

Modern Slavery Statement

2021

**Life Needs a
Big Network**



This is Hutchison 3G UK Limited's ("**Three**") Modern Slavery and Human Trafficking Statement for the financial year ended 31 December 2021, made in relation to section 54(1) of the Modern Slavery Act 2015.



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 a key part of **Three's** broader corporate social responsibility work. This Statement sets out the steps **Three** has taken during the 2021 financial year to seek to prevent modern slavery and human trafficking from taking place in its business and supply chains.

About us

Our Group Structure and Business

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 9.4 million customers and our network today covers 99% of the UK population and carries 28% of the UK's mobile data traffic.

Three is part of the CK Hutchison Holdings Limited (CK Hutchison) group of companies, a multinational conglomerate which employs over 300,000 people in around 50 countries / markets across the world and is listed on The Stock Exchange of Hong Kong Limited. CK Hutchison has four core businesses: ports and related services, retail, infrastructure, and telecommunications.

Three employs more than 4,400 people across our offices in Reading, Glasgow and our 309 retail stores.



Three owns a 50% share in **Mobile Broadband Networks Limited (MBNL)** a 50:50 joint venture between EE Limited (“EE”) and **Three**. In addition to this Statement MBNL publishes its own modern slavery statement, which can be found on its website, <https://mbnl.co.uk>. MBNL is UK headquartered in Reading.

UK Broadband Limited (UKB) is wholly owned by **Three**. UKB has been operating secure private networks since 2014 – designing, building and operating high performance private networks for industrial, business and government customers. These networks are based on both private and shared radio spectrum and use LTE and industrial WiFi technology. UKB’s operations do not currently meet the turnover threshold for providing a standalone statement, but its practices to seek to prevent modern slavery in its business and supply chains are covered by **Three**.

Tackling Modern Slavery



We're fully committed to preventing slavery and human trafficking from happening within our business and supply chain.

Three has been producing Modern Slavery Statements since the Modern Slavery Act 2015 entered into force as the turnover of **Three** has and continues to meet the turnover threshold. For the financial year ended 31 December 2021, **Three's** turnover was over £2bn.

Most of our procurement activities are carried out 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 handset and device manufacturers. These suppliers are closely managed by dedicated teams who focus on delivery, compliance and management of risks and relationships. Additional areas of risk are identified on page 9, covering 'Our Supply Chain'

Our approach to supply chain assessment, monitoring and contract policies covers the supply chain for both UKB and **Three**.

Our Policies, Contractual Protections and Risk Management Tools

Three has in place various policies aiming to combat modern slavery. By way of example:

- **Anti-Slavery Policy** for all employees, contractors, external consultants or any other third party engaged by Three, which 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.
- **People Management** - we work to safeguard our people from threats of violence, harassment, or intimidation through our people management policies.
- **Equal Opportunities Policy** supports us with eliminating discrimination by promoting equal opportunities in recruitment, training, working conditions, pay, promotion and any other aspect of employment.
- **Whistleblowing Policy** aims to encourage a culture of transparency which enables our people to raise grievances, concerns, challenge poor practice and behaviour and to report wrongdoing confidentially, including any instances of modern slavery and human trafficking



A man with dark hair and glasses, wearing a grey and white checkered button-down shirt, is shown in profile from the waist up. He is looking upwards and to the left towards a bright, out-of-focus light source. He is holding a black tablet in his left hand and a white pen in his right hand. The background is a blurred industrial or warehouse setting with shelves and lights.

Contractual protections

In addition to our policies, we also have various measures to govern the conduct of third parties we work with, to prevent modern slavery and human trafficking from taking place in any of our supply chains. These measures include the following contractual protections:

- **Three Supplier Code of Conduct**, by which suppliers are required to commit to when entering new contracts with Three, is embedded into 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 their anti-slavery and human trafficking policies and procedures (see <http://www.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 and will be launching a new Code of Conduct in 2022.
- **Robust terms and clauses specific to our obligations in the Modern Slavery Act are embedded into our contracts with suppliers** who may operate in industries or jurisdictions we identify as potentially being a higher risk.

Risk Management Tools and Insight

We also manage supply chain risk through third-party assessment tools which enable us to screen suppliers. During the course of 2021 we have continued to use a market leading third party contract management tool to manage risk in our supply chain. In addition we continually upgrade and improve this tool. For example, we are currently undertaking an upgrade to allow us to automate workflows in this tool around supplier onboarding and monitoring, using intelligence within the tool and also integrating third party data (such as Ecovadis) to help control risk within our supply chain more effectively, including modern slavery risk. This latest upgrade is due to go live in 2022.

