

# Modern Slavery Statement

2022





# 2022 Highlights



**Completed a review of the governance structure of our Modern Slavery Working Group**, broadened our attendees and formalised our Terms of Reference.



Delivered our **refreshed modern slavery awareness program** to key teams across Three.



**Increased coverage of EcoVadis assessments from 32% to 60% of spend**, enabling us to assess our suppliers against Labour and Human Rights.



**Updated and launched our Anti-Slavery Policy**, providing a clear message on our position to all employees. Supported by business wide communications.



**Launched our refreshed Supplier Code of Conduct.** Broadening the expectations we have of our suppliers.

# CEO Message



Three is committed to preventing acts of modern slavery and human trafficking from occurring within both its business and its supply chain. This commitment is embedded in Three's approach to Sustainability where, through our five goals covering Take Action on Climate Change, Promote a Circular Economy, Create Great Places to Work, Create a Thriving Digital Economy and Operate Responsibly and With Integrity we are 'committed to building a better-connected world to enable a more sustainable and inclusive future'

"Three has a **zero-tolerance approach to modern slavery** and we are committed to acting ethically and with integrity in all our business dealings and relationships."

2022, the United Nations published an estimate that 50 million people are enslaved worldwide, with 28 million being in forced labour. Sadly, the nature and extent of modern slavery means that there is a risk that is present in supply chains that

feed into the technology and telecommunications sectors in which we operate.

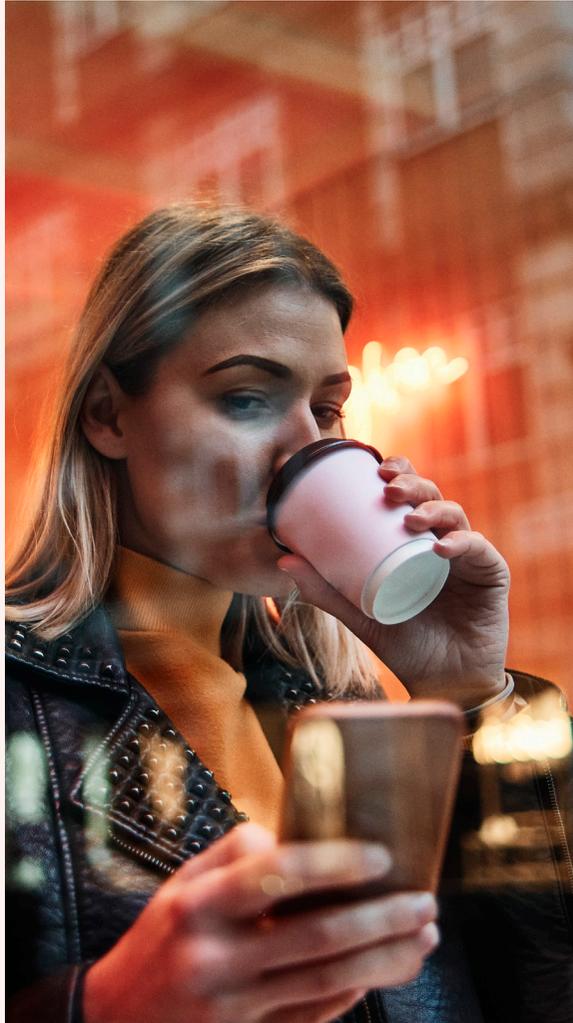
Three has a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships. We also expect the same high standards from all our contractors, suppliers and business partners, regardless of the type and value of business we do together.

We shall continually improve our processes to identify and mitigate the risks of modern slavery across our business and supply chain.

This Statement was approved by the Three Board of Directors on 13 June 2023 and signed on its behalf by:

**Robert Finnegan**  
Chief Executive Officer  
Hutchison 3G UK Limited  
June 2022

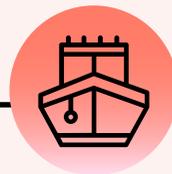
# Organisation Structure, Business and Supply Chain.



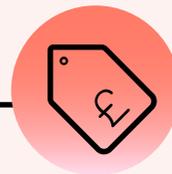
## Our Structure

Three is part of the CK Hutchison Holdings Limited (“CK Hutchison”) group of companies, a multinational conglomerate which operates in about 50 countries / markets across the world with over 300,000 employees and is listed on The Stock Exchange of Hong Kong Limited.

