

Modern Slavery Statement

2020

**Life Needs a
Big Network**





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 2020 financial year to prevent modern slavery and human trafficking is not 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** launched in 2003 as the first 3G only network in the UK.

Three is a connectivity company that connects people to people, people to things and things to things and has 9.5 million customers. The network of **Three** today covers 99% of the UK population and is currently the official shirt sponsor of Chelsea FC men's and women's teams. Recent achievements include **Three** being voted the Best Network for Data at the Mobile Choice Consumer Awards, as well as Best Network for Roaming by uSwitch, and the Best High Street Retailer at the Mobile Industry Awards.

Three is part of CK Hutchison Holdings Limited (CK Hutchison), a multinational conglomerate which employs over 300,000 people in around 50 countries 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 4,800 people across our offices in Reading, Glasgow and our 311 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 statement, which can be found on its website. MBNL is UK headquartered in Reading and is an organisation of approximately 448 workers.

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.



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 2020, **Three's** turnover was over £500 million.

Overview – What we've done in 2020

In the period of this Statement, we have taken the following steps to prevent modern slavery and human trafficking from taking place in **Three's** business and its supply chains:

Suppliers:

- We identified and focused on three priority areas - high-risk countries, industries with low-skilled workers and high-risk industries.
- We increased the frequency with which we conduct risk assessments for our supply chain to ensure that any new suppliers are reviewed at an earlier stage.
- Going forward, we plan to apply further scrutiny to the steps our suppliers are taking to combat modern slavery.

Three's Operations:

- We raised the profile of our internal Modern Slavery Act Working group, who meet regularly to review issues, actions and progress.
- We delivered ongoing guidance and tailored training on how to identify and prevent modern slavery and human trafficking in our supply chain to key stakeholders.

Further initiatives have been planned for 2021.

Who are our Suppliers?

Most of our procurement activity is 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.

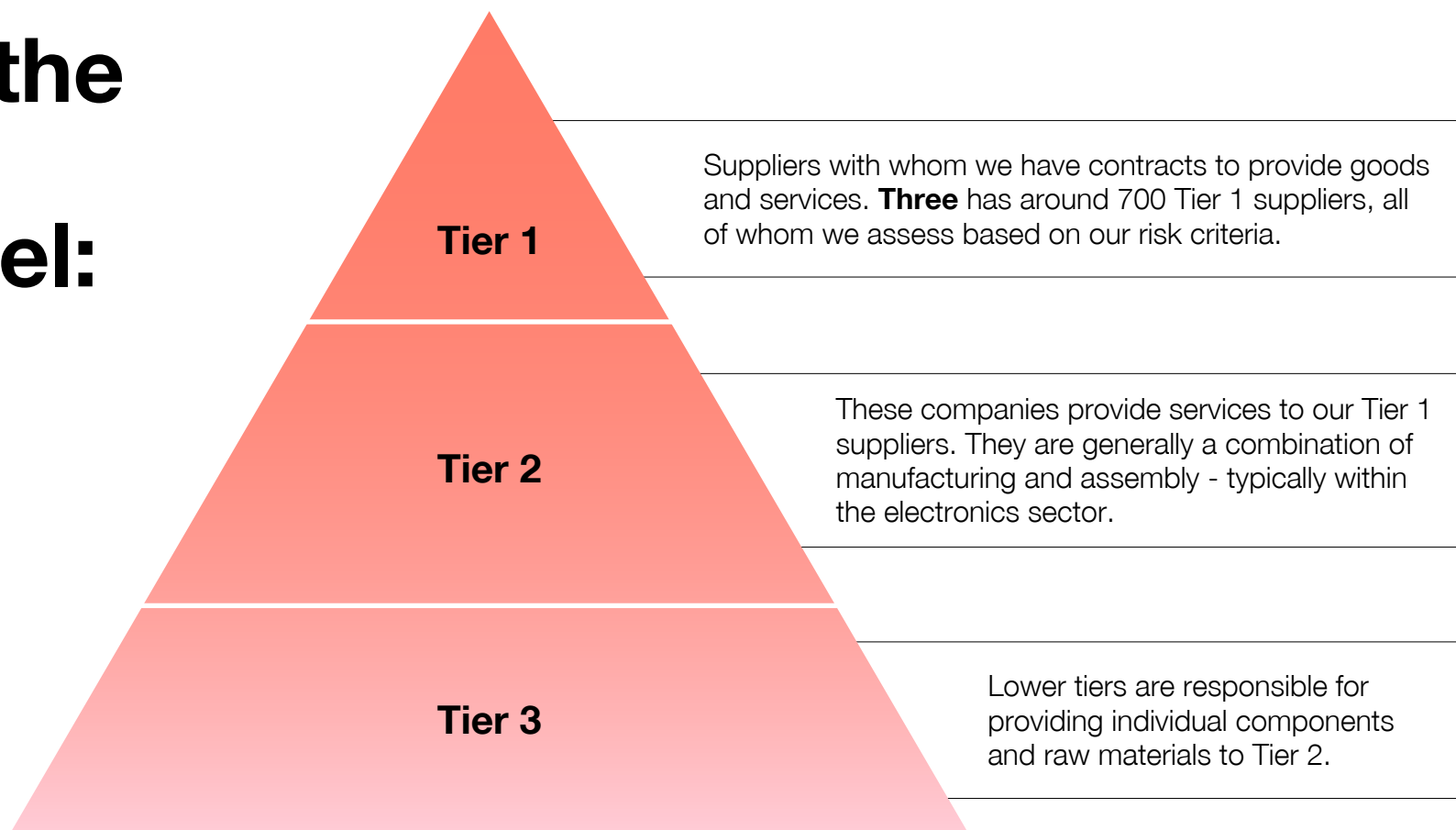
Our approach to supply chain assessment, monitoring and contract policies covers the supply chain for both UKB and **Three**.



