



3i Group Sustainability report 2018



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A guide to using this report

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

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About this report

This report aims to provide the information that is material and relevant for our stakeholders to form a view on how 3i Group plc ("3i") is performing on environmental, social and governance ("ESG") matters. There have been no significant changes from previous reporting periods in the material topics we are reporting on. The report relates to the financial year ending 31 March 2018.

Comparable information on waste treatment for the previous financial year (page 41) has been restated.

We have chosen to report in accordance with the Global Reporting Initiative ("GRI") standards.



Where else can you find sustainability information?

This report should be read in conjunction with our Annual report and accounts 2018 and with the Sustainability policies on 3i's website.



www.3i.com

www.3i.com/sustainability

Introduction

Starting with capital of £15 million in 1945, 3i today is a leading international investment company focusing on private equity and infrastructure.

We provide our shareholders with access to the higher growth potential of mid-market unquoted companies. We use our strong balance sheet and our expertise in specific sectors and geographies to realise this potential and aim to generate mid to high teens returns for our shareholders.

We are committed to achieving our investment objectives in a sustainable way by behaving responsibly as an employer, as an investor and as an international corporate citizen. 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.

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Our business at a glance

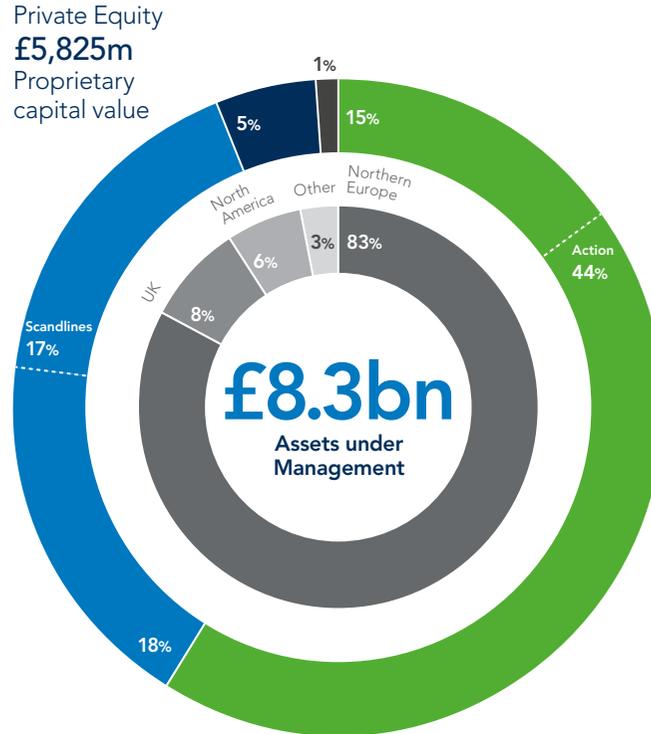
3i is an investment company focused on Private Equity and Infrastructure, investing primarily in northern Europe and North America.

Our Private Equity and Infrastructure businesses manage a mix of proprietary and third-party capital.

At 31 March 2018, we had 244 employees across eight offices: London (where our headquarters are based), Amsterdam, Frankfurt, Luxembourg, Mumbai, New York, Paris and Singapore. We no longer make new investments in Asia, and our Mumbai and Singapore offices are responsible for managing our legacy portfolio in that region.

3i listed on the London Stock Exchange in 1994.

For more information on our business, please refer to our Annual report.



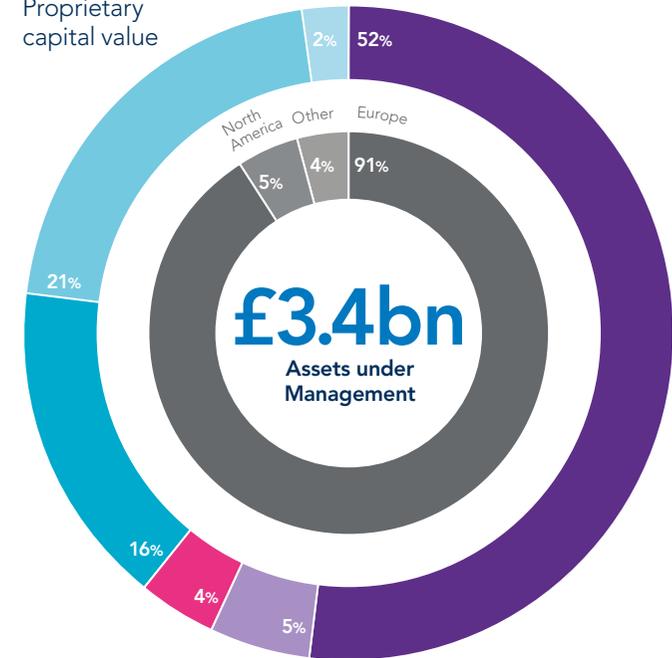
AUM breakdown by sector

Consumer Industrial Business and Technology Services Other

Activity

- Investment and asset management to generate capital returns
- Investing in companies typically with an enterprise value of €100 million–€500 million at acquisition in our core investment markets of northern Europe and North America
- Focused on three sectors: Business and Technology Services, Consumer and Industrial
- Invested in Action and Scandlines for the medium term to generate capital returns and cash income
- Portfolio of 35 unquoted assets and one quoted stake

Infrastructure
£832m
Proprietary capital value



AUM breakdown by fund

3i Infrastructure plc
US Infrastructure
3i India Infrastructure Fund
BIIF Fund
3i Managed Infrastructure Acquisitions LP
3i European Operational Projects Fund

Activity

- Investment and asset management to generate cash income and capital returns
- Investment Adviser to 3iN, which focuses on economic infrastructure and greenfield project investments in developed economies, principally in Europe
- Manage three European Infrastructure funds and one India Infrastructure fund
- Set up a North American Infrastructure team



Download our Annual report

Message from the Chief Executive

Our business is to invest in private equity and infrastructure assets, with the objective of generating attractive returns for our shareholders and the investors in our funds.

Our success as an investor relies on us maintaining a strong reputation for managing our business and portfolio sustainably and carrying out our activities according to high standards of conduct and behaviour. A strong reputation is key to gaining and maintaining the trust of our shareholders, investors in our funds and investee companies. It is also essential to recruiting and retaining high-calibre employees and building a strong network in our markets. As such, sustainability and governance are key areas of focus for the Board of Directors and me.

We have worked hard to achieve a strong reputation. Maintaining this requires us to adopt a transparent approach to corporate reporting, including on our progress on driving the sustainability agenda through our operations and portfolio. We are committed to communicating both financial and non-financial performance in a clear, open and comprehensive manner and to maintaining an open dialogue with stakeholders.

Our sustainability strategy is defined by three key priorities

1 Recruit and develop a diverse pool of talent	2 Invest responsibly	3 Act as a good corporate citizen
<p>Our people are our main asset and recruiting, retaining and developing our talent is one of our most important priorities. We promote an open communication culture and provide an inclusive and supportive working environment with opportunities for training and career development. We value diversity and our employees are recruited, promoted and rewarded on the basis of merit, ability and performance. We are an equal opportunities employer and oppose all forms of unlawful or unfair discrimination.</p>	<p>We believe that a responsible approach to investment will add value to our portfolio. Our Responsible Investment policy is embedded within our investment and portfolio management processes. It informs our investment decisions and our behaviours as a responsible and engaged asset owner and manager. We are rigorous in assessing and managing sustainability-related risks in our portfolio. Equally, we place great value in investing in opportunities arising from the development of solutions to global sustainability challenges.</p>	<p>We strive to embed responsible business practices throughout our organisation. We do this by having robust policies and processes in place and by promoting the right culture among our staff. We expect our employees to act with integrity, to be accountable for their behaviour, and to approach their roles with ambition, rigour and energy. All employees are evaluated annually against our values as part of our formal appraisal process.</p>

Accordingly, we welcome the publication of the Recommendations of the Taskforce on Climate-Related Financial Disclosures ("TCFD") and are making our first disclosures under that framework in this report, with a view to incorporating relevant aspects more formally in our annual financial filings from next year.

Simon Borrows
Chief Executive
May 2018

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Responsibilities and accountabilities

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

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

All employees are required to be aware of, and abide by, 3i's policies and procedures. These are available to all staff through the intranet portal. Employees are encouraged to make suggestions to improve them.

Our values



Governance framework

The Board and its committees review our approach to sustainability, ESG and related policies and address specific issues if they arise.

Day-to-day accountability for sustainability rests with executive management and, in particular, the Chief Executive. The Chief Executive has also established a number of committees to support him in overseeing and monitoring policies and procedures and to address issues if they arise.

Our governance framework is outlined opposite and more information is provided in our Annual report.



[Download our Annual report](#)

Board – ownership and oversight of sustainability approach and policies		Chief Executive	
Principal Board committees		Chief Executive committees	
<p>Audit and Compliance Committee Met six times in the year</p> <ul style="list-style-type: none"> Financial reporting, risk and internal controls Oversees the assessment and management of ESG issues and risks, including environmental legislation and regulation, climate change, governance and compliance risks and reputational risks, delegating day-to-day responsibility to the Chief Executive Oversees the approach to tax policy and strategy 	<p>Remuneration Committee Met five times in the year</p> <ul style="list-style-type: none"> Director and senior management remuneration and Group remuneration structure Oversees the implementation of fair remuneration for employees 	<p>Executive Committee Meets monthly</p> <p>Monitors divisional performance and facilitates information sharing</p> <p>Sustainability responsibilities include:</p> <ul style="list-style-type: none"> Assisting the Chief Executive in setting the Group’s sustainability strategy Human rights and employment legislation 	<p>Investment Committee Meets frequently as required</p> <p>Manages the portfolio and its material risks</p> <p>Sustainability responsibilities include:</p> <ul style="list-style-type: none"> Implementation of the Responsible Investment policy Assessment and management of ESG risks and opportunities in the portfolio Due diligence of ESG risks and opportunities in the investment process Compliance with applicable ESG regulation in the portfolio (eg Modern Slavery Act, environmental regulations)
<p>Nominations Committee Met three times in the year</p> <ul style="list-style-type: none"> Board appointments and size Diversity and composition of the Board 	<p>Valuations Committee Met four times in the year</p> <ul style="list-style-type: none"> Valuation policy Valuation of the investment portfolio Considers the valuation impact of sustainability-related matters 	<p>Risk Committee Meets four times per year</p> <p>Oversees the Group’s risk management framework</p> <p>Sustainability responsibilities include:</p> <ul style="list-style-type: none"> Responsible Investment policy Environmental legislation and regulation Assessment of ESG risks for the Group and the portfolio Assessment of regulatory and compliance risks, including financial crime and bribery Assessment of operational risks, including cyber security and people risks Regular review of incident management, business continuity and disaster recovery plans 	<p>Conflicts Committee Meets as required</p> <p>Independent review of conflicts issues</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> Assessment of all actual and potential conflicts of interest

The Recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD")

Our preliminary disclosures under the TCFD framework are below. Our objective is to incorporate relevant disclosures more formally in our annual financial filings from next year.