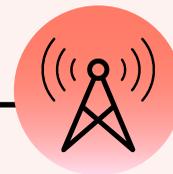
CK Hutchison has  
**four core businesses:**



**1** Ports and related services



**2** Retail

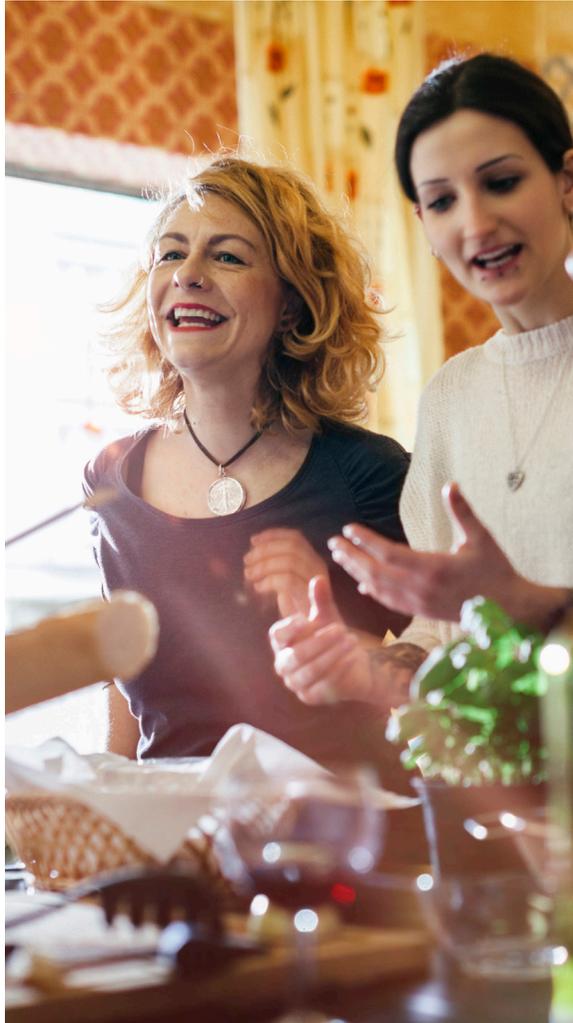


**3** Infrastructure



**4** Telecommunications

# Our Supply Chain



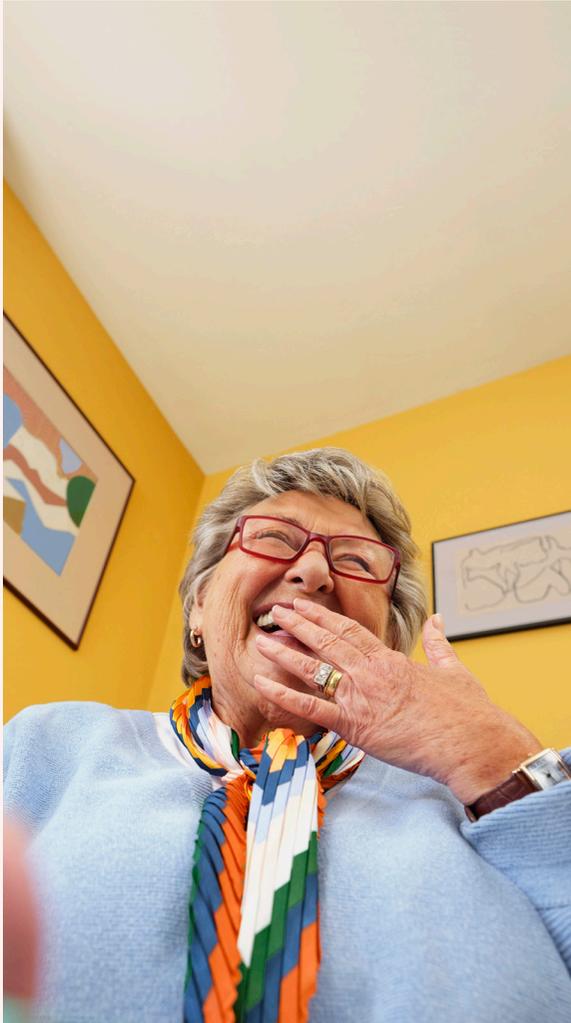
Three's procurement activities are led by our UK-based procurement team. We work with a range of suppliers providing goods and services from a variety of sectors including **network and telecoms services, IT and hardware, handsets and devices, marketing and other professional services.**

We recognise that the highest risk areas of our supply chain are our offshore outsourced service providers and the wider supply chains for our IT hardware and handset device manufacturers.