In 2021 we signed an agreement with Ecovadis to launch a new tool to provide sustainability assessments of our suppliers in 2022. Ecovadis is a market leading provider of Corporate Social Responsibility data 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.



Risk Assessment and Management



Our Own Operations

During the period of the statement we have monitored working conditions in our operations with the following tools:

- **Anonymous grievance mechanisms** – We maintain our whistleblowing policy and hotline reporting system for employees to use if they have any concerns about modern slavery and human trafficking. This enables our people to raise concerns or make complaints on an anonymous and confidential basis. In 2021 we made improvements to our whistleblowing process by providing clearer guidance on reporting and we changed the hotline provider.
- **Ongoing and proactive engagement with worker representative groups** – Three regularly engages with and receives feedback from our Employee Forum, supported by Employee Representatives from across the business. We also carry out regular surveys to give our people the opportunity to share what they think about life at Three. It gives everyone a chance to provide honest, anonymous feedback (on any issue, including those causing concern) which helps Three promote a collaborative workplace culture with its people at the core and identify any potential risks we need to consider.

During the period of the Statement, we did not identify any modern slavery incidences in Three's own operations.

Our Supply Chain

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

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 a greater opportunity for workers to be 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.

High-Risk Industries exist across all countries. We have identified some key industries which play a part in our supply chain and which have 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



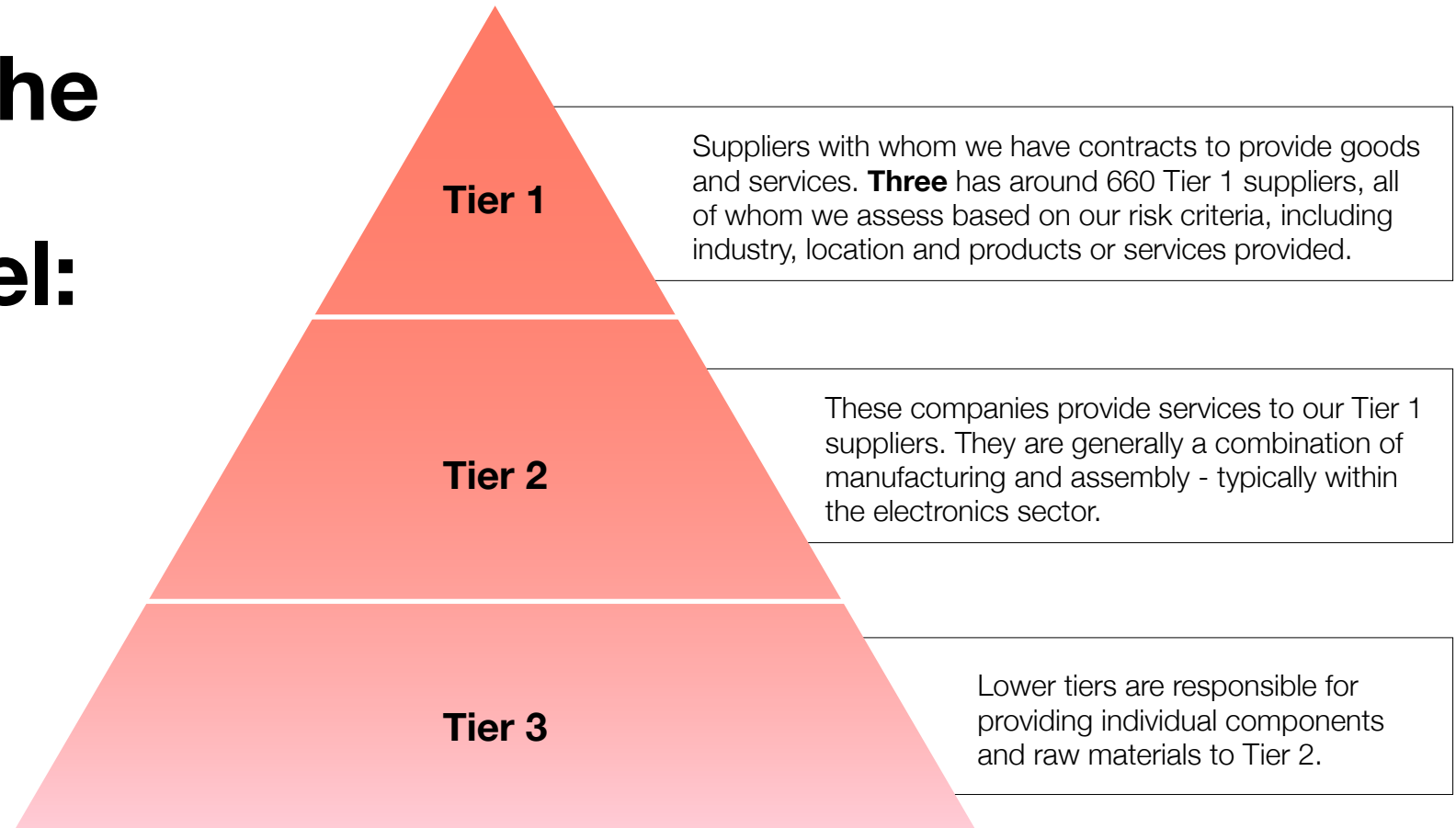
In our risk assessment process, we take into account that where there is a combination of risk factors the potential risk of modern slavery existing is likely to be higher. The vast majority of our direct suppliers (Tier 1) are UK based and may be of low risk. However, the supply chain of many technology 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. Our dedicated partner management teams therefore work to ensure that our position is clearly communicated to these suppliers and these suppliers clearly communicate to us how they themselves mitigate any potential risks of modern slavery.