Governance

The Board reviews our approach to sustainability, corporate responsibility and related policies and addresses specific issues if they arise. It is also responsible for our Responsible Investment policy, for monitoring its implementation and for approving material changes to it. It has established a committee structure to assist it in the discharge of its responsibilities. Of particular relevance to the assessment and monitoring of sustainability and climate-related risks and opportunities are: the Audit and Compliance Committee, which owns our Responsible Investment policy and approves any material changes to it; the Remuneration Committee; and the Valuations Committee.

Day-to-day accountability for sustainability, including climate change-related issues, rests with executive management and, in particular, the Chief Executive. The Chief Executive has also established a number of committees to support him in overseeing and monitoring policies and procedures and to address issues if they arise. These include the Investment Committee, which is responsible for overseeing the implementation of the Responsible Investment policy, as well as being the body responsible for making decisions concerning the acquisition, management and disposal of investments, and the Group Risk Committee, which oversees the Group's risk management framework.



SR p06



SR p07, AR p57-90

Strategy

Our strategy is to aim to generate mid to high teens returns for our shareholders by investing in and managing concentrated portfolios in our Private Equity (mostly proprietary capital investment) and Infrastructure (mostly third-party capital) businesses. We aim to achieve this in a sustainable way by behaving responsibly as an employer, as an investor and as an international corporate citizen.

Portfolio – Our objective is to make a limited number of new investments each year in our Private Equity and Infrastructure businesses, selected within our target sectors and geographies on the basis of their compatibility with our preferred sectors and geographies and our return targets. We do not manage any sustainability-driven investment strategies, nor is it our intention to do so.

However, in our experience, there is a strong link between companies that have high ESG standards and those that are able to achieve sustainable business growth. For more than a decade we have carried out our investment activities under our Responsible Investment policy, which is embedded in our investment and portfolio management processes and is considered rigorous by industry standards. We have been signatories to the UN Principles for Responsible Investment since 2011.

We have a medium to long-term investment horizon, typically buying controlling stakes in our portfolio companies and being represented on their boards. We are therefore well placed to drive sustainable growth in our portfolio. This involves the continuous assessment, monitoring and management of ESG risks, as well as targeted investments through new or existing portfolio companies in opportunities arising from developments such as climate change regulation, changes to consumer preferences in response to environmental issues and the development of business solutions to global sustainability challenges.

The Recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”)

Continued

We are committed to improve continuously our role as a responsible investor. We will continue to develop and refine our Responsible Investment policy and ensure it is implemented through our investment and asset management activities.

3i Group – With fewer than 250 employees across eight office locations, 3i has a very limited direct impact on the environment and is not a significant producer of greenhouse gas emissions. We do, however, try to minimise our direct impact on the environment and have implemented initiatives across the organisation to try to achieve that objective. Our London and Luxembourg offices, which account for over 80% of our overall electricity consumption, already purchase electricity from 100% renewable sources.

 Our business model
SR p04

 A responsible investor
SR p22

 Investment case studies
SR p27-32

 Environment
SR p40-42

 3i.com/sustainability

Risk management

Portfolio – We monitor all relevant portfolio risks, including climate-related risks and changing consumer preferences in response to environmental issues, through our rigorous investment assessment and portfolio monitoring processes. This is critical to protecting and enhancing the value of our assets and is at the core of what we do. Where appropriate, we undertake ESG due diligence, including environmental due diligence, before making new investments, and monitor ESG risks throughout the life of our investments. We will continue to develop our governance and risk management framework to ensure that sustainability-related risks in our portfolio remain an important part of our agenda and are treated as a priority by our portfolio company management teams.

3i Group – As a business, we have a very small environmental footprint and are not exposed to material environmental risks. We have a comprehensive risk governance framework and comprehensive compliance processes and procedures to ensure that all risks, including ESG risks, are monitored and managed with due care and diligence.

 Governance framework
SR p07; AR p57-90

 A responsible investor
SR p22

 Risk management
SR p07; AR p44-51

Metrics and targets

Portfolio – Due to the concentrated nature of our portfolios, we do not carry out portfolio-wide scenario analyses, and do not intend to publish aggregated resource intensity or carbon intensity data. As our portfolios are subject to material changes as a result of asset rotation, such portfolio-wide analyses and data aggregation would not be meaningful or comparable year-on-year. Where appropriate and relevant, we carry out scenario analyses on an asset-by-asset basis, both before making an investment and subsequently as part of our ongoing portfolio monitoring and asset management.

3i Group – We disclose our direct GHG emissions in our annual financial filings and in this report. We also report annually to the CDP, setting realistic targets to reduce our direct environmental footprint, albeit this footprint is already very limited.

 A responsible investor
SR p22

 Environment
SR p40-42

External benchmarking

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

Sustainability indices

We have been a member of the Dow Jones Sustainability Europe Index and of the FTSE4Good Index Series since 2002 and 2011 respectively. In addition, 3i became a member of the Ethibel Sustainability Index (ESI) Excellence Europe in September 2016 and was reconfirmed as a constituent of that index in March 2018.

 www.sustainability-indices.com
www.ftse.com/products/indices/FTSE4Good
www.forumethibel.org

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM



CDP

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

3i's score in the 2017 CDP assessment was A-.

 www.cdp.net



UN Principles of Responsible Investment

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

 www.unpri.org



A responsible employer

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

With fewer than 250 employees (and fewer than 160 in the UK, where our headquarters are based), we benefit from an open culture of communication and a flat organisational structure. We are a meritocracy and our employees are recruited, promoted and rewarded on the basis of merit.

We recognise the importance of nurturing the wellbeing and satisfaction of our employees by providing a supportive working environment and a healthy work/life balance. Accordingly, we offer a variety of formal and informal benefits.

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Human rights

Whilst 3i does not have, nor need, a specific human rights policy, our policies are nevertheless consistent with internationally-proclaimed human rights principles such as the UN Global Compact.

We comply fully with applicable human rights legislation in the countries in which we operate, for example covering areas such as freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination.

Due to the small number and diverse functions of our employees, as well as the nature of our business, our employees are not, in practice, unionised and do not engage in collective bargaining. 3i is incorporated in the UK and has operations in eight countries across the world.

We do not procure services from nor invest in businesses which make use of slavery, human trafficking, forced labour, compulsory labour or harmful child labour.

We aim to invest only in businesses which are committed to: respecting the human rights of their workers; maintaining safe and healthy working conditions; treating their employees fairly; upholding the right to freedom of association and collective bargaining; and respecting the health, safety and wellbeing of those adversely affected by their business activities.

We try to ensure that the businesses we invest in comply (among other things) with all applicable employee-related laws and, where appropriate, that they work towards meeting relevant international standards (such as the ILO Fundamental Conventions) where these are more stringent.

Modern Slavery Act

We published our statement on Modern Slavery for the financial year ending 31 March 2017 on our website in September 2017, and will update this statement in September 2018.

3i is committed to ensuring that:

- there is no slavery or human trafficking in any part of its business or supply chains; and
- the companies in which it invests are also committed to ensuring that there is no slavery or human trafficking in any part of their businesses or supply chains.

3i has a suite of human resources policies and procedures covering areas including recruitment, vetting and performance management, family-friendly policies, equal opportunities and diversity, medical insurance and health screening, health and safety and flexible working, and appropriate processes to monitor their application. Summaries of a number of these policies can be found on our website.

 www.3i.com/sustainability/sustainability-policies

 Our Modern Slavery statement is available on our website

 **26** Modern Slavery risk in 3i's portfolio

 **44** Human rights and forced labour in 3i's supply chain



Equal opportunities and diversity

3i is an equal opportunities employer and prohibits unlawful and unfair discrimination. We believe that a diverse and varied workforce is a great benefit to the organisation. Although we do not set specific diversity targets, we seek to create, through our culture and policies, a work environment that helps to bring out the best in our employees.

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

Specifically, we aim to ensure that:

- we have access to the widest labour market and secure the best employees for our needs;
- people are selected, promoted and treated equally, enabling us to maximise potential to the benefit of individuals and 3i;
- we have employment procedures and practices which do not discriminate on grounds of age, marital status, gender, gender identity, gender reassignment, sexual orientation, race, colour, nationality, ethnic or national origin, religion or religious belief, disability, sensitive medical conditions, pregnancy or maternity, social background, political opinion, trade union membership, or any other legally protected category;

- we treat all those with whom we come into contact with respect;
- we meet our statutory obligations regarding employment legislation;
- we communicate the Equal Opportunity Policy and responsibilities for achieving fairness and equality; and
- senior managers understand their responsibility for enforcing this policy and we all share responsibility for upholding it.

To reinforce our commitment to equal opportunities, during the year we piloted a training programme with selected staff members from across the business to tackle unconscious bias. This training programme will be rolled out more broadly during FY2019.

During the year, we recorded no incidents of discrimination.



 A summary of our Equal Opportunities and Diversity policy is available on our website

Equal opportunities and diversity

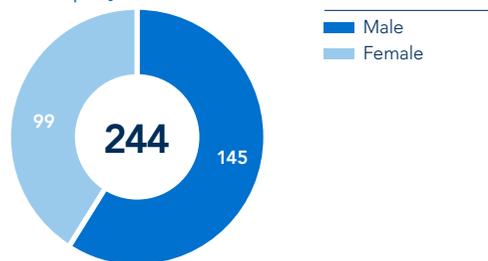
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Gender diversity

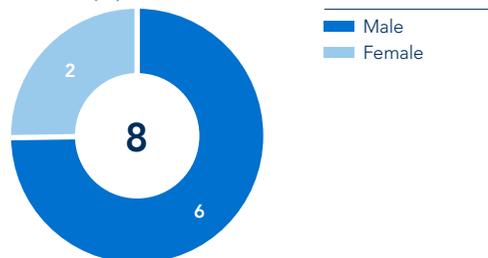
Achieving better gender diversity is important to 3i and we believe we are making good progress in that respect, within the constraints of a small organisation with modest staff turnover. Of the new hires we made during the year, 49% were female and 51% were male.

