



Corporate responsibility report

EXTRACT FROM 3i GROUP'S ANNUAL REPORT AND ACCOUNTS 2013

Corporate responsibility

Our approach and values

For 3i, corporate responsibility is about being a responsible investor, as well as a responsible company. We take responsibility for our actions, carefully consider how others will be affected by our choices and ensure that our values and ethics are integrated into our formal business policies, practices and plans.

Our approach to corporate responsibility is underpinned by our values of ambition, courage, responsibility, collaboration and integrity, which together commit us to doing the right thing in the right way.

All employees have a responsibility to be aware of, and to abide by, 3i's policies and procedures, which have been developed to guide staff and regulate the conduct of the day-to-day operations of the business. These policies and procedures include 3i's environmental, ethical and social policies, which set out a number of common sense operating principles to guide staff and to underpin 3i's values and its reputation for acting with integrity, ethically and within the law. These policies are available to all employees through 3i's portal, a web-based knowledge system. Employees are encouraged to make suggestions to improve our policies and procedures. These recommendations are formally reviewed and updated, where appropriate, on an annual basis.

Organisation and governance

3i has a policy of seeking to comply with established best practice in the field of corporate governance. The Board has adopted and promotes corporate values and Group standards, which set out the behaviour expected of employees in their dealings with shareholders, customers, colleagues, suppliers and others who engage with 3i.

Brand and Values committee

The Board's Brand and Values Committee oversees the Group's brand, corporate values, reputation, ethical approach and behaviours, together with its approach to corporate responsibility, and considers and provides recommendations and advice to the Board on broad strategy, positioning and standards concerning the Company's values and reputation.

The Brand and Values Committee comprises Sir Adrian Montague (Chairman), Simon Borrows (Chief Executive) and Kevin Dunn (General Counsel and Company Secretary), together with two or more non-executive Directors determined by the Board from time to time. Relevant other members of the Executive Committee are also invited to attend meetings, as required.

Our people

A spirit of co-operation is encouraged to ensure the highest standards of integrity and professionalism. Fair and open communication is a high priority.

3i has comprehensive global and regional policies to help ensure that employees treat their colleagues and others with courtesy and respect.

Training and development

We encourage the continuous development of our staff, with the objective of maximising both the overall performance of the business and their career potential. We aim to ensure that our working environments are attractive and stimulating places to work.

Compliance training

It is a legal and regulatory requirement that all executives involved in making or managing investment transactions receive anti-money laundering training and periodic refresher training.

Our Compliance team has developed a series of e-based training courses, including financial crime, anti-bribery, confidential information and regulatory refresher/induction training. It is mandatory for all staff to complete and pass these courses.

Health and safety

Promotion of health and safety at work is an essential responsibility of managers and staff at all levels, as is working safely.

At 3i, we ensure staff can go about their everyday business at 3i's offices safely and without risks to their health. We have a good record and our high standards of health and safety apply to all our employees, visitors, clients and contractors.

We have redesigned our workstation training and assessment software, making it more interactive and relevant to employees. All new employees are asked to complete the training and assessment programme.

We ensure we have competent health and safety advice, and regularly monitor how well we are performing.

For further details of our Health and Safety policy, please visit the CR section of our website at www.3i.com/corporate-responsibility

Environmental, Social and Governance standards

Risk management

3i's risk governance framework provides a structured process to oversee the identification, assessment and approach to mitigation in respect of those risks which could materially impact the Group's financial performance and/or the achievement of the Group's strategic objectives. This includes risks with an environmental, social and/or governance aspect.

Our principal risks and risk management process are explained on pages 50 to 55 of this Report. Details can also be found in the Pillar 3 disclosures on our website, www.3i.com. The most significant corporate responsibility related risks arising from our investment activity relate to environmental, ethical, governance and social issues.

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

Responsible investing

We are signatories to the UN Principles for Responsible Investing ("RI") and have embedded RI policies and procedures in our investment and in our portfolio company review processes. The Board, through both its Brand and Values Committee and its Audit and Compliance Committee, receives regular updates on RI policy and procedure, and compliance with it, as well as broader reputational risks arising from our investment activities.

The environment

We endeavour to minimise our impact, wherever possible, and have established procedures to reduce our environmental footprint. In London, which is where the majority of our employees are based, the carbon intensity per employee has reduced by 57% compared with the previous year. Our procedures include:

- powering off lights, computers and other equipment during evenings and weekends;
- recycling office waste; and
- rationalising business travel through a set of clear guidelines. Our travel policy clearly states that people should only travel when the use of alternate conferencing methods does not meet business needs.

