



3i Group plc
Corporate responsibility
report

2009

As included in our Report and accounts 2009

Corporate responsibility

Core values

We believe that the highest standard of integrity is essential in business. In all our activities, we aim to:

- be commercial and fair;
- respect the needs of our shareholders, our staff, our suppliers, the local community and the businesses in which we invest;
- maintain our integrity and professionalism; and
- strive for continual improvement and innovation.

“It’s in hard times, not easy ones, that strong companies can pull ahead of the competition. By increasing our connectivity to the rest of the world, and by taking a sensible and authentic approach to corporate responsibility, 3i can enhance further its reputation as the private equity firm of choice.”

Kevin Dunn Group Company Secretary & General Counsel

Corporate responsibility at 3i

- 3i’s approach to corporate responsibility, both as an investor and a company, is commercially driven.
- An active approach to corporate responsibility means more to 3i than simply retaining our licence to operate or reducing risk.
- We believe that our approach to corporate responsibility provides genuine competitive advantage and helps to maximise long-term returns.
- We also think it is important to review our approach to corporate responsibility every year and to keep innovating in this important area.

We hope that the pages which follow will illustrate our commitment to good corporate responsibility as well as provide detail on our performance.

Corporate Responsibility Committee	
Kevin Dunn	Company Secretary and Chairman of the Committee
Deepak Bagla	a Director in 3i’s India Infrastructure investment business
Whitney Bower	a Partner in US Growth Capital
Douwe Cosijn	Head of Investor Relations
Patrick Dunne	Group Communications Director
Jan-Peter Onstwedder	Head of Risk
Barbara Sterlina	a Communications Project Manager
Tony Wang	an Associate Director in 3i’s Asia investment business
Phil White	a Partner in UK Infrastructure
The Committee’s membership reflects the balance of 3i’s business with representation from Europe, Asia and North America, and from a range of business line and Group activities.	
Sources of expertise	
In addition to the Corporate Responsibility Committee, 3i is able to draw upon a wide range of internal and external sources of expertise on corporate responsibility matters. An illustration of some of these is provided on page 7.	

Contact us
For more information please contact Kevin Dunn at KevinDunnCR@3i.com

Corporate responsibility in our investment activity

As an investor, we view corporate responsibility from two perspectives; opportunity and risk.

We believe that an active approach to corporate responsibility has the potential to bring a wide variety of business benefits to our portfolio companies including:

- improved efficiency, reduced costs and lower waste;
- increased employee, customer and supplier engagement;
- greater access to international markets;
- new market opportunities;
- enhanced brand and reputation;
- greater awareness and management of risks; and
- a potentially wider pool of buyers for the company when it is time to sell.

The most significant corporate responsibility risks arising from our investment activity are likely to relate to environmental, ethical, governance and social issues. Failure to identify or manage these risks effectively not only has the potential to undermine the success of our portfolio companies but also might compromise 3i's reputation. Identifying and managing these risks is therefore an important part of managing risk for 3i and doing so successfully has the potential to increase the value and attraction of our portfolio companies to others.

Our investment process involves four key stages:

- fund raising;
- investment assessment;
- creating value once we are invested; and
- realisation.

A description of the issues involved at each of these stages and 3i's approach to them is set out on pages 4 to 7.

In 2008, we conducted a Group-wide review of our business needs and policies in relation to corporate responsibility. This review identified several factors driving the need for further development of our policy and accompanying operational procedures. These factors included increased globalisation and 3i's own international growth in developing markets, as well as a recognition that public expectations were growing at a time when trust in the financial services sector was coming under greater scrutiny. Increased regulation on a wide range of issues affecting a broad range of industries also needed to be taken into account.

As a result of this review, a new Group-wide corporate responsibility policy was developed.

The main features of this new policy, which is summarised on page 4 and to which all staff have online access, include:

- a single, short policy document with a clear overall corporate goal, supplemented by a set of broad aspirations and commitments (see box);
- a set of new investment procedures for all stages in the investment process – fundraising, investment, growth and realisation;
- a series of guidance notes for investment teams, covering key issues and sectors, with links to case studies, international norms and standards and information about specific emerging markets; and
- clear arrangements for policy governance and accountability.

