>	<ul style="list-style-type: none"> <li>Market returns are reviewed regularly</li> <li>The Investment Manager and other advisers to the Company report on market positioning</li> <li>Investment process addresses expected return on new investments and the impact on the portfolio</li> <li>Consideration of megatrends in the investment process</li> <li>Consideration of risks, including ESG and climate risks, in the investment process</li> </ul>	<ul style="list-style-type: none"> <li>Total return for the year of 10.1% outperforming target return of 8-10% per annum</li> <li>FY25 dividend of 12.65 pence per share, 6.3% higher than the previous year</li> </ul>

# Risk report continued

## Principal risks and mitigations continued

### Our Strategic priorities



Maintain balanced portfolio



Disciplined approach



Manage portfolio intensively



Efficient balance sheet



Sustainability key driver

### Investment

Principal risk	Risk description	Risk mitigation	Developments in the year
<b>Security of assets</b> <p><b>Risk exposure movement in the year</b> No significant change</p> <p><b>Link to Strategic priorities</b> Maintain balanced portfolio Sustainability key driver</p>	<ul style="list-style-type: none"> <li>An incident, such as a cyber or terrorist attack</li> <li>Unauthorised access, use, disclosure, modification or destruction of information and/or operating systems</li> <li>Regulatory and legal risks from failure to comply with cyber-related laws and regulations, including data protection</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of the Company and key service providers</li> <li>Regular review and update of cyber due diligence for potential investments</li> <li>Review of portfolio companies for cyber risk management and incident readiness</li> <li>Established governance and reporting processes, including incident escalations and breach reporting</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing focus on IT security and staff training including utilisation of specialist advisers by the key service providers</li> <li>Continued programme of phishing and penetration testing and review of disaster recovery plans in the year</li> <li>Portfolio company boards continued to focus on cyber risk management. While some portfolio companies encounter fraud attempts (with occasional success), none have materially impacted our companies</li> </ul>
<b>Poor investment performance</b> <p><b>Risk exposure movement in the year</b> No significant change</p> <p><b>Link to Strategic priorities</b> Maintain balanced portfolio Sustainability key driver</p>	<ul style="list-style-type: none"> <li>Misjudgement of the risk and return attributes of a new investment</li> <li>Material issues at a portfolio company</li> <li>Poor judgement in the realisation of an asset</li> </ul>	<ul style="list-style-type: none"> <li>Robust investment process with thorough challenge of the investment case supported by detailed due diligence</li> <li>Investment Manager's active asset management approach, including proactive management of issues arising at portfolio company level</li> <li>Monthly portfolio monitoring to identify and address portfolio issues promptly</li> <li>Experience of the Investment Manager's team in preparing for and executing realisations of investments</li> </ul>	<ul style="list-style-type: none"> <li>Resilient performance from the portfolio overall</li> <li>Increase in portfolio valuation, and the realisation of Valorem and syndication of a stake in Future Biogas at a premium to last valuation</li> <li>Active asset management including implementing changes in the leadership team and the reassessment of strategy at portfolio companies as and when appropriate</li> <li>Progress by portfolio companies along their sustainability pathways</li> </ul>

# Risk report continued

## Resilience

Our resilience comes from the effective implementation of our business model, described on pages 12 to 21. Key elements of our business model relating to resilience include the Investment Manager's disciplined approach to new investment and active asset management, the defensive characteristics of our portfolio of investments, high ESG standards, our flexible funding model and efficient balance sheet, and the capability of the Investment Manager's team.

This is underpinned by the strong institutional culture and values of our Investment Manager, high standards of corporate governance, and effective risk management.

Over the life of the Company, the Investment Manager has built a resilient and diversified portfolio with good growth potential and downside protection that delivers an attractive mix of income yield and capital appreciation for shareholders. This has been achieved through consistent delivery of our strategic priorities, described on page 22.

## Short-term resilience

The Directors assess the Company's short-term resilience through monitoring portfolio, pipeline and finance reports. These are prepared monthly, and discussed at quarterly scheduled Board meetings and Board update calls held between scheduled meetings. Six-monthly detailed investment reviews are prepared by the Investment Manager and discussed with the Board, as part of the half-yearly and annual valuation and reporting processes. These reviews describe sources of risk at portfolio company level, and mitigating actions being taken or considered.

The resilience of key suppliers, including the Investment Manager, is considered annually, or more frequently if appropriate. The Audit and Risk Committee is provided with relevant extracts of reports from the Investment Manager's internal audit team, which includes an annual report on the Investment Manager's European infrastructure investment team. Further detail is included in the Governance section on page 96.

The Directors manage the Company's liquidity actively, reviewing reports on current and forecast liquidity from the Investment Manager, alongside recommendations for seeking additional liquidity when appropriate. In April 2025, the RCF was refinanced on improved terms and now matures in June 2028. Further discussion on the RCF can be found in the Financial review on page 47.

