



LEA 02	Disclosures: Mandatory	Reason for interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>		

RI TRANSPARENCY REPORT

2013/14

3i Group plc

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Private	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Public	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 11	Encouraging improvements in investees	✓	Public	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Private	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Public							✓

3i Group plc

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory only services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

270

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 | Indicate the year end date for your reporting year.

30/09/2013

OO 04.2 | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		11	751	000	000
Currency	GBP				
Assets in USD		18	302	160	708

OO 04.3 | Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 06.1 | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	54	0
Private equity	33	0
Property	0	0
Infrastructure	13	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
-------	---	---------	---------

OO 08.1	Indicate the breakdown of your organisation's AUM by market.
----------------	--

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
-------	-----------	-------------	---------

OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

Starting with £15m capital in 1945, today 3i is one of the world's leading international investors, with approximately £12bn of assets under management as at 30 September 2013, focusing on private equity, infrastructure and debt management.

Our strategic goal is to be a leading international manager of third-party and proprietary capital with three strong investment businesses delivering top quartile cash investment returns over the longer term:

Private Equity

International investor in mid-market companies with an enterprise value between €100m and 500m, taking a majority or minority stake. New investment focused on Northern Europe and North America.

Core sector focus: Business Services, Consumer, Healthcare and Industrial.

Infrastructure

Investing primarily in utilities, transportation and social infrastructure across Europe.

Debt Management

Management of third party capital, investing in non-investment grade senior and mezzanine debt issued by medium and large private European and North American companies.

3i has been listed on the London Stock Exchange since 1994 and has operations in 12 offices in 11 countries across Europe, Asia and the Americas.

Responsible investment

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 and our business model 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.

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

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

Gateway asset class implementation indicators

OO 11**Mandatory****Gateway****General**

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
----------------	--

- Private debt
- Private equity
- Infrastructure
- None of the above

OO 12	Mandatory	Gateway	General
--------------	------------------	----------------	----------------

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.
----------------	---

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Private Equity
- Infrastructure

Closing module

- Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

3i Group plc

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 01.1 Indicate if you have a responsible investment policy.

- Yes
- No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

OA 01.3

Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

The 3i responsible investment policy makes it clear that we aim to use our influence as an investor to promote a commitment in our portfolio companies to:

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

Key elements of the RI policy include:

- A clear statement that 3i's objective is to invest only in businesses which are committed to:
 - a cautious and responsible approach to environmental management of their business operations by making efficient use of natural resources and mitigating environmental risks and damage;
 - respecting the human rights of their workers;
 - maintaining safe and healthy working conditions for their employees and contractors;
 - treating their employees fairly;
 - upholding the right to freedom of association and collective bargaining;
 - respecting the health, safety and wellbeing of those adversely affected by their business activities;
 - upholding high standards of business integrity, avoiding corruption in all its forms and which comply with applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations
- An exclusion list of businesses and activities in which 3i will not invest;
- A referral list of businesses in which 3i may invest but which require additional approval as they are particularly sensitive
- A set of minimum ESG standards that 3i expects its investee companies to comply with or be committed to achieving compliance over a reasonable period of time, including, where appropriate, meeting relevant international standards (including the IFC performance standards and the ILO Fundamental Conventions) where these are more stringent than local laws

The RI policy is underpinned by:

- A set of RI procedures that complement our investment processes and ensure that they are consistently applied across all of our investment activities;
- An online toolkit that provides screening and risk assessment tools for ESG risks, including anti-bribery and corruption risks;
- A series of guidance notes for investment teams, covering key sectors (Healthcare, Consumer, Industrial and Business Services) and key issues (alcohol, gambling and tobacco, human rights, labour issues, defence, security and conflict, media and entertainment, environment, corruption and business ethics, climate change, controversial technologies, civil nuclear power and products) with links to case studies, international norms and standards and information about specific emerging markets;
- A list of preferred ESG due diligence suppliers; and
- An internal RI portal that provides access to these resources
- Dedicated in-house resource to support 3i's international investment teams

OA 02

Mandatory

Core Assessed

PRI 6

OA 02.1 | Indicate if your responsible investment policy is publicly available.