These suppliers are **closely managed by dedicated teams at Three who focus on delivery, compliance and management of risks and relationships.**

We have analysed in further depth those additional areas of risk set out on **page 7**, as part of our 'Risk Assessment' analysis.

# Our Operations



Three is active in the Information and Communications sector and provides mobile telecommunications and data services to consumers, businesses and the wholesale market in the UK.

Three's vision is better connectivity, every day, for every customer.

**Three has 9.3 million active customers and our network today covers 99% of the UK population and carries 28% of the UK's mobile data traffic.**

We own and operate a UK mobile network infrastructure, including:

- A leading mobile network, comprising more than 16,500 mast sites and providing the UK's fastest 5G network.\*
- Three has the **UK's leading 5G spectrum holdings**, we are the only operator able to meet the International Telecoms Union (ITU) 2020 standard for full 5G services.



## The UK's Fastest 5G Network

In addition to providing services directly to end users via our Three and SMARTY brands, we also provide wholesale services to several mobile virtual network operators.

To ensure mobile services can be provided globally, and our customers can access their services while abroad, we have roaming and interconnect relationships with numerous network partners across the world.

Three employs more than 4,800 people across our offices in Reading, Glasgow and over 300 retail stores.

Additionally, we have an indirect workforce of customer service agents, IT and network operations and support staff, through several strategic partners.