At 31 March 2018, 3i's total of 244 employees was broken down as follows.

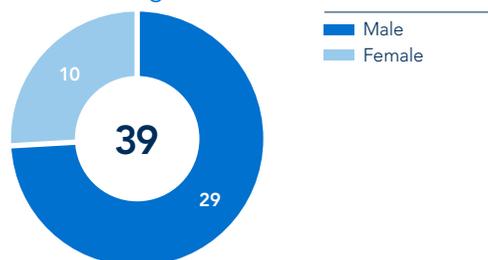
3i employees



3i Group plc Directors¹



Senior managers²



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

² "Senior managers" excludes Simon Borrows and Julia Wilson, our Chief Executive and Group Finance Director, who are included as Directors of 3i Group plc, and includes 23 people who were directors of undertakings included in the consolidation, of whom 20 were male and three were female.



In January 2017, Jennifer Dunstan, Partner, Head of Fund Investor Relations at 3i, took up the chairmanship of Level 20, which she co-founded in 2015 with 11 other senior women working in the private equity industry. Level 20 is a not for profit organisation focused on attracting more women to join and to succeed in private equity.

In 2015, women comprised about 5% of professionals employed in senior roles in the European private equity industry (according to Invest Europe, the European representative body for the industry). Fewer women than men enter the industry and only a small proportion progress to take on leadership roles. Level 20 believes that increased participation by women in the private equity industry, particularly in leadership positions, will result in improving investment performance.

Level 20 works across a wide range of initiatives to help meet its goals. A mentoring programme for women at all levels of seniority is in its third year of operation, with more than 60 pairs participating. The organisation has put on a variety of educational and social events for the entire membership (in particular those under 35). Level 20's outreach initiative comprises a programme of events to promote careers in private equity to young women at all stages of their education, from final year of secondary school, through university and postgraduate, business school students. The group also encourages philanthropic activity through its support for Impetus-PEF, a charity that supports young people from disadvantaged backgrounds.

Level 20 has over 1,400 individual members from across Britain and Europe. In February it launched a committee in Germany, with plans for further local committees in France, the Netherlands and the Nordic region. In addition, Level 20 is working with Cambridge University Judge Business School to conduct a survey of the career paths of male and female private equity industry participants, the findings of which will be used to further develop programmes to help achieve the organisation's goals. It has also undertaken an exercise with the British Venture Capital Association to determine more precise numbers of women working in the industry in the UK, to better inform its work.

Level 20 is funded by 44 private equity firms, and has a full-time CEO and executive team to promote its initiatives.

Equal opportunities and diversity

Continued

Ethnic diversity

The McGregor-Smith review on “Race in the Workplace”, published on 28 February 2017, highlighted the under-employment and under-promotion of people of Black or Minority Ethnic (“BME”) backgrounds in UK businesses and made the case for more inclusive organisations. The review noted that, while one in eight of the UK working age population in 2015 was from a BME background, BME individuals made up only 10% of the workforce and held only 6% of top management positions.

The review contained a number of wide-ranging recommendations, including one for listed companies and all businesses and public bodies with more than 50 UK-based employees to publish a breakdown of their UK-based employees by race and pay band, and to publish aspirational targets and report against these annually. These recommendations are not mandatory. As at 31 March 2018, more than one in eight of 3i’s total UK employees were people with a BME background. In addition, the proportion of our employees with a BME background in mid to higher salary brackets also exceeded the one in eight proportion.



Learning and development



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

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

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

During the year to 31 March 2018, we provided formal internal training on areas and skills including:

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

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

Key to personal development for all employees is a formal annual appraisal process, where performance is measured against agreed objectives and against 3i's values to inform decisions on remuneration, career development and future progression. All employees receive formal performance assessment and objective setting reviews with their managers annually and may receive informal reviews throughout the course of the year.

Recruitment and selection

Our Global Recruitment and Selection policy sets out a fair, open, consistent and effective process to attract and select high calibre candidates who will maximise contribution to the business.

We recruit a small number of people in any year. The number of new recruits varies from year to year and our employee turnover rate is low. As such, it is not practically possible for us to implement meaningful initiatives such as recruitment targets per age group, gender and ethnicity.

Graduate scheme

We launched our new graduate recruitment scheme in 2015.

The scheme is designed to develop our next generation of world-class investment professionals and business leaders. We are a small organisation; however, we believe this programme is important in fostering a distinctive 3i culture. Our first five graduate analysts joined us in 2015, and we have since been joined by five in September 2016 and three in September 2017. A further three are due to join us in September 2018.

Since we started the programme, only 14% of all applications have been from female candidates. However, out of the 16 graduate positions offered since 2015, six, or 37.5% of the total, were offered to women.

The top performers on the programme are offered the opportunity to be fast-tracked directly into our investment business.

The programme involves rotations across our Private Equity and Infrastructure businesses, as well as the opportunity to work with senior professionals in our Strategy, Finance and Investor Relations teams. Our graduates benefit from best-in-class technical training courses in corporate finance, valuation, financial modelling and accounting, coupled with practical business experience gained from working alongside our investment professionals and senior management teams. As a result, they acquire an excellent grounding in the investment world, as well as in strategy and finance, enjoying a great deal of responsibility at an early stage.

5

graduate analysts in 2015 and 2016

3

graduate analysts in 2017 and 2018



Recruitment and selection

Continued

The graduate analyst programme journey

Maelle Bombezin

September 2017 intake

Graduate analyst



3i's programme soon stood out as my first choice when applying for graduate positions. I found the rotational scheme well designed to develop the skills and knowledge critical to start a career in the industry. I also liked 3i's long history and solid reputation in the market.

So far, the programme has exceeded my expectations. It kicked off with a one-month training programme focused on financial modelling and deal structuring, which gave me the tools that I now use on a daily basis.

My first rotation was in the Private Equity Operations team, which enabled me to gain an understanding of the whole PE portfolio. I found it particularly interesting to understand what drove the current performance of our assets compared to the initial investment proposals and how issues are tackled when they arise. I will draw on these learnings when later assessing the risks and opportunities of an investment case.

3i is a non-hierarchical organisation and the graduates are encouraged to ask questions and suggest solutions. Currently, I am part of the Strategy team, working directly with 3i's senior management on key strategic subjects. I was rapidly trusted to take ownership of analyses for the Chief Executive and the Board, making this rotation both challenging and interesting.

I will soon be joining the Infrastructure team in Paris, before coming back to London to work in the UK Private Equity team for a year. I am confident that by the end of the programme I will have acquired a solid background to pursue a career in the investment industry.

Paras Shah

September 2016 intake

Graduate analyst



The allure of working in the private equity industry at such an early stage of my career attracted me to 3i, as one of few London-based alternative investment firms to offer a graduate programme. The 3i brand sells itself: an internationally recognised leader in mid-market Private Equity and Infrastructure, with a long heritage as one of the first private equity firms in the world.

The 3i graduate training programme has many attractive features: a smaller class intake compared to many other firms in financial services guarantees a more tailored approach, which combines an initial technical training with structured individual development to satisfy specific needs.

I also liked the rotational structure of the programme: after initial rotations in the Operations, Strategy and Infrastructure teams, I am now on my fourth and final rotation with Private Equity.

Working across the organisation has allowed me to develop a better understanding of the component parts of the business and to learn from teams with differing specialisms and stakeholders. My rotations in Strategy and Operations gave me the opportunity to work closely with senior management and provided me with a well-rounded understanding of the Group structure. The Infrastructure investment team offered the opportunity to make a meaningful contribution on active transactions and portfolio asset management. During my time with them, I worked on the high-profile sale of Elenia, the follow-on investment into Infinis to fund the acquisition of Alkane Energy, and on the asset management of Infinis. I am now with the UK Private Equity team in London and have no doubt my positive experience with 3i will continue, to provide a perfect platform for a career in investment.

Adam Boyd

September 2015 intake

Now promoted to Associate, Private Equity



I joined 3i in September 2015 and was thrown in at the deep end from my first rotation in our Infrastructure team, contributing to two investments and one realisation within the first six months of joining!

This experience was invaluable and gave me the technical grounding required as an investor, allowing me to make good progress through my subsequent rotations in the Debt Management and Private Equity business lines. My rotations gave me a fantastic insight into investing across different asset classes, which is unique for a graduate training programme and one of the key attractions of joining 3i as a graduate analyst.

For the past 18 months I have worked in the UK Private Equity team, working both on new investments and managing the existing portfolio. Through this final rotation I was encouraged to take responsibility not only for the integrity of my work, but also for mapping potential investments, identifying opportunities for enhancing the value of existing portfolio companies, as well as for building relationships with internal and external stakeholders. This has allowed me to develop a holistic commercial understanding that is very difficult to develop in other circumstances, and which I hope to continue to refine over the coming years.

With the continuous support of my experienced colleagues and through my own hard work I have been able to make the step up from the graduate programme to an Associate position seamlessly. This marks the next step in my exciting career with 3i.

Working at 3i

We recognise the importance of nurturing the wellbeing and satisfaction of our employees by providing a supportive working environment and a healthy work/life balance.

Formal benefits

The key benefits we offer to our UK employees include:

- Family-friendly benefits (including maternity and paternity leave, adoption leave, shared parental leave, parental leave, bereavement and compassionate leave)
- Private medical insurance and health screening
- Life insurance
- Long-term sickness insurance
- Pension contributions
- Flexible working
- Share ownership

All of the benefits above are available to all full-time, part-time and fixed-term employees, with the exception of long-term sickness insurance, which is not available to fixed-term employees who instead receive a cash equivalent.

Employees based outside the UK enjoy similar benefits, aligned with local custom and practice.

Maternity, paternity and parental leave

In line with its objective of promoting equality and diversity, 3i's policy is to support employees before and after the birth or adoption of a child. Maternity, adoption, paternity, shared parental and parental leave are available to all eligible full and part-time employees and meet at least the statutory minimum requirements. The summary below refers to our UK policies (as 65% of our employees, and 71% of our female employees are based in our London office), however employees based outside of the UK enjoy similar benefits, aligned with local legislation.