- Yes
- No

OA 02.3 | Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
 - Yes, all
 - Yes, some

OA 02.4 | List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Summary of responsible investment policy	http://www.3i.com/corporate-responsibility/responsible-investing

- No

OA 03 | **Mandatory** | **Core Assessed** | **PRI 1,2**

OA 03.1 | Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
----------------	---

The 3i responsible investment policy applies to all investments considered by 3i across its Private Equity and Infrastructure business lines, across all sectors and geographies.

The policy applies in a more limited manner to 3i's Debt Management business to reflect the nature of its debt instruments, the relative size of each investment and the significantly more limited influence which 3i Debt Management has over its underlying investee companies. The 3i Debt Management business was established in February 2011 when 3i acquired the Mizuho Investment Management debt platform from Mizuho Corporate Bank. The business has subsequently made a number of acquisitions in the US and Europe. Through these transactions, 3i acquired a number of established portfolios.

The policy applies to any direct lending by 3i's Debt Management business and the 3i Exclusion and Referral lists apply to new funds raised after November 2011, but not to investments made by funds raised by debt platforms prior to their acquisition by 3i. The policy applies to c14% of 3i Debt Management's AUM as at 30 September 2013.

OA 04	Mandatory	Core Assessed	General
--------------	------------------	----------------------	----------------

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	---

Yes

3i wishes and needs to maintain a high standard of professional behaviour and reputation in its dealings with people and organisations external to 3i.

3i applies the following principles to managing potential or actual conflicts of interest.

- 1) The overriding principle is that 3i will treat its customers (including 3i's regulatory customers and portfolio companies, both existing and potential) fairly and, specifically, will at all times act in accordance with the relevant regulated 3i entity's fiduciary position as manager and applicable Financial Conduct Authority (FCA) principles and rules as to treatment of regulatory customers.
- 2) 3i will consider the interests of all its customers fairly and on a 'level playing field' and will not unfairly place the interests of one above those of the other(s).
- 3) 3i will at all times comply with applicable legal and regulatory requirements.
- 4) Decisions will be made on an objective and consistent basis based on all relevant considerations and without reference to any personal interest on the part of those responsible for making the decisions.
- 5) 3i has varying degrees of influence on its portfolio companies, depending, amongst other factors, on the percentage equity owned by 3i and/or 3i funds and whether it and/or they have a nominated director or directors on the board of the relevant portfolio company/ies. In dealing with potential or actual conflicts, 3i will have regard to (1) the extent to which it is actually able, or not, to influence the actions and/or behaviour of the relevant portfolio company/ies and (2) the fiduciary duties of its nominees who are directors of the portfolio company/ies

Set out below are the steps taken to manage a conflict. Appropriate written records of the consideration of conflicts and potential conflicts will be kept at all stages

- 1) Conflict or potential conflict of interest identified and information barriers put up as necessary
- 2) Relevant 3i leadership group member(s) and Group Compliance consider and resolve conflict together with, when appropriate, certain other individuals, or refer it to the 3i Conflicts Committee (comprising the 3i Group Secretary and General Counsel, the 3i Group Finance Director and the 3i Group Strategy Director)
- 3) 3i Conflicts Committee decides how 3i should manage the conflict
- 4) Where the 3i Conflicts Committee cannot resolve the conflict, clear disclosure of the conflict will be made to the relevant customer(s) to enable them to take an informed decision. 3i will seek to resolve the conflict with the customer(s).

No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1 | Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2 | Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3 | Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4 | Additional information. [Optional]

The Responsible Investment Manager has agreed a set of specific objectives for responsible investment. Performance against these objectives will be reviewed in April 2014 and revised objectives for the year ahead will be agreed.

OA 06	Voluntary	Descriptive	General
--------------	------------------	--------------------	----------------

OA 06.1 | List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

Add responsible investment objective 1

Objective 1	Ensure that Responsible Investing procedures are fully implemented and supported by appropriate training and resources
Key performance indicators	1) Coverage of ESG issues pre-investment for new investments and in monitoring of portfolio companies 2) Number of training events held and attendance
Describe the progress achieved	The responsible investment policy is fully integrated into the investment and portfolio monitoring processes. Staff received anti-bribery and reputational risk training in the period

Add responsible investment objective 2

Objective 2	Enhance our monitoring and reporting to include meaningful KPIs with respect to ESG matters within the portfolio
Key performance indicators	KPIs in place for key assets in the portfolio
Describe the progress achieved	Some KPIs (particularly focused on social and governance issues) are in place across key assets in the portfolio.