# Governance and Policy

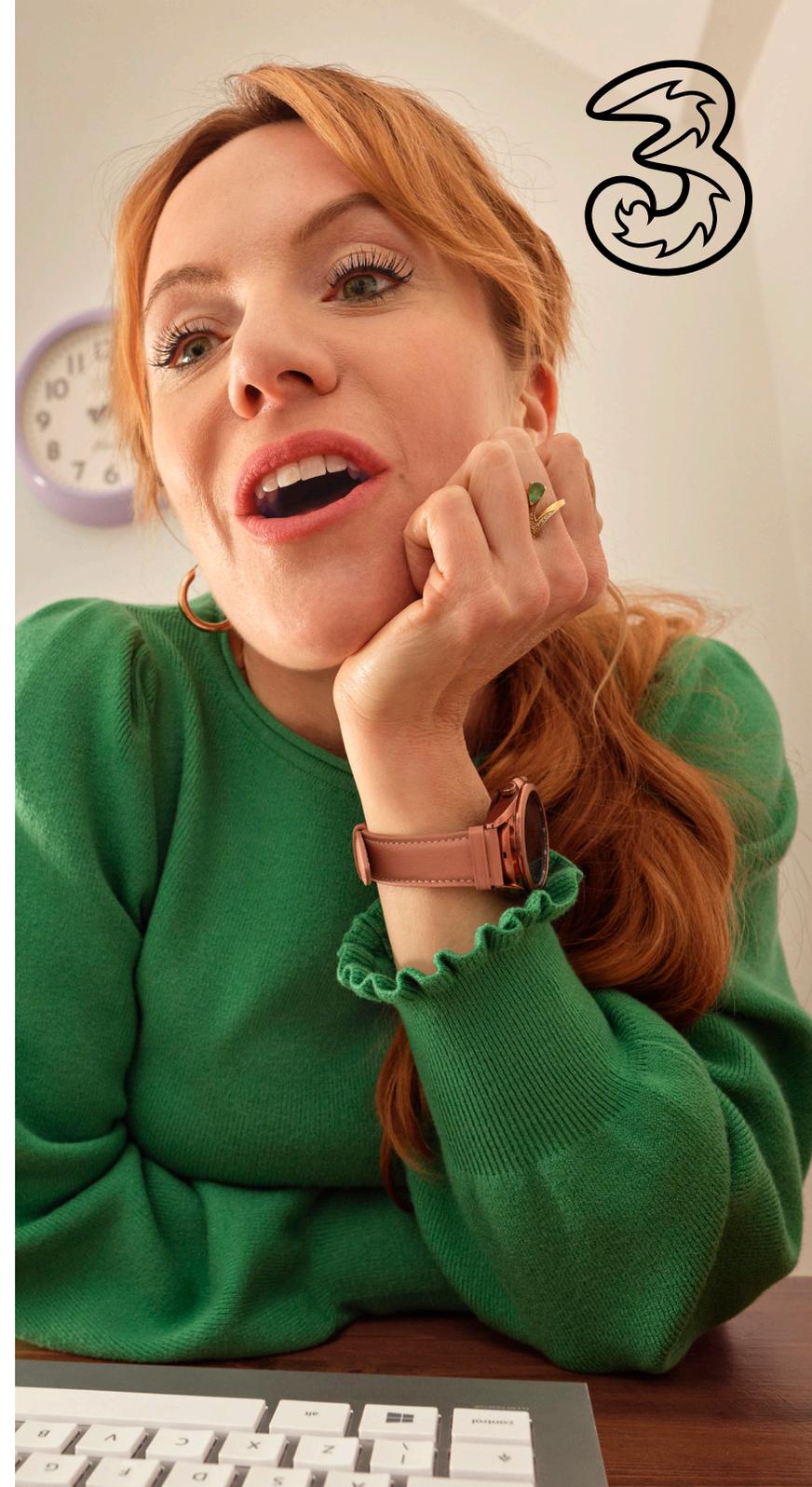
## Governance

Three has established a Modern Slavery Working group, responsible for ensuring the business' compliance with the Modern Slavery Act, identifying opportunities to improve and ensuring these are delivered. This group has representation from key areas of the business including Legal, Procurement, Commercial, Partner Management and Sustainability. Where needed there are also specific contacts in our Devices, Wholesale and People teams who work closely with the Modern Slavery Working group.

Over 2022, Three has broadened the membership of our Modern Slavery Working Group, enabling us to embed knowledge and responsibilities deeper within our business functions. Our objectives, responsibilities and success criteria are set out in our updated Terms of Reference.

## Policy

Three has in place a range of policies that support our approach to combating modern slavery. Underpinned by our Anti-Slavery Policy and Supplier Code of Conduct, these set out the way we work, and the expectations of our people and our suppliers. They provide a route to report areas where we have concerns that our standards may not be being met. These policies are set out in the table on the following page.



# Governance and Policy



## Policy / Document Description

### Anti Slavery Policy

Our Anti-Slavery Policy was updated in 2022 and recommunicated to all employees. It is relevant for all employees, contractors, external consultants and other third parties engaged by Three. It promotes awareness and detection of modern slavery while providing information on reporting requirements and monitoring activities. The policy sets out our commitment to preventing modern slavery and human trafficking and prohibits any form of forced or compulsory labour in our business and operations.

### Supplier Code of Conduct

In 2022 we launched our refreshed Supplier Code of Conduct. This sets out the standards to which suppliers are required to meet when entering new contracts with Three. It is further embedded in our standard contract terms. Our Supplier Code of Conduct prohibits any form of slavery, servitude, forced or compulsory labour and/or human trafficking. To ensure that our suppliers are committed to complying with our Supplier Code of Conduct we request that they make any third parties providing services to them aware of our anti-slavery and human trafficking policies and procedures (see [three.co.uk/terms-conditions/code-of-conduct](https://three.co.uk/terms-conditions/code-of-conduct)). Three continuously reviews its Supplier Code of Conduct in order to improve and adapt to evolving market conditions.

### Diversity and Inclusion Policy

This supports us in eliminating discrimination by promoting diversity, inclusion and equality amongst our employees and to eliminate unlawful and unfair discrimination in recruitment, training, working conditions, pay, promotion and any other aspect of employment.

### Whistleblowing Policy

Our Whistleblowing Policy aims to encourage a culture of transparency which enables our people to raise concerns about how Three does business, challenging poor practices and behaviours and reporting business wrongdoing confidentially, including any instances of modern slavery and human trafficking. The Whistleblowing process is also referenced in our Modern Slavery Act awareness training and other policies listed here so that our people are fully aware of how to speak up.

### Anti-Bribery Policy

The Anti-Bribery Policy makes it clear to our employees what their responsibilities are when it comes to acting with integrity and honesty. It also provides a route through which they can report any concerns.