In the year to 31 March 2013 our reported emissions were 2000.29 tCO₂e. 3i reduced total carbon emissions by 951.87 tCO₂e from the year 1 April 2011 to 31 March 2012, a reduction of 32%.

This significant reduction in emissions can be attributed principally to the overall reduction in staff numbers during the year, a reduction in business travel, closure of offices and rationalisation of services in the Palace Street office. For example, the Palace Street office has achieved significant carbon reductions by lowering building emissions by 58% (549.03 tCO₂e), mainly due to the removal of gas sources from the site in May 2012. For a breakdown of emissions by source for the year to 31 March 2013, please visit the CR section of our website at www.3i.com.

3i's employees attach importance to working for a company which acts responsibly on environmental matters. Since the beginning of 2013, our Palace Street office has taken part in a sustainability project in conjunction with our landlords, Land Securities, and Planet First, an organisation which supports businesses in improving their sustainability performance. The programme has a different focus each month, covering the environmental impacts of how we source our food, consume water and energy in our buildings and use transport.

Transparency

We take an open and straightforward approach to doing business. Our Annual and Half-yearly reports and our website, www.3i.com, provide significant disclosure on 3i and on our underlying investments.

Prompt payment code

During the year, 3i became a signatory of the Prompt Payment Code. The Code encourages and promotes best practice between organisations and their suppliers. Signatories to the Code commit to paying their suppliers within clearly defined terms, and to ensuring there is a proper process for dealing with any issues that may arise.

Corporate responsibility

Community

We focus our charitable activities on the disadvantaged, on young people and on education. Charities are supported on the basis of their effectiveness and impact.

Our charitable giving for the year to 31 March 2013 totalled £198,000. We match employees' fundraising and in the UK we promote the Give As You Earn scheme, administered by the Charities Aid Foundation.



The Passage, which is based very near to our London office, has a high impact on the local community. 3i funds The Passage's education, training and employment department, which provides homeless and insecurely housed people with support to find a way back into employment and explore training and educational options.



Enterprise Education Trust was founded by 3i 35 years ago and we have supported the charity as it has grown and developed. The Trust focuses on improving the financial literacy of 16 to 19 years olds, raising their aspirations and attainment levels, with a particular focus on business, preparing them for further and higher education, training and employment, and promoting links between schools and businesses.



Community Links is based in Newham, one of the most deprived boroughs in London. Community Links provides "early action" work, which includes running youth clubs and safe play areas, through to providing advice on debt, welfare benefits, form filling etc. It also carries out specialist intervention work when people are experiencing severe problems such as exclusion from school and prolonged periods of unemployment.



Historic Royal Palaces is an independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and Kew Palace. 3i helps fund the Outreach and Community Involvement team, in Kensington Palace, which works with the local community to engage them in activities in and around the Palace. Despite Kensington & Chelsea being one of the wealthiest boroughs in the UK, it also contains pockets of substantial deprivation. The team engages with the local community in a number of ways, including illustrated talks, storytelling and practical workshops and works with a variety of groups, including elderly people, young people not in education, employment or training, children from disadvantaged backgrounds and the disabled. It also provides the use of community rooms within the palace for local groups to develop their own activities.

Bridges Ventures



3i is proud to be a founding investor in Bridges Ventures, a privately owned UK venture capital company with a social mission.

Bridges was founded in 2002 and has since made equity investments totalling over £77 million in 35 businesses employing 1,693 people, almost 240 of whom came out of unemployment.

In December 2011, 3i invested £5 million into Bridges Ventures Fund III bringing 3i's total commitment to over £7 million.

Give As You Earn

In the UK, we promote the Give As You Earn scheme, administered by the Charities Aid Foundation.

Subject to an individual cap (currently £400 per month) and a monthly cap of £10,000 in aggregate, 3i currently matches amounts donated by UK staff under the Give As You Earn scheme.

Fundraising events

3i has a policy of matching the amount raised by UK staff through sponsorship by family and friends of their fundraising efforts for UK registered charities.

External benchmarking

3i has been a member of the Dow Jones Sustainability World Index ("DJSI") since 2002 and has been reporting to the Carbon Disclosure Project (an independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water use by business and cities) for the last seven years.

3i Group plc

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Register online

To receive shareholder communications electronically, including annual reports and notices of meetings, please register at:

www.3i.com/investor-relations/shareholder-information

Sign up for 3i news

To be kept up-to-date with 3i's latest financial news and press releases, sign up for alerts at:

www.3i.com/investor-relations/financial-news/email-alerts

Website www.3i.com