

Governance and corporate responsibility



22 June 2011

Introduction



Sir Adrian Montague
Chairman

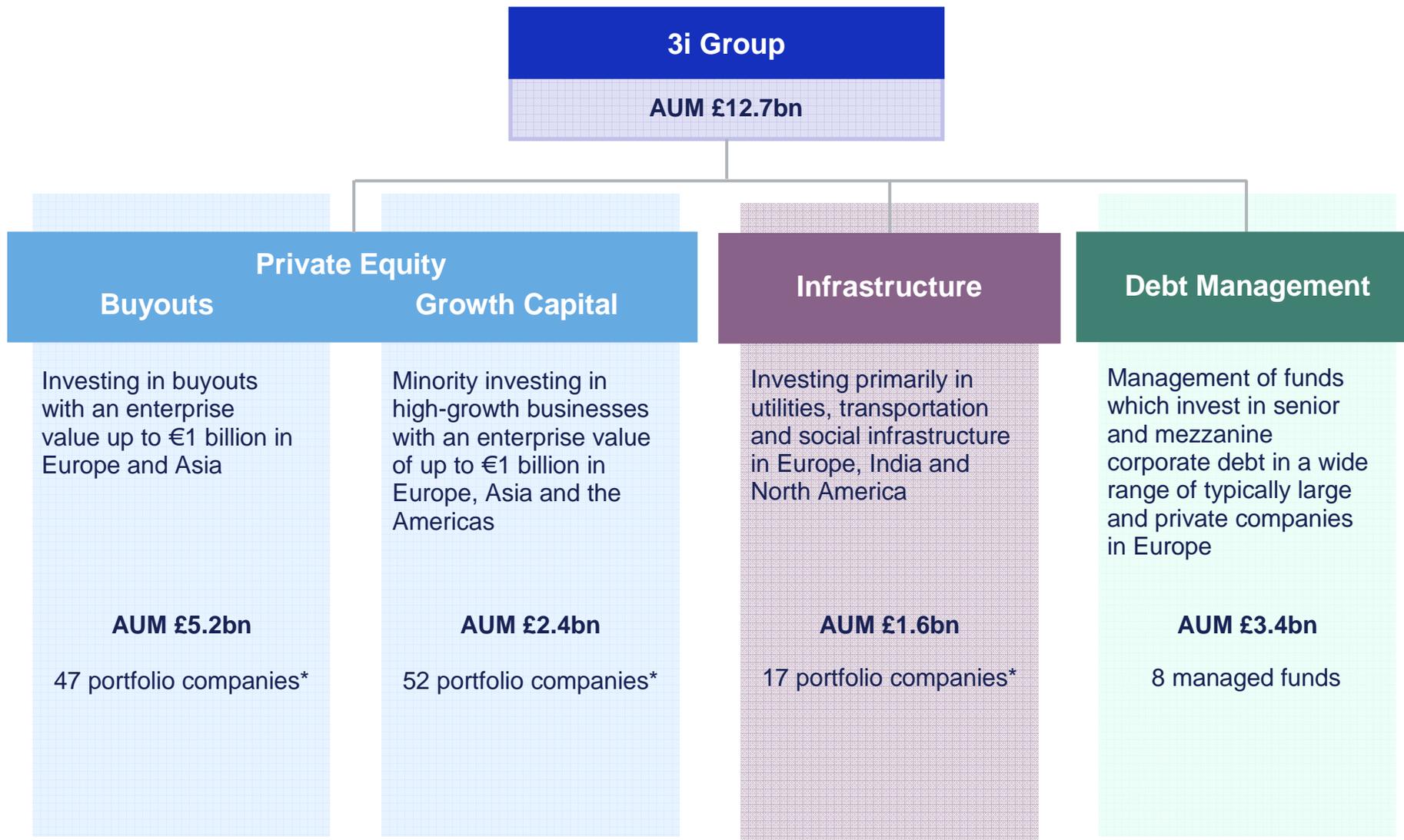




- Reflections on first year
- Development of the Board
- Remuneration
- Brand and Values Committee
- Responsible investment
- Discussion



- Good underlying performance in each of our three business lines
- Strategic and operational progress to improve the business
- Investment activity increasing
- Growth from a conservative financial base



*Number of portfolio companies as at 31 March 2011

AUM does not include residual non-core portfolio



Invest

- in growing companies that fit with our values
- with management teams and entrepreneurs, working with them to deliver their full potential
- in our own people, knowledge and networks