# Risk Assessment



**Assess**



**Manage**



**Measure**

## **Assessment**

During the period of this Modern Slavery Statement, we have identified and focused on the following three priority risk areas in our supply chain – high risk industries, high-risk countries, industries with low-skilled workers.

High-risk countries often have high numbers of low-skilled or migrant workers and their governments may have fewer controls to combat modern slavery. As a result, there is an increased likelihood of workers being exploited in their attempts to secure work. We use a range of reports and surveys to aid our assessment of the risk profile for those countries that our suppliers and their supply chains are associated with.

# When assessing risk areas, Three carefully considers the structure of our supply chain.

We adopt the following 3-tier model:



## Tier 1

Suppliers with whom we have contracts to provide goods and services. Three has around 700 Tier 1 suppliers, all of whom we assess based on our risk criteria, including industry, location and products or services provided.

## Tier 2

These companies provide services to our Tier 1 suppliers. They are generally a combination of manufacturing and assembly - typically within the electronics sector.

## Tier 3

Lower tiers are responsible for providing individual components and raw materials to Tier 2.



# Risk Assessment



While it is relatively straightforward to identify our Tier 1 suppliers, it becomes more challenging to identify other suppliers further down the supply chain as we have less influence over them.

In our risk assessment process, we take into account that where there is a combination of risk factors, the potential risk of modern slavery existing is likely to be higher. The vast majority of our direct suppliers (Tier 1) are UK based and may be of low risk. However, the supply chain of many technology suppliers will include elements of the above risk areas due to the nature of their supply chain, which is more likely to include industries such as raw material extraction.

Based on our risk assessments we have identified the areas of our supply chain below as having a higher risk associated with them. These include:

- **Manufacturing of telecommunications network equipment and devices;**
- **Facilities services, including security, cleaning and catering;**
- **Textiles, clothing & garment industry for the provision of uniforms and Personal Protective Equipment; and**
- **Construction and engineering services.**