The identification of material uncertainties that could cast significant doubt over the ability of the Company to continue as a going concern forms the basis of the Going concern statement below.

## Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and in the Financial statements and related Notes to the Annual report and accounts to 31 March 2025. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are also described in the Financial statements and related Notes to the accounts.

In addition, Note 9 to the accounts includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Directors have made an assessment of going concern, taking into account the Company's cash and liquidity position, current performance and outlook, which considered the impact of the current inflationary and interest rate environment, using the information available up to the date of issue of these Financial statements.

The Company has liquid financial resources and a strong investment portfolio, providing a predictable income yield and an expectation of medium-term capital growth.



# Risk report continued

The Company manages and monitors liquidity regularly, ensuring that it is sufficient.

At 31 March 2025, liquidity remained strong at £644 million (2024: £395 million). Liquidity comprised cash and deposits of £4 million (2024: £5 million) and undrawn facilities of £640 million (2024: £390 million). The £900 million RCF matures in June 2028, beyond 12 months of the date of this report.

The Company had no contracted investment commitments at 31 March 2025. However, the Company expects to make follow-on investments in portfolio companies to fund growth opportunities.

The Company had ongoing charges of £53 million in the year to 31 March 2025, detailed in Table 7 in the Financial review, which are indicative of the ongoing run rate in the short term. In addition, the FY25 performance fee of £18 million (2024: £26 million) is due in three equal instalments, with the first instalment payable in the next 12 months along with the second instalment of FY24's performance fee and the third instalment of FY23's performance fee, and a proposed final dividend for FY25 of £58 million which is expected to be paid in July 2025.

Although not a commitment, the Company has announced a dividend target for FY26 of 13.45 pence per share. Income and non-income cash is expected to be received from the portfolio investments during the coming year, some of which will be required to support the payment of this dividend target and the Company's other financial commitments.

The Directors have acknowledged their responsibilities in relation to the Financial statements for the year to 31 March 2025. After making the assessment on going concern, the Directors considered it appropriate to prepare the Financial statements of the Company on a going concern basis.

The Company 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. This is supported by the scenario analysis and stress testing described in the medium-term resilience section and the Viability statement. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual report and accounts.

## Medium-term resilience

The assessment of medium-term resilience, which includes modelling of stressed scenarios and a reverse stress test, considers the viability and performance of the Company in the event of specific stressed scenarios, which are assumed to occur over a three-year horizon. This stress testing forms the basis of the Viability statement.

The Directors consider that a three-year period to March 2028 is an appropriate period to review for assessing the Company's viability. This reflects greater predictability of the Company's cash flows over that time period and is aligned to the Company's risk review cycle. There is increased uncertainty surrounding economic, political and regulatory changes over the longer term.

The stress testing focuses on the principal risks, but also reflects those new and emerging risks that are considered to be of sufficient importance to require active monitoring by the Audit and Risk Committee. The scenarios used are described in the Viability statement. The medium-term resilience of the Company is assessed through analysing the impact of these scenarios on key metrics such as total return, income yield, net asset value, covenants on the RCF and available liquidity.

## Viability statement

The Directors consider the medium-term prospects of the Company to be favourable. The Company has a diverse portfolio of infrastructure investments, producing good and reasonably predictable levels of income which cover the dividend and costs. The defensive nature of the portfolio and of the essential services that the businesses in which we invest provide to their customers, are being demonstrated in the current climate. The Investment Manager has a strong track record of investing in carefully selected businesses and of driving value through an active asset management approach. The Directors consider that this portfolio can continue to meet the Company's objectives.

The Directors have assessed the viability of the Company over a three-year period to March 2028. The Directors have taken account of the current position of the Company, including its liquidity position, with £4 million of cash and £640 million of undrawn credit facilities, and the principal risks it faces, which are documented in the Principal risks and mitigations table on pages 66 to 69.

# Risk report continued

The Directors have considered the potential impact on the Company of a number of scenarios in addition to the Company's business plan and recent forecasts, which quantify the financial impact of the principal risks occurring. These scenarios represent severe yet plausible circumstances that the Company could experience, including a significant impairment in the value of the portfolio and a reduction in the cash flows available from portfolio companies from a variety of causes.

The assessment was conducted over several months, during which the proposed scenarios were evaluated by the Board, the assumptions set, and the analysis produced and reviewed. Analysis included the impact of a prolonged liquidity constraint for the Company resulting from not being able to sell assets or raise equity due to unfavourable market conditions.

Other considerations included the possible impact of climate-related events and transition risks, widespread economic turmoil, escalating geopolitical conflicts, a tightening of debt markets and the failure of a large investment.

