



Corporate responsibility report

May 2016

Contents

A guide to using this report

This interactive PDF is designed to help you easily navigate the report and find the information you are looking for.

Guide to the navigation buttons:

Return to contents

Search

Page back

Page forward

Return to previous page

Click on the dynamic links to access further relevant information within the report or online, and use the tabs at the top of the page to navigate between sections.

Guide to the dynamic link buttons:

More information

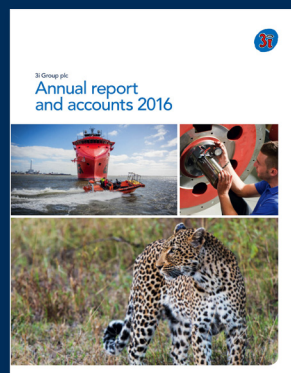
Download more information

More information online

Where else can you find corporate responsibility information?

Corporate responsibility information is embedded in our Annual report and accounts 2016 and on our corporate website

www.3i.com



Introduction

3i at a glance	04
Corporate responsibility at 3i	06
Responsibilities and accountabilities	06
Our values	06
Message from the Chief Executive	07
Governance framework	08
External benchmarking	09

A responsible company

Our people	11
Compliance	16
Approach to taxation	19
Environment	20
Sustainable procurement	24
Community	25
Transparency and stakeholder engagement	28

A responsible investor

Introduction	31
UNPRI	32
Our Responsible Investment policy	33
Implementation of the policy and governance framework	34
Investment case study: Private Equity Scandlines Hybrid Ferries	35
Investment case study: Infrastructure Offshore Transmission Owners	37

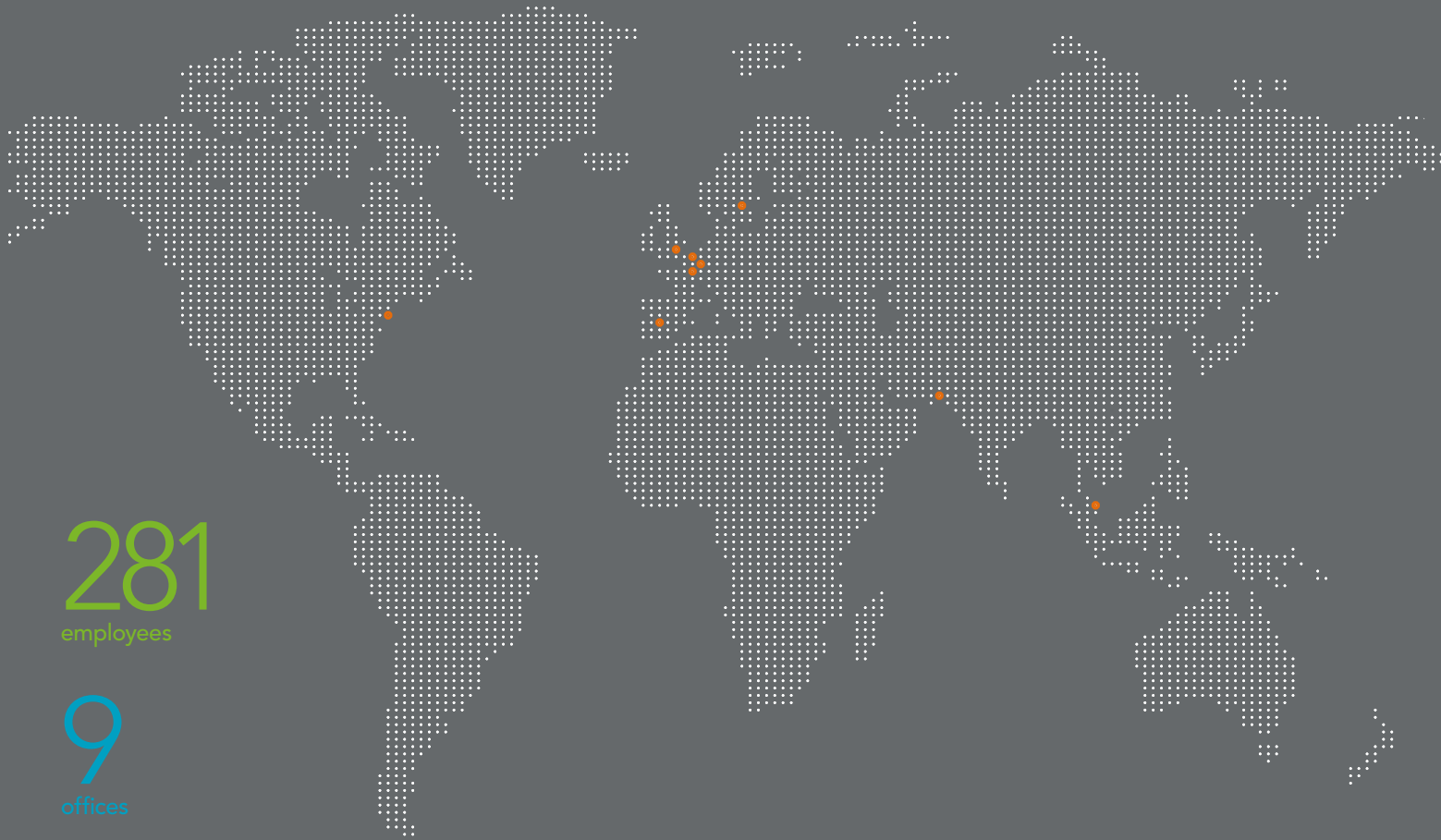
Introduction

3i is an investment company with three complementary businesses, Private Equity, Infrastructure and Debt Management, specialising in core investment markets in northern Europe and North America.

3i at a glance	04
Corporate responsibility at 3i	06
Responsibilities and accountabilities	06
Our values	06
Message from the Chief Executive	07
Governance framework	08
External benchmarking	09

3i at a glance

At 31 March 2016, we had 281 employees across nine offices: London, Amsterdam, Frankfurt, Madrid, Paris, Stockholm, New York, Mumbai and Singapore.



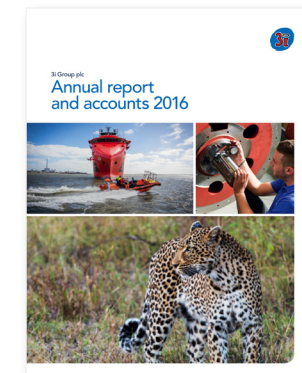
281
employees

9
offices

We manage a mix of proprietary capital and third-party capital across our three business lines. At 31 March 2016, we had total Assets Under Management (“AUM”) of £14.0 billion, £10.7 billion of which was managed on behalf of third parties.

For more information please download our Annual report.

 p10–15



3i at a glance

Continued

Our investment focus and objectives

Private Equity	Infrastructure	Debt Management
What we do		
<p>We make investments in companies with an enterprise value typically between €100m and €500m at the time of investment.</p> <p>We drive value in our investments by growing underlying earnings, for instance through international expansion or buy-and-build strategies.</p> <p>We focus on the Consumer, Industrials and Business Services sectors in northern Europe and North America.</p>	<p>We invest in mid-market economic infrastructure and greenfield and low-risk energy projects in developed economies, principally in Europe.</p> <p>Infrastructure is increasingly a third-party fund management business. We advise 3i Infrastructure plc, our principal investing vehicle, on originating and investing in mid-market economic infrastructure and greenfield projects. We also manage three other limited partnership funds focused on PPP and India.</p>	<p>Our Debt Management business is a leading global credit management business.</p> <p>We launch and manage Collateralised Loan Obligations ("CLOs") and other funds which invest primarily in senior secured corporate debt issued by mid and large-cap corporates in the UK, Europe and the US.</p>
Returns		
<p>Private Equity invests the majority of 3i's proprietary capital. Our returns from Private Equity are driven by the return on our proprietary capital invested in the underlying investments.</p> <p>We aim to at least double the value of our investments, over a three to five-year period.</p>	<p>Our returns from Infrastructure are driven principally by the advisory and management fees we receive for advising or managing our funds, as well as by the capital returns and income from our 34% investment in 3i Infrastructure plc (for additional information on this company, please refer to www.3i-infrastructure.com).</p>	<p>Our returns from Debt Management are driven by the management and performance fee income we generate from our CLOs and other funds. We commit a small amount of proprietary capital to this area to fulfil regulatory requirements and support new product development, on which we also generate a capital return and portfolio income.</p>
Strategic objective		
<p>Our objective in Private Equity is to invest between €500m and €750m per annum in four to seven businesses.</p>	<p>Our objective in Infrastructure is to continue to grow 3i Infrastructure plc through new investment, to assess opportunities to invest or manage third-party funds in adjacent markets and, longer term, to raise new third-party funds.</p>	<p>Our objective in Debt Management is to continue to grow third-party AUM and fee income through the issuance of CLOs and to continue to grow the platform to broaden the product offering.</p>
AUM at 31 March 2016		
Total AUM: £3,512m	Total AUM: £2,406m	Total AUM: £8,081m
Third-party AUM: 28%	Third-party AUM: 78%	Third-party AUM: 97%
Proprietary capital at 31 March 2016		
£3,741m	£527m	£229m

Corporate responsibility at 3i

3i is committed to acting as a responsible company and a responsible investor. 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.