Add responsible investment objective 3

Objective 3	Continue to engage with portfolio management teams and assist them in achieving improvements to ESG matters
Key performance indicators	Demonstration of continued engagement in the portfolio monitoring process
Describe the progress achieved	ESG is the first agenda item at each semi-annual portfolio company review meeting, where progress is monitored and recorded

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
----------------	---

Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	To improve public disclosure of 3i's responsible investment policy
Key performance indicators	Improved disclosure on the 3i Group plc website

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Enhance our monitoring and reporting to include specific KPIs with respect to ESG matters within the portfolio
Key performance indicators	KPIs in place for key assets in the portfolio

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Deliver training to investment professionals on cyber security risks in the portfolio
Key performance indicators	Proportion of investment professionals attending training sessions

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General
--------------	------------------	------------------------------	----------------

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Business line heads**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

1

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
-------	-----------	---------------	---------

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
----------------	---

Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
----------------	---

Select all that apply

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

3i is a participant in the CDP climate change program

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

3i is a signatory to the Principles for Responsible Investment, and in 2013 3i contributed to the PRI GP Guide "Integrating ESG in Private Equity - a guide for general partners" which will be published in March 2014

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Dow Jones Sustainability Index

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Completion of the annual survey

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- No

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

3i is a member of the Sustainability Leadership Forum

- No

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
-------	-----------	---------------------	-----------

OA 12.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

- Yes
- No

ESG issues in asset allocation

OA 14	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
-------	-----------	-------------	---------

OA 15.1

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Private debt	<p>The 3i Debt Management ("3i DM") business was established in February 2011 when 3i acquired the Mizuho Investment Management debt platform from Mizuho Corporate Bank. The business has subsequently made a number of acquisitions in the US and Europe. Through these transactions, 3i acquired a number of established portfolios.</p> <p>3i DM manages third party funds which invest in senior and mezzanine corporate debt in typically large and private companies in UK, Europe and North America. 3i DM typically takes small slices of debt (typically <5% of a tranche of a particular debt instrument) which it acquires by way of secondary transaction. 3i DM, therefore, has very limited influence over the policies and management approach of the underlying companies which have issued the debt instruments. For this reason, 3i's Responsible Investment policy applies in a more limited way to 3i DM. The Exclusion and Referral Lists in 3i's RI policy apply to investments made by funds raised after November 2011 (when the RI policy came into effect) but not to investments made by funds which were acquired by 3i.</p>
Infrastructure	<p>3i Group's Infrastructure business advises or manages four investment vehicles, each with a different focus:</p> <p>3i Infrastructure plc ("3iIN") - a closed-ended infrastructure investment company with a market capitalisation of c. £1.2bn which makes equity and junior or mezzanine debt investments in infrastructure businesses. We define these as companies with strong market positions that deliver stable underlying performance: asset-intensive businesses, providing essential services over the long term, often on a regulated basis, or with significant contracted revenues. 3iIN's market focus is on core infrastructure in Europe, principally in the utility and transportation sectors, investing in operational assets that generate long-term yield and can provide capital growth. As a publicly listed company, 3iIN is required to publish detailed financial information and information on its portfolio (including an assessment on how risks within the portfolio are managed), which is available on www.3i-infrastructure.com.</p> <p>3i India Infrastructure Fund - a US\$1.2bn fund which closed in 2008, investing in a diversified portfolio of equity (or equivalent) investments in India. This fund has a portfolio of seven investments in the port, road and power sectors. The investment period for the 3i India Infrastructure Fund ended on 30 November 2012 and 3i Group, as Investment Manager, is currently managing those investments with a view to exiting them over the next few years.</p> <p>BIIF LP - a c. £680m buy and hold yield-based fund focusing on equity and subordinated debt investments in PPP projects and other infrastructure with a similar risk profile throughout Europe. BIIF LP is fully invested and has a life of 15 years (from May 2009).</p> <p>BEIF II LP - a c. £280m capital growth fund focusing on primary and secondary PPP and other infrastructure with a similar risk profile throughout Europe. This fund is fully invested and has a life of 10 (+2) years (from 2006).</p> <p>ESG issues are addressed by 3i's Infrastructure business in a very similar way to 3i's Private Equity business (see Private Equity section). For investments made by 3i Infrastructure plc, the following approach is applied.</p> <p>New investment</p> <ul style="list-style-type: none"> • All new infrastructure investment opportunities are screened against the exclusion and referral lists in 3i's responsible investment policy. • An initial assessment of all new investment opportunities will be carried out using 3i's on-line ESG due diligence toolkit to identify high level ESG risk areas requiring further, more detailed due diligence. • If potential ESG risks are identified, 3i will carry out deeper due diligence involving external experts and, if material ESG risks are found, 3i will require the potential investee