The policy, together with revised procedures, staff training and a new corporate responsibility web-based portal, was designed to provide 3i staff with a clear framework, as well as the tools to think about and manage issues relating to corporate responsibility throughout the investment process.

The appointment of Ian Nolan as Managing Partner, Investments, during the year, with responsibility for the quality, consistency and improvement of investment processes within and across each business line will provide Management Committee with further oversight and control in this very important area.

Corporate responsibility website

For further information on 3i's approach to corporate responsibility both as a company and as an investor, please visit our dedicated corporate responsibility website, www.3icr.com.



Corporate responsibility

Summary of new 3i Corporate responsibility policy

As a public and international company, 3i is committed to putting its core values into effect by investing responsibly and encouraging responsible business conduct among its portfolio companies. Our revised policy and procedures are designed to help employees understand and manage the impacts they and investee companies have on society and the environment, including any relevant ethical issues.

3i has set itself the overall goal of being a top performer in corporate responsibility among private equity companies and a positive influence for sustainable social and environmental practices across its international investment portfolio.

Specifically, 3i is committed to:

1. Human rights

Respect the protection of international human rights and avoid complicity in human rights violations.

2. Labour/workplace rights

Uphold the right to freedom of association and collective bargaining; abolish child labour; eliminate forced and compulsory labour; and end employment discrimination.

3. The environment

Take a cautious and responsible approach to the environment; promote compliance with environmental law, improvement in management standards and the sustainable management of natural resources; and help combat climate change by supporting the development of products and services that are environmentally beneficial.

4. Anti-corruption

Avoid corruption in all its forms, including extortion and bribery, upholding compliance standards and integrity and complying with relevant anti-fraud and money-laundering regulations.

We see these aspirations as going beyond corporate good governance and compliance with local and other law. The policy is not just concerned with "doing no harm" or ethical business practices, but impinges on issues of wider trust and corporate reputation, which are critically important in the new global climate where there is greater public mistrust of the financial sector.

New procedures have been adopted based on a simple corporate responsibility materiality test for all investments, and a requirement for staff to demonstrate, throughout the life of the investment through to exit, that they have taken account of the issues and understand the value, opportunities and risks involved. By encouraging corporate learning and the sharing of good practice, we believe this process will be self-reinforcing.

Corporate responsibility in our investment process

The following summary information about each of the four key stages in our investment process is supplemented by further details on 3i's dedicated Corporate responsibility website www.3icr.com

Fundraising

Investments are made by using capital from 3i's own balance sheet, as well as from external funds managed or advised by 3i. At 31 March 2009, 3i had £8.0 billion of assets under management, comprising £4.0 billion of our own assets and £4.0 billion on behalf of external funds. 3i's own capital has been built from the success of earlier investments.

A list of the external funds managed or advised by 3i is set out in our 2009 Report and accounts. These funds are raised to invest in specific business lines and have clear investment mandates. For example, Eurofund V is a mid-market buyout fund which is focused on Europe, but has the flexibility to invest up to 10% of the size of the fund in the rest of the world.

Interest in the degree to which public companies and private equity firms consider environmental, ethical, governance and social issues has been growing amongst a number of large institutional shareholders and Limited Partners, the major investors in private equity funds.

3i has been a member of the Dow Jones Sustainability World Index ("DJSI") since 2002 and the Business in the Community Corporate Responsibility Index since 2003. 3i has also been reporting to the Carbon Disclosure Project for the past two years. Investors representing \$56 trillion of assets under management have signed up to the Carbon Disclosure Project, which calls on major companies from around the world to provide specific details on climate change risk.

A key reason for the development of 3i's corporate responsibility website was to provide existing or potential investors in 3i's shares or funds with easy access to relevant information on corporate responsibility issues relating to 3i's business. 3i also actively communicates its approach on corporate responsibility issues to investors in a wide variety of other ways and has a dedicated investor relations website www.3igroup.com.