Grow our business

- in areas consistent with our skills
- by strengthening our international network and building our sector capabilities
- with a conservative financial structure using multiple sources of capital

Grow our reputation

- as a respected and responsible investor
- by continuing to improve and innovate

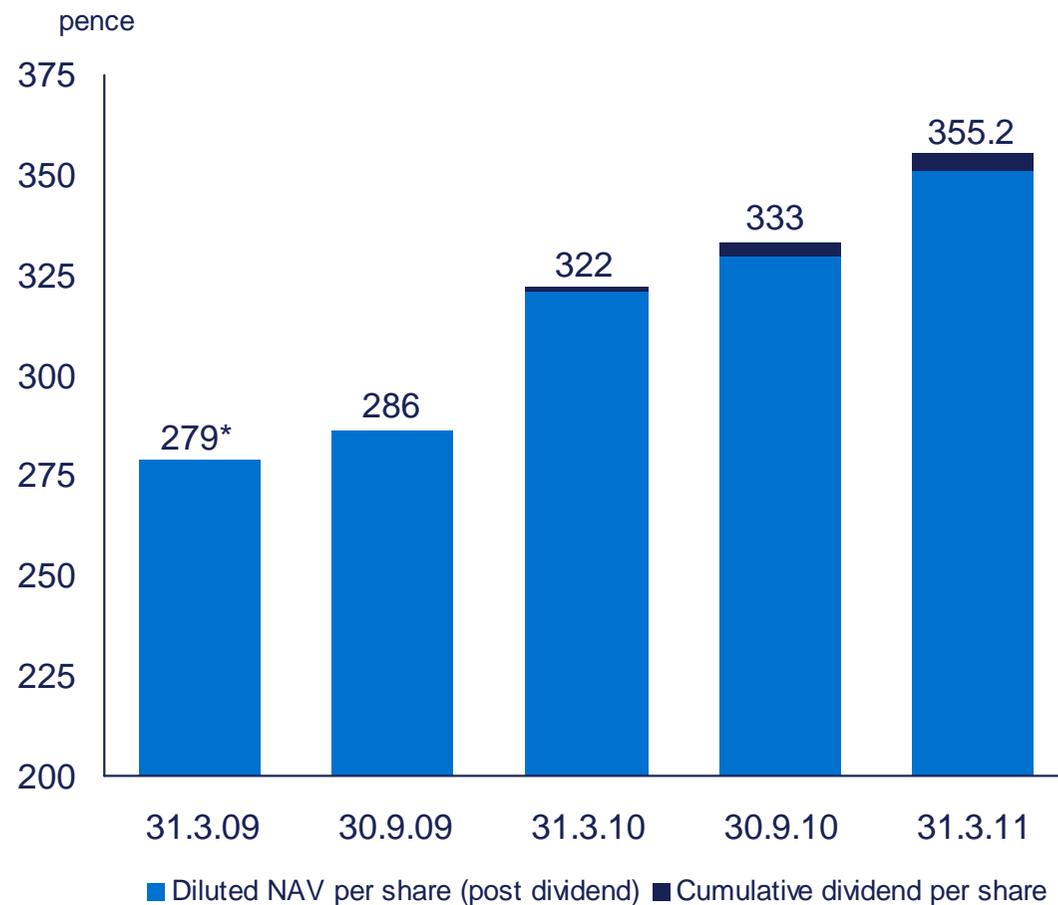
One 3i

- a shared set of values
- a consistent approach to the way we do business
- a commitment to excellence in all our activities





Continued growth in returns to shareholders



*Adjusted to reflect the impact of the rights issue and issue of shares related to the acquisition of 3i QPEP



Total return



Gross portfolio return

Net portfolio return

Total return

Realised profits	£124m
Unrealised value movement	£325m
Portfolio income	£152m

Gross portfolio return	£601m
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Return on opening portfolio value	17.1%
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Gross portfolio return	£601m
Fees receivable	£67m
Net carried interest	£(38)m
Operating expenses	£(181)m