Maternity and adoption leave

Time off and leave

- 52 weeks of maternity or adoption leave, regardless of length of service

Maternity pay

- 100% of monthly basic salary for the first 18 weeks of the maternity or adoption leave
- Statutory maternity or adoption pay between week 18 and week 39 of the maternity or adoption leave

Other benefits

- Full entitlement to other benefits, including holiday entitlement, pension, death and disability benefits and private medical insurance
- Shared parental leave for a period of 50 weeks (after the first two weeks from birth or adoption)¹

Return to work

- Right to return to the same job or a job of similar responsibility
- Company open to requests for flexible working, subject to business requirements allowing it

Paternity leave

Eligibility

- Biological father of a child, or mother's husband or partner (including same sex), or spouse or partner (including same sex) of the adopter

Length of leave

- Up to two consecutive weeks' leave
- Does not have to be taken straight after birth or adoption, but must be completed within 56 days of birth or adoption

Paternity pay

- No changes to normal salary

Other benefits

- No changes to other benefits
- Shared parental leave for a period of 50 weeks (after the first two weeks from birth or adoption)¹

In addition to maternity, adoption and paternity leave, 3i also offers its employees parental leave, which enables parents to take a total of 18 weeks of unpaid time off work for each child under the age of 18 years old to look after their child or put childcare arrangements in place. Of these 18 weeks, up to four can be taken in any 12-month period. The total of 18 weeks is transferable between employers for the first 18 years of life of each child.

¹ Shared parental leave enables eligible mothers, fathers, partners (including same sex) and adopters to choose how to share time off work after their child is born or placed for adoption. Shared parental leave at 3i is remunerated at 100% of salary for the first six weeks; thereafter statutory shared parental pay will apply up to week 37 of the shared parental leave. All other benefits remain in place for the duration of the shared parental leave.

Working at 3i

Continued

Wellbeing at work

Where possible and relevant, employees across our international network are provided with the tools to work remotely and, at the discretion of their managers, can work remotely and flexibly to manage personal or family commitments.

The health and wellbeing of our employees is important to us. We provide the services of a personal fitness and nutrition adviser for our London-based employees, bookable free of charge for one-on-one fitness and wellness advice sessions. He also hosts twice-weekly fitness and pilates classes that are free to employees.

Remuneration

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

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

Where appropriate, employees are eligible to participate in 3i share schemes to encourage their involvement in the performance of the business. Investment executives in the Private Equity business line may also participate in carried interest schemes, which allow executives to share in future profits on investments. Similarly, investment executives in the Infrastructure business line may participate in asset-linked and/or fee-linked incentive arrangements. Employees participate in local state or company pension schemes as appropriate to local market practice.

 For more information on remuneration: Annual report and accounts 2018

Living wage

3i is an accredited London Living Wage Employer. This means that every member of staff based in London, including contracted maintenance and reception teams, earns at least a "living wage" which is an hourly rate higher than the UK minimum wage and is set independently, updated annually and based on the cost of living in London. Outside of London, our overseas offices tend to employ only investment and professional services staff, as well as support staff, who are remunerated above applicable minimum or living wage requirements.



Employee assistance

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

Employee engagement

Honest communication with our staff is important to us, and we therefore encourage a culture of open communication between our employees and senior management.

We benefit from being a small organisation, operating in a relatively flat structure with few hierarchies. The members of our Executive Committee have an open-door policy and know most employees by name. We also encourage feedback from employees to senior management through more formal forums, including regular team meetings and off-sites to discuss our strategy, as well as through the annual appraisal process. Managers throughout 3i have a continuing responsibility to keep their teams informed of developments and to communicate financial results and other matters of interest.

We promote and facilitate the ownership of 3i shares among employees through variable compensation and share investment plans. We pride ourselves on the engagement and the sense of ownership we have fostered over the years, which are reflected in low employee turnover rates.

84%

Participation in UK SIP¹

8%

Unplanned employee turnover rate

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

Health and safety

Our employees are engaged in physically low-risk activities. As such, our occupational ill health and accident rates are low. We are committed to improving our health and safety management continually through open communication and increasing awareness.

In particular, we ensure that:

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

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

Health and safety is managed by our Property, IT and Procurement team, which reports to the Group Finance Director. The Head of Property, IT and Procurement oversees the governance of health and safety within the Group, ensuring that business decisions reflect relevant health and safety considerations at all levels, and reports to the Group Risk Committee. We seek expert advice as necessary when determining health and safety risks and the measures required to mitigate them. We have retained the services of System Concepts, a specialist independent consultancy, to provide competent health and safety advice. Systems Concepts has a consultant based on site at 3i's London headquarters to provide practical support to the business.

During the year to 31 March 2018, we had no RIDDOR ("Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013") reportable accidents and no cases of work-related ill health. We recorded four work-related accidents, none of which were reportable.

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

We have pledged to:

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

We also recognise the importance of providing opportunities such as flexible working for the wellbeing, physical and mental health of all our employees.

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

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

In 2012, we introduced an online training system module which educates employees to be aware of the risks of using computers, laptops and other devices including tablets and smartphones, and helps them to complete their mandatory risk assessment. This is complemented by ad hoc face-to-face ergonomic assessments in our London offices, and a telephone assessment service is available globally. Specialist ergonomic equipment is provided as required.

We review our global health and safety standards and consult with our health and safety representatives across our offices periodically to identify any gaps through self-audits and assist with any improvement required.

 **20** Wellbeing at work

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

A responsible investor

With fewer than 250 employees globally, 3i has a relatively small direct impact in terms of the environment and other sustainability issues. However, with assets under management of approximately £12 billion we recognise that our decisions as an investor potentially matter to a broad range of people.

We believe that:

- the effective assessment of ESG risks and opportunities has a positive effect on the value of our investee companies and of 3i Group itself;
- compliance with local laws and regulations may not be enough to meet global expectations, deliver value and enhance our reputation and license to operate; and
- it is vital that we seek to identify all material ESG risks and opportunities through our due diligence at the point we invest and manage those risks and opportunities effectively during the period of 3i's investment.

We are uniquely well positioned to make a difference as a responsible investor:

- for more than a decade we have carried out our investment activities under our Responsible Investment policy, which is embedded in our investment and portfolio management processes and is considered rigorous by industry standards. We have also been signatories to the UN Principles of Responsible Investment since 2011.

- we have a medium to long-term investment horizon, typically buying controlling stakes in our portfolio companies and being represented on their boards. We are therefore well placed to drive sustainable growth in our portfolio. This involves the continuous assessment, monitoring and management of ESG risks, as well as targeted investments through new or existing portfolio companies in opportunities arising from developments such as climate change regulation, changes to consumer preferences in response to environmental issues and the development of business solutions to global sustainability challenges.

We will continue to develop and refine our Responsible Investment policy and ensure it is implemented through our investment and asset management activities.

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UNPRI

Since 2011 we have been signatories to the UN Principles for Responsible Investment.

About the UNPRI

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

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

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

As a signatory, we commit that we will:

Principle 1

Incorporate ESG issues into investment analysis and decision-making processes.

Principle 2

Be an active owner and incorporate ESG issues into our ownership policies and practices.

Principle 3

Seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4

Promote acceptance and implementation of the Principles within the investment industry.

Principle 5

Work together with other signatories to enhance our effectiveness in implementing the Principles.

Principle 6

Report on our activities and progress towards implementing the Principles.

Our Responsible Investment policy

We have a clear and comprehensive Responsible Investment (“RI”) policy which is embedded into our investment and portfolio monitoring processes.

In our experience, companies with high ESG standards are typically better run, better at identifying and managing their business risks and opportunities for growth and generate better earnings growth. This policy sets out the businesses in which 3i will not invest, as well as minimum standards in relation to ESG matters which we expect new portfolio companies to meet, or to commit to meeting, over a reasonable time period. The policy applies to all our investments, irrespective of their country or sector.

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

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

- comply, as a minimum, with applicable local and international laws and regulations and, where appropriate, relevant international standards (such as the IFC Performance Standards and the ILO Fundamental Conventions), where these are more stringent than applicable laws;
- mitigate any adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders; and
- uphold high standards of business integrity and good corporate governance.

3i’s objectives as set out in the RI policy are to invest only in businesses which are committed to:

- a cautious and responsible approach to the 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; and 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; and
- establishing clearly defined responsibilities, procedures and controls with appropriate checks and balances in company management structures.



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

Governance framework and implementation of the RI policy

The Board of Directors is responsible for the RI policy, for ensuring it is implemented across the organisation and for the review and approval of any material changes.

The Investment Committee is responsible for the implementation of the RI policy, and for ensuring that it is executed in a meaningful way by 3i's investment teams in all investment and portfolio management processes.

Investment screening

All new investment opportunities which reach an advanced stage in 3i's investment process are subject to a high-level review of their ESG risk profiles and potential ESG opportunities prior to commissioning comprehensive due diligence. For Private Equity investment opportunities, this review is carried out by an external specialist firm. For Infrastructure investment opportunities, this review is carried out by the 3i investment team using a bespoke questionnaire which assesses the potential investee company's existing policies and practices against the minimum standards and best practice guidance set out in 3i's RI policy.

In both cases, the exercise will typically result in recommendations as to which issues should be subject to more comprehensive, "deep-dive" due diligence pre-investment and which should be progressed post-investment. Our main contribution is in the area of governance where we aim to ensure that the potential investee company's management team contains the talent, knowledge and experience necessary to manage the particular risks facing that company.

The key findings from the high-level review are summarised in the body of the investment paper along with the results of any "deep-dive" due diligence. The material due diligence issues (including ESG risks and opportunities) are considered by the 3i Investment Committee, which may raise questions with the investment team and/or require further work to be done as part of its overall investment decision.

Ongoing portfolio monitoring

Every six months, the Private Equity and Infrastructure businesses carry out detailed reviews of each of their material portfolio companies. These reviews are typically attended by the Investment Committee, which includes the Group Finance Director and Group Strategy Director and is chaired by the Chief Executive, as well as by senior members of the investment teams. The reviews in March of each year include a detailed ESG questionnaire which seeks to track progress in relation to existing, identified ESG risks as well as identifying potentially new and emerging risks and opportunities. Any material ESG issues are discussed at the six-monthly review meeting and relevant actions points are minuted, followed up by the investment teams and reviewed at the following six-monthly meeting.

Risk management

The 3i Group Board has delegated day-to-day responsibility for risk management to 3i Group's Chief Executive who is assisted by the Group Risk Committee ("GRC") which includes the heads of 3i's Private Equity and Infrastructure businesses. The GRC maintains the Group's risk review, which identifies the principal short, medium and long-term risks facing 3i Group as well as the associated mitigating actions and key risk indicators. The risk review is updated quarterly.