"At AlInvest, we promote sustainability and governance as a key factor in investment choices as well as increased transparency. We appreciate working with partners like 3i who share the same objectives."

AlInvest Partners

Investment

Whilst each investment is considered on its own merits, there is a standard review process for all types of investments which aims to identify all of the issues that might affect our decision to invest. Consideration of corporate responsibility issues is embedded as a mandatory part of this process.

The key steps in the process are:

– Preliminary appraisal

During this stage, a decision is taken on whether to commit further resource to progress the investment opportunity and place it in formal work in progress.

– Partner review

A decision is taken to progress the opportunity only after a detailed review by a group of senior and experienced investment executives in the relevant business line and sector team. A decision is also taken at this point as to what further in-depth analysis and due diligence should be undertaken.

– Due diligence and negotiation

Alongside other commercial due diligence and negotiation, an explicit review of corporate responsibility issues is undertaken for each company under review.

– Dealing with any corporate responsibility issues which emerge

Identifying an issue in due diligence may result in 3i withdrawing, depending on the severity of the issue and our confidence in being able to resolve it in an acceptable period. There are three levels of compliance with our policies: “full”; “partial”; and “serious non-compliance”. Confidence in the management team’s capacity and will to address issues satisfactorily will be a key determinant of whether we proceed or not. Our relationship with the company may mean that we can resolve issues and ensure that there is full compliance before we invest. Helping to resolve an issue may be an important element of our ability to add value, as well as enhance the investment opportunity.

– Investment Committee

Investments over £5 million are presented to 3i’s Investment Committee. If approval is given, it is usually subject to a number of conditions precedent, which may include some relating to corporate responsibility issues, for example, a key appointment being made or confirmation that a certain process meets a certain standard. Certain larger transactions also require approval by non-executive Directors.

– Final approval

Once all conditions precedent have been met, final approval is given and the investment is made.

We operate internationally and across a broad range of sectors so it is also important that we consider issues in the context of local and sector expectations. Although there is a core group of people responsible for progressing an investment overall, our approval process might involve over 20 different people with sector and regional expertise. When investment opportunities are declined, it is often for a number of reasons rather than one single issue.

The time taken to go through the whole investment process varies significantly and depends upon many factors, including the nature of the investment, the complexity of the issues, as well as the number and nature of the parties involved. In some cases, 3i may already know the company well before an investment opportunity emerges or may even be an existing investor.

Our experience suggests that one of the fundamental factors for investment success is the quality of the portfolio company management team. The approach we take to assessing potential investments places considerable emphasis on understanding and being comfortable with the management team. Their approach to dealing with due diligence on corporate responsibility issues can be a useful indicator of quality. For example, a chief executive with a poor approach to health and safety may be weak in other aspects of his or her role.

Creating value once we are invested

Before we invest in a company, we agree a clear value creation plan with the board and with the management team who will be responsible for delivering the plan. This will also involve an expectation that 3i will deliver on the actions it is responsible for in the plan. These may relate to strategic input, providing specific expertise or providing access to relevant relationships around the world. This added value may be why we have been chosen as the preferred investor and so delivering on our commitments is important. The initial post-investment phase will involve validation and refinement of the plan, based around a classic first 100-days’ approach. Such a plan would also include any corporate responsibility risks or opportunities that were identified either in due diligence or in the post-investment analysis.

Portfolio reviews take place every six months. In these reviews the investment team presents the progress and future plans to a review committee. Any material corporate responsibility issues that were part of the 100-day plan would be included in this until they are resolved. In addition, at least once a year, other corporate responsibility issues will be considered on the agenda.

3i.net

A dedicated portal for our portfolio



Corporate responsibility

We bring a collaborative approach to the companies in which we invest. Despite having extensive sector expertise, and often taking a role on the board, we recognise that we cannot know a company as well as its management. It is the management who, being closest to the situation, must make most decisions.