Looking forward into 2022/23, we will be applying further scrutiny to the steps our suppliers are taking supported by our implementation of Ecovadis assessments and our supplier onboarding / assessment system. 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.

Understanding our Supply Chain

When identifying risk areas **Three** carefully considers the structure of our supply chain.

We adopt the following 3-tier model:



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. We investigate the controls and processes that our Tier 1 suppliers have in place to better understand the risks with their direct suppliers (our Tier 2). This includes reviewing the risk they identify in their own modern slavery statements and how these are managed.

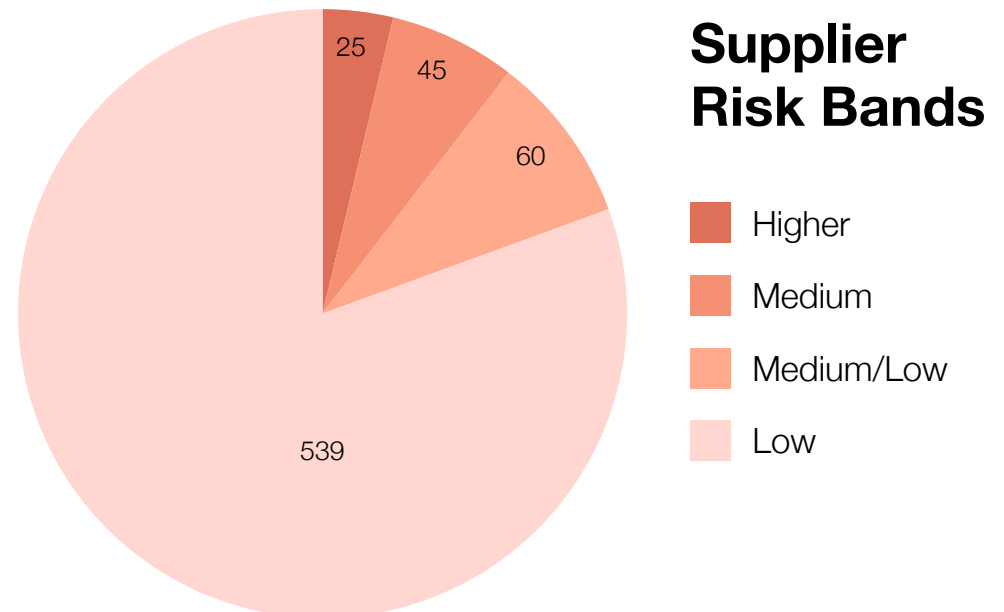
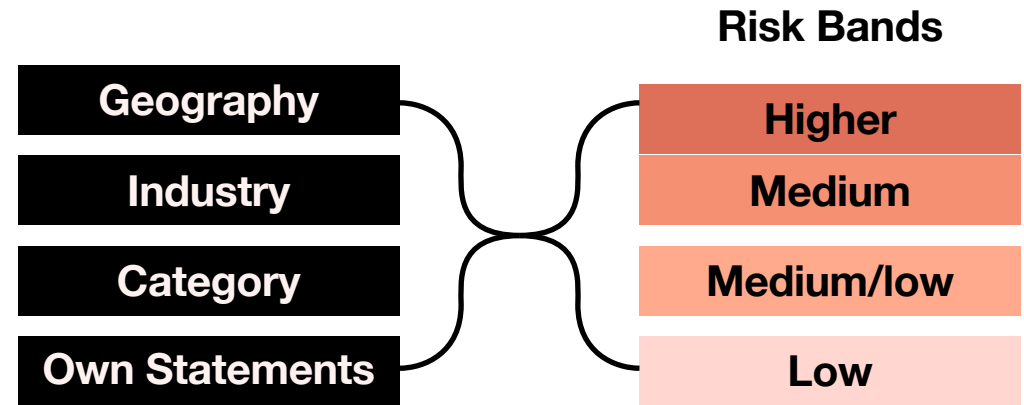
Identifying supply chain risk