Following the March six-monthly portfolio review referred to above, detailed reports are prepared by the Private Equity and Infrastructure businesses which summarise the short, medium and long-term ESG risk profiles and trends across their respective portfolios as well as detailed summaries of the specific ESG risks and opportunities relevant to each material portfolio company and any material ESG incidents in the period. The reports are presented to the GRC by the Private Equity and Infrastructure businesses and an overview of the findings is presented to the main 3i Group Board.

Modern slavery risk in 3i's portfolio

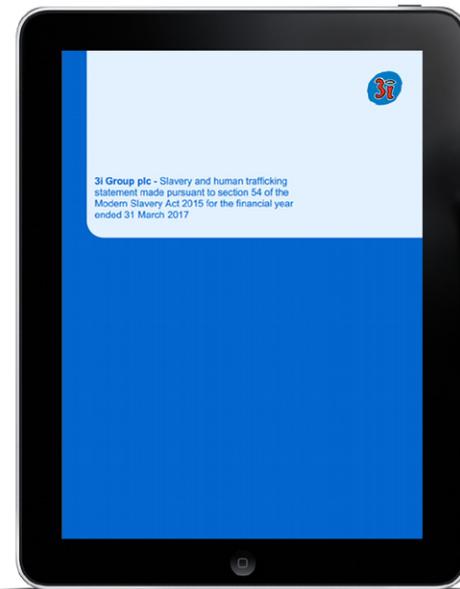
As a responsible investor, 3i is committed, where it has influence, to ensuring that the companies in which it invests are themselves committed to ensuring that there is no slavery or human trafficking in their businesses or supply chains.

We published our statement under the Modern Slavery Act for FY2017 in September 2017.

During FY2017, we worked with our portfolio companies which are themselves subject to the Modern Slavery Act to establish and confirm what actions they are taking or planning to take to understand the risks in their own business and supply chains and to ensure their own compliance with the Modern Slavery Act. This included our UK portfolio companies, as well as a small number of our continental European companies which have a business presence in the UK. Most of the companies concerned have now published a statement.

Last year, we commissioned KPMG to carry out a high-level desktop public records review to identify whether certain portfolio companies (which were not themselves subject to the Modern Slavery Act) may have higher inherent risk of slavery, principally as a result of their country of operation or industrial sector. This review identified our India portfolio as having a potentially higher inherent risk of slavery. Two of the nine companies which compose 3i's Indian portfolio have been sold since the KPMG report was completed.

3i no longer makes new direct investments in India and is managing its remaining portfolio of seven portfolio companies in that region for realisation over time. We generally have limited influence over our Indian portfolio companies, which are legacy minority investments. However, we are engaged in an ongoing process to work with those management teams who are willing to engage with us on this subject to understand the actual level of risk in these businesses and what steps they are taking to address those risks, including the use of child labour, use of migrant labour, working conditions, health and safety, minimum wages and sick pay.



 Our Modern Slavery statement is available on our website

Opportunities from sustainability-related challenges

Our ambition is to make a limited number of new Private Equity and Infrastructure investments each year, selected within our target sectors and geographies on the basis of their compatibility with our return objectives. We do not manage thematic ESG funds and we have no plans to do so.

However, we believe that investing responsibly and screening potential and existing investments for ESG indicators can bring about opportunities for new or further investment in our portfolio.

Private Equity

We previously profiled the investment made by Scandlines, a ferry operator in the Baltic sea and one of our largest Private Equity portfolio companies, in a cleaner fleet of vessels, and in particular in hybrid propulsion technology. This investment was value enhancing to 3i, its shareholders and fund investors and, at the same time has had, and will continue to have, a material positive effect on Scandlines' environmental impact. The Scandlines case study is available on our website.

More recently, we have been assessing a number of investment opportunities connected to the drive towards decarbonisation in the automotive industry. In particular, we invested in ATESTEO, the global market leader in independent automotive drivetrain testing services. This investment is profiled on pages 28 and 29 of this Report.

Infrastructure

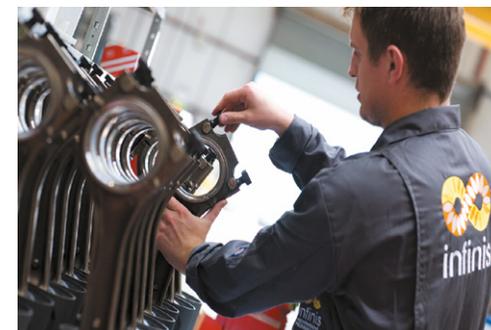
Our Infrastructure business is heavily exposed to opportunities arising from climate change. We have previously profiled the investments made through a number of our Infrastructure investment vehicles in Offshore Transmission Owners ("OFTOs"), which own critical infrastructure connecting offshore wind farms to the onshore grid in the UK, and are therefore key to the roll-out of offshore wind power generation.

Renewable power generation remains one of the areas of focus for our Infrastructure business, as most countries across the world try to increase the output of electricity generated from renewable sources. In FY2017, 3i Infrastructure plc ("3iIN"), for which 3i acts as Investment Adviser, made two investments in this sector: in Infnis, the leading generator of electricity from landfill gas in the UK, and in Valorem, a leading independent renewable energy development and operating company in France.

In FY2018, 3iIN funded Infnis's acquisition of Alkane Energy, an independent generator of electricity from both coal mine methane and reserve power operations and the largest generator from coal mine methane in the UK. 3iIN's investment in Infnis is profiled on pages 30 to 32 and case studies for our OFTO investments and 3iIN's investment in Valorem are available on our website.



 28 ATESTEO



 30 Infnis

ATESTEO

Private Equity case study

The electrification of the powertrain is one of the major megatrends affecting the automotive industry today.

Stricter regulations on greenhouse gas and particulates emissions globally are leading to a fundamental change in the automotive industry: the electrification of the powertrain at the expense of the internal combustion engine, responsible for much pollution today. The European Commission has set 2021 emission reduction targets for car makers, to be phased in from 2020, implying a reduction of over 25% in emissions compared with 2015 targets.

This is resulting in a gradual shift from vehicles fuelled by traditional power sources such as diesel and gasoline, towards electric, fuel-cell or hybrid powered vehicles. This shift is further supported by targeted policies such as tax breaks for the purchase of electric or hybrid vehicles, parking priorities, access restrictions, the gradual deployment of charging points and fuel economy standards.

The efficiency of supportive policies is demonstrated in the uneven distribution of the electric car stock globally today. The top five countries account for 80% of the total stock, while the top ten account for 96% with Norway leading the way by some margin.

We expect the combination of regulation and targeted policies to lead to a rapid expansion in the production and sale of electric or hybrid vehicles. All sources agree that the market will continue to grow rapidly and many agree that, by 2030, the share of electric vehicles could grow to between 25% to 50% of new vehicle sales in major world automotive markets, from 2-3% currently.

Approximate share of electric/hybrid powertrain technologies



Sources: McKinsey, IHS, FEV, Shell, December 2017

Electric car stock projections



Source: International Energy Agency

ATESTEO Private Equity case study Continued

3i has a strong track record of investing in companies that develop products and services to facilitate the electrification megatrend.

As with all fundamental technological changes, the shift to hybrid and electric vehicles will require the development of facilitating technologies, products and services.

3i identified the emerging electrification trend in the early 2010s, and invested in companies that contribute to enabling that shift, including, among others, ATESTEO.



ATESTEO – a global leader in drivetrain testing services

We first made the investment in ATESTEO in September 2013 and exited it in December 2017, realising a 4.8x money multiple. ATESTEO's strong growth, and ultimately the success of 3i's investment, have been driven by the increased testing requirements involved in the development of new hybrid and electric vehicle models. ATESTEO is the global market leader in independent automotive drivetrain testing services, with over three times more capacity than the next independent competitor and a large number of established and upcoming automotive customers.

The company's services focus on lab- and road-based testing of newly-developed transmissions and other drivetrain components, with the objective of ensuring their durability and performance. It operates over 130 modular test benches globally, which have the flexibility to adapt to the parameters of the most complex electric and hybrid drivetrains.

ATESTEO developed the first endurance test of a complete hybrid powertrain in 2008 and the share of e-mobility as a percentage of its total testing business has been increasing rapidly since, driven by the global growth in low-emissions vehicle development.

During its period of ownership of ATESTEO, 3i was instrumental in supporting the growth of the business, by:

- expanding the company's testing service portfolio (with a particular focus on the growing electric and hybrid market) and disposing of non-core business activities;
- growing the company's presence in China, the world's largest market for electric vehicles, by tripling its local capacity and commissioning a new testing site in northern China; and
- encouraging innovation in its proprietary test bench automation system and investing into state-of-the-art testing equipment.

4.8x

The realisation of our investment in ATESTEO for a 4.8x money multiple demonstrates that there are significant value creation opportunities from products and services that facilitate the development of climate change-friendly technologies.



The higher component/drivetrain complexity of electric vehicles requires the services of specialist testing providers such as ATESTEO.

Approximate share of e-mobility as a percentage of ATESTEO's total testing business



Infinis

Infrastructure case study

Infinis is an independent power generator with a portfolio of 121 landfill sites and total installed capacity of 272MW in the UK and internationally. The Alkane Energy acquisition added 161MW of installed capacity across 32 sites across the UK.

3i Infrastructure plc ("3iN"), an investment company advised by 3i, invested in Infinis, the largest generator of electricity from landfill gas ("LFG") in the UK in December 2016. In March 2018, 3iN funded Infinis's major follow-on acquisition of Alkane Energy, an independent power generator from both Coal Mine Methane ("CMM") and reserve and power response operations and the largest generator of electricity from CMM in the UK.

The UK shift to renewable energy – managing system stability

The power generation sector in the UK is undergoing fundamental changes in both supply and demand and in energy distribution.

The retirement of old coal and gas plants to meet stringent emissions regulations has been driving the shift towards new platforms.

The drive for decarbonisation over recent years has resulted in the rapid and increasing deployment of renewable power (24.5% of total power generation in the UK in 2016¹), much of which from intermittent sources such as solar and wind. This has presented National Grid with challenges in managing system stability.

Security of supply has therefore become a key objective, along with an ever-growing need for highly responsive, flexible generation to provide reliable baseload power.