How do we identify supply chain risks?

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, the further we look down the supply chain the more challenging it is to get the same clarity as the less influence we may have. We investigate the controls and processes that our Tier 1 suppliers have in place to understand the risk with their direct suppliers (our Tier 2).

Further details on how we manage our supply chain risks is detailed on pages 8, 10 and 12-14 in this Statement.

Our Policies and Contractual Protections

The policies of **Three** include several provisions relating to modern slavery. By way of example:

- **Anti-Slavery Policy** for all employees, contractors, external consultants or any other third party engaged by **Three**, 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 also work to safeguard workers from threats of violence, harassment, or intimidation through our people management measures.
- **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 makes it easy for staff to raise concerns, challenge poor practice and behaviour and to report wrongdoing confidentially, including any instances of modern slavery and human trafficking.

The people policies of Three are also readily available for our staff to access.





In addition to 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, including:

- **Three Supply Partner Code of Conduct**, which suppliers are required to commit to when entering new contracts with **Three**, is embedded into our standard contract terms. Our Supply Partner Code of Conduct prohibits any form of slavery, servitude, forced or compulsory labour and/or human trafficking. To ensure that our Supply Partners are committed to complying with our Supply Partner 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>); and
- **Robust terms and clauses specific to the Modern Slavery Act obligations are embedded in our contracts with suppliers** who may operate in industries or jurisdictions we identify as potentially being a higher risk.

Governance

Our Executive Leadership Team oversee **Three's** Modern Slavery Programme. They carry out an annual review of **Three's** progress on modern slavery and agree strategy for the coming year.

We have also had a Modern Slavery Act Working Group since 2015 and raised the profile of this group internally in 2021 by expanding its membership. The group is comprised of a number of relevant internal stakeholders from across the business, including our people, procurement, device, vendor management, legal, risk and compliance teams. The Working Group meets regularly to review issues, actions and progress.



Modern Slavery Risks

Our Supply Chain

During the period of the Statement, we have identified and focused on the following 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 several 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 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 both of the above risk factors (High-Risk Countries and Industries) 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 both the above risk areas. We 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. We therefore work to ensure that our position is clearly communicated such that suppliers are mitigating risks of modern slavery.

Looking forward into 2021/22, we will be applying further scrutiny to the steps our suppliers are taking. Where necessary, **Three** will engage with those suppliers which fall below our standards and request them to make improvements in compliance with our Supply Partner Code of Conduct.

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

Risk Assessment and Management

Monitoring Working Conditions

During the period of the Statement, we engaged with the following groups to help monitor working conditions across our organisation and supply chain:

Our Own Operations

We have monitored working conditions of our operations with the following tools:

- **Anonymous grievance mechanisms** – We maintain our whistleblowing policy and hotline reporting system for our employees to use if they have any concerns about modern slavery and human trafficking. This enables staff to raise concerns or make complaints.
- **Worker representative groups** – **Three** regularly engages with and receives feedback from our Employee Forum. We also carry out regular staff surveys to give workers 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.

We did not carry out any social audits of our supply chain or our operations but may explore this in future.

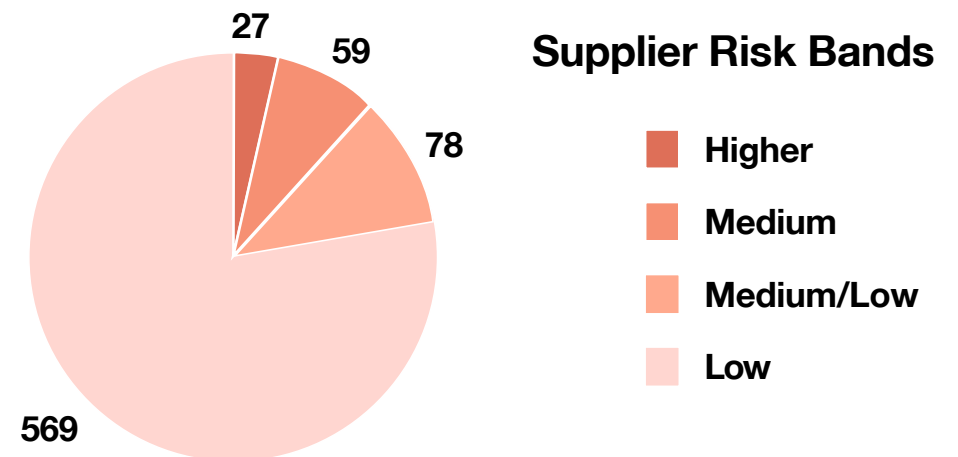
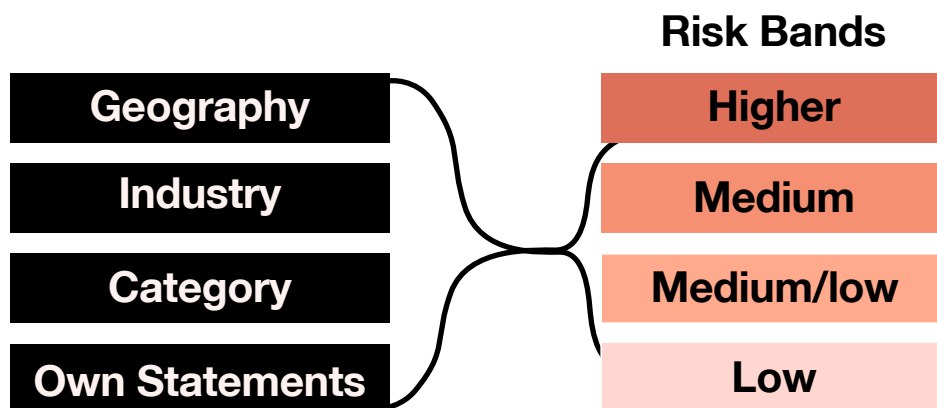


Our Supply Chain

In any one year **Three** transacts directly with over 700 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 risk that each of these suppliers has as a stakeholder in eradicating modern slavery, either directly or via their own supply chain.

All suppliers are split into 4 risk bands:

- 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.



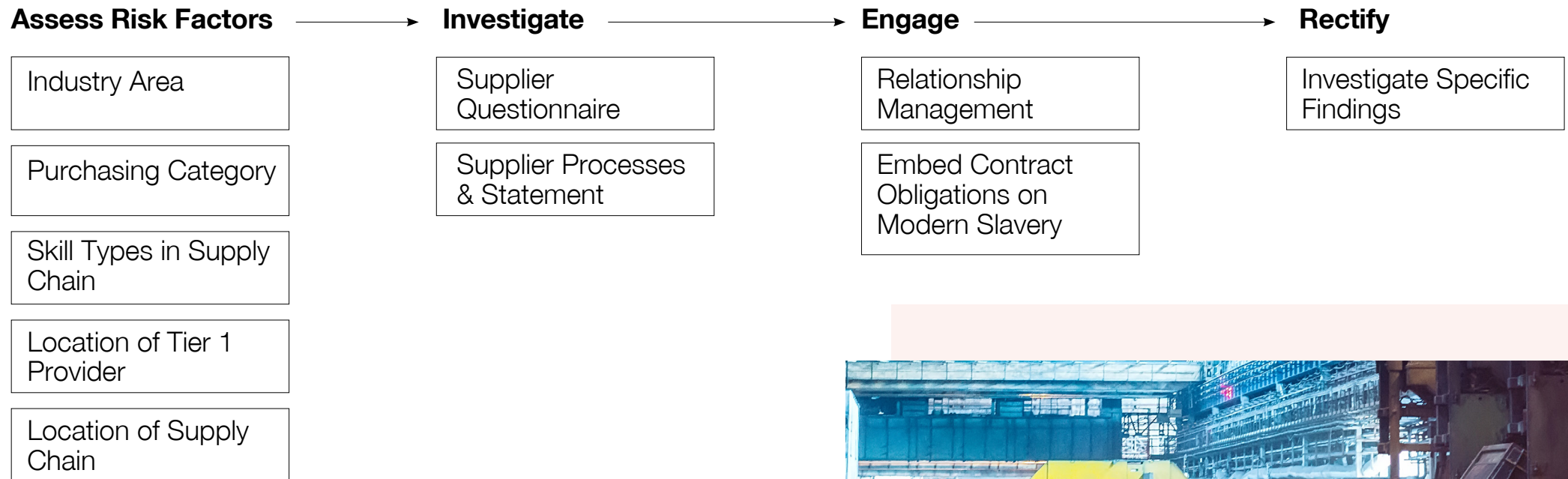
During the period of the Statement, we have monitored working conditions in our supply chain with the following tools:

Identifying and Engaging with our Higher-Risk Suppliers

- For all 86 suppliers in our top two risk-bands we additionally obtained copies of the latest Modern Slavery Statements published by these companies. 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.
- We have increased the frequency with which we conduct this risk assessment, from 6-monthly to quarterly. This ensures that any new suppliers are incorporated into the assessment process at an earlier stage.
- If required, we send assessment questionnaires to newly identified high-risk suppliers – with a survey designed to assess their methods of preventing slavery and human trafficking; and
- Potential new suppliers engaged in tender activities through our e-sourcing system are required to confirm upfront that they will comply with the **‘Three Supply Partner Code of Conduct’** and that our procurement teams are aware of areas of potential risk that they should take into account when awarding new contracts.



Assessing Our Supply Base and Mitigating Risks



Our People – Training and Promoting Awareness

We educate staff where relevant to recognise the risks of modern slavery and human trafficking in our business and supply chains.

During the period of this Statement, we provided training on modern slavery to the following groups: procurement staff, executive-level staff and other key employees including our partner management team on how to identify the risks of modern slavery and human trafficking in our business and supply chains.



In 2020 we:

- **delivered ongoing guidance and training** on how to identify and prevent modern slavery and human trafficking in our supply chain to our procurement teams and other key employees; and
- **re-raised the profile of modern slavery** with our procurement team, using materials from 'CIPS Ethical Procurement & Supply'; and
- **delivered specific training** to our partner management team to ensure that they are aware of how they can help identify and resolve any potential risks related to compliance with the Modern Slavery Act 2015.

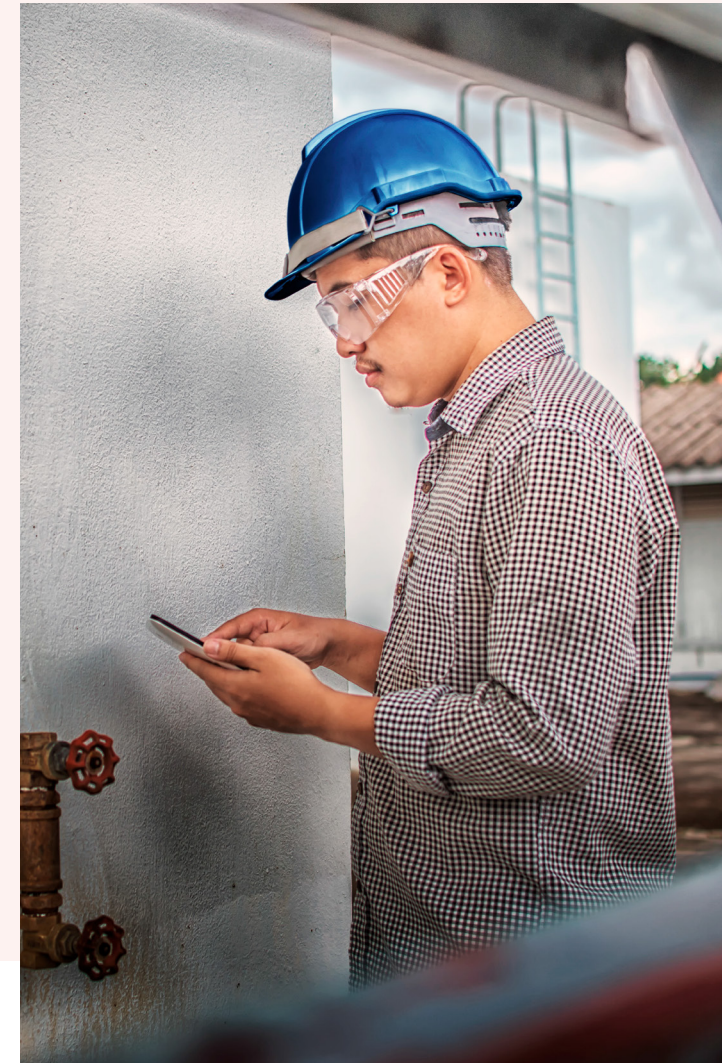
We've trained all teams relevant for managing supplier relationships and continue to monitor and engage with suppliers.

Monitoring Compliance and Effectiveness

Three has focused on the following Key Performance Indicators (KPIs) for 2020 to help measure the performance of **Three's** anti-slavery actions undertaken. During the period of the Statement:

- **Three** confirmed that 100% of our Risk Band 1 suppliers and 75% of our Risk Band 2 suppliers had modern slavery statements in place; and
- **Three** confirmed that those Risk Band 2 suppliers who did not have a Modern Slavery Statement in place, have all committed to complying with our Supply Partner Code of Conduct.

Going forward, **Three** is planning to develop further KPIs to help track our progress over time in preventing modern slavery in our business or supply chains. By way of example, if an initial risk assessment highlights issues in **Three's** operations or supply chain, we may consider introducing a KPI to measure progress against reducing that risk, i.e. improving conditions for those people.



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 2020 and ending 31 December 2020.



This Statement was approved by the **Three** Board of Directors on 30 June 2021 and signed on its behalf by:

A handwritten signature in black ink, which appears to read "Robert Finnegan". The signature is fluid and cursive.

**Robert Finnegan
(CEO)**

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