Responsibilities and accountabilities

The Board as a whole is responsible for corporate responsibility. It has adopted and promotes corporate values and Group standards which set out the behaviour expected of employees in their dealings with shareholders, fund investors, portfolio companies and potential portfolio companies, colleagues, suppliers and others who engage with 3i.

The Executive Directors and business leaders (together, the "Executive Committee") are responsible for ensuring compliance with 3i's corporate values and standards. Our corporate culture promotes accountability, and our policies and procedures are designed to ensure consistent standards of conduct.

All employees have a responsibility to be aware of, and abide by, 3i's compliance and environmental, ethical and social policies and procedures, which are available to all staff through the intranet portal. Employees are encouraged to make suggestions to improve processes and procedures.

Our values

Ambition

- Strive for excellence and continuous improvement
- Focus on generating value for all our stakeholders

Rigour and energy

- Clarity of vision supported by practical execution
- Thorough analysis leading to clear decision making and effective implementation
- High levels of energy, a strong work ethic and effective team working

Integrity

- Relationships built on trust, candour and respect
- Doing "the right thing" even when difficult

Accountability

- An ownership mentality in managing costs, resources and investments
- An aversion to building hierarchy
- Personal and collective responsibility for protecting and enhancing 3i's assets and reputation

Message from the Chief Executive

Upholding high corporate responsibility standards is central to our reputation and, ultimately, to our ability to drive value from our investments, and therefore to our success as a business. A strong reputation is key to gaining and maintaining the trust of our shareholders, investors in our funds, investee companies, as well as the participants in our various markets. It is also essential in recruiting and retaining high calibre employees and building a strong network in our markets.

As a company, we strive to embed responsible business practices throughout the organisation. As an investor, we believe that a responsible approach to investment will add value to our portfolio. In our experience, companies with high environmental, social and governance (“ESG”) standards are typically better run, better at identifying and managing their business risks and generate better earnings growth.

Good corporate citizenship is achieved not only by having robust policies and processes in place, but also by promoting the right culture within our organisation. This starts with the Board, which has adopted corporate values that set out the behaviours expected from our employees. These values are implemented by management and cascaded through the business. Employees are evaluated against our values as part of our formal appraisal process.

Maintaining our reputation requires an increasingly thoughtful approach, including greater transparency. As part of this, we maintain an open dialogue with stakeholders. To this end, we hope you will find this corporate responsibility report helpful and we welcome your feedback and suggestions on this important area.

Simon Borrows
Chief Executive

May 2016



“

Upholding high corporate responsibility standards is central to our reputation and driving value from our investments, and therefore to our success as a business.

”

Governance framework

The Board as a whole is responsible for corporate responsibility. The Board and its committees review our approach and policies in this important area and address specific issues if they arise. Day-to-day responsibility rests with executive management and, in particular, the Chief Executive. The Chief Executive has also established a number of committees to oversee and monitor policies and procedures and to address issues if they arise.

Our governance framework is outlined opposite.

For more information please download our Annual report

↓ p57-73

3i Group plc Board			
Principal Board Committees			
Audit and Compliance Committee	Remuneration Committee	Nominations Committee	Valuations Committee
Financial reporting, risk and internal controls	Director and senior management remuneration and Group remuneration structure	Board appointments and size, balance and composition of the Board	Valuation policy and investment valuations
Oversees the assessment and management of ESG issues and risks, including environmental legislation and regulation, governance and compliance risks and reputational risks, delegating day-to-day responsibility to the Chief Executive	Oversees the implementation of fair remuneration for employees		Considers the valuation impact of ESG-related matters
Chief Executive			
Chief Executive Committees			
Executive Committee	Investment Committee	Group Risk Committee	Conflicts Committee
Principal oversight body for management of the business	Acquisition, management and disposal of investments	Oversees the Group's risk management framework	Independent review of conflicts issues
CR responsibilities include: <ul style="list-style-type: none"> – Human rights and employment legislation – Employee incentives and remuneration 	CR responsibilities include: <ul style="list-style-type: none"> – Management of ESG issues in the portfolio – Due diligence of ESG issues in investment process – Compliance with applicable ESG regulation in the portfolio (eg Modern Slavery Act) 	CR responsibilities include: <ul style="list-style-type: none"> – Responsible investment policy – Environmental legislation and regulation – Assessment of ESG risks for the Group – Assessment of regulatory and compliance risks, including financial crime and bribery – Assessment of operational risks, including cyber security and people risks – Regular review of business continuity plans 	CR responsibilities: <ul style="list-style-type: none"> – Assessment of all actual and potential conflicts of interest

External benchmarking

We believe that it is important to provide evidence of our very real commitment to operating responsibly and to show how we are performing. Accordingly, we provide a wealth of relevant information to shareholders and other interested stakeholders.

Sustainability indices

We have been a member of the Dow Jones Sustainability Indices and of the FTSE4Good Index Series since 2001 and 2011 respectively.



For more information please see

www.sustainability-indices.com

www.ftse.com/products/indices/FTSE4Good

CDP

CDP (formerly Carbon Disclosure Project) is an international, not-for-profit organisation providing a framework which enables businesses to disclose their greenhouse emissions and other metrics voluntarily. 3i has been making annual submissions to the Carbon Disclosure Project since 2006.



For more information please see

p20

www.cdp.net

UN Principles of Responsible Investment

Since 2011, we have been signatories to the UN Principles for Responsible Investment. We also have a clear and comprehensive Responsible Investment policy which is embedded into our investment and portfolio monitoring processes.

For more information please see

p31

www.unpri.org

A responsible company

3i has fewer than 300 employees worldwide and has a relatively small footprint in terms of environmental impact and other corporate responsibility issues. However, we recognise that sustaining success and enhancing our reputation mean taking our corporate responsibilities seriously.

Our people	11
Compliance	16
Approach to taxation	19
Environment	20
Sustainable procurement	24
Community	25
Transparency and stakeholder engagement	28

Our people



We believe that the skills, capabilities and talents of our employees are vital to our success. Recruiting, retaining and developing this talent is one of our most important priorities. We work towards that objective by communicating openly and consistently with our employees, providing training and opportunities for career advancement, rewarding our employees fairly and by encouraging employees to give direct feedback to senior management.

Our culture values and promotes diversity. We believe that there are great benefits to be gained from diversity and variety in a workforce.

We recognise the importance of providing a supportive working environment and of providing a healthy work/life balance for all our employees. To this end, we offer our employees a variety of formal benefits including a medical insurance scheme and regular health screening, a cycle to work scheme, as well as facilitating well-being through initiatives such as on-site yoga classes and massage therapy, or negotiating favourable rates for gym membership.

3i has a suite of human resources policies and procedures covering recruitment, vetting and performance management and appropriate processes to monitor their application. Summaries of a number of these policies, including our policies on people, recruitment and selection, equal opportunities and diversity, health and safety and responsible investment, can be found on our website.

www.3i.com/corporate-responsibility/corporate-responsibility-policies



Our people

Continued

Human rights

Whilst 3i does not have a formal human rights policy, our policies are consistent with internationally-proclaimed human rights principles. We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination. 3i is incorporated in the UK and has operations in nine countries across the world. For all matters relating to human rights, we comply with local laws, and if those laws provide lesser protection than UK law, we apply the principles enshrined in UK law. We also encourage our business partners and suppliers to adopt the same standards.

3i is committed to ensuring that the businesses it invests in comply (among other things) with all applicable employee-related laws and, where appropriate, that they work towards meeting relevant international standards (such as the ILO Fundamental Conventions) where these are more stringent.

Modern Slavery Act

3i will publish on its website a slavery and human trafficking statement, as required by section 54 of the Modern Slavery Act, on or before 30 September 2016.

Equal opportunities and diversity

3i is fully committed to being an equal opportunities employer, and is opposed to all forms of unlawful and unfair discrimination. We believe that there are great benefits to be gained from having a diverse and varied workforce and we encourage this. We do not set specific diversity targets, but seek to ensure that our corporate culture and policies create a work environment that helps to bring out the best in any qualified person.