Companies such as Infinis are part of the solution to the problem of system stability and perform a vital environmental service.

As it burns LFG and CMM to generate power, Infinis provides an efficient, secure and non-intermittent source of power generation, while also abating the global warming impact of the methane emissions generated in the sites it operates. In addition, by operating reserve and power response generators it further alleviates the issue of system stability deriving from an increase in intermittent power sources in the UK generation mix.

¹ Source: Energy UK

Daily power price (Jan 2010-2018)



Source: Argus/Heren

- Reduction in number of coal and gas fired plants
- Increase in intermittent renewable generation
- Additional opportunities for peaking or reserve power generation to balance the grid, including from embedded generators such as Infinis

Infinis Infrastructure case study Continued

Energy from LFG and CMM – how does it work?

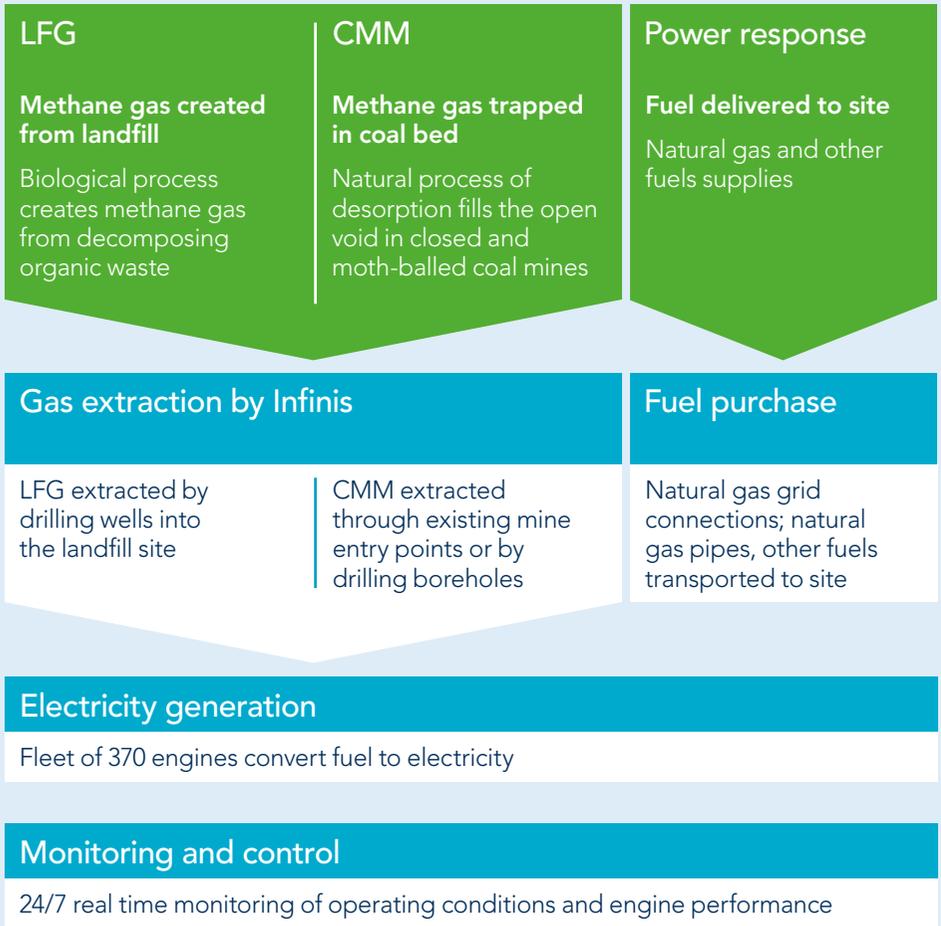
Biodegradable waste deposited into landfill sites breaks down, forming LFG. LFG predominantly comprises methane (57%), one of a number of gases contributing to global warming and carbon dioxide (43%). Methane is a highly potent greenhouse gas with a contribution to global warming over 20 times greater than that of carbon dioxide. Combustion is the most efficient way to dispose of these gases.

Infinis extracts the gas from its landfill sites by sinking wells into the site, it then removes the moisture from the gas and burns it in engines to generate electricity, which is fed into the distribution network. Most of Infinis’s sites are closed to new tipping and, as such, the LFG from these sites is a finite, depleting resource.

CMM assets are similar to LFG assets. Infinis generates power from the methane accumulated in abandoned coal mines, also a finite and depleting gas resource. While the gas resource differs, the technology employed for gas extraction and power generation is almost identical.

Unlike solar or wind power generation, the combustion of LFG and CMM provides constant, and not intermittent, baseload power, which is complementary to power generated through more traditional renewable sources such as wind or solar.

Long-term rights to LFG and CMM resources



Power export
Grid connection capacity of over 650MW

Infinis Infrastructure case study *Continued*

Infinis' platform value – the opportunity from power response generation

As its LFG and CMM resources deplete, Infinis has increasing spare engine and grid connection capacity, which it is exploiting to develop non-LFG and CMM generation activities, such as power response operations. Power response plants are generally run only at times of peak demand for electricity. They generally burn natural gas in gas turbines, however a few, situated in areas not supplied with natural gas, burn biogas or liquefied petroleum gas.

Power response plants are becoming increasingly important in countries, such as the UK, that are growing the weight of intermittent energy sources such as solar and wind in their generation mix.

Infinis operates as a platform for consolidation for power response generation assets, and its acquisition of Alkane was driven by this logic. Infinis is investing heavily in the opportunity presented by peaking and reserve power generation, providing an essential service in managing system stability as the use of intermittent renewable generation grows.

Infinis has 35MW of reserve power generation now under development, for which 3iN has agreed to provide further funding of £12 million and is committed to developing Alkane's power response project pipeline post-acquisition. The combination of the two companies creates a business of significant scale and offers opportunities for operational improvement.

Key facts¹

286MW

total installed biogas capacity²

647m m³

of landfill gas extracted in FY2017

1,578 GWh

of power exported to the Grid in FY2017 (equivalent to 2.5% of total UK generation from renewable sources) and providing the equivalent annual electricity needs of c. 421,000 homes

0.5m tonnes

of methane emissions avoided by utilising LFG to generate electricity, which in terms of global warming potential is equivalent to 9.7 million tonnes of CO₂



¹ Excludes Alkane, acquisition completed 11/04/2018.
² As at 30 September 2017.

A good corporate citizen

We strive to embed sustainable and responsible business practices throughout our organisation. We have robust policies and processes in place and actively promote the right values and culture within our organisation.

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Standards of conduct and behaviour

3i's required standards of conduct and behaviour are promoted and enforced through a comprehensive suite of policies and procedures which, together with our compliance manual and our values, constitute our code of conduct.

Employees must be familiar with, and understand, the obligations and restrictions that apply to them and must confirm in writing, on an annual basis, that they are in compliance.

We review the compliance with our established standards of conduct and behaviour periodically through our Audit and Compliance Committee, which conducts an annual review of risk and internal control effectiveness and through our Compliance team, which reviews all compliance policies each year.



Compliance

As an investment manager and adviser, a number of 3i's activities require regulatory authorisation, licensing and/or registration. Several of 3i's subsidiaries are therefore authorised and regulated by the Financial Conduct Authority and, where applicable, by relevant local non-UK authorities, including the US Securities and Exchange Commission and the Luxembourg Commission de Surveillance du Secteur Financier.

For more information, please refer to the "Statutory and corporate governance section" of the Annual report.

The FCA Principles for Business

As an FCA regulated entity, 3i is subject to the FCA's Principles for Business, according to which a firm must:

Integrity	Conduct its business with integrity.
Skill, care and diligence	Conduct its business with due skill, care and diligence.
Management control	Take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
Financial prudence	Maintain adequate financial resources.
Market conduct	Observe proper standards of market conduct.
Customers' interests	Pay due regard to the interests of its customers and treat them fairly.
Communications with clients	Pay due regard to the information needs of its clients and communicate information to them in a way that is clear, fair and not misleading.
Conflicts of interest	Manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
Customers: relationships of trust	Take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement.
Clients' assets	Arrange adequate protection for clients' assets when it is responsible for them.
Relations with regulators	Deal with its regulators in an open and co-operative way, and disclose to the regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

Compliance

Continued

Compliance manual

Our compliance manual applies to all employees. We provide below a brief description of the key areas covered by our compliance manual, given their relevance for our industry and their associated risks.

Financial crime and market abuse

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

3i's financial crime policy covers offences involving money laundering, terrorist financing, bribery, market abuse and fraud. 3i will not engage in and is committed to preventing these offences.

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

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

3i's Group Compliance team provides real-time advisory support to 3i's business lines in the application of its anti-money laundering and screening policies and procedures.

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

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

Anti-bribery policy

3i has an anti-bribery policy which applies to all those who work for, act on behalf of or represent 3i. 3i's anti-bribery policy requires high standards of ethical behaviour in all our business interactions. Accordingly, we will not offer, pay or accept bribes. In addition to detailed provisions, the policy also requires the exercise of good judgement and common sense.

3i is not aware of any breaches of its anti-bribery policy by its employees.

We are also committed to working only with third parties whose standards are substantively consistent with our own. This includes our intermediaries and advisers. As part of our approach to responsible investment, we expect businesses in which we invest to operate in compliance with all applicable laws and regulations including, in particular, applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.

 A summary of our Anti-bribery policy is available on our website

Gifts and inducements

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

In particular, employees must never offer or receive gifts or hospitality if this may improperly influence a business decision, impair independence or judgement or create a sense of obligation, create a conflict of interest or if there is a risk it could be misconstrued or misinterpreted by others as a bribe. Offering or receiving gifts or hospitality to or from third parties is prohibited unless there is a clear and legitimate business purpose and, where they arise in connection with our investment activities, are designed to enhance the quality of service to our clients.

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

Political donations

3i's policy is not to make political contributions whether to political parties, political organisations or election candidates. In line with this policy, in the year to 31 March 2018, no donations were made to political parties or organisations, or independent election candidates, and no political expenditure was incurred.

Conflicts

Our conflicts of interest policy and associated procedures are designed to enable all relevant employees to identify actual or potential conflicts of interest and to manage them appropriately, including by reference to regulatory obligations. The overriding principle is that we will treat our customers fairly and, should conflicts of interest arise, we will manage them fairly in accordance with our conflict procedures. We have a Conflicts Committee which considers specific and potential conflicts as they arise, and also oversees 3i's general approach to conflict management.