company to commit to implementing appropriate measures to mitigate those risks. Such measures may include meeting relevant International Standards (over a reasonable time frame) where these are more stringent than applicable local laws. 3i will support the potential investee company to do so by developing action plans with appropriate targets, timetables and resources.

Portfolio management

- 3i encourages and supports the investee company to work over the period of 3i's investment to pursue continuous improvement in relation to managing ESG matters as best practice continues to evolve.
- 3i monitors and records the investee company's performance against agreed ESG action plans, targets and timetables as part of 3i's 6-monthly portfolio review process.
- 3i monitors and records serious ESG incidents involving investee companies which result in loss of life, serious injury, material effect on the environment or material breach of law and by promoting corrective actions.

Exit

- 3i will consider, at the time of exit, appropriate disclosure of material ESG matters, impacts and steps taken to manage them.

For investments made by BIIF LP and BEIF II LP, the following approach is taken:

New investments follow the procedures set out above.

A different approach is taken to portfolio monitoring due to the large number of PPP projects involved (over 100) and the fact that many of the underlying projects are very similar in nature (e.g. school buildings, hospitals, roads etc.) Portfolio monitoring is therefore carried out at a portfolio level rather than on an individual project-by-project basis. ESG issues across the PPP portfolio are summarised quarterly and reviewed. More significant issues are monitored in more depth.

The effective implementation of 3i Group's Responsible Investment Policy by its Infrastructure business is monitored and audited internally by the Investment and Risk Committees.

3i Group plc

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PE 01

Mandatory to Report Voluntary to Disclose

Peering

General

PE 01.1

Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total	100%

PE 01.2

Additional information. [Optional]

3i's Debt Management business is a separate business line, it does not form part of the Private Equity business

PE 02

Mandatory to Report Voluntary to Disclose

Peering

General

PE 02.1

Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

PE 02.2

Additional information. [Optional]

3i's approach to responsible investment in Private Equity is consistent for both minority and majority stakes:

New investment

- All new investment opportunities are screened against the exclusion and referral lists in 3i's responsible investment policy
- An initial assessment of all new investment opportunities is carried out using 3i's online ESG due diligence toolkit to identify high level ESG risk areas requiring further, more detailed due diligence
- If potential ESG risks are identified, 3i carries out "deep dive" due diligence involving external experts and, if material ESG risks are found, 3i requires the potential investee company to commit to implementing appropriate measures to mitigate those risks. Such measures may include meeting relevant International Standards (over a reasonable time frame) where these are more stringent than applicable local laws. 3i will support the company to do so by developing action plans with appropriate targets, timetables and resources

Portfolio management

- 3i encourages and supports portfolio companies to work over the period of 3i's investment to pursue continuous improvement in relation to managing ESG matters as best practice continues to evolve
- 3i monitors and records the investee company's performance against agreed ESG action plans, targets and timetables as part of 3i's semi-annual portfolio review process.
- 3i monitors and records serious ESG incidents involving investee companies which result in loss of life, serious injury, material effect on the environment or material breach of law and by promoting corrective actions.

Exit

- 3i will consider, at the time of exit, appropriate disclosure of material ESG matters, impacts and steps taken to manage them

PE 04**Mandatory****Core Assessed****PRI 2****PE 04.1**

Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

PE 04.2	Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].
----------------	--

3i has a suite of detailed responsible investment guidelines which are available to all 3i staff and which cover the following sectors and ESG issues:

Sectors:

- Consumer
- Industrials& Energy
- Business & Financial Services
- Healthcare

Specific ESG issues:

- Alcohol, gambling& tobacco
- Human rights
- Labour issues
- Defence, security & conflict
- Media & entertainment
- Environment
- Corruption & business ethics

The guidelines were prepared, and are regularly updated, by an external ESG expert.