3i's Equal Opportunities and Diversity policy aims to ensure that all 3i employees (temporary and permanent), contract workers and job applicants are treated fairly and are offered equal opportunity in selection, training, career development, promotion and remuneration.

Our Equal Opportunities and Diversity policy also ensures that employees are recruited, promoted and rewarded on the basis of merit, ability and performance. Specifically, our aim is to ensure that:

- we have access to the widest labour market and secure the best employees;
- people are selected, promoted and treated fairly and according to merit, ability and performance, enabling us to maximise potential to the benefit of individuals and 3i;

- we have employment procedures and practices which do not discriminate on grounds of age, gender, marital status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or religious belief, disability, sexual orientation, or any other legally protected category;
- we treat all those with whom we come into contact with respect;
- we meet our statutory obligations regarding employment legislation;
- we communicate this policy and responsibilities for achieving fairness and equality to employees; and
- senior managers understand their responsibility for enforcing this policy and we all share responsibility for upholding it.



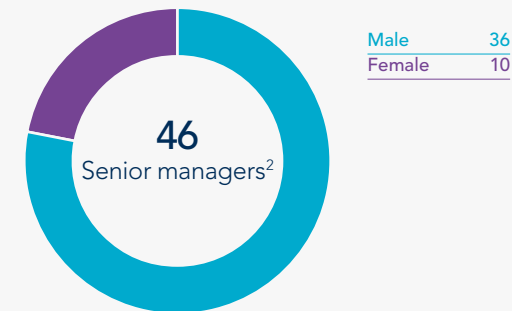
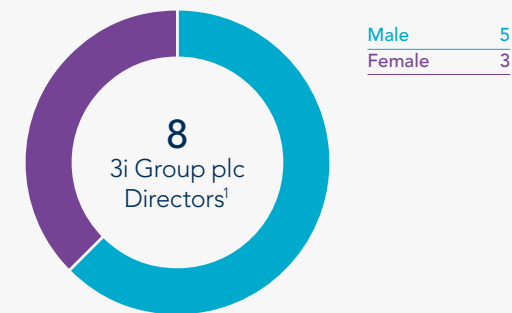
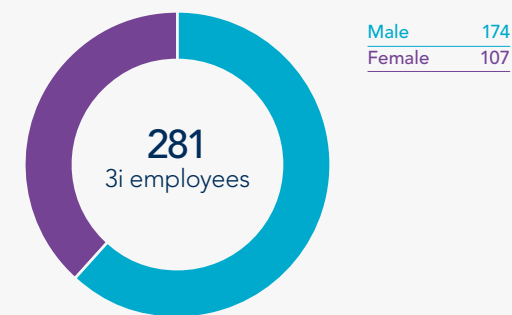
↓ A summary of our Equal Opportunities policy is available on our website

1 Includes non-executive Directors who are not 3i employees.

2 "Senior managers" excludes Simon Borrows and Julia Wilson (who are included as Directors of 3i Group plc) and includes 28 people who were directors of undertakings included in the consolidation, of whom 24 are male and 4 are female.

Diversity data

At 31 March 2016, 3i had a total of 281 employees, broken down as follows:



Our people

Continued

Learning and development

Advancing our business goals depends on our ability to attract, retain and motivate smart people. We are therefore committed to providing our employees with the opportunities, experiences and training to achieve their potential and grow their knowledge, skills and capabilities.

We encourage employees to take responsibility for their own development, working with their line managers to devise personal development plans to support the achievement of their individual aspirations, consistent with 3i's objectives.

Given the specialised nature of many of the roles in 3i, an emphasis is placed on work-based learning, with the provision of development opportunities supported by appropriate training and mentoring. This is supplemented by formal courses conducted both internally and externally and usually with a multinational group drawn from across the countries in which 3i operates.

During the year to 31 March 2016, we provided formal internal training on areas and skills including:

- Financial modelling
- Negotiation skills
- Presentation and communication skills
- Time management and organisation skills
- Business writing
- Board success
- Executive coaching

We also organised periodic induction days to welcome new joiners, with presentations from the Chief Executive and other senior executives on different areas of the business.

Key to personal development for all employees is a formal annual appraisal process, where performance is measured against agreed objectives and against 3i's values to inform decisions on remuneration, career development and future progression.

Employee engagement

Honest communication with our staff is important to us. To that end, we encourage a culture of open communication between our employees and senior and executive management. We benefit from being a small organisation, operating in a relatively flat structure with few hierarchies. The members of our Executive Committee have an open-door policy and know most employees by name.

We also encourage feedback from employees to senior management through more formal forums, including regular team meetings and off-sites to discuss our strategy, as well as through the annual appraisal process. Managers throughout 3i have a continuing responsibility to keep their teams informed of developments and to communicate financial results and other matters of interest.

We promote and facilitate the ownership of 3i shares among employees through variable compensation or share investment plans.

We pride ourselves on the engagement and the sense of ownership we have fostered over the years, which has resulted in low unplanned turnover rates.

Recruitment and selection

Our Global Recruitment and Selection policy aims to ensure we have a fair, open, consistent and effective process to attract and select high calibre candidates for positions which will maximise contribution to the business.

A summary of our Global Recruitment and Selection policy is available on our website



68% Participation in UK SIP¹

10% Unplanned employee turnover rate

¹ Proportion of UK-based employees who subscribe to a Share Incentive Plan available to UK employees only.

Our people

Continued

Graduate scheme

We launched our new graduate recruitment scheme in 2015, which is designed to develop our next generation of world-class investment professionals and business leaders. Our first five graduate analysts joined us in 2015, and a further five will join us in September 2016.

The programme consists of comprehensive and high quality training followed by rotations through each of our Private Equity, Infrastructure and Debt Management businesses, as well as our Strategy and Finance teams.

Employee assistance

All UK-based employees (approximately two thirds of the workforce) have access to a service, run by Capita, an independent external provider, that offers a free, confidential telephone counselling service 24 hours a day, 365 days a year on a range of personal and work-related issues and problems as well as face-to-face counselling services. The service is also available to provide legal and financial advice and other information and services.



Employee remuneration

3i's employment policies are designed to provide a competitive reward package which will attract and retain high quality staff, whilst ensuring that the relevant costs remain at an appropriate level.

All employees receive a base salary. Annual variable incentives are linked to personal, as well as to broader 3i business achievements, together with considerations of overall affordability. For those members of staff receiving higher levels of annual variable incentive awards, a proportion of such awards is delivered in 3i shares, vesting over a number of years. The remuneration policy is approved by shareholders at least every three years and is reviewed regularly by the Board's Remuneration Committee.

Where appropriate, employees are eligible to participate in 3i share schemes to encourage their involvement in the performance of the business. Investment executives in the Private Equity business line may also participate in carried interest schemes, which allow executives to share directly in any future profits on investments. Similarly, investment executives in the Infrastructure and Debt Management business lines may participate in asset-linked and/or fee-linked incentive arrangements.

Employees participate in local state or company pension schemes as appropriate to local market practice.

Living wage

3i is an accredited London Living Wage Employer. This means that every member of staff based in London, including contracted maintenance and reception teams, earns a "living wage" which is an hourly rate higher than the UK minimum wage and is set independently, updated annually and based on the cost of living in London.



Cycle to work scheme for employees based in the UK

Bikesave is a UK government approved scheme set up to encourage people to cycle to work. The scheme enables employees to save tax and National Insurance contributions on the cost of a bicycle purchased for the primary purpose of travelling to work. The purchase of bicycles and equipment is made by employees by sacrificing part of their salary, on which they then save tax and National Insurance contributions. The cost of the bicycle is spread over a pre-determined period of time.



Our people

Continued

Health and safety

Our employees are engaged in low-risk activities (office work). As such, our occupational ill health and accident rates are low. We are committed to improving our health and safety management continually through open communication, increasing awareness and encouraging an inclusive working environment.

In particular we ensure that:

- a health and safety management system is established, documented, implemented, maintained and communicated throughout the business. This system is reviewed periodically as appropriate, and at least annually;
- health and safety risks which may arise throughout 3i's global operations are identified, evaluated and controlled, to prevent injury and ill health;
- all health and safety incidents are reported and investigated promptly in order to prevent a recurrence;
- our global health and safety performance is reviewed on a quarterly basis, or more frequently if required, in our health and safety committee meetings; and
- 3i's employees and contracted partners participate actively in improving health and safety.