An early priority, therefore, is to help ensure that the governance of the company is as robust as possible and to help support the management team and board. Where necessary, we will put a pre-selected chairman in place, one of whose tasks is to be responsible for corporate responsibility.

We have dedicated programmes and activities to help build board capacity and capability. These include our Active partnership programmes and events such as our CEO forums and sector events, which are opportunities for the CEOs of our portfolio companies to come together.

These provide an opportunity to learn from, and share experiences with peers in other companies either in or outside the same sector and country.

Our Business Leaders Network, which operates on a world-wide basis, also provides opportunities for our portfolio companies to access experienced chairmen and board directors and, for those involved, to network and learn from each other. Many of those in our Business Leaders Network have run successful 3i-backed companies and so have a good understanding and empathy with the issues managers face.

Realisation

When we have helped the company implement its plans, there are three basic approaches to realising the value of our investment:

- sale to a trade buyer (eg, a company in the same sector);
- sale to another financial buyer (eg, another private equity firm with a new growth strategy); and
- a listing on a stock exchange through an IPO.

Corporate responsibility plays an important role in the valuation process for each of these exits. Trade buyers tend to be bigger companies in the same sector. These companies, especially if they are listed, tend to have well-developed corporate responsibility policies and expect high standards. Increasingly, therefore, their audit and valuation processes look at the portfolio company's corporate responsibility strategy, systems and performance.

If a trade buyer or another financial buyer were to identify a material risk or opportunity that we had missed, then this could be used to disadvantage 3i in negotiations. As a result, we often undertake another detailed due diligence process prior to sale, which includes corporate responsibility issues.

Any company that we take to IPO must meet the listing requirements of the relevant markets and pass the scrutiny of, for instance, the SEC or FSA reviewers, as well as the corporate responsibility standards expected.

Corporate responsibility as a company

As a private equity business with around 600 employees world-wide, 3i has a relatively small footprint on many corporate responsibility issues. However, we recognise that our sustained success and our reputation for being a good corporate citizen means taking our corporate responsibilities seriously.

Being focused on the mid market, operating on a world-wide scale and as one of the few publicly listed private equity firms, 3i is differentiated within the private equity industry and has been actively involved in the evolution of the corporate responsibility agenda for many years. Indeed, 3i was a founder member of Business in the Community over 25 years ago.

Throughout our history we have been actively involved in supporting the development of the industry through its formal associations and other activity. Our current Management Committee contains one former chairman of the BVCA, as well as the current and a former chairman of the EVCA.

3i is compliant with the Walker Guidelines on disclosure for private equity firms and their portfolio companies and more detailed information on 3i's approach to transparency can be found in our 2009 Report and accounts.

In this section, we provide commentary and detailed information on a range of different areas of corporate responsibility with respect to 3i itself, including:

- roles and responsibilities;
- sources of expertise;
- performance benchmarking and verification;
- staff engagement, training, diversity and culture;
- health and safety;
- environment;
- procurement; and
- community and social enterprise.

3i's dedicated CR website, www.3icr.com, contains further information on each of these topics.

Roles and responsibilities

- The Board as a whole is responsible for corporate responsibility.
- The executive Directors are responsible for ensuring compliance with 3i's corporate values and standards.
- The Corporate Responsibility Committee ("the Committee") considers and reviews corporate responsibility issues relevant to 3i's business, reports regularly to the Board and promotes awareness of these issues across the business through training and communication.
- The Committee promotes the development of corporate responsibility policies, procedures and initiatives, and monitors and reviews their operation.
- The Committee identifies and assesses the significant risks and opportunities for 3i arising from corporate responsibility issues.
- A Group-wide risk log is used to record identified risks and to monitor their management and mitigation.
- The log of identified risks is reviewed and updated at meetings of the Committee and significant risks are reported to 3i's Operational Risk Committee. There is a detailed description of risk management at 3i in our 2009 Report and accounts.
- The Chairman of the Committee, Kevin Dunn, has specific responsibility for 3i's corporate responsibility policies, leading the development of new initiatives and targets, and reporting to the Board.