The guidelines underpin the minimum ESG standards set out in 3i's Responsible Investment policy which, in turn, reflect international standards such as the IFC Performance Standards& Guidelines and the ILO Fundamental Conventions.

The guidelines apply throughout 3i's investment process, from initial investment through portfolio monitoring to final exit. The guidelines are aimed at 3i's investment teams but are available to all staff.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6
--------------	------------------	----------------------	------------------

PE 05.1	Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.
----------------	---

- Yes
- No

PE 05.4	Additional information. [Optional]
---------	------------------------------------

3i's most recent private equity fundraising was completed in 2006, prior to the introduction of the current responsible investment policy in 2011. It is anticipated that future fund placement documents will include specific reference to 3i's policy and approach.

Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1
-------	-----------	---------	-------

PE 07.1	Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.
---------	--

Yes

The 3i investment selection process can be broken down into three key stages; Early stage, Due diligence and Investment. Consideration of ESG issues occurs at each stage in the investment process to ensure that new investment opportunities meet the minimum standards required of 3i portfolio companies. The process is followed consistently across the private equity business, there are no differences in how ESG issues are considered across sectors or geographic regions. ESG is an agenda item at each stage in the investment decision process.

Early Stage

- The opportunity is screened against 3i "exclusion and referral" lists, which identify businesses and activities in which 3i will not invest and those which are particularly sensitive or potentially involve material reputational issues and may necessitate more in-depth due diligence or risk assessment and require approval from 3i's CEO and General Counsel before the opportunity can be progressed
- The deal team conducts an initial assessment of the opportunity using a proprietary online Responsible Investment toolkit which provides screening and risk assessment tools for environmental, social, anti-bribery and corruption risks. An output from the toolkit highlights the potential risks presented and areas where further due diligence should be completed. The output is attached to the Investment Committee paper for review and discussion

Due diligence

High-level ESG risks identified at the Early Stage are investigated in more depth, typically involving external ESG due diligence experts. The objective of the ESG due diligence is to confirm that the potential investee company:

- complies with all applicable local laws relating to environmental, social, health and safety, extortion, bribery and corruption matters;
- can demonstrate that it has the commitment, capacity and track record to effectively identify, monitor and manage the potential ESG risks facing its business (e.g. by having or committing to put in place: specific policies; regular reporting to the board; adequate management systems; clear assignment of responsibility; adequate training for staff and low injury and accident rates);
- where 3i's due diligence identifies actual, material environmental or social risks, is committed to implementing (within an agreed timeframe) appropriate measures to mitigate those risks which may include meeting relevant international standards (where these are more stringent than applicable local laws); and
- where 3i's due diligence identifies actual, material bribery risks, is committed to implementing (within an agreed timeframe) improvements or additions to its anti-bribery principles and bribery prevention procedures which are appropriate to its business and the bribery risks it faces.

Investment decision

- Where appropriate, insert conditions into the investment agreement and relevant actions to be addressed in the 180 day plan
- Following completion of the investment, an independent ESG review of each investment process is completed by an external consultant, the output of which includes:
 1. An evaluation of the ESG due diligence conducted and the 180 day post-investment plan
 2. A report on the material ESG risks and opportunities for the investment

3. A completed ESG questionnaire used for future portfolio monitoring purposes

No

PE 08	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

PE 08.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the private equity investment selection process.
---------	--

Internal staff

Specify role

3i Responsible Investment Manager

Specify role

3i Investment Committee - investment screening

Specify role

3i General Counsel - investment screening

External resources

- Environmental advisors
- Social advisors
- Corporate governance advisors
- Regulatory and/or legal advisors
- Other, specify type of advisors/roles

No use of internal or external advice on ESG issues

PE 08.2	Additional information.
---------	-------------------------

3i relies on internal knowledge and experience, and external consultants / advisors / due diligence providers when considering ESG issues in the investment selection process.