With over two thirds of our employees based in our London office, we choose to operate in accordance with the Health and Safety at Work etc. Act 1974 and all other applicable UK legislation. We adopt UK legislation and guidance globally, where practical, as a minimum benchmark for our health and safety standards, unless country-specific obligations exceed these requirements.

Health and safety is managed by our Property, IT and Procurement unit, which reports to the Group Finance Director. The Head of Property, IT and Procurement oversees the governance of health and safety within the Group, ensuring that business decisions reflect relevant health and safety considerations at all levels. This is monitored on a quarterly basis by a dedicated committee.

We seek expert advice as necessary when determining health and safety risks and the measures required to mitigate them. We have retained the services of System Concepts, a specialist independent consultancy, to provide competent health and safety advice. Systems Concepts has a consultant based on site at 3i's London headquarters to provide support to the business.

Performance in 2015/2016

During the year to 31 March 2016, we had no work-related accidents or cases of work-related ill health.

During the year, we renewed our Tommy's Pregnancy at Work Accreditation Programme, which promotes the health of pregnant women in the workplace. As a member of the programme, our organisation is committed to supporting health during pregnancy. We have pledged to:

- provide a smoke-free workplace and suitable resting places;
- ensure that pregnant employees are allowed time to take antenatal appointments;
- conduct individual risk assessment tailored to each individual's needs; and
- provide guidance to both pregnant employees and their managers.

We also recognise the importance of providing opportunities such as flexible working for the well-being of all our employees. We enable employees to work remotely where appropriate, and provide them with the necessary technology.

By investing in our employees' health and well-being we hope to increase job satisfaction and productivity and reduce absenteeism. We monitor absenteeism and undertake constructive return to work interviews where appropriate, to enable us to support them better.



Most of our employees use display screen equipment ("DSE") as part of their day-to-day work. We undertake an assessment of every individual's workstation within the first few weeks of their employment, to assess potential risks and suggest appropriate remedies.

In 2012, we introduced an online training system module which educates employees to be aware of the risks of using computers, laptops and other devices including tablets and smartphones, and helps them to complete their mandatory risk assessment. This is complemented by face-to-face assessments where needed in our London offices, and a telephone assessment service is available globally. We are due to re-launch the programme and plan to have 100% of the workforce reassessed by the end of 2016.



A summary of our Health & Safety policy is available on our website.

Compliance

As an investment manager and adviser, a number of 3i's activities require regulatory authorisation, licensing and/or registration. A number of 3i's subsidiaries are therefore regulated by the Financial Conduct Authority and, where applicable, by relevant local non-UK authorities, including the US Securities and Exchange Commission. For more information, please refer to the "Statutory and corporate governance section" of the Annual report.

Standards of conduct and behaviour

The required standards of conduct and behaviour are promoted and enforced through a comprehensive suite of policies and procedures. Employees must be familiar with and understand the obligations and restrictions that apply to them in their 3i role, as well as personally. Employees are expected to comply with the spirit, not just the letter, of our policies and must confirm in writing, on an annual basis, that they are in compliance. We also have an internal whistle blowing arrangement which allows employees confidentially to raise concerns about behaviour or decisions that could indicate potential wrongdoings.

Our compliance team devises periodic e-learning modules, frequently followed by an assessment, which must be completed by staff.

Our compliance manual is available to all employees and covers a number of areas, the principal ones being:

Financial crime/market abuse

Financial crime poses a reputational and legal risk and is an area of focus for regulators and law enforcement agencies globally. As a regulated business, 3i must maintain systems and controls for countering these risks.

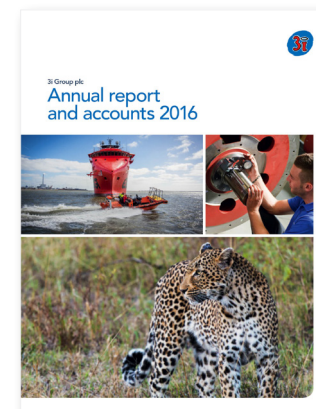
3i's financial crime policy (which applies to permanent and temporary employees, as well as to independent contractors working at 3i) covers offences involving money laundering, terrorist financing, bribery, market abuse and fraud. 3i will not engage in and is committed to preventing these offences.

The compliance manual provides employees with access to 3i's policies and resources including:

- detailed anti-money laundering procedures; and
- checklists to aid in the identification, verification and screening of customers and potential customers.

In addition, 3i has policies and procedures to guide employees on:

- personal transactions;
- managing inside information; and
- dealing with conflicts of interests.



For full details of our governance structure and processes, please see the Corporate governance section of the Annual report.

p57–92

Compliance Continued

Anti-bribery policy

3i has an anti-bribery policy which applies to all those who work for, act on behalf of or represent 3i.

3i's anti-bribery policy requires high standards of ethical behaviour in all our business interactions. Accordingly, we will not offer, pay or accept bribes. In addition to detailed provisions, the policy also requires the exercise of good judgment and common sense.

3i is also committed to working only with third parties whose standards are substantively consistent with our own. This includes our intermediaries and advisers.

As part of our approach to responsible investment, we expect businesses in which we invest to operate in compliance with all applicable laws and regulations and, where appropriate, work towards meeting relevant international standards where these are more stringent. This includes, in particular, upholding high standards of business integrity, avoiding bribery and corruption in all forms and complying with applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.

Gifts and inducements

3i's gifts and inducements policy provides that our employees may not receive, pay or provide any inducement which would impair their or our duty to act honestly, fairly and in accordance with the best interest of our customers.

Employees must never offer or receive gifts or hospitality if this may improperly influence a business decision, impair independence or judgment or create a sense of obligation, create a conflict of interest or if there is a risk it could be misconstrued or misinterpreted by others as a bribe. Gifts or hospitality may only be offered or received where there is a clear and legitimate business purpose.

Charitable donations in 3i's name must be approved by the CEO and follow the principles set out in 3i's anti-bribery policy.

Political donations

3i's policy is not to make political contributions whether to political parties, political organisations or election candidates. In line with this policy, in the year to 31 March 2016, no donations were made to political parties or organisations, or independent election candidates, and no political expenditure was incurred.

Conflicts

Our conflicts of interest policy and associated procedures are designed to enable all relevant employees to identify actual or potential conflicts of interest and to manage them appropriately, including by reference to regulatory obligations. The overriding principle is that we will treat our customers fairly and, should conflicts of interest arise, we will manage them fairly in accordance with our conflict procedures.

We have a Conflicts Committee which considers specific conflicts as they arise and also oversees 3i's general approach to conflict management.

Data protection and cyber security

Data protection laws that affect the collection, use, storage and transfer (processing) of personal data exist globally. These laws impose a number of obligations on 3i as a data controller.

3i's data protection policy reflects the requirements of general European data protection legislation, supplemented as necessary for local regulatory requirements.

3i is committed to protecting personal data and using it in an appropriate manner.

We recognise that we must fairly notify data subjects that we process their personal data and the specific purposes for doing so. 3i's procedures require investment teams to send data protection notifications to relevant individuals involved in transactions.

Additionally our policy requires employees to:

- consider all personal data as confidential and treat it accordingly;
- use personal data only for the purpose for which it has been provided and in the proper course of employment or duties; and
- delete personal data that is no longer required from 3i's systems.



↓ A summary of our Anti-Bribery policy is available on our website.

Compliance

Continued

3i maintains an Information Security Management System that:

- ensures that risks to the confidentiality, integrity and availability of information are managed to an acceptable level using a standard risk management framework;
- protects information from accidental or intentional damage, loss, unauthorised disclosure or modification;
- provides secure and reliable information to enable 3i employees to conduct their job effectively; and
- ensures compliance with legal and statutory obligations.

Cyber security has been a particular focus of 3i, both in terms of 3i's own corporate cyber security profile and the cyber security profile of its portfolio.

3i's cyber security is overseen by the Group Risk Committee and managed on a day-to-day basis by the Group IT team. Non-executive governance is provided by the Group Audit & Compliance Committee. In response to the growing cyber threat, 3i engaged KPMG to conduct an independent review on the adequacy of its ability to prevent, detect and respond to cyber security threats. In addition, 3i rolled out a cyber security training course for all staff and refreshed information security policies and incident management processes. We also conducted a wider review of our business continuity and resilience capabilities. The findings and proposed enhancements from these various workstreams were discussed at the Group Risk Committee and are being implemented across the business.

In relation to its portfolio, 3i engaged an external firm of cyber security specialists to conduct non-intrusive internet-based reviews of a number of its key portfolio companies. The resulting reports were provided to the management teams of the relevant portfolio companies and discussed with them to identify what, if any, improvements or changes to their respective cyber security frameworks might be considered. Cyber security is also now one of the topics reviewed at the six monthly business reviews of 3i's portfolio companies as part of 3i's regular asset management and portfolio monitoring programme.