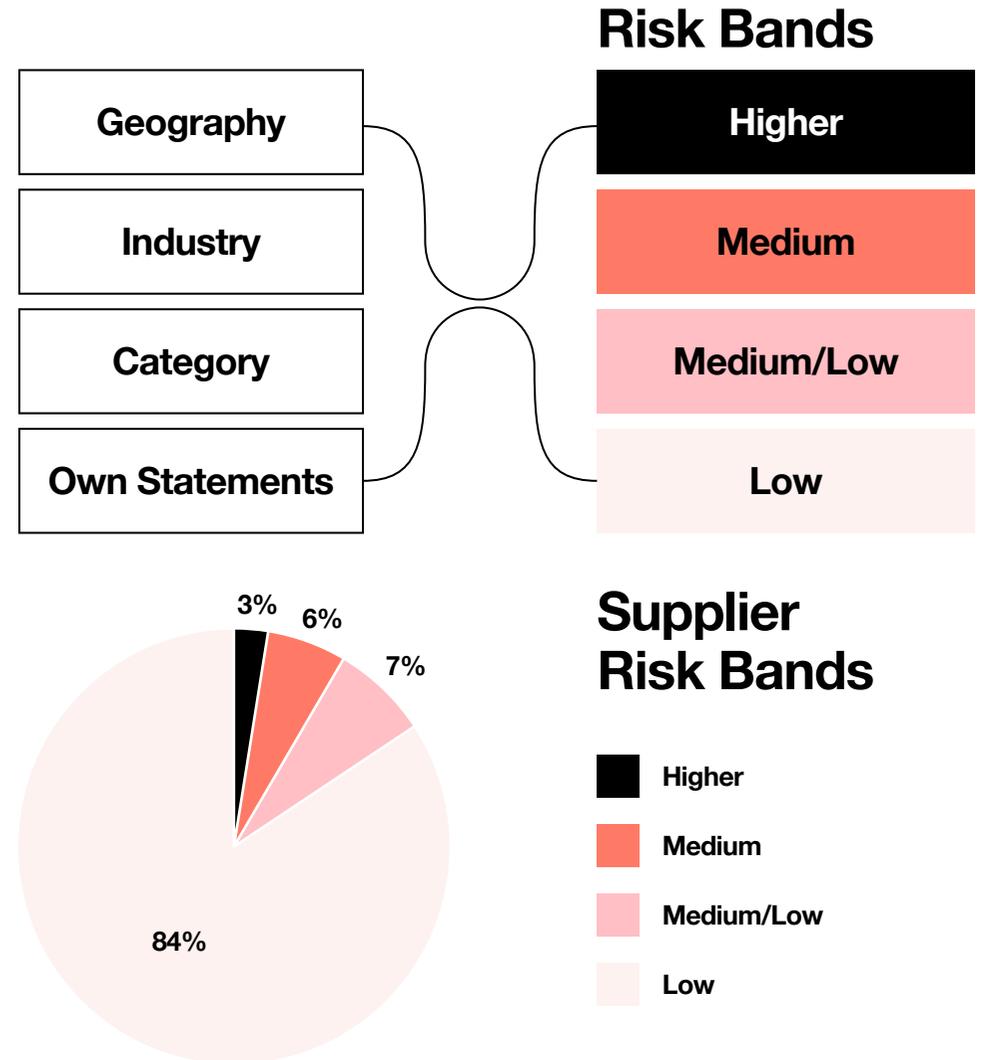


In 2022, Three transacted with nearly 700 tier 1 suppliers providing a wide range of equipment and services. Based on the criteria outlined above and our assessment of risks we produced an evaluation of the likely inherent risks that each of these suppliers may have had in relation to modern slavery, either directly or via their supply chain.

**All suppliers are divided into 4 risk bands:**

Suppliers are categorised based on analysis of where they and their supply chains operate, the industry area and products we purchased, along with an assessment of their modern slavery statements.

- **Higher risk** – includes suppliers with links to higher-risk countries and higher industry risks due to the nature of the goods/services.
- **Medium** – includes suppliers with medium risk supply chains and volumes of spend.
- **Medium/Low** – includes suppliers providing goods or services that may have a small element of their supply chain in areas with a moderate risk of modern slavery.
- **Low** – suppliers providing goods and services with no links to at risk categories or industries.

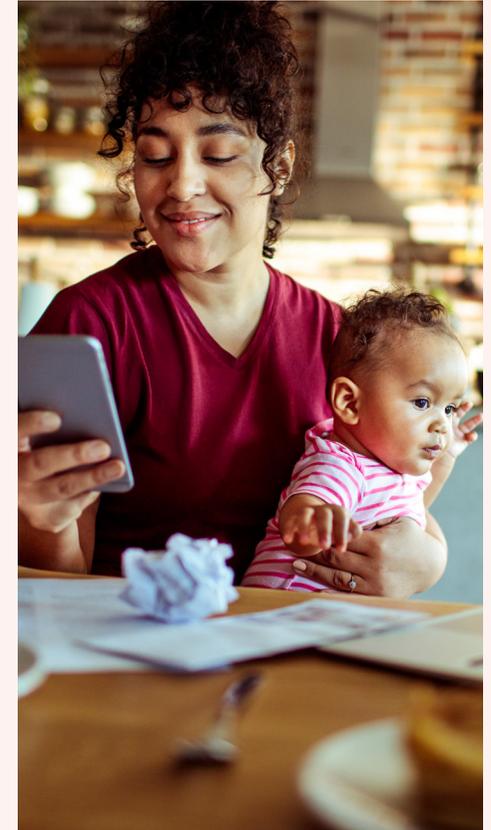


# Risk Management



Once we understand our areas of risk, we carry out a number of activities aimed at ensuring that any specific risks can be better understood and managed.

