



Corporate responsibility report

EXTRACT FROM 3i GROUP'S ANNUAL REPORT AND ACCOUNTS 2012

Corporate responsibility

This section explains how we take a committed, engaged and responsible approach to everything that we do, to ensure that we are both a responsible company and a responsible investor.

Corporate responsibility at 3i	61
Corporate responsibility and our Business model	62
3i's values	62
Responsible Investing	63

Corporate responsibility at 3i

For 3i, corporate responsibility is about being both a responsible investor and a responsible company. It means taking responsibility for our actions, carefully considering how others will be affected by our choices and ensuring that our values are integrated into our formal business policies, practices and plans. Most of all, it is about behaving in a responsible way.



During the year, we further developed our brand, our values and our approach to Responsible Investment ("RI"). I am particularly pleased with the work that we have done to refresh and embed our RI policy and procedures.

We believe that companies with high environmental, social and governance ("ESG") standards are typically better run, have fewer business risks and are easier to realise value from.

I am pleased that we have become signatories to the UN Principles for Responsible Investing. At a time when the investment community is being challenged by stakeholders, it is important that we come together as an industry and demonstrate our commitment to behaving responsibly in our investment activities.

I hope that you find the following report of interest. More information is also available online at www.3igroup.com.

Michael Queen
Chief Executive

Organisation and governance

Board and senior level

<p>Investment Committee Portfolio Committee Operating Committee</p>	<p>Brand and Values Committee Chaired by 3i Chairman</p>	<p>Group Risk Committee Chaired by Chief Executive</p>
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Operational level

<p>Implementation by staff with the support of in-house and external expertise</p>
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For more information, please go to 'Accountability' in the corporate responsibility section of our Investor relations website.



For more information, go to:
www.3igroup.com/cr

Corporate responsibility at 3i

Corporate responsibility and our business model

Corporate responsibility is integrated into our business model, as the diagram below shows.

Secure access to capital from multiple sources

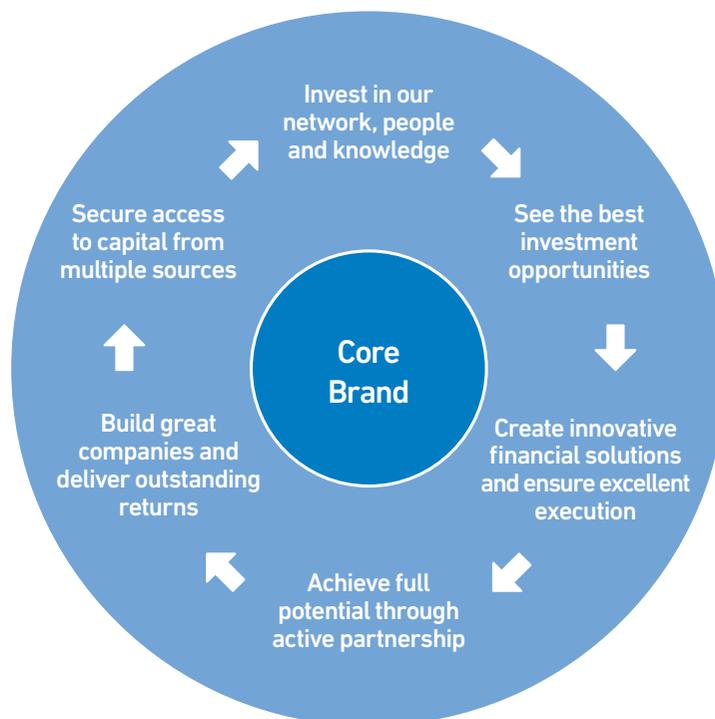
Our annual Corporate Governance event with shareholders, individual engagements with the investors in our funds, and our round-table discussions with the wider investment community have provided useful input to developing our approach.

Invest in our network, people and knowledge

Further investment in our "One 3i" initiative through, for example, Values workshops for all staff, reinforced our focus on the retention and engagement of our staff.

See the best investment opportunities

We have invested time and resources in seeking earlier and greater visibility of material ESG matters in our investment processes.



Build great companies and deliver outstanding returns

We have developed a more explicit Responsible Investment policy and integrated a deeper analysis of the materiality and management of ESG matters in our investment process and in our portfolio company review process.

Achieve full potential through active partnership

Increased training and improved tools for our investment professionals on a range of ESG topics has been developed in order to create greater awareness and capability, as well as helping to identify opportunities for enhanced returns.

Create innovative financial solutions and ensure excellent execution

As part of our increased awareness on ESG issues, there is a focus on transparency and on good governance.

3i's values

Our approach to corporate responsibility and our business model is underpinned by our values, which together commit us to doing the right thing in the right way.