Public policy

Although 3i will not participate directly in party political activity, we may engage in policy debate on subjects of legitimate concern to 3i, its staff and the communities in which we operate. This is principally done through industry representative bodies such as the British Private Equity and Venture Capital Association and Invest Europe, where 3i might contribute to the formulation of their policy positions, although from time to time we may engage directly with government and regulatory bodies on matters of particular and direct importance to 3i and its businesses. Lobbying must be done only with the prior approval of a member of the Executive Committee and in a manner that is lawful and adheres to 3i's values and complies with all relevant laws.

Whistle blowing



3i's whistle blowing policy forms an integral part of our culture of openness, transparency and fairness. Where any employee discovers information which they believe shows malpractice or wrongdoing within 3i, under most circumstances they will raise concerns with their line manager, who will pass this information to the appropriate Executive Committee member.

Should this route not be suitable, then the employee may approach one of the following individuals who have been designated to provide impartial advice on the appropriate course of action to follow:

- Director, Group Compliance
- Director, Internal Audit
- Group Legal Counsel & Company Secretary

Alternatively, employees may express their concerns on a completely confidential basis through an independent "hotline" service provided by Expolink, an independent, external party.



Approach to taxation

3i's approach to taxation is built on the following principles:

- To act lawfully and with integrity
- To maintain open and transparent relationships worldwide with tax authorities
- To maximise value for our shareholders with the intention of maintaining the long-term growth, stability and reputation of the business
- To work with industry bodies worldwide to establish a fair system to sustain growth and reputation for our industry at all levels

3i has offices in nine countries across Europe, North America and Asia. These entities pay taxes in the countries in which they operate in respect of their local activities.

Approved investment trust status

3i Group plc has operated in the UK as an approved investment trust company since its listing on the London Stock Exchange in 1994.

An approved investment trust is a UK investment company which is required to meet certain conditions set out in the UK tax rules to obtain and maintain its approved status, which allows certain profits of the company, broadly its capital profits, to be exempt from tax in the UK. The conditions required to be met by the company include, among others:

- (i) a requirement for the company to undertake portfolio investment activity that aims to spread investment risk; and
- (ii) for the company's shares to be listed on an approved exchange.

A large part of 3i Group plc's profits are in the form of investment returns (mainly capital profits) which are not taxable in the UK as a result of 3i Group plc operating as an approved investment trust company.

Approved investment trust companies are particularly suited for use as investment vehicles, as their tax status allows them to ensure that investors do not suffer double taxation of their investment returns, once at the level of the investment vehicle and then again in the hands of the investors. In other words, investors do not pay more taxes than they would have incurred if they had been able to invest directly in the underlying portfolio of investments.

The approved investment trust tax rules have been in the UK tax code since the 1970s, in recognition of the fact that investment companies perform an important economic function, to the extent that they: (i) allow individual and institutional investors access to a professionally managed, diversified portfolio, encouraging investments and savings; and (ii) provide funding for the businesses in which they invest, facilitating economic growth.

Tax transparency

We are fully committed to complying with our obligations under all relevant formal legal, regulatory and tax requirements. We intend to comply with these requirements as and when the relevant regulations are introduced and become applicable to us. This requires careful monitoring and consideration of new developments.

We are not, in principle, averse to the early adoption of rules and regulations and have done so in the past. However, given the large number of proposed changes and consultations currently in train, we do not believe it is appropriate to adopt country by country reporting before we are formally required to do so.

Environment

3i has fewer than 300 employees worldwide and has a relatively small footprint in terms of environmental impact. We operate from a network of nine offices across the world, however two thirds of our employees are based in our London office. All our offices are leased.

We are committed to minimising our environmental impact and to improving our environmental performance wherever possible. We have an Environmental Management System (“EMS”) that is proportionate to the operational scale and environmental risk profile of our business.

Our strategy is to:

- meet the requirements of all environmental legislation that applies to 3i in the UK;
- minimise waste and maximise recycling in our UK office;
- work with our landlords to ensure the energy efficiency of our offices;
- include environmental considerations in our procurement processes;
- measure our carbon footprint annually, and publish the results in our Company reports and on our website; and
- report to two external publicly disclosed benchmarking indices and use our performance in these benchmarking indices to assess and improve future performance; this year we have chosen the CDP and the Robeco Sam Dow Jones Sustainability Index.



Environment

Continued

Minimising our direct environmental impact

While our direct operations have a modest impact on the environment, we address our emissions related to energy use, waste and travel proactively. Our key initiatives for the year in relation to energy, waste and travel are outlined below.



Energy Consumption

Key achievements

To reduce our power consumption, we have undertaken work to ensure all lights, computers and other equipment are powered off when not in use during extended periods of time, including at night and at weekends.

Future work

- We are installing energy efficient LED lighting in our London office, where we plan to replace all halogen lights by the end of 2016.
- We are replacing our IT equipment across our global offices with more energy efficient equipment, and plan to complete this replacement by the end of 2016.
- We continue to develop our data collection system to allow us to quantify better the savings made following the implementation of these measures.

Paper usage

Key achievements

- We use 100% recycled paper across our print solutions.
- We implemented successfully a Secure Print technology system in FY2016, which typically reduces paper consumption by 15%.

Waste management

In our main location in London, we work with our landlord, Land Securities, to minimise waste from our operations, and help recycle as much waste as possible, rather than sending waste to landfill.

Key achievements

- We recycle paper, plastic and cans.
- We have put in place a recycling scheme for our redundant computer hardware. Our providers offer on-site secure data destruction and recycling services in compliance with the Waste Electrical & Electronic Equipment Regulations.

Future work

- We aim for all of our office waste to be recycled.

Travel

Key achievements

- We rationalised our business travel through a set of clear guidelines and approvals which we rigorously adhere to.
- We offset the carbon generated through taxi journeys with the principal taxi supplier in London.
- In London, our largest office, we work in partnership with our landlord to encourage employees to cycle to work by providing secure cycle racks, changing and shower facilities. We also participate in a cycle to work scheme, which enables employees to save tax and National Insurance contributions on the cost of a bicycle purchased for the primary purpose of travelling to work.

Energy Savings Opportunity Scheme (“ESOS”) compliance

We undertook an energy audit in August 2015 as part of our ESOS assessment for our London office and we are currently implementing the key findings from the report, including installing more energy efficient lighting and switching off plant and equipment to reduce our energy consumption. As part of this assessment we have identified further savings which could lead to a reduction in electricity consumption at our London office.

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The scheme is administered by the UK Environment Agency. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by these organisations’ buildings, industrial processes and transport to identify cost-effective energy saving measures. Organisations must notify the Environment Agency by a set deadline that they have complied with their ESOS obligations. The deadline for the first compliance period was 5 December 2015.

Environment Continued

Environmental impact

During the year to 31 March 2016, our measured Scope 1 and 2 greenhouse gas (“GHG”) emissions (location-based) totalled 1,106.6 tCO₂e. Our Scope 3 emissions totalled 3,114.3 tCO₂e.

Our Scope 1 and 2 (location-based) emissions are equivalent to 4.0 tCO₂e per full-time equivalent employee, based on an average of 276 employees during the year (2015: 4.2 tCO₂e; average of 271 employees).

We have restated the emissions figures for the year to 31 March 2015 to reflect improved data collection. Overall our Scope 1 and 2 emissions decreased by 3% in the year. We have also chosen to report voluntarily on our Scope 3 indirect emissions, which increased by 2% in the year due to an increase in business travel, attributable to growth in the business.

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute’s Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the new Scope 2 Guidance, which is the most significant update to the Corporate Standard since its inception. We have reported on our Scope 3 indirect emissions using the GHG Protocol Corporate Value Chain (Scope 3) Standard.

We consolidate our organisational boundary according to the operational control approach, which includes all our offices. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constitute our operational boundary for the year to 31 March 2016 are:

- Scope 1: natural gas combustion within boilers and fuel combustion within leased vehicles;
- Scope 2: purchased electricity and heat consumption for our own use; and
- Scope 3: business travel, waste generation, the supply and treatment of water, and paper purchases.

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

The new Scope 2 guidance requires that we quantify and report Scope 2 emissions according to two different methodologies (“dual reporting”): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

When quantifying emissions using the market-based approach, we used a supplier-specific emission factor where possible. Where contractual information was unavailable to calculate emissions using the market-based method, a residual mix conversion factor was used to calculate emissions. Where residual mix emission factors were not available, the location-based grid emission factor was used.