In 2021, **Three** transacted directly with over 660 Tier 1 suppliers providing a wide range of equipment and services. Based on a number of criteria and a range of data sources we produce 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 own 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.





During the period of the Statement, we have monitored working conditions in our supply chain with the following tools and processes:

- We conduct risk assessments quarterly. This ensures that any new suppliers are incorporated into the assessment process at an early stage.
- We incorporate clauses related to Modern Slavery compliance into our standard terms of purchase and many of our contracts. Potential new suppliers engaged in tender activities through our e-sourcing system are required to confirm upfront that they will comply with the **‘Three Supplier Code of Conduct’** and that our procurement teams are aware of potential risk areas that they should take into account when awarding new contracts.
- For suppliers in our top two risk-bands we additionally obtained copies of the latest Modern Slavery Statements published by those companies who meet the reporting requirements. This allows us to understand the steps our suppliers have implemented to counter the risk of modern slavery with their suppliers - our Tier 2 supply chain.

Assessing Our Supply Base and Mitigating Risks

Assess Risk Factors

Industry Area

Purchasing Category

Skill Types
in Supply Chain

Location of
Tier 1 Provider

Location of
Supply Chain



Investigate

Risk Profile
Validation

Suppliers Risk
Controls and MSA
Statement



Engage

Relationship
Management

Embed Contract
Obligations on
Modern Slavery



Rectify

Investigate with
supplier to
resolve issues



Monitoring Compliance and Effectiveness



Three has focused on the following Key Performance Indicators (KPIs) for 2021 to help measure the performance of **Three's** anti-slavery actions undertaken. During the period of the Statement:

- **Three** confirmed that 92% of our Risk Band 1 suppliers and 71% of our Risk Band 2 suppliers had Modern Slavery Statements in place; and
- **Three** confirmed that those Risk Band 1 and 2 suppliers which did not have a Modern Slavery Statement in place, have all committed to complying with our Supplier Code of Conduct.

Going forward, **Three** may develop further KPIs to help track our progress over time in seeking to prevent modern slavery in our business or supply chains. Furthermore, we are implementing a supplier portal to enable a more complete assessment of our supplier risk profile and broadening the KPI's we are able to track.

Planned Activities for 2022



In order to continually improve our approach to tackling modern slavery, there are a number of priority actions we have identified for 2022. These include:

- Conduct a review of the governance structure of our existing Modern Slavery Working Group and implement any identified improvements to ensure that the objectives for 2022 are met.
- Refresh our internal Modern Slavery Act training and awareness program. Then re-deliver this to relevant teams across **Three**. Rollout will be supported by our Procurement and Legal functions.
- Complete the launch of our supplier onboarding system that will capture more detailed information from our suppliers in relation to Modern Slavery as well as other risks. It will also provide automatic workflow approvals for reviewing new suppliers that we engage with to ensure that they meet our requirements and that copies of their Modern Slavery Act statement have been provided for review (where required).
- Continue the roll-out of Ecovadis, providing an assessment of our suppliers Corporate Social Responsibility performance, including Labour and Human Rights.
- Review and update our existing Anti-Slavery Policy to reflect the latest controls, processes and requirements we have put in place.
- Launch our refreshed Supplier Code of Conduct

This Statement is made in accordance with Section 54(1) of the Modern Slavery Act 2015 and constitutes Three's Modern Slavery and Human Trafficking Statement for the financial year commencing 1 January 2021 and ending 31 December 2021.



This Statement was approved by the
Three Board of Directors on 16 June 2022
and signed on its behalf by:

A handwritten signature in black ink, which appears to read 'Robert Finnegan'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert Finnegan
CEO

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