Compliance

Continued

Compliance training

Our policies and procedures are communicated and enforced through periodic training and auditing. Our compliance team develops various e-learning modules, frequently followed by an assessment. These include:

- general training on 3i's key policies and procedures, including:
 - anti-money laundering;
 - anti-bribery;
 - personal transactions;
 - managing inside information;
 - dealing with conflicts of interests; and
 - gifts and hospitality;
- financial crime;
- anti-bribery; and
- preventing market abuse.

These four e-learning modules are rolled out on a rotating basis, with one course generally rolled out every six months. All employees, including Executive Committee members, must complete these modules. All new joiners are required to complete all four modules within two months of joining.

Data protection

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

3i is committed to protecting the personal data of its staff and clients and using it in an appropriate manner. We recognise that we must notify data subjects of the fact that we process their personal data and the specific purposes for which we do so.

Our policy requires our employees to:

- consider all personal data as confidential and treat it in accordance with 3i's policies and procedures for safeguarding confidential information; and
- use personal data only for the purpose for which it has been provided and in the proper course of their duties as a 3i employee.

There were no complaints concerning breaches of customer privacy and losses of customer data in the year.

We are reviewing our data protection policy and procedures in the light of the General Data Protection Regulation, which comes into effect in May 2018.

3i maintains an Information Security Management System that:

- ensures that risks to the confidentiality, integrity and availability of information are managed to an acceptable level using a standard risk management framework;
- seeks to protect information from accidental or intentional damage, loss, unauthorised disclosure or modification;

- provides secure and reliable information to enable 3i employees to conduct their job effectively; and
- ensures compliance with legal and statutory obligations.

Cyber resilience

We focus on cyber resilience both in terms of 3i's own systems and those of its portfolio companies.

3i's cyber resilience is overseen by the Group Risk Committee and managed on a day-to-day basis by the Group IT team. Non-executive governance is provided by the Group Audit and Compliance Committee. In 2015, 3i engaged KPMG to conduct an independent cyber threat assessment to: (i) identify and prioritise the cyber threats faced by 3i; and (ii) assess the effectiveness of 3i's existing security capabilities and controls. The key recommendations from the KPMG review have been addressed including, in particular, the appointment of a Chief Information Security Officer ("CISO") to provide a further line of defence in addition to the Group IT team and 3i's Internal Audit team (which carries out regular reviews of 3i's cyber resilience processes and procedures). A new Cyber Security Review Board has been established which meets monthly to discuss cyber security issues and to review the newly-developed "cyber dashboard" of relevant cyber key performance indicators.

3i updated its cyber resilience training course for all staff and continued its "phishing" email programme to test and monitor 3i staff's "click-rate" and to promote increased practical awareness of the risks associated with phishing emails. 3i updated its overall business impact assessment during the period and 3i's Internal Audit team also carried out a more general assessment of 3i's overall business resilience, including an assessment of key supplier dependencies, to identify areas of potential vulnerability and provide recommendations for improvement.

In relation to its portfolio companies, 3i continues actively to promote cyber resilience as a key component of the corporate governance programme through its representatives on the boards of its portfolio companies. 3i continues to use an external firm of cyber security specialists to conduct non-intrusive reviews of the cyber resilience of its key portfolio companies' systems. The resulting reports are discussed with the management teams of the relevant portfolio companies and specific actions agreed where appropriate. Cyber resilience is one of the governance topics reviewed at the six-monthly business reviews of 3i's portfolio companies which are conducted as part of 3i's regular asset management and portfolio monitoring programme.

Compliance

Continued

Public policy

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

Whistle blowing

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

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

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

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



Approach to taxation

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

- to act lawfully and with integrity, including complying with all statutory obligations and disclosure requirements;
- to maintain open and constructive relationships with Her Majesty's Revenues and Customs ("HMRC") and tax authorities worldwide;
- to maintain the Company's approved investment trust status to safeguard the long-term growth and value of the Company; and
- to work with industry bodies worldwide to establish a fair system that sustains economic growth and enhances the reputation for the industry in which the Group operates.

3i has offices in eight countries across Europe, North America and Asia, and its local entities pay taxes in these countries in respect of their local activities.

Approved investment trust status

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

An approved investment trust is a UK investment company which is required to meet a number of conditions set out in the UK tax rules in order to obtain, and thereafter maintain, its approved status. These conditions include, among others:

- undertaking portfolio investment activity that aims to spread investment risk; and
- that the company's shares must be listed on an approved exchange.

If the conditions are met, certain profits of the company (broadly, its capital profits) are exempt from tax in the UK. For this reason, approved investment trust companies are particularly suitable as investment vehicles, because their tax status means that investors' investment returns do not suffer double taxation, once at the level of the investment trust company itself and then again in the hands of the investors. In other words, investors in the Company do not pay more tax that they would have incurred if they had been able to invest directly in the Group's underlying portfolio of investments.

The approved investment trust tax rules have existed in the UK tax code since the 1970s and were designed to allow investment trust companies to perform a number of important economic functions, including:

- encouraging investments and savings by providing individual and institutional investors with access to a professionally managed and diversified portfolio; and
- facilitating economic growth by providing funding for the underlying businesses in which investment trust companies invest.

Tax strategy

New rules requiring large businesses to publish their UK tax strategy were recently introduced in the UK. In compliance with these rules, 3i published its Tax Strategy in December 2017 and this document is available on the website.

 Our Tax Strategy is available on our website

Environment

3i has fewer than 250 employees worldwide and has a relatively low environmental impact.

We operate from a network of eight offices across the world, however approximately two-thirds of our employees are based in our London office. All our offices are leased.

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

Our strategy is to:

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

While our direct environmental impact is small, our materiality assessment and associated stakeholder engagement identified that the integration of environmental issues into our investment processes is important.

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 53 Materiality assessment



Environment

Continued

Minimising our direct environmental impact

While our direct operations have a modest impact on the environment, we address our emissions related to energy use, waste and travel proactively.

Energy consumption

To reduce our energy consumption, we have undertaken work to ensure all lights, computers and other equipment are powered off when not in use during extended periods of time, including at night and at weekends. In FY2016 we installed energy efficient LED lighting in our London office, replacing all halogen lighting. In FY2017 we also replaced our data centre hardware, significantly reducing our energy consumption. We report annually in our CDP response on completed and planned energy efficiency projects and the resulting energy savings.

Our London and Luxembourg offices already procure electricity from 100% renewable sources. These two offices account for over 80% of our total electricity consumption.

During the year, we rolled out an employee engagement initiative to encourage energy saving behaviours. We also continue to develop our data collection system to allow us better to quantify the savings made following the implementation of these measures.

Energy Savings Opportunity Scheme (“ESOS”) compliance

We undertook an energy audit in August 2015 as part of our ESOS assessment for our London office and we implemented the key findings from the report, including installing more energy efficient LED lighting and encouraging employees to switch off desktop equipment to reduce our energy consumption.

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The scheme is administered by the UK Environment Agency. Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by these organisations’ buildings, industrial processes and transport to identify cost-effective energy saving measures. Organisations must notify the Environment Agency by a set deadline that they have complied with their ESOS obligations. The deadline for the next compliance period is 5 December 2019 and we have commissioned an external environmental audit to take place in 2019 to prepare for compliance.

Travel

We rationalised our business travel through a set of clear guidelines and approvals which we rigorously adhere to. In London, we work in partnership with our landlord to encourage employees to cycle to work by providing secure cycle racks, changing and shower facilities.

The majority of our meeting rooms are equipped with audiovisual and teleconferencing solutions and employees are encouraged to make use of these, reducing travel where appropriate.

Paper usage

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

Waste management

In our main location in London, we work with our landlord, Landsec, to minimise waste from our operations, and help recycle as much waste as possible.

Non-recyclable waste from our London office is sent to an Energy-from-Waste site, where it is incinerated to generate electricity.

We recycle paper, plastic and cans and have put in place a recycling scheme for our redundant computer hardware. Our providers offer on-site secure data destruction and recycling services in compliance with the Waste Electric and Electronic Equipment Regulations 2013.

In FY2018 we rolled out an employee communication campaign to encourage the recycling of waste at work.

Details of waste from 3i’s operations in FY2018 are as follows:

Waste disposal from 3i’s operations (weight in tonnes)		
Waste disposal method	FY2018	FY2017
Recycling waste – mixed	733	854
Recycling waste – paper	17	25
Total recycling	750	879
Landfill – mixed	409	491

Information provided by the waste disposal contractor. Note that FY2017 figures have been restated compared to last year’s report to correct an error in the calculation.



Environment

Continued

Emissions performance

During the year to 31 March 2018, our measured Scope 1 and 2 greenhouse gas ("GHG") emissions (location-based) totalled 750.8 tCO₂e. Our Scope 3 emissions totalled 2,685.6 tCO₂e.

Our Scope 1 and 2 (location-based) emissions are equivalent to 3.1 tCO₂e per full-time equivalent employee, based on an average of 241 employees during the year (2017: 3.4 tCO₂e; average of 281 employees).

Overall, our Scope 1 and 2 (location-based) emissions decreased by 21.8% in the year driven principally by the sale of our Debt Management business, which completed in March 2017, and the full impact of the closure of our Stockholm office. We have also chosen to report voluntarily on our Scope 3 indirect emissions, which were 11.8% lower in the year due to the reduction in the average number of employees and consequent reduction in business travel.

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We have reported on our Scope 3 indirect emissions using the GHG Protocol Corporate Value Chain (Scope 3) Standard.

We consolidate our organisational boundary according to the operational control approach, which includes all our offices. We have adopted a materiality threshold of 5% for GHG reporting purposes.

The GHG sources that constitute our operational boundary for the year to 31 March 2018 are:

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

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

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

For the calculation of emissions using the location-based method, we have used the UK Government 2017 Conversion Factors for Company Reporting in order to calculate the tonnes of carbon dioxide equivalent ("tCO₂e") emissions from corresponding activity data. Measuring emissions using tCO₂e allows different GHG emissions to be reported using a common unit; for any quantity and type of greenhouse gas, tCO₂e signifies the tonnes of carbon dioxide which would have the equivalent global warming impact. The UK Government 2017 Conversion Factors for Company Reporting are calculated using average grid energy mix for the year for each country rather than the energy mix associated with our specific electricity tariffs.

When quantifying emissions using the market-based approach, we used a supplier-specific emission factor where possible.