PE 09	Mandatory	Core Assessed	PRI 1,3
-------	-----------	---------------	---------

PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
---------	--

ESG issues

Environmental

List up to three typical examples of environmental issues

Compliance with local environmental laws

Impact on sensitive environments / people
 Pollution and contamination

Social

List up to three typical examples of social issues

Labour issues, including health & safety and working conditions, payment of wages below stated minima, unfair treatment of employees

Involuntary resettlement issues

Supply chain management - child labour, working conditions etc

Governance

List up to three typical examples of governance issues

Suitable Board composition and governance around Board meetings, including a review of material ESG issues at least annually

Bribery, corruption and anti-competitive behaviour

Cyber security

PE 10	Voluntary	Additional Assessed	PRI 1,3
--------------	------------------	----------------------------	----------------

PE 10.1 Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

PE 11	Voluntary	Additional Assessed	PRI 1,2
--------------	------------------	----------------------------	----------------

PE 11.1 During deal structuring, indicate if your organisation typically encourages continuous improvements from potential investees with regard to their management of ESG issues.

Yes

PE 11.2

Describe the nature of these improvements and their ESG coverage.

Where a 3i portfolio company's business involves a specific ESG risk, the company is required to meet 3i's minimum ESG standards relating to that specific risk. Where these standards are not met, investment teams may incorporate ESG improvement requirements into the investment agreement.

Where due diligence identifies a specific material ESG risk, 3i requires the potential investee company to commit to implementing appropriate measures to mitigate those risks in a suitable timeframe. Such measures may include working towards meeting relevant international standards, such as the relevant IFC Performance Standards, where these are more stringent than local law. A 180 day post-completion plan is produced for every potential investment before the final Investment Committee is held. This document ensures that 3i applies the same consistent best practice initiatives across the portfolio from the start of our ownership. ESG initiatives are often incorporated into the 180 day plan, which is supported by appropriate targets, timetables and resources

During the period of 3i's investment, the investment team will encourage and support the company to pursue continuous improvement in relation to managing ESG matters as best practice, international standards and applicable laws continue to evolve.

No

Post-investment (monitoring and active ownership)

PE 13

Mandatory

Gateway/Core Assessed

PRI 2

PE 13.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 13.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

Environmental

List up to three example targets of environmental issues

Pollution
Compliance with local environmental laws

Social

List up to three example targets of social issues

Number of key suppliers who have signed a code of conduct
Number of health and safety incidents occurred
Product quality issues

Governance

List up to three example targets of governance issues

Anti-bribery policies and procedures in place
Audit - quality and independence of auditors, exceptions in auditors' reports
If the Board has a separate audit and remuneration committee

We do not set and/or monitor against targets

No

PE 13.4 Additional information. [Optional]

ESG issues are considered in the investment monitoring of all portfolio companies across 3i's Private Equity business. In addition, ESG issues are considered at portfolio companies which represent the greatest ESG risks. These issues and KPIs are reviewed twice a year for the majority of the portfolio.

There are a number of non-core assets in the 3i private equity portfolio (held on balance sheet, not in third party funds), including investments where 3i's level of influence is much lower. Regular monitoring of ESG performance at these companies is more challenging.

PE 14	Mandatory	Core Assessed	PRI 2
--------------	------------------	----------------------	--------------

PE 14.1 Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

No

PE 14.3 Additional information. [Optional]

All portfolio companies are required to devote appropriate time and attention to ESG risks and opportunities at Board level. However, we do not track the proportion of portfolio companies that have a formal ESG policy in place.

PE 15	Voluntary	Additional Assessed	PRI 2
--------------	------------------	----------------------------	--------------

PE 15.1

Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

Define when engagements with stakeholders should be carried out to discuss ESG issues

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

Other actions, specify

PE 15.2	Describe how your organisation contributes to the portfolio's management of ESG issues.
----------------	---

As described in PE 18.1, a review of ESG performance at each portfolio company is conducted at the semi-annual Portfolio Company Review ("PCR") meetings. These meetings are attended by the Co-heads of 3i Private Equity, selected Partners and, as appropriate, representatives of the 3i Group plc Executive Committee and Board of Directors. In this forum, attendees can question and challenge each portfolio company's approach to ESG to ensure consistency of approach and shared best practise across the private equity portfolio.

For example:

4. 3i has led initiatives with its Private Equity portfolio companies to ensure they have in place adequate anti-bribery and corruption policies, procedures and practices and adequate business continuity plans
5. 3i is about to launch a new initiative with selected Private Equity portfolio companies to ensure they have in place adequate systems to prevent cyber attack

In addition, 3i holds an annual forum for the CEOs and Chairmen of its private equity portfolio companies. This annual forum presents an opportunity for representatives of the portfolio to share their experiences and discuss relevant issues. In 2011, the focus of this event was sustainability, including presentations, panels and interactive sessions chaired by 3i representatives and external speakers.