The assumptions used to model these scenarios included: a fall in value of up to 30% for some or all of the portfolio companies; a full write-down of a large asset; a reduction in cash flows from portfolio companies; a reduction in the level of new investment and/or realisations; the imposition of additional taxes on distributions from or transactions in the portfolio companies; an increase in the cost of debt by up to 3.5% and restriction in debt availability; a sustained devaluation in sterling increasing the liquidity requirements for the hedging programme and an inability for the Company to raise new equity. The implications of changes in the inflation, interest rate and foreign exchange environment were also considered, separately and in combination.

The results of this assessment showed that the Company would be able to withstand the impact of these scenarios occurring over the three-year period. The Directors also considered scenarios that would represent a serious threat to its liquidity and viability in that time period.

These scenarios were considered to be remote, such as markets closed to new equity issue, a fall in equity value of the portfolio of more than 40% whilst being fully drawn on the RCF, or an equivalent fall in income.

In such circumstances additional options may be available to mitigate the impact on the Company's liquidity and cash flow including:

- (i) sell assets
- (ii) reductions in operating and capital expenditure or raising additional debt at portfolio company level to fund distributions to the Company
- (iii) extension of debt facilities
- (iv) the potential to raise additional funds from other sources

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to March 2028.

## Long-term resilience

As described above, the long-term resilience of the Company, beyond the Viability statement period, comes from the effective implementation of our business model and consistent delivery of our strategic objectives.

Our approach to origination and portfolio construction, focus on price discipline, and active asset management approach enable us to adapt in response to new and emerging risks and challenges, including climate change and developments in megatrends.

The characteristics that are commonly found across our portfolio, described on page 13, support the long-term resilience of the Company.

The underlying megatrends supporting the longer-term resilience of each portfolio company are identified in the Megatrends section on page 18.

We have a long-term investment time horizon made possible by our permanent capital base that is unconstrained by the fixed investment period and fundraising cycle seen in private limited partnership funds.

Although the scenarios and stress testing to support the Viability statement are modelled over a three-year time horizon, the resilience shown by the Company, and its ability to recover from these stressed situations, supports the assessment of our resilience over a longer term than three years.

# Directors' duties

## Section 172 statement

The Company adheres to the AIC Corporate Governance Code (the 'AIC Code'), which is endorsed by the Financial Reporting Council ('FRC') and supported by the Jersey Financial Services Commission ('JFSC'). This enables the Company to report on matters set out in section 172 of the Companies Act 2006 ('s172') to the extent they do not conflict with Jersey law.

We recognise that our business can only grow and prosper by acting in the long-term interests of our key stakeholders, and that a good understanding of the issues affecting stakeholders should be an integral part of the Board's decision-making process. The insights that the Board gains through the stakeholder engagement mechanisms it has in place form an important part of the overall context for all the Board's discussions and decision-making processes.

As an externally managed investment trust, the Company has no employees or customers and its key stakeholders are its shareholders, third-party professional advisers and service providers (most notably the Investment Manager), portfolio companies, lenders, and government and regulatory bodies.

Day-to-day engagement with our stakeholders is principally managed by the Investment Manager, although, where appropriate, the Directors have direct touchpoints with stakeholders during the year.

Pursuant to s172, a director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the following factors:

<b>The likely consequences of any decision in the long term</b>	Our purpose and strategy, combined with the responsible investment approach of the Investment Manager, focus on achieving long-term success.	<a href="#">Read more</a> Pages 5, 22 and 52
<b>The interests of the company's employees</b>	Whilst we do not have any employees, our purpose includes the intention to have a positive influence on our portfolio companies and their stakeholders, which includes the employees of those portfolio companies.	<a href="#">Read more</a> Page 59
<b>The need to foster the company's business relationships with suppliers, customers and others</b>	We engage with all our stakeholders, whether directly or through the Investment Manager, in an open and transparent way to foster strong business relationships.	<a href="#">Read more</a> Pages 86 to 88
<b>The impact of the company's operations on the community and the environment</b>	As owners of infrastructure businesses with majority or significant minority holdings and representation on their boards, we recognise our ability to influence our portfolio companies to ensure they act responsibly.	<a href="#">Read more</a> Pages 52 to 59
<b>The desirability of maintaining a reputation for high standards of business conduct</b>	Our success relies on maintaining a positive reputation, and our values and ethics are aligned to our purpose, our strategy and our ways of working.	<a href="#">Read more</a> Pages 17, and 82 to 88.
<b>The need to act fairly towards members of the company</b>	The Board actively engages with its shareholders and considers their interests when implementing our strategy.	<a href="#">Read more</a> Pages 86 to 88

Pages 86 to 88 set out how stakeholder interests have influenced decision making.

This Strategic report, on pages 1 to 73, is approved by order of the Board.

**Authorised signatory**  
**3i plc**  
 Company Secretary  
 7 May 2025