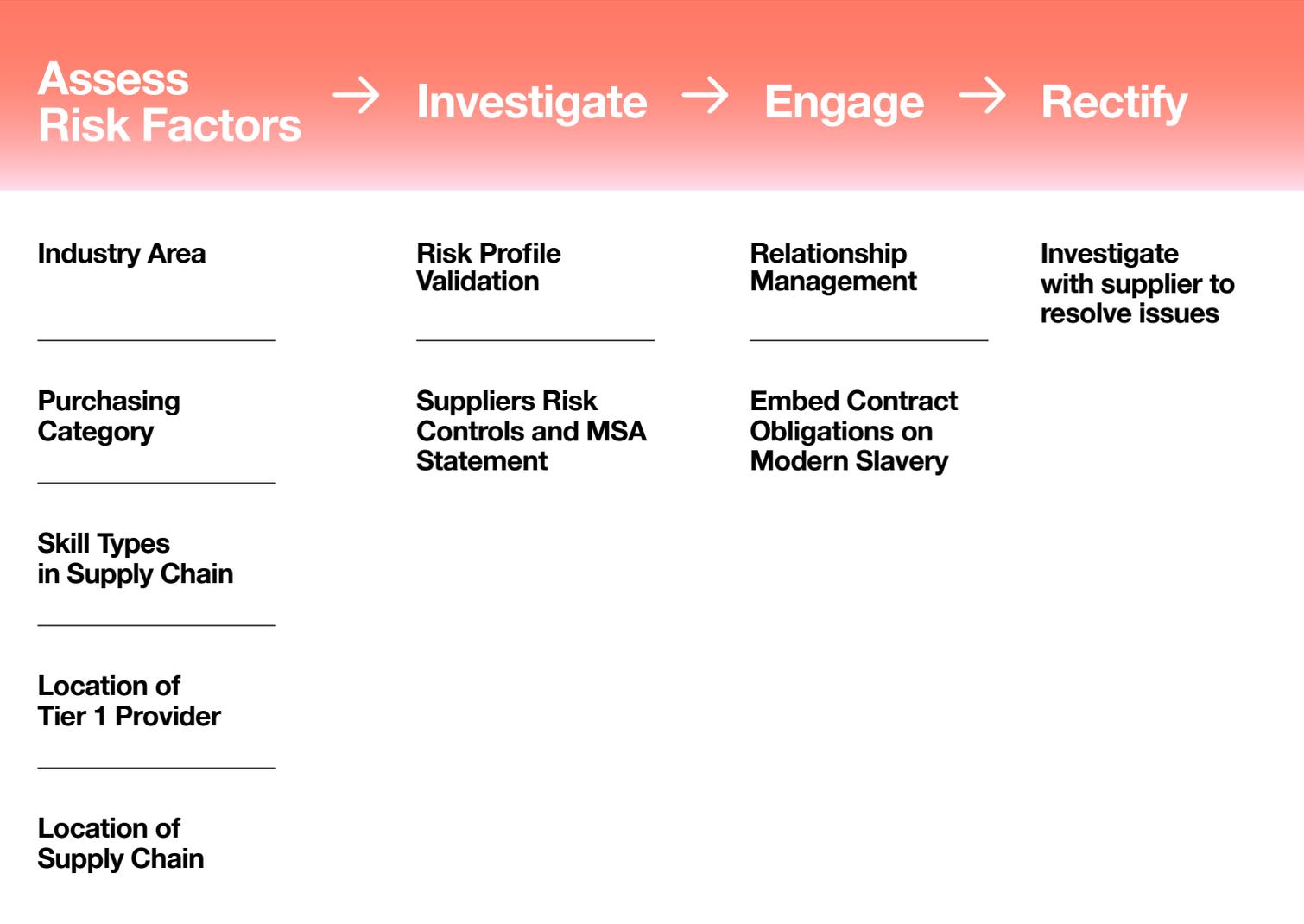
- Having carefully considered where we may directly or indirectly contribute to potential risks of modern slavery, we investigated the controls and processes that our higher risk Tier 1 suppliers have in place to better understand the risks with their direct suppliers (our Tier 2). This includes reviewing the risks and mitigations they set out in their own modern slavery statements.
- During the reporting period **we re-launched our Supplier Code of Conduct, both broadening its scope and re-communicating it to our supply base.** Our new Code of Conduct is automatically integrated into our standard terms and conditions and is built into our new supplier onboarding process.
- During the reporting period we integrated EcoVadis into our supplier assessment process and **increased assessments on our existing supply base to cover 60% of our spend (32% in 2021).** EcoVadis is a market leading provider of business sustainability ratings that provides a multifaceted assessment and scoring of companies (and their processes and controls) across four key categories: environment; labour and human rights; ethics; and sustainable procurement. It combines this with news media to provide a score per category and an overall supplier score. This independent assessment data enables us to track issues and raise and monitor improvement actions related to modern slavery through the tool. Where necessary, Three will engage with those suppliers which do not meet our standards and work with them to make improvements to achieve compliance with our Supplier Code of Conduct.