PE 16	Voluntary	Descriptive	PRI 2,3
--------------	------------------	--------------------	----------------

PE 16.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
----------------	---

Type of reporting

Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, specify
- Standalone reports highlighting targets and/or KPIs covering ESG issues
- Other, specify
- No reporting on ESG issues requested and/or provided by portfolio companies

PE 17	Voluntary	Additional Assessed	PRI 2
-------	-----------	---------------------	-------

PE 17.1	Indicate whether your organisation discloses information on ESG issues to potential buyers prior to exit for private equity investments.
----------------	--

- We always include ESG issues in pre-exit information
- We include ESG issues in pre-exit information in the majority of cases
- We include ESG issues in pre-exit information in the minority of cases
- We do not include ESG issues in pre-exit information

PE 17.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
----------------	---

We do not explicitly include ESG issues in pre-exit information unless there are particular ESG sensitivities around a certain business, and/or there are issues arising at the time of exit.

Outputs and outcomes

PE 18	Voluntary	Additional Assessed	PRI 1,2
-------	-----------	---------------------	---------

PE 18.1	Indicate whether your organisation measures how your approach to ESG issues in private equity investments has affected financial and/or ESG performance.
----------------	--

	Financial performance
--	-----------------------

- We measure how ESG issues affect financial performance
- We do not measure how ESG issues affect financial performance

	ESG performance
--	-----------------

- We measure changes in ESG performance

PE 18.3

Describe the measures your organisation uses to assess the impact of your activities on your private equity investments' ESG performance.

During the period of 3i's investment, the investment team will encourage and support portfolio companies to pursue continuous improvement in relation to managing ESG matters as best practice, international standards and applicable laws continue to evolve.

Monitoring of ESG risks and opportunities across the 3i portfolio is primarily conducted via a semi-annual Portfolio Company Review ('PCR') process, when each portfolio company is reviewed in detail by the deal team, the Co-heads of Private Equity and nominated Partners from across the Private Equity business. As part of the standard information pack prepared for each PCR, an ESG questionnaire is completed. The questionnaire focuses attention on the relevant ESG issues and some KPIs for each portfolio company. ESG is the first agenda item at each PCR meeting, where actions are set and progress against previous actions is monitored.

The outputs of the ESG questionnaires are presented to 3i's Group Risk Committee, which comprises representatives of the 3i Group plc Board of Directors.

We do not measure changes in ESG performance

Communication

PE 20

Mandatory

Core Assessed

PRI 6

PE 20.1

Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only

PE 20.3

Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 20.4

Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc, specify

PE 20.5

Describe the ESG information and how your organisation proactively discloses it to your clients (LPs)/beneficiaries. [Optional]

3i provides detailed portfolio reporting to LPs on a semi-annual basis, including a two page update on each portfolio company. In 2013 we introduced an ESG section to this update, which includes commentary on the key ESG risks and initiatives at every portfolio company in the relevant fund, including at exit. This information is written and updated by the investment teams, covering five key topics:

- Key ESG risks associated with the sector/ environment in which the company operates, and whether this company is impacted by these
- The portfolio company's ESG strategy
- ESG initiatives currently underway, including whether third party advisors have been engaged
- ESG issues in the period
- Any ESG factors relevant to exit

In 2013 we also produced three case studies which highlighted three ESG risks which impact several portfolio companies across 3i's portfolio. The purpose of the case studies was to demonstrate 3i's recognition that its portfolio companies are exposed to the same risks, and the consistency of approach to managing these risks across the portfolio. Each case study referred to two or three portfolio companies from across 3i's portfolio. The case studies focused on the following risks:

Environmental impact (Environment)

Supply chain management and responsible sourcing (Social)

Bribery (Governance)

Case studies were made available to LPs at 3i's annual private equity investor meeting.

No proactive disclosure to the public or to clients (LPs)/beneficiaries

PE 21	Voluntary	Descriptive	PRI 6
PE 21.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).		

3i reports minor incidents to LPs in semi-annual portfolio reporting.

3i reports serious incidents as soon as is practical and using the most appropriate communication medium based on the nature of the incident. This could include: at fund Advisory Board or Annual Investor meetings, by email, via telephone call to each LP or Advisory Board member and in the semi-annual portfolio reporting.