Net portfolio return	£449m
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Return on opening portfolio value	12.8%
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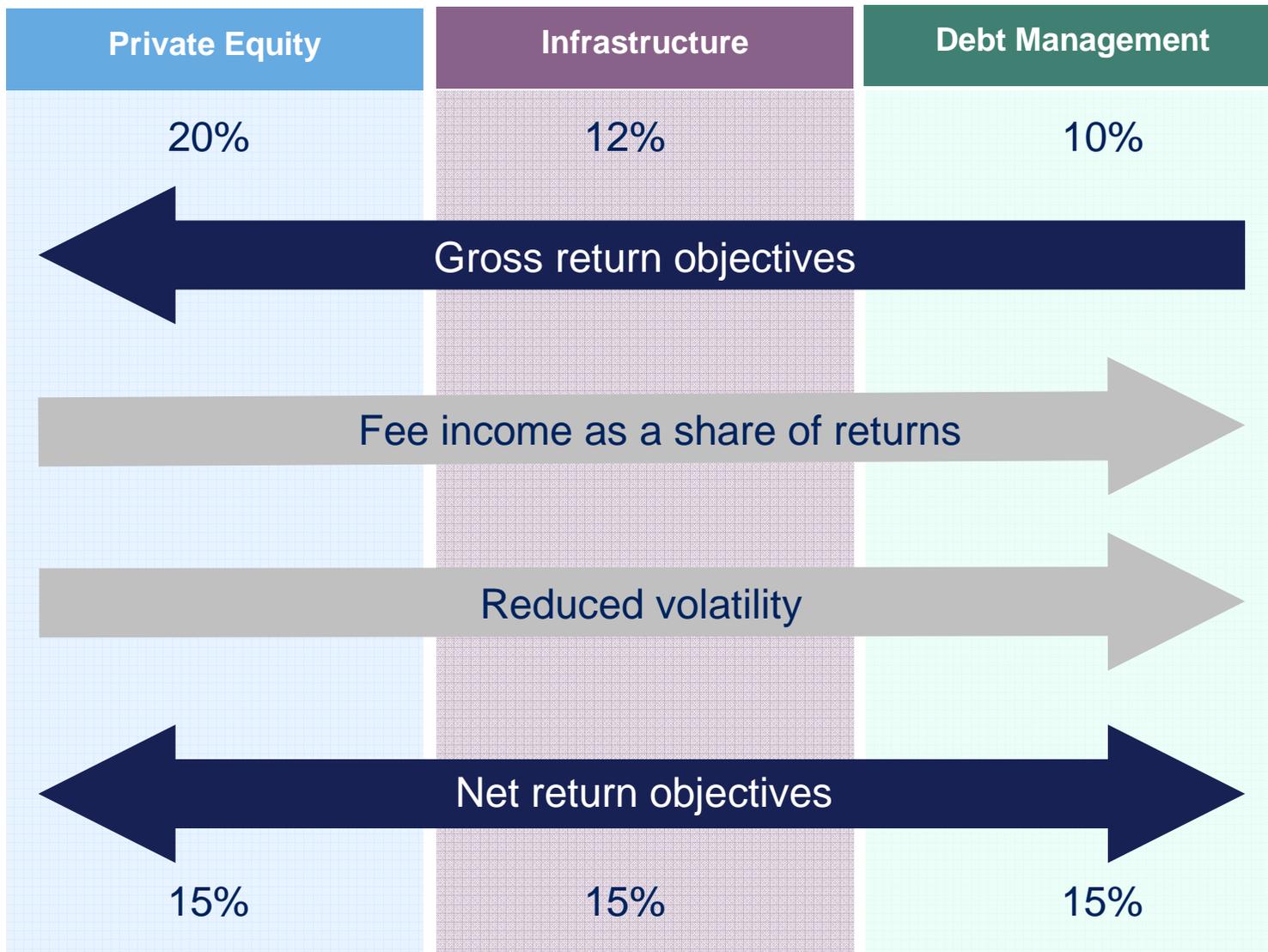
Net portfolio return	£449m
Net interest payable	£(127)m
Exchange movements	£(17)m
Other	£19m

Total return	£324m
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Return on opening equity	10.6%
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Our model for returns





Development of the Board



Sir Adrian Montague - Chairman



Richard Meddings, Senior Independent Director succeeding Robert Swannell (who became Chairman of Marks and Spencer plc)

Jonathan Asquith appointed as non-executive director and Chairman of Remuneration Committee following John Allan's retirement



Christine Morin Postel to retire at AGM, recruitment of successor under way



- Remuneration Committee and framework
 - pages 78-86 of Annual report
- Current proposals regarding executive director remuneration
 - designed to support performance
 - continue to freeze ED salaries
 - increase bonus opportunity based on balanced scorecard
 - maximum cash payout 100% of salary
 - rest deferred three years into shares, subject to claw back