The values of ambition, courage, responsibility, collaboration and integrity collectively drive our objective to be a successful investor and deliver superior performance.

Responsible Investing

Our vision is to be recognised as a leading international investor based on the value we add to our portfolio, the returns we deliver to our investors and our responsible approach to investing.

We believe that:

- the effective assessment and management of ESG matters has a positive effect on the value of our investee companies and of 3i Group itself;
- compliance with local laws and regulations may not be enough to meet global expectations, deliver value and enhance our reputation and licence to operate; and
- it is vital that we seek to identify all material ESG risks and opportunities through our due diligence and effectively manage them during the period of 3i's investment.

During the year, we initiated a project to review and improve our RI approach. The result was a refreshed policy supported by "on the ground" tools, resources and procedures to embed the policy into our investment processes and apply them consistently across the business.

Our policy makes it clear that we aim to use our influence as an investor to promote a commitment in our investee companies to:

- comply, as a minimum, with applicable local and international laws;
- mitigate adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders; and
- uphold high standards of business integrity and good corporate governance.

Main features of the policy include:

- clear statements of our commitment to mitigate adverse environmental and social impacts and uphold high standards of business integrity and good corporate governance;
- an exclusion list of businesses and activities in which we will not invest;



- a referral list of activities that we may invest in but which may be sensitive and require additional scrutiny; and
- a set of minimum ESG standards that we will seek to implement during the period of our investment.

The policy is underpinned by:

- a set of updated RI procedures that complement our investment processes and ensure that they are consistently applied across all of our investment activities;
- an online toolkit that provides screening and risk assessment tools for ESG risks, including anti-bribery and corruption risks;
- a series of guidance notes for investment teams, covering key issues and sectors, with links to case studies, international norms and standards and information about specific emerging markets;
- a list of preferred ESG due diligence suppliers;
- a "one-stop shop" RI portal that provides access for staff to all these resources; and
- a full-time internal Responsible Investing Manager who supports the deal teams in the application of the RI policy.

Working with advisers, as part of this project, we reviewed our Private Equity and Infrastructure portfolios, identifying over 25 companies for more rigorous analysis in environmental, social and governance ("ESG") matters. This review focused not only on ESG risks, but also on the opportunities for creating value. Going forward, our investment teams will work with our Active Partnership programme to drive the themes more consistently through our investments to create value.

Corporate responsibility at 3i

External benchmarking

	2011	2010	2009
Dow Jones Sustainability Index (DJSI)	Score: 62%	Score: 62%	Score: 61%
Carbon Disclosure Project	Disclosure score: 71%	Disclosure score: 43%	CDP: 51%
Business in the Community (BitC) CR Index	Score: 81% Silver	Score: 81% Silver	Score: 80% Silver

As a founder member of BitC over thirty years ago, we are proud to have maintained our ranking in the 2011 BitC CR Index. We have also maintained our ranking in the DJSI and have been included in the FTSE4Good for the first time. Also, our disclosure score from the Carbon Disclosure Project has seen some improvement.

We ensure that 3i is an attractive place to work through investment in staff, internal communications and our brand. We believe that investing in these areas will foster a strong and unified culture. This is best illustrated by our "best team for the job" approach, which aims to harness the skills and knowledge of our teams from around the world.

During the year, we refreshed both our brand and values, and held a series of internal discussions and workshops to ensure that our brand and values accurately reflect our markets and the needs of all of our stakeholders.

	2012	2011	2010	2009
Employee engagement	69%	86%	74%	83%

We achieved good scores in our annual employee engagement survey, particularly in the areas of being committed to helping us meet our objectives, taking responsibility to act according to our values, teamwork and loyalty, with 72% of respondents saying they are proud to work for us.

However, the challenging operating environment has been reflected in an overall employee engagement score of 69%, which is lower than in previous periods, although broadly in line with other UK companies surveyed.

Employee engagement is a composite measure of employees' views of how well their abilities are used, recognised and valued by the company, their commitment and pride in working for us and their understanding of their contribution, commitment and pride in working for us.

Our priorities for the year ahead

We recognise that we have more to do in this area, and have identified the following priorities for the year ahead:

- ensuring that our revised Responsible Investing procedures are fully implemented and supported by appropriate training and resources;
- further work on enhancing our monitoring and reporting to include meaningful KPIs with respect to ESG matters in our portfolio; and
- building on the results of our portfolio review on ESG matters to engage with portfolio management teams and assist them in achieving improvements.

For more information, please go to the Corporate responsibility section of our Investor relations website.



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M72312 May 2012



For investor relations information, please visit:

www.3igroup.com

For other information about 3i, please visit:

www.3i.com