Scope emissions data

Scope	FY 15/16	FY 14/15
1	252.4 tCO ₂ e	247.3 tCO ₂ e
2: location-based	854.2 tCO ₂ e	899.0 tCO ₂ e
2: market-based ¹	544.4 tCO ₂	N/A
3	3,114.3 tCO ₂ e	3,058.3 tCO ₂ e

¹ Emissions from the consumption of electricity outside the UK and emissions from purchased electricity calculated using the market-based approach using supplier-specific emission factors are reported in tCO₂ rather than tCO₂e due to the availability of emission factors.

-3% Overall our Scope 1 and 2 emissions decreased by 3% in the year

Environment

Continued

Whilst we have a very low footprint on the environment, we are committed to reducing it further. In our London office, where approximately two thirds of our employees are based, we are supplied by EDF Energy, which has a cleaner fuel mix than the UK average. The dual reporting of our emissions demonstrates the impact that procuring energy from suppliers with lower emissions has on our greenhouse gas emissions, as reflected in our lower Scope 2 market-based emissions figure.

For the calculation of emissions using the location-based method, we have used the UK Government 2015 Conversion Factors for Company Reporting in order to calculate the tonnes of carbon dioxide equivalent ("tCO₂e") emissions from corresponding activity data. Measuring emissions using tCO₂e allows different GHG emissions to be reported using a common unit; for any quantity and type of greenhouse gas, tCO₂e signifies the tonnes of carbon dioxide which would have the equivalent global warming impact. The UK Government 2015 Conversion Factors for Company Reporting are calculated using average grid energy mix for the year for each country rather than the energy mix associated with our specific electricity tariffs.

Awards

Our efforts to minimise our carbon footprint have been recognised externally and 3i was the recipient of a Bronze Award from the London Mayor's 2015 Business Energy Challenge, which recognises businesses' efforts to cut energy use from their London locations.

CDP and Global Reporting Initiative

Although we are not required to do so, we have chosen to disclose our greenhouse gas emissions to the CDP, and our first submission was in 2006.

In addition to this, we are preparing to report in accordance with the Global Reporting Initiative ("GRI") Sustainability Reporting Framework, G4, at the Core level for the year ending 31 March 2017.



Third-party verification

We have engaged Carbon Credentials Energy Services Ltd for the independent third-party verification of direct and indirect carbon dioxide equivalent emissions provided to the Carbon Disclosure Project to a limited level of assurance. This verification exercise was performed to the ISO 14064-3 standard.

Sustainable procurement

3i's supply chain is small, and consists predominantly of the procurement of professional services which typically have a relatively low carbon footprint.

3i's principal facilities management supplier, Sodexo, holds an ISO 14001 certification and, through its Better Tomorrow Plan, is reducing the environmental impact of the activities it undertakes on behalf of clients such as 3i.

We have developed policies and procedures in relation to services received from third-party providers. As far as possible, we will only work with suppliers who support our aim to source products and services responsibly. We aim to have a collaborative relationship with our service providers and, wherever possible, will work with them when problems or issues arise to help them meet our requirements.

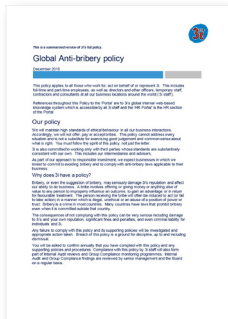
Where appropriate, we ask potential suppliers to provide a statement detailing the existence of any policies or commitments with regards to the following areas. This includes the details of any accreditation of participation in corporate responsibility indices or associations:

- workplace – labour rights, equal opportunities, occupational health and safety;
- environment – green policies and practices;
- marketplace – advertising and marketing ethics; and
- community – charities, participation in local communities.

Prompt Payment Code



3i is a signatory to 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 proper process for dealing with any issues that may arise. Budget holders are reminded of their responsibility under the Code at least annually when the budget is approved.



↓ A summary of our Procurement policy is available for download on our website.

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 and we also support staff giving and sponsorship through matching donations.

Our charitable giving for the year to 31 March 2016 totalled £324,009.

Give As You Earn scheme

In the UK, we promote the Give As You Earn scheme, administered by the Charities Aid Foundation. 3i employees donated £36,860 through this scheme in the year to 31 March 2016.

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. 3i contributed £14,107 in matching donations in the year to 31 March 2016.

3i supports the following charities

The Passage

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.

A number of our employees and their partners attended The Passage's annual fundraising concert, A Night Under The Stars, at the Royal Festival Hall, in October 2015.



www.passage.org.uk

Community Links

Community Links is based in Newham, one of the most deprived boroughs in London. It 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.

In addition to our regular contribution to this charity, 3i's London-based employees have been contributing to the Community Links Christmas Toy Appeal for a number of years and donated 85 presents to the charity's 2015 appeal, which resulted in

3,000
children receiving a Christmas stocking filled with gifts to open on Christmas morning

327
children enjoying a Christmas party with music, games and a visit from Father Christmas

500
children and their families attending a live pantomime show

70
families receiving a Christmas food hamper

In July 2015, a team of six 3i employees took part in Community Links' go-karting event, raising approximately £1,500 for the charity.



www.community-links.org

Community

Continued

Historic Royal Palaces

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 Kensington 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.

During the February 2016 half-term holidays, 3i arranged for Historic Royal Palaces to host some of the users of the Play, Sow and Grow community hub run by Community Links, one of the charities we support, at Tower of London for a day.

The visit started with a workshop called "The King Beneath The Armour" where an entertainer in costume taught the children about Henry VIII, the names, order and fates of his wives, his changing appearance and his favourite sport – the tournament. As part of the workshop, children were also allowed to handle some objects from Henry VIII's times.

After the workshop and lunch, the group had a tour of the medieval palace and learnt about the ways in which the Tower, both as a fortress and symbol of royal power, helped medieval monarchs retain control over their kingdom. The visitors had some free time at the end of the day to visit the various exhibitions.

The Community Links project manager was enthusiastic about the experience: "Thank you so much for organising the trip. The children really enjoyed the visit and our guide was excellent at keeping them engaged. It was a fantastic day."



www.hrp.org.uk



Community

Continued

National Youth Orchestra of Great Britain

For over 65 years, the National Youth Orchestra of Great Britain has worked to make the potential of Britain's musical teenagers a reality, inspiring the careers of many of our greatest conductors, composers and performers. Training with top professional musicians and performing in the country's finest concert halls under the world's leading conductors gives young musicians an experience of excellence that has lasting, transformational power.

165

teenagers from diverse backgrounds across the country



www.nyo.org.uk

Being a member of the NYO enables the 165 teenagers from diverse backgrounds across the country to develop as confident and imaginative leaders who take responsibility and inspire other young people through performances and creative workshops.

In addition to 3i's financial contribution to the National Youth Orchestra, 3i employees have been showing their support by attending a number of concerts, including the concerts held in April and August 2015. Notably, Simon Thompson, the Chairman of 3i's Board of Directors, attended the orchestra's concert at the Barbican in January 2016.

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 raised a number of funds, all of which have specific strategies to achieve a positive social and/or environmental impact. Bridges currently has almost £600 million of funds under management across three types of funds: sustainable growth funds, sustainable property funds and social sector funds.



www.bridgesventures.com

Snowdon Trust

From June 2016, 3i will be supporting the Snowdon Trust, a charity that provides grants to physically disabled and sensory impaired students studying in the UK, in further or higher education, or those training towards employment.

These grants help cover additional costs that students incur as a result of their disability and which available statutory funding does not cover. Costs include vital support such as sign language interpreters, people to take notes, computers, specialist software, wheelchairs or special accommodation and equipment.

About 100 grants are awarded each year, ranging from £250 to £3,000. In addition to giving financial grants, the trust also takes an active interest in individuals, offering encouragement to students during their studies and beyond.

The charity also aims to keep disability issues on the agenda of the Government and institutions.

www.snowdontrust.org

Transparency and stakeholder engagement

The Board recognises that effective communication is integral in building stakeholder value.

As a publicly listed company, we operate within a framework of formal legal and regulatory disclosure requirements as well as meeting the high expectations for transparency of our shareholders, fund investors, employees and the media.

We are committed to communicating both our financial and non-financial performance in a clear, open and comprehensive manner. Our objective is to present a balanced and understandable assessment of our position, highlighting the key risks to which we are exposed in our day-to-day activities.

The Group Communications and Investor Relations teams have day-to-day responsibility for communications with key stakeholders and, together with the Group Secretarial team, they ensure that 3i meets all relevant disclosure obligations.