- Formed June 2011
- Broad aims:
 - “To oversee the Group’s brand, values and reputation as well as its approach to responsible investing and other ethical matters.”
- Approach:
 - “Oversight and monitoring as well as more proactive engagement.”
- Composition
 - Chaired by Chairman
 - Two non-executive directors
 - Chief Executive
 - Finance Director
 - Communications Director
 - General Counsel/HR Director

Responsible investment - building great companies



Kevin Dunn
General Counsel,
Company Secretary & HR Director





Responsible investing: fundamental to how 3i operates

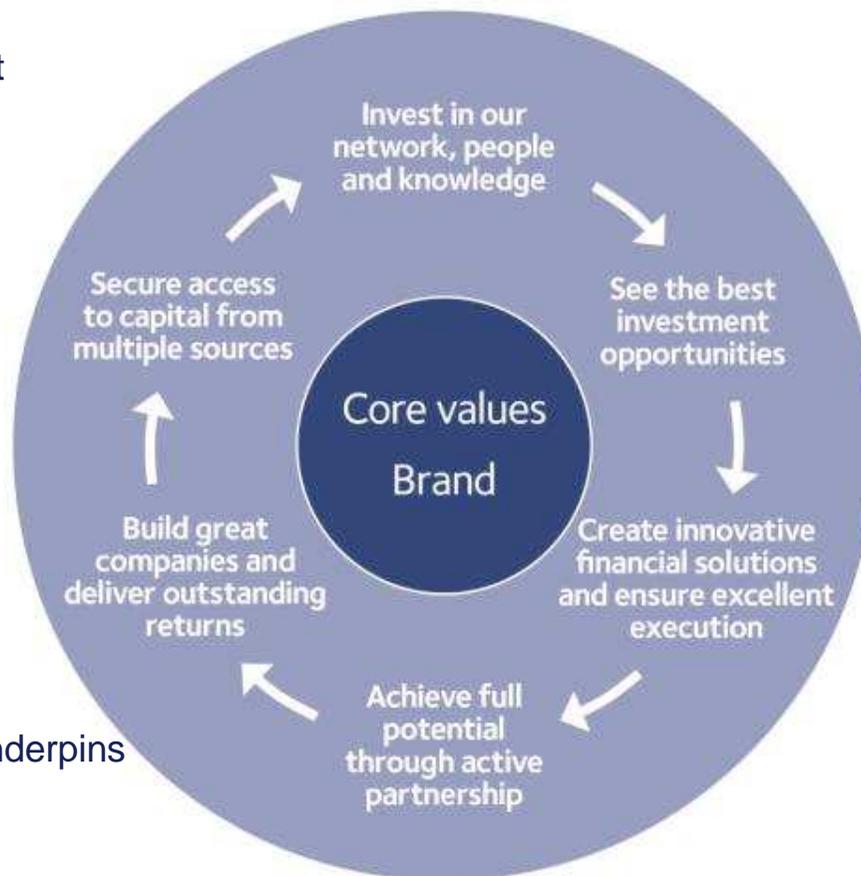


Responsible investment (RI) = an investment approach that considers non-financial factors such as environmental, social and governance matters as material to an investment

Attracts and retains the best employees, management, investors and advisors

Combined with outstanding returns, investors expect responsible investment practices

Getting it consistently right underpins sustainable returns across the whole portfolio



Enables more informed investment decisions and identification of investment opportunities

An informed RI strategy helps de-risk our investments and identify value creation opportunities

Increased awareness and capability will enable us to spot opportunities for full potential



RI can help 3i build great companies



Growth opportunities and sources of innovation, access to new market segments and geographies



Innovating products around sustainability. Development of “100% green plastic bottle”, endlessly recyclable and fully green complaint. Increased margins per bottle, increased market share and leadership versus competition



Mitigate risks & capture opportunities from regulation, reduce reputation risks, manage operational disruption risk of resource scarcity and climate change impacts (eg replace expensive materials with cheaper, green materials – bio products vs alcohol)