# Risk Management



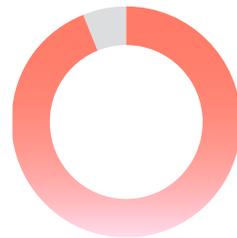
During the course of 2022 we have continued to use a market leading third party contract management tool to manage risk in our supply chain. We have built automated workflows around supplier onboarding and monitoring, using intelligence within the tool and have also integrated third party data (such as EcoVadis) to help control risk within our supply chain more effectively, including modern slavery risk. This latest upgrade will be fully rolled out in 2023.



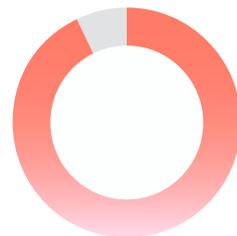
# Monitoring Effectiveness and KPIs



Three has focused on the following Key Performance Indicators (“KPIs”) for 2022 to help measure the performance of anti-slavery measures undertaken. During the period of this Modern Slavery Statement:



• **94%** of our **Risk Band 1 suppliers** had modern slavery statements in place (92% in 2021);



• **93%** of our **Risk Band 2 suppliers** had modern slavery Statements in place (71% in 2021);

Three confirmed that **100% of the Risk Band 1 and 2 suppliers** that did not have a modern slavery statement in place have committed to complying with our Supplier Code of Conduct;

- Suppliers representing **60%** of our total spend have been assessed by EcoVadis (32% in 2021); and there have been **zero reports** of modern slavery to our Whistleblowing service.

Going forward, Three is considering the development of further KPIs to help track our progress over time in seeking to prevent modern slavery from occurring in our business or supply chains. Furthermore, our new supplier portal will enable a more complete assessment of our supplier risk profile and broadening the KPIs we are able to track.

# Training

During the reporting period **we delivered a refreshed training and awareness program** to all members of our procurement and partner management teams to ensure they are aware of modern slavery risks and indicators. This re-iterated the following points:



To continue to incorporate the appropriate standard contractual clauses related to modern slavery;



Requiring potential new suppliers engaged in tender activities to confirm up-front that they will comply with our Supplier Code of Conduct;



That these teams work to ensure that our position is clearly communicated to our suppliers and that these suppliers clearly communicate to us how they themselves mitigate any potential risks of modern slavery; and



Where to find more information and training within our group concerning modern slavery risks and indicators and how to report any concerns through the dedicated channels or to management.



# 2023 Goals/Planned Activities in relation to Modern Slavery

In order to continually to improve our approach to tackling modern slavery, there are a number of priority actions we have identified for implementation during 2023. These are to:

- **Complete the roll-out of our supplier onboarding system** that will capture more detailed information from our suppliers in relation to modern slavery. It will also provide automatic workflow approvals for reviewing new suppliers with which we engage to ensure that they meet our requirements and that copies of their modern slavery statement have been provided for review (where they are obliged to produce one);
- **Complete sustainability assessments** on suppliers covering 95% of our spend
- **Perform additional due diligence** on our Tier 1 suppliers that we have identified as being higher risk
- **Continue the roll out of our training and awareness sessions** to other parts of our organisation. In addition, we will provide mandatory training within the sustainability training suite to all employees to ensure awareness of our modern slavery policies
- **More closely align our Modern Slavery Working Group** with our Sustainability strategy
- **Launch a new Employee Code of Conduct** which will re-iterate our position on modern slavery and other associated policies.

This is Hutchison 3G UK Limited's ("**Three**") Modern Slavery and Human Trafficking Statement ("Modern Slavery Statement") for the financial year ended 31 December 2022, made to meet its obligations under section 54(1) of the Modern Slavery Act 2015. Three has produced Modern Slavery Statements since the Modern Slavery Act 2015 entered into force as the turnover of Three has met and continues to meet the relevant turnover threshold. For the financial year ended 31 December 2022, Three's turnover was over £2.5bn. This, our seventh statement, outlines the steps we have taken to identify, assess and mitigate the risks of modern slavery within our business and supply chain and provides details of our policies, approach and actions taken during 2022 to further strengthen our commitment to uphold people's fundamental rights and freedoms.