Stakeholder	Material issues	Communications
Employees	<ul style="list-style-type: none"> – Attracting and retaining talent – Fostering a supportive working environment – Remuneration 	<ul style="list-style-type: none"> – Monthly emails from the CEO on key developments and issues – Comprehensive staff portal – Regular team meetings and off-sites hosted by executive management and team leaders
Shareholders and potential shareholders	<ul style="list-style-type: none"> – Financial performance and returns – Awareness of strategy and implementation – ESG performance – Transparency – Access to Executive Management 	<ul style="list-style-type: none"> – Annual General Meeting – Two investor presentations – Annual and half-yearly reports – Quarterly performance updates – CR report – Comprehensive Investor Relations website – Regular meetings with executive management and Investor Relations team – Regular email and telephonic communications
Fund investors	<ul style="list-style-type: none"> – Financial performance and returns – Awareness of strategy and implementation – ESG performance – Transparency – Access to key investment professionals – Alignment with 3i 	<ul style="list-style-type: none"> – Quarterly reporting produced in line with the Invest Europe Investor Reporting Guidelines and including ESG performance updates – Annual investor meetings – Fund Advisory Board meetings held on an annual or semi-annual basis as required – Regular ad-hoc meetings and telephone calls with Fund Investor Relations team and relevant investment professionals – Regular email communications – Access to a web-based investor portal used to host and distribute investor correspondence
Investee companies	<ul style="list-style-type: none"> – Support for strategy and implementation – Alignment with 3i as key shareholder – Executive remuneration 	<ul style="list-style-type: none"> – Engagement with investee companies formally at board level and informally on an ongoing basis – Regular chairman, CEO and CFO forums to share best practice and experiences

Transparency and stakeholder engagement

Continued

Stakeholder	Material issues	Communications
Equity and debt analysts	<ul style="list-style-type: none"> – Financial performance and returns – ESG performance – Transparency – Access to Executive Management 	<ul style="list-style-type: none"> – Two investor presentations – Annual and half-yearly reports – Quarterly performance updates – Comprehensive Investor Relations website – Regular communications with Investor Relations team – Annual General Meeting
Rating agencies	<ul style="list-style-type: none"> – Financial performance and returns – Balance sheet strength 	<ul style="list-style-type: none"> – Comprehensive investor relations website – Annual meetings with the Group Finance Director and Treasury team – Annual and half-yearly reports – Quarterly performance updates – Tailored presentations
Media	<ul style="list-style-type: none"> – Transparency and clear communication – Access to management 	<ul style="list-style-type: none"> – Open and transparent approach with the media – Proactive press programmes for executive management – Press releases on material developments including investments and realisations and product development – Comprehensive website hosting press releases and other resources such as videos, factsheets and case studies
Government and regulatory bodies	<ul style="list-style-type: none"> – Compliance with relevant rules and regulations – Engagement on relevant issues and regulatory developments 	<ul style="list-style-type: none"> – Active participation in policy forums – Response to engagement on regulatory matters – Industry consultative bodies, eg British Venture Capital Association and Invest Europe
Suppliers	<ul style="list-style-type: none"> – Conduct and standards of employment – Service provision – Management of costs 	<ul style="list-style-type: none"> – Central procurement team – Standardised procedures – Procurement policy available on our website
Communities	<ul style="list-style-type: none"> – Positive contribution to the communities and society in which we operate – Minimise adverse environmental impact 	<ul style="list-style-type: none"> – Environmental Management System proportionate to the operational scale and environmental risk profile of the business – Comprehensive Responsible Investment policy – Charitable activities focused on the disadvantaged, on young people and on education – Give-as-you earn scheme and employee donations matching

Transparency and stakeholder engagement

Continued

The Walker Review

In 2007, in response to the growing debate about the role of private equity in the UK, the British Venture Capital Association (“BVCA”) suggested a review to examine ways in which levels of disclosure in companies backed by the UK private equity industry could be improved.

The review was led by Sir David Walker, who consulted widely and invited representations from within the private equity industry, other financial institutions, pension funds and the investment community, as well as more broadly with portfolio companies, trade unions and employer representatives. 3i actively supported the review, with involvement from the Chairman.

3i also endorsed the voluntary code which resulted in the “Guidelines for Disclosure and Transparency in Private Equity”, which was published in November 2007.

Sir David Walker’s recommendations with respect to reporting for private equity firms and their relevant portfolio companies were on a “comply or explain” basis. An overview of the guidelines together with the eighth annual report of the Walker Guidelines Monitoring Group (which monitors and reports on the UK private equity industry’s conformity with the guidelines) at December 2015 can be found at www.walker-gmg.co.uk

The only 3i portfolio companies which met the criteria set out in the guidelines and were included in the eighth annual report were Eversholt Rail Group and Osprey (Anglian Water Group), both held within the 3i Infrastructure plc portfolio. 3i Infrastructure plc has now completed the sale of its holding in Eversholt Rail Group.

A responsible investor

With fewer than 300 employees internationally, as a company we have a relatively small footprint on many corporate responsibility issues. However, with assets under management of approximately £14 billion we recognise that our decisions as an investor potentially matter to a broad range of people.

We believe that:

- the effective assessment 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 license 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.

Introduction	31
UNPRI	32
Our Responsible Investment policy	33
Implementation of the policy and governance framework	34
Investment case study: Private Equity Scandlines Hybrid Ferries	35
Investment case study: Infrastructure Offshore Transmission Owners	37

UNPRI

Since 2011 we have been signatories to the UN Principles for Responsible Investment. We also have a clear and comprehensive Responsible Investment policy which is embedded into our investment and portfolio monitoring processes. In our experience, companies with high ESG standards are typically better run, better at identifying and managing their business risks and generate better earnings growth.

About the UNPRI

The United Nations-supported Principles for Responsible Investment Initiative (“UNPRI”) is an international network of investors working together to put into practice six Principles for Responsible Investment:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues into investment practices across asset classes. Responsible investment is a process that must be tailored to fit each organisation’s investment strategy, approach and resources.

The UNPRI has quickly become the leading global network for investors publicly to demonstrate their commitment to responsible investment, to collaborate and learn with their peers about the financial and investment implications of ESG issues, and to incorporate these factors into their investment decision making and ownership practices.

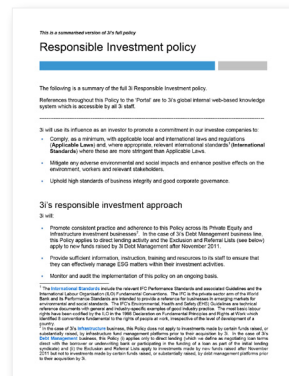
Our Responsible Investment policy


Our detailed Responsible Investment (“RI”) policy sets out the businesses and activities in which 3i will not invest, as well as minimum standards in relation to ESG matters which we expect potential new portfolio companies to meet, or to commit to meeting over a reasonable time period.

Our RI policy has been integrated into our investment and portfolio management processes and procedures and is supported by detailed guidance notes, a global network of specialist external advisers and dedicated internal resource.

3i commits to use its influence as an investor to promote a commitment in our investee companies to:

- comply, as a minimum, with applicable local and international laws and regulations and, where appropriate, relevant international standards (such as the IFC Performance Standards and the ILO Fundamental Conventions), where these are more stringent than applicable laws;
- mitigate any 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.



 A summary of our Responsible Investment policy is available for download on our website.

Implementation of the policy and governance framework

3i's investment teams have day-to-day responsibility for ensuring that 3i's RI policy is implemented in their investment decisions and asset management processes. The RI policy's requirements have been integrated into 3i's detailed investment and asset management policies and processes.

For example, each Private Equity investment opportunity which reaches an advanced stage will be subject to a high level review of its ESG risk profile (including potential ESG opportunities) by an external specialist firm. That firm will review the various internal investment papers and undertake independent research to identify the key potential ESG risks and opportunities. The specialist firm will then discuss its findings and recommendations with the 3i investment team before providing a written summary of their advice. The recommendations will typically include which issues should be subject to more comprehensive due diligence and which issues should be progressed following completion of the investment. The recommendations of the external specialist firm are reflected in the investment team's internal investment papers which are reviewed by the 3i Investment Committee and appropriate ESG due diligence is commissioned. 3i's Investment Committee will consider the ESG risks and opportunities relevant to a particular investment opportunity as part of its overall investment decision.

Every six months, the Private Equity and Infrastructure investment teams complete an ESG questionnaire as part of the in-depth six monthly portfolio monitoring process. Any material issues are discussed as part of the six monthly review meeting and relevant actions points noted, monitored and progress reviewed at the next meeting.