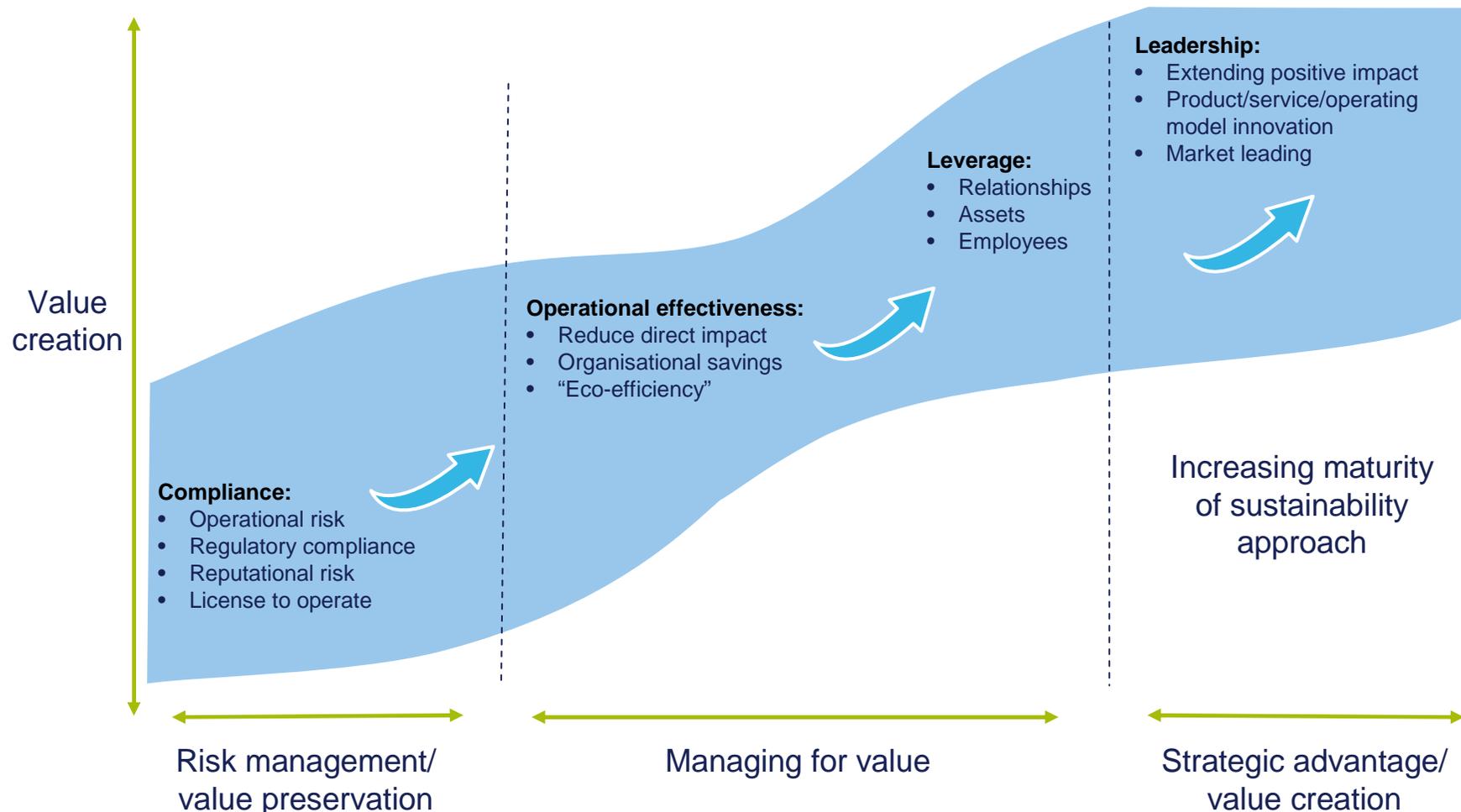
Lower operating costs, resource management, marketing sustainability attributes (lower fuel use and CO2 emissions – route selection for fleet)





3i's policy

"To be a top performer in corporate responsibility among private equity companies and a positive influence for sustainable social and environmental practices across our international investment portfolio."





The new UK Bribery Act – implications for 3i



- Will not offer, pay, accept bribes (anything of value for favourable treatment, to improperly influence a business outcome or gain business advantage)
- Will not accept anything of value which might compromise independence, judgement or create conflict of interest (or give appearance of doing so)
- Expect portfolio companies to adopt appropriate standards consistent with our own approach



- New anti-bribery policy – principles-based
- New policy on engaging third parties to act on 3i's behalf
- Risk review of 3i's business - employee interviews
- Mandatory bribery due diligence for all new investments
- Assessment of inherent bribery risk in the portfolio
- Practical guidance for the portfolio
- Training, training, training
- Governance – including Board Brand and Values Committee



Conclusions



- Responsible investment is fundamental to how we operate
- Principles based and part of the value creation mission
- Policies, procedures and tools
- Right thing to do and good for business

Discussion