All employees have a responsibility to be aware of and to abide by 3i's policies and procedures, which have been developed to guide staff and regulate the conduct of the day-to-day operations of the business. These policies and procedures include 3i's environmental, ethical and social policies and are available to all employees through 3i's portal, a web-based knowledge system. Employees are encouraged to make suggestions to improve these policies and procedures.



CARBON DISCLOSURE PROJECT

Sources of expertise

In addition to the Corporate Responsibility Committee, 3i is able to draw upon a wide range of sources of internal and external expertise on corporate responsibility issues. These include 3i's professional services and investment teams, who have specialised knowledge on specific issues, sectors and markets, as well as 3i's advisers and Business Leaders Network.

3i's scale, international reach and network also provide access to leading international consultancies on environmental, ethical and social issues for a wide variety of purposes from compliance to creating value in portfolio companies. Our portfolio companies themselves are a rich source of knowledge and through our Active partnership programme and other means we encourage experience sharing.

Performance benchmarking and verification

As can be seen from this report and 3i's dedicated CR website www.3iCR.com, the Group monitors and measures its performance on a range of corporate responsibility issues in addition to the two non-financial Key Performance Indicators (employee engagement and CO₂ emissions), both of which improved during the year.

3i's performance on a range of these and other corporate responsibility issues is measured annually against two indices. These are the Dow Jones Sustainability World Index ("DJSI"), a global index which tracks the financial performance of leading companies in terms of corporate sustainability, and the responsibility Index, which aims to benchmark environmental, ethical and social performance and encourage sustainable development.

3i has again been selected as a constituent of the DJSI during the year.

In 2008, we again participated in the annual BitC Corporate Responsibility Index and were included in Business in the Community's ("BitC") "Top 100 Companies that Count". In particular, the integration into our investment processes of our corporate responsibility principles and management of these processes were recognised. We aim to continue to be included in this Index.

We also provide information on our carbon and greenhouse gas emissions to the Carbon Disclosure Project.

In addition to formal benchmarking on corporate responsibility issues, 3i has received acknowledgement and recognition through awards voted on by peers. For example, in Management Today's 2008 survey of Britain's "Most Admired Companies", 3i was ranked tenth overall and thirteenth out of 240 companies for community and environmental responsibility.

Corporate responsibility

Staff engagement, training, diversity and culture

The ability to recruit, develop and retain capable people is of fundamental importance to achieving our strategy.

3i has human resources policies and procedures covering recruitment, vetting and performance management, as well as appropriate processes in place to monitor staff appreciation and to gain feedback.

Employee survey

3i regularly polls its staff to measure employee engagement, to understand how they feel about topical issues within the Company, as well as to give all staff the opportunity to provide confidential feedback. The method of polling alternates each year between a comprehensive telephone survey and a web-based poll. Core questions are included each time to evaluate how our performance is changing year on year.

Following last year's comprehensive telephone poll survey, conducted by Ipsos MORI, this year's survey, which was open to all staff, was web-based. It was conducted in February and March 2009, shortly after the major downsizing exercise announced to staff in December.

The response rate for the 2009 survey, although good by general standards at 56%, was lower than 3i's last web-based poll in 2007 (72%). 3i's web-based polls traditionally achieve lower response rates than telephone surveys (2008 telephone survey response: 92%). The 2009 poll was also conducted in a period when there were a number of staff in the process of leaving the Company, workloads were high due to reorganisation, the appointment of a new Chief Executive had recently been announced and the Company had also announced the acceleration of the sale of non-core assets.

The results from those surveyed were encouraging in that the overall employee engagement score was marginally higher at 85% (2008: 84%) than the previous year. 82% of those taking part in the survey thought that the changes that were made to 3i in the previous few months were necessary and 75% of respondents thought that they would place 3i in a better position for the future. Advocacy, which has traditionally been high at 3i, remained so, with 87% of staff taking part saying that they were proud to work for 3i and 90% who would be prepared to recommend 3i as an employer. The survey also highlighted some areas for improvement, including the communication of strategy and organisational change. The results of the survey were communicated to staff in May 2009.