Where contractual information was unavailable to calculate emissions using the market-based method, a residual mix conversion factor was used to calculate emissions. Where residual mix emission factors were not available, the location-based grid emission factor was used.

Whilst we have a very low footprint on the environment, we are committed to reducing it further. In our London and Luxembourg offices, which account for over 80% of our overall electricity consumption, we purchase all of our electricity from 100% renewable sources. The dual reporting of our emissions demonstrates the impact that procuring energy from suppliers with cleaner energy mixes has on our greenhouse gas emissions, as reflected in our lower Scope 2 market-based emissions figure.

Third-party verification

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

Scope emissions data			
Scope	FY2018	FY2017	Year-on-year change
1 (tCO ₂ e)	156.4	191.0	-18.1%
2 location-based (tCO ₂ e)	594.4	768.8	-22.7%
2 market-based ¹ (tCO ₂)	137.4	174.8	-21.4%
3 (tCO ₂ e)	2,685.6	3,027.2	-11.3%

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

Sustainable procurement

3i's supply chain consists predominantly of the procurement of professional services from blue chip organisations in the markets in which we operate (predominantly Europe and North America), and which therefore are at lower risk of exposure to ESG-related issues.

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

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

We monitor ESG issues with key suppliers and ask for progress reports on a regular basis. Where appropriate, we ask potential suppliers to provide a statement detailing the existence of any policies or commitments with regards to the following areas. This includes the details of any accreditation of participation in sustainability indices or associations:

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

Suppliers are also asked to confirm that they have adequate anti-bribery and corruption controls in place, in line with applicable legislation and that they comply with the Modern Slavery Act, where relevant.

Due diligence on proposed suppliers

Our policy requires that an appropriate level of due diligence be conducted on prospective suppliers before they are appointed or any expenditure is committed. The nature of the due diligence conducted is to be determined on a case-by-case basis by our Group procurement team, however, as a general rule, our procurement policy suggests that:

- integrity due diligence must be conducted on prospective suppliers that are considered to be at a high risk of bribery and corruption;
- due diligence on information/data security (including cyber security) must be conducted if confidential 3i data will be processed or held by the supplier;
- due diligence on human rights policies, equal opportunity policies and employment policies, with particular focus on the provider's commitments on the use of child or forced labour in their operations or supply chain must be conducted where Group procurement deems there is a risk of non-conformity with 3i's approach; and
- a thorough evaluation of business resilience must be undertaken that will include the financial performance of the supplier, insurance cover, evidence of accreditation, of contingency planning and third-party dependencies.



A summary of our Procurement policy is available on our website

Sustainable procurement

Continued

Human rights and forced labour in 3i's supply chain

We published on our website our slavery and human trafficking statement in the relation to FY2017 in September 2017 and will update this statement for FY2018 in September 2018.

A large majority of 3i's suppliers (47% by spend in the financial year ending March 2017), are professional advisers and consultants who are engaged to advise 3i on potential investments, divestments, and other matters in relation to our portfolio and various corporate matters and, as such, are considered to be at "low risk" of human rights violations. A further 20% of our procurement spend is on rent and other office premise costs.

During FY2017, we carried out a more detailed analysis of our supplier base to help us assess more accurately the risks of slavery and human trafficking. We identified only two suppliers whom we considered were operating in both a higher risk geography (India) and a higher risk sector (outsourced transaction processing and facilities management, cleaning and maintenance). Our contract with the outsourced transaction processing supplier in India is a significant supply contract for 3i and, as such, is subject to regular performance reviews. We have reviewed the terms of this contract and, among other things, included a number of Modern Slavery Act-related obligations, reporting requirements, representations and warranties on the part of the supplier.

3i continues to include specific Modern Slavery Act wording in its standard request for proposal document which it issues to potential suppliers when it procures the supply of goods and services. In addition, 3i continues to use a software tool to help monitor the performance of certain of its existing significant suppliers. Specific Modern Slavery Act language has been included in this tool to ensure that Modern Slavery Act issues are addressed regularly as part of 3i's ongoing monitoring of these particular suppliers.

 Our Modern Slavery Act statement is available on our website

Payment practices reporting

New Reporting on Payment Practices and Performance Regulations came into force in the UK for all reporting periods beginning 1 April 2017. The regulations require large companies and LLPs to report on their payment practices, policies and performance on a half yearly basis. The reports are published on a Government website and are publicly available. 3i will be fully compliant with these regulations.

Prompt Payment Code

3i is a signatory to the Prompt Payment Code. The Code encourages and promotes best practice between organisations and their suppliers. Signatories to the Code commit to paying their suppliers within clearly defined terms, and to ensuring there is proper process for dealing with any issues that may arise. Budget holders are reminded of their responsibility under the Code at least annually when the budget is approved.



Community

We focus our charitable activities principally on the disadvantaged, on the elderly, on young people and on education.

The charities we partner with are supported on the basis of their effectiveness and impact. We also support staff giving and sponsorship through matching donations.

Our charitable giving for the year to 31 March 2018 totalled £390,000, including:

- Give-As-You-Earn – in the UK, we promote the Give-As-You-Earn scheme, administered by the Charities Aid Foundation. 3i's matching of employee donations totalled £50,000 through this scheme in the year.
- Matching donations – 3i has a policy of matching the amount raised by staff through sponsorship by family and friends of their fundraising efforts for registered charities. 3i contributed £30,000 in matching donations in the year to 31 March 2018.

3i supports the following charities

Community Links

Community Links is an east London charity, running a wide range of community projects. Based in Newham, one of the most deprived boroughs in London, Community Links has 40 years of experience working with local people to support children, young people, adults and families.

Last year, Community Links provided advice sessions across debt, housing and employment matters to over 2,900 clients. In addition, the charity focused its work at its flagship Asta community hub on improving the capabilities of parents and providing activities with an emphasis on children and young people. The hub supported 131 children and young people who took part in educationally beneficial activities and 33 parents who attended tailored parenting activities.

The charity's Building Better Opportunities programme is now up and running and is showing excellent results in helping Black, Asian and Ethnic Minority women develop personally and secure sustained employment.



Through our partnership with Historic Royal Palaces, we arranged for a group of 20 Community Links elderly clients to visit the Tower of London for a day in June 2017 to learn more about its history. Despite living not far from the Tower of London, many of the pensioners had never visited it and thoroughly enjoyed the experience.

In addition to our regular contribution to this charity, 3i's London-based employees have been contributing to the Community Links Christmas Toy Appeal for a number of years and donated in excess of 100 presents to the charity's 2017 appeal, which resulted in the collection of 18,000 presents in total for local children.

COMMUNITY
LINKS



www.community-links.org

Community

Continued

Historic Royal Palaces

Historic Royal Palaces (“HRP”) is an independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace, Kew Palace and Hillsborough Castle.

3i helps fund HRP’s Learning and Engagement Programme, which aims to take adults, families, young people and children on a learning journey of discovery. The programme consists of a number of elements including the Explorer Families Programme, the Explorer Schools programme and the Uncover Programmes for Adults.

During 2017, HRP ran a number of events including the Family Festival, which took inspiration from the “Enlightened Princesses” exhibition held in Kensington Palace. The Festival involved a number of initiatives, including an adapted ballet performance by the English National Ballet for children aged three and upwards,



the Science Museum delivering some science experiments and the Comedy Club 4 Kids providing a compere bringing all the elements together. The event attracted in excess of 3,350 visitors.

Every last Saturday of the month, HRP runs its Funtastic Saturdays with a variety of activities on offer including Make History workshops, Storytime and the Time Explorer Station. Over 14,600 participants took part in these family activities between September 2016 and August 2017.

The Time Explorers Challenge, run in conjunction with primary schools across London, saw 1,780 children taking part in a project inspired by Queen Victoria’s childhood at Kensington.

The Curious Stories Literacy Project is aimed at young children in school with the aim of improving their organisation of stories and their written language. Over the past year, the team worked with three schools over two terms, reaching 350 participants over 82 sessions. In addition, a further 6,000 children and adults received a specially designed card game to play at home.

Last year, HRP hosted a total of almost 180,000 schoolchildren on trips, tours and educational visits across its sites.



 www.hrp.org.uk

National Youth Orchestra of Great Britain



For almost 70 years, the vision of the National Youth Orchestra of Great Britain (“NYO”) has been to be the most inspirational orchestra for young people in the UK. It provides its 164 young musicians from diverse backgrounds with the opportunity to discover the benefits of collaborating with a vast group of like-minded people, in the process gaining skills and friendships that last a lifetime. Being a member of the NYO enables the young musicians to develop as confident and imaginative leaders who take responsibility and inspire other young people through performances and creative workshops.

3i supports the percussion section of the orchestra, which comprises seven musicians. The average age of the musicians in this section is 16, they play 50 instruments between them and they come from seven counties across the UK.

All of them took part in NYO Inspire before joining the NYO, which demonstrates the power of the Inspire programme of reaching out to state-educated musicians from around the country.

Last year, NYO’s Inspire programme provided an exceptional opportunity to 610 state-educated musicians who lack opportunities to advance their playing. At the heart of the programme is the power of peer inspiration and learning. Through in-depth workshops, rehearsals and public performances, these events offer state-educated musicians the opportunity to develop their ensemble playing skills, meet enthusiastic musicians from across the country and work closely with NYO musicians and tutors in a friendly and creative environment.

In addition to 3i’s financial contribution to the NYO, 3i employees and their families have been showing their support by attending a number of concerts and rehearsals.



 www.nyo.org.uk

Community

Continued

The Passage

The Passage, which is based near to our London office, has a high impact on the local community. 3i funds The Passage's Employment, Training and Welfare Rights ("ETWR") team, which provides homeless and insecurely housed people with support to find a way back into employment and explore training and educational options.

During the year, the charity's ETWR team was very busy supporting 332 homeless or insecurely housed men and women who visited the department on 1,624 occasions. The team's key successes include:

- 66 clients were helped off the street and into B&B accommodation having found work;
- 42 bank accounts were opened for clients whose lack of ID had previously prevented them from accessing banking services;
- 22 people received mentoring support from local employers; and
- 100 clients found a job across a variety of industries including catering, cleaning, construction, hospitality and warehousing.



During the year, The Passage launched two new initiatives:

- the Money Advice Project addresses the growing issue of rough sleeping being caused by purely economic issues; and
- the Hotel School provides one-week taster courses to clients wishing to see how they cope with the hospitality environment, college environment and working with other people. They can subsequently choose to undertