

Modern Slavery Act statement

April 2024

British International Investment plc (**BII**), funded by HM Government, is the UK's development finance institution (**DFI**).

For over 75 years, we have supported the sustainable, long-term growth of businesses in Africa, Asia, the Caribbean and elsewhere. Our purpose is to help solve the biggest global development challenges by investing patient, flexible capital to facilitate private sector growth and innovation. We are part of HM Government's offer to help developing countries meet their significant infrastructure, climate, and enterprise financing needs.

We are invested in over 1400 businesses in developing countries with total net assets of £8.5bn. This year we will invest in businesses in Africa, Asia and elsewhere with a focus on fighting climate change, empowering women and creating new jobs and opportunities for millions of people. We still have a small portfolio of legacy investments in China and Latin America although we no longer make new investments there.

We invest in businesses *directly* using equity, debt, and other financial instruments. We also invest *indirectly* using investment fund managers and financial institutions to invest our capital for us. A firm commitment to responsible investment is central to our ethos. When we invest in businesses today, we require them to adhere to our [Policy on Responsible Investing \(PRI\)](#), which stipulates environmental, social, labour and business integrity standards that frequently exceed those required by local law. The PRI references the UK's Modern Slavery Act 2015 (**MSA**).

We recognise that there may be linkage risks to modern slavery in our investments and operations. Modern slavery lies at one extreme of a continuum of exploitation and there is often no clear boundary between modern slavery and other serious labour abuses.¹ We take a holistic approach with our investees, focused on developing their human resources management systems and promoting greater engagement with their direct workforce, as well as improving their oversight of third-party contractors and suppliers. This work is conducted by an internal team of environmental and social (**E&S**) specialists, which includes labour experts. We occasionally use external consultants too.

Our investments

¹ See our [Good Practice Note for the Private Sector on Managing Risks Associated with Modern Slavery](#).

Policies relating to Modern Slavery in our investments.

The PRI applies to every new investment we make. It sets out the labour practices we require our investees to follow. These include commitments to comply with the International Labour Organization's (ILO) Core Labour Conventions 29 (Forced Labour), 105 (Abolition of Forced Labour) and 190 (Violence and Harassment) as well as applicable labour laws and regulations in the countries where they operate.

Assessing Modern Slavery risks in our investments.

We undertake environmental and social due diligence (ESDD) prior to investing using the PRI as a reference framework.

When we invest directly in countries or sectors where there are, in our opinion, elevated risks of forced labour or other forms of modern slavery, we focus on those risks during our ESDD. We will typically visit prospective investees although we may request a co-investor or consultant to do so when it is difficult for us to travel. During these visits, interviews are conducted with management and employees to understand the working practices of their businesses.

When we invest indirectly, our programme of environmental, social and governance (ESG) workshops aimed at fund managers, financial institutions, and their investees, focuses in part on labour and employment practices (including modern slavery risks). Our ESG Toolkit for Fund Managers and ESG Toolkit for Financial Institutions provide guidance on how to assess and manage modern slavery risks. They include practical tools and approaches to address modern slavery concerns, which can be found on our modern slavery page and in labour standards and human rights briefing notes within the relevant toolkit.

BII has also worked with Foreign, Commonwealth and Development Office, International Finance Corporation and European Bank of Reconstruction and Development to develop a Good Practice Note for the Private Sector on Managing Risks Associated with Modern Slavery which is available [here](#) in our ESG Toolkit for Fund Managers and ESG Toolkit for Financial Institutions.

Managing Modern Slavery risks in our investments.

We may identify circumstances that indicate a higher risk of modern slavery, such as prevailing employment practices in a country or sector (e.g., the retention of travel and identification documents). The risk also increases where investees rely on complex supply chains (e.g., textiles, agribusiness, construction work etc.).

If modern slavery risks or deficiencies are identified before investment, we require our investees to develop legally binding environmental and social action plans (ESAPs) with specific commitments to address deficiencies over an agreed period, or where this cannot be assured (e.g., supply chains with limited leverage), we work with them to identify alternative sources of products.

If risks or deficiencies are identified after investment (through routine E&S monitoring), we seek to address these through corrective action plans (CAPs) and active engagement with our investees. We always seek improvement.

Broader engagement on Modern Slavery.

BII engages with other stakeholders on modern slavery and human rights issues. We have been a member of the European Development Finance Institutions (**EDFI**) working group on human rights since its inception. We also collaborate with other development finance institutions (**DFIs**) and multi-donor organisations to address specific risks when they arise in our portfolio. For instance, we have developed a common approach to enhanced due diligence in the solar photovoltaic (**PV**) supply chain, which presents elevated risks of forced labour. We engage with industry organisations, investors, academic researchers, human rights advisers, and other relevant institutions to improve our understanding of emerging and existing risks, identify potential avenues to mitigate BII's exposure to these risks and influence responsible procurement practices.

Own operations

Our contract administration policy sets out our approach to modern slavery risk management in the BII supply chain. If the activities of a supplier give rise to a material risk of modern slavery, we require the supplier to comply with the MSA, the ILO Core Labour Conventions 29 and 105 and applicable employment laws and regulations relating to forced labour. For example, the policy regards contracts for the maintenance and operation of physical assets or certain long-term contracts as higher risk for these purposes. Our contract with such a supplier will also require them to operate appropriate procedures to prevent modern slavery and report to BII annually on their performance.

Our monitoring practices seek to ensure that those suppliers comply with our modern slavery policies and the terms of their contracts. This may involve site visits, worker interviews, and data verification to assess compliance performance. We received compliance declarations from all relevant suppliers in 2023. This practice ensures that relevant suppliers are aware of the requirements of the MSA, and their labour practices meet our requirements.

Reporting and complaints mechanism

BII's reporting and complaints mechanism allows anyone outside BII to report alleged breaches of the PRI whether by us, a direct investee, or an investee of a fund in which we have invested.

The reporting and complaints mechanism rules are available [here](#). Any external party including individuals, community groups, non-governmental organisations, or other persons or entities may make a report under the mechanism.

Review of 2023 commitments

In our 2023 MSA Statement we made the following commitments:

Commitment	Progress
<p><u>Our operations</u>: Develop and implement a modern slavery risk assessment process at the point of sourcing. We will increase our knowledge of high-risk countries and sectors, which will help us identify, classify, and categorise areas of elevated risk for further investigation.</p>	<ul style="list-style-type: none"> • Developed a modern slavery risk assessment process in relation to our own operations covering scope, roles and responsibilities, methodology and categorisation. • Improved our risk assessment process so we are better able to identify risks of modern slavery in our supplier base and mitigate those risks. • Increased our focus on the supply chain practices of potential suppliers in high-risk countries and sectors.
<p><u>Our investments</u>: Review and strengthen our ESDD and monitoring processes to ensure we have a systematic and consistent approach to managing modern slavery risks. This will involve developing internal tools and guidance on human rights and/or labour due diligence, providing transaction support and conducting internal training.</p>	<ul style="list-style-type: none"> • Developed in-house tools which provide a human rights lens when we are undertaking ESDD. We are working with external advisors to strengthen our standard operating procedures, including human rights due diligence, and monitoring throughout the investment lifecycle. This allows us to manage human rights impacts more effectively when we are investing in high-risk contexts. • Delivered internal training sessions on human rights due diligence and international labour standards. • Developed terms of reference for labour assessments to carry out enhanced due diligence in sectors with higher labour risks, including modern slavery. We have shared these with investees to support their own efforts to identify and manage potential labour risks in their operations and supply chain.

Commitment	Progress
<p>Build investee capacity to identify and mitigate modern slavery risks within their own operations, contractor base and supply chains. This will be achieved by delivering training on labour and social risk management, producing a public guidance note on managing human rights risks in supply chains and providing tailored advice where needed.</p>	<ul style="list-style-type: none"> • Delivered: <ul style="list-style-type: none"> ○ a series of online workshops on social risk management in Africa, reaching a total of 152 participants, of which 88 subsequently completed an in-person advanced training; and ○ virtual trainings on effective human resources management for portfolio companies in Africa and Asia, reaching a total of 846 participants. • Provided tailored advice to investees to help them manage labour-related issues, including contractor management, supply chain risk assessments and human rights due diligence.
<p>Contribute to the development of modern slavery knowledge more broadly via workshops, best practice guidance, our quarterly ESG newsletter and other channels.</p>	<ul style="list-style-type: none"> • Delivered several presentations to EDFI, the Equator Principles Association and other DFIs on managing human rights risks in supply chains, including modern slavery. • Released a suite of practical tools on our ESG Toolkit for Fund Managers and Financial Institutions to help investees identify and manage human rights and labour risks in their supply chains. An average of 2,000 visitors consults our ESG Toolkit every month.
<p>Foster opportunities for stakeholder engagement and dialogue on modern slavery, including engagement with DFIs and multilateral development banks on due diligence and monitoring of modern slavery risks in supply chains beyond solar PV, including wind power and electronic vehicle batteries.</p>	<ul style="list-style-type: none"> • Continued to engage with the EDFI working group on human rights in supply chains, alongside 11 other DFIs. • As part of the working group, developed a common approach to human rights due diligence and, where able, shared supplier data with peer organisations to identify potential exposure to forced labour in supply chains.

2024 Commitments

Over the next 12 months, we will undertake the following activities:

Own operations

- Integrate the risk assessment process throughout the operational lifecycle of contracts to identify and categorise areas with high risk, with a view to mitigating risk in the most effective manner.
- Revise our procurement policy to ensure that our procurement practices continue to align with our commitments. This will inform decision-making, supplier selection, and risk mitigation strategies, reinforcing our responsible approach to supply chain management.

Our investments

- Increase internal capability by systematising human rights risk assessments into our standard operating procedures and provision of internal training. This includes the use of a harmonised approach to contextual risk assessment and human rights due diligence which will help us to better anticipate and manage human rights risks throughout the investment lifecycle.
- Support investees to identify and mitigate human rights and labour risks within their operations and supply chain through training and the development of additional tools and sector-specific guidance to deepen and strengthen knowledge.
- Deepen engagement with relevant stakeholders, e.g., civil society, researchers, academics, trade organisations, and regulatory bodies as we seek to ensure that our approach helps identify and mitigate modern slavery.

Approval and disclosure

The Board of BII approved this statement on 19th April 2024.

It is publicly available on our website at <http://www.bii.co.uk>.



Nick O'Donohoe

Chief Executive