A summary of the overall ESG risk profile of the Private Equity and Infrastructure portfolios is presented to the Group Risk Committee following the six monthly portfolio monitoring meetings and the key themes discussed. An overview of the findings is also presented to the main 3i Group Board.

Investment case study: Private Equity

Scandlines Hybrid Ferries

3i and Eurofund V, a fund it manages, first invested in Scandlines in 2007, initially in a consortium with Allianz Capital Partners and Deutsche Seerederei.

3i and Eurofund V now have a 96% holding in Scandlines, with the balance of the equity held by the management team.

Scandlines now operates two high frequency routes between Germany and Denmark (Puttgarden-Rødby and Rostock-Gedser) and two land-based retail shops in Puttgarden and Rostock. Scandlines also owns three of the four ports from which it operates.

Introducing hybrid ferries in 2013

In 2013, Scandlines demonstrated great innovation skills with the launch of its ground-breaking hybrid system on its Puttgarden-Rødby route. Scandlines was the first ferry operator in the world to make large-scale use of an on-board hybrid propulsion system, which stores excess energy in batteries, enabling a reduction in CO₂ emissions of up to 15%. The system's power equals that of approximately 600 hybrid cars and can propel a 8,800 ton lightweight ferry for about 30 minutes at a speed of 14 knots.

Scandlines has received a number of awards for this innovative technology, including the Shippax Award and the Fathom Ship Efficiency awards in 2014.

All four ferries that Scandlines operates on its Puttgarden-Rødby route are now hybrid and, in addition, are equipped with modern scrubbers that clean the engine exhaust streams of pollutants such as sulphur, nitrogen and particulates, reducing sulphur emissions by at least 90%.

Both ferries operated on the Rostock-Gedser route are due to be replaced with new, hybrid models in 2016, both of which will also be equipped with modern scrubbers.



up to **15%**
reduction CO₂ emissions

at least **90%**
reduction sulphur emissions

Investment case study: Private Equity

Continued

Scandlines Hybrid Ferries

Scandlines' journey towards zero emissions

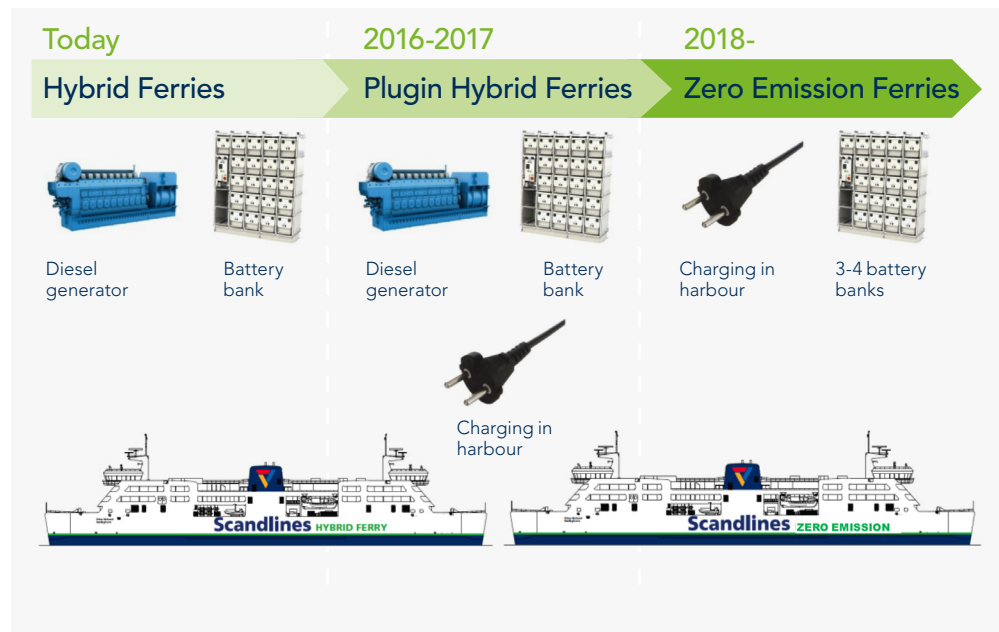
Scandlines' ambition is to introduce emissions-free, purely battery operated ferry services on its Puttgarden-Rødby route. Based on its successful experience with the hybrid propulsion system, it is now preparing the next step towards this objective: plug-in hybrid ferries.

These will further reduce emissions by charging a 2.7MWh battery bank in port, which will provide sufficient power to operate the ferry purely on battery propulsion when leaving and approaching the port.

Lead environmental change – a clear commercial benefit

Scandlines' commitment to environmental sustainability was reinforced in early 2015, as the company became a member of the Trident Alliance, whose members support the robust and transparent enforcement of sulphur regulations.

A proactive and innovative approach to greening its fleet has provided several long-term benefits for Scandlines:



Cost savings	Brand value	Public funding
<ul style="list-style-type: none"> – Higher fuel efficiency and lower maintenance costs – Smoother adjustment to new regulations on sulphur emissions which came into effect on 1 January 2015 	<ul style="list-style-type: none"> – Strong interest and positive feedback from customers and employees – High public profile, through the printed media and television coverage – Growing political awareness of the long-term role that ferries can play in a sustainable transport future 	<ul style="list-style-type: none"> – Investment in sustainable transportation is a priority for public authorities – The retro-fitting of the four vessels on the Puttgarden-Rødby route received financing of €8.7 million from the European Union's Trans-European Transport Network programme

www.scandlines.com

Investment case study: Infrastructure

Offshore Transmission Owners

Investing in offshore transmission

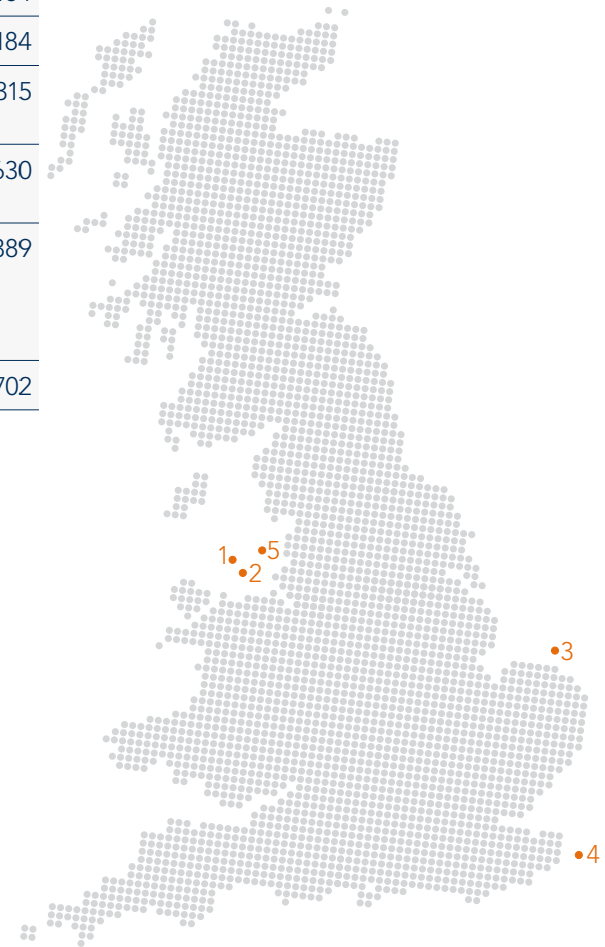
Offshore Transmission Owner (“OFTO”) projects are key infrastructure assets facilitating the development of offshore wind power generation. OFTO projects involve the acquisition and operation of power transmission cables and associated electrical equipment connecting offshore wind farms to the onshore grid. These projects operate under a licence awarded by Ofgem, the UK’s electricity regulator.

3i has played a key role in the financing of this infrastructure. Funds advised or managed by 3i own holdings in five OFTO projects in the UK, representing more than one third of the OFTO assets tendered in the UK to date.

Further OFTO assets are being tendered in the UK in 2016. We intend to leverage our track record to seek investment in more assets of this type both in the UK and elsewhere in Europe, where similar opportunities may arise.

3i’s OFTO track record

Project	Wind farm developer	Wind farm size (MW)
1. Walney 1	DONG	184
2. Walney 2	DONG	184
3. Sheringham Shoal	SCIRA	315
4. London Array	E.ON/DONG/Masdar	630
5. West of Duddon Sands	Scottish Power Renewables/DONG	389
Total		1,702



Contacts

3i Group plc

16 Palace Street, London SW1E 5JD, UK

Telephone +44 (0)20 7975 3131

THR27379

Further details

of 3i's approach as a responsible investor, including a summary of our Responsible Investment policy, are available at

 www.3i.com