Results of the 2009 employee survey

Measuring employee engagement and giving staff an opportunity to give feedback is a key objective for 3i. Every second year, 3i staff world-wide take part in a confidential telephone survey conducted by Ipsos MORI. In the intervening years, as in 2009, staff are given the chance to give feedback via an electronic questionnaire as part of an internally run process.

Highlights

- A response rate of 56%.
- An employee engagement score of 85%.
- 87% of staff are proud to work for 3i.
- High employee advocacy, with 90% of those surveyed saying they would speak highly of 3i.
- High commitment to 3i's objectives (97%).
- 82% of staff felt that the organisational changes announced in the previous few months to the survey were necessary.

Areas for improvement

- As with any survey of this nature, there were a number of detailed or specific issues relating to particular parts of the business.
- Although 10 points ahead of the MORI Top Ten norm*, and 20 points ahead of the 2008 figure, only 67% of staff feel valued and recognised for the work that they do.
- Qualitative feedback also suggested that there was room to improve communication of organisational change and strategy.

Action

- The results were communicated to all staff in May.
- All issues relating to specific parts of the business have been communicated and are being followed up.
- Our increased commitment to communication with staff will address the other areas for improvement.

*The Ipsos MORI Top Ten norm is the average of the most positive ten responses to each question in the Ipsos MORI normative database. These are regarded as high-performing benchmarks.

Diversity

3i has a highly diversified staff and a “best team for the job” approach to the work that it does. Consequently, at 3i, diversity is not about compliance but more about deriving the maximum business benefit from the broad range of cultures, experience, knowledge and skills of our staff.

Training and development

As a company, 3i is committed to encouraging the continuous development of its staff, with the objective of maximising both their career potential and the overall performance of the business. 3i is also highly regulated and needs to ensure that staff are familiar and also compliant with relevant regulation.

Despite a more challenging economic environment and a significant reduction in headcount during the year, we have maintained our emphasis on training and development, by adapting the range of activity to suit the current and anticipated needs of the business and our staff.

Our revised Corporate responsibility policy and processes have been the subject of a number of workshops for our staff across the world.

In addition to the fundamental training required for people to fulfil their roles in a responsible manner, 3i has established a number of programmes to maximise the development of its people and to reinforce the 3i culture. Examples of these include our Global Welcome Days for all new joiners, our Value Management through the Board courses to enhance board skills and the courses that we run in conjunction with INSEAD to increase the effectiveness of people working in multi-cultural teams.

During the year, 332 employees attended a broad range of internal training and development courses. These courses included training for investment executives relating to our Active partnership programme for the enhancement of portfolio performance. Given the international nature of our business, another element of training for professional service staff during the year focused on multi-cultural awareness.

It is a legal and regulatory requirement that all executives involved in making or managing investment transactions receive anti-money laundering training and periodic compliance refresher training. During the year, all staff sat and passed two e-based compliance courses on Financial Crime and Data Sharing.

Regular reports are provided to Board Directors on legal and regulatory issues, to ensure they are appraised of the latest relevant developments. During the year, a detailed induction programme was organised for Richard Meddings, who joined the Board as a non-executive Director in September 2008.

Corporate responsibility portal

3i has a dedicated internal corporate responsibility portal for staff



Corporate responsibility

Health and safety

Promotion of health and safety at work is an essential responsibility of staff and management at all levels. The Health and Safety Committee oversees the application of these policies and procedures and considers health and safety risks across the business.

The purpose of 3i's health and safety policy, which is set out below, is to enable all members of 3i's staff to go about their everyday business at 3i's offices in the expectation that they can do so safely and without risk to their health. High standards of health and safety are applied to staff and sub-contractors and we endeavour to ensure that the health, safety and welfare of our employees, visitors, customers, sub-contractors' staff and the general public are not compromised.

The minimum benchmark set for our global Occupational Health & Safety ("OH&S") policies is UK legislation, unless country-specific legislation or practice exceeds this level. In 2008, 3i continued the process of verification to BS OHSAS 18001:2007, an internationally recognised occupational health and safety management system.

Key objectives of our OH&S policy:

- to identify, evaluate and control risks;
- to maintain an OH&S management system;
- to ensure all incidents are reported and investigated in a timely manner;
- to set annual objectives and targets; and
- to ensure that 3i employees are informed of, and engaged in, the process of improving OH&S.

Overall objective: not to have any reportable accidents or incidents.

During the year to 31 March 2009, no reportable accidents occurred under UK Health and Safety regulations or under similar regulations outside the UK.

Additional details of these policies and procedures can be found on 3i's CR website at www.3iCR.com.

Environment

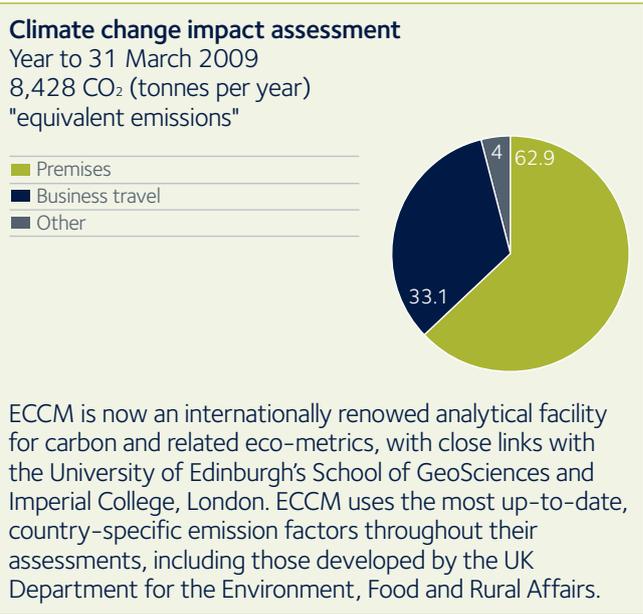
As a financial services business with just over 600 employees world-wide, 3i's direct environmental impact is relatively low.

Our environmental priorities are carbon emissions and waste.

In 2007, the Board set an objective to be carbon neutral by 2010. This involves improving the measurement and modelling of our carbon emissions; reducing the energy intensity of our operations; and investing in carbon offsets.

In 2008, we worked with a specialist adviser, the Edinburgh Centre for Carbon Management ("ECCM"), to evaluate our greenhouse gas emissions. We also refined our modelling to include updated UK government CO₂ equivalent ("CO₂e") emissions factors, most notably the CO₂ factor for UK grid electricity generation. This information has improved our understanding, control and reporting of emissions.

In 2008, our reported emissions were 8,428 CO₂e (t/yr), down 11% from the 2007 data. This decrease is largely explained by our work in this area, particularly reducing energy usage and business travel. The climate change impact assessment table outlines this amount as a percentage of each emission type.



In the forthcoming year, we will continue to endeavour to reduce our energy use and begin work with a carbon credit provider to identify projects to offset our emissions.

Procurement

Procuring goods and services in a way that is environmentally conscious is built into the policies and procedures to which we operate. We exclude suppliers who use child or forced labour, disregard social legislation and basic health and safety provisions, or wilfully and avoidably damage the environment. As far as possible, we will work only with suppliers who support our aim to source products responsibly. When problems arise with a supplier's performance or behaviour, wherever possible we aim to work collaboratively with the suppliers concerned to help them meet our requirements.

Community and social enterprise

3i has been active for many years in a range of charitable and social enterprise activities. The concept of social enterprise is a natural fit with 3i's approach to supporting businesses.

Over 35 years ago it was a 3i employee who had the idea of forming what is today the Enterprise Education Trust ("EET"). With 3i's financial and other support, EET has grown, and about 100,000 children each year benefit from its programmes to increase their awareness of business and to inspire them to become involved in business. 3i has supported EET every year since formation.



3i was also a founder member of the European Venture Philanthropy Association ("EVPA"), which is a charity formed to promote the concept of venture philanthropy and to develop best practice in this growing area of social enterprise.



3i was also proud to be a founding investor in Bridges Ventures, a privately owned UK venture capital company with a social mission. Bridges was founded in 2002 and has since made equity investments in 24 businesses employing 700 people, almost 200 of whom came out of unemployment. 3i's total commitment to Bridges has been over £2 million.



We focus our charitable activities on the disadvantaged, on young people and on education in the communities in which we have offices. Charities are supported on the basis of their effectiveness and impact as well as their resonance with our staff.

Three examples of this approach are 3i's support for a series of programmes with The Old Vic Theatre in London, Historic Royal Palaces and the GOONJ project in Mumbai.

London's Language at The Old Vic

This 2008 project, aimed at UK primary and secondary school students, was a result of a long-standing partnership between 3i and The Old Vic Theatre in London. London's Language was based around George Bernard Shaw's *Pygmalion*, and 3i's funding enabled 1,000 students to attend a free performance of the play at The Old Vic Theatre. For many of the young people this was their first visit to a theatre.

In addition, 800 students participated in workshops exploring one of the four key themes of *Pygmalion*: class; gender; personal identity and manners; and created a monologue reflecting their views.

The workshops were facilitated by professional drama educators from The Old Vic and supported by 3i staff.

Four short films were made based on each of the themes and included in a resource pack containing workshop activities. The education pack was distributed to 2,000 schools and placed on the London Grid for Learning website.

The formal evaluation of the project demonstrated that the project was very successful from the perspectives of students, teachers and the schools. The 3i staff who assisted at the workshops held in schools found it a rewarding experience.



Corporate responsibility

Educational programme at Historic Royal Palaces

3i supported an education programme at Kensington Palace, which was focused on local disadvantaged communities. In addition, a store room was transformed into a learning space for workshops.

We funded a specialist youth worker to deliver projects based on the heritage and history of Kensington Palace. The objective of the programme was to provide stimulating activities for young people and build confidence and skills for all of the participants.

The Palace Takeover project was held over seven weeks and involved young people with learning difficulties and physical disabilities. This programme explored the history of the palace by using a different medium each week, including drama, photography and mask making.



GOONJ project in Mumbai

3i is supporting a project managed by GOONJ, a voluntary organisation based in India. The School-to-School programme redistributes surplus resources from urban schools to help underprivileged schoolchildren in rural India. 3i funding will benefit 12,000 children with the provision of basic resources and the promotion of better hygiene.



An important aspect of our charitable giving, which totalled £483,750 in the year to 31 March 2009 (2008: £454,130), is matching what our staff raise. 3i has actively promoted the UK's Give As You Earn scheme, which is administered by the Charities Aid Foundation. In the year to 31 March 2009, this resulted in donations of £130,937 from the scheme, accounting for 27% of 3i's charitable donations (2008: 29%).

We are also supportive of staff who wish to volunteer or become trustees or governors of charities and are happy for them to use the 3i network for the benefit of these charities in a relevant and appropriate way.

Volunteering in North America

3i's New York team is engaged in a range of volunteering activities that directly involve their local community and fit with 3i's overall focus on the disadvantaged, young people and education.

The team supports New York Cares, a charity supporting initiatives in and around New York City, which offers opportunities to work with the homeless, or to support youth education programmes, domestic violence shelters, substance abuse programmes and urban clean-up programmes.

Mirroring 3i's support for the homeless charity, The Passage, based in London, the New York team also supports the breakfast soup kitchen at St. Bart's church, which is in close proximity to 3i's New York office.

New initiatives for the coming year include the commitment to support the Harlem Children's Zone, a truancy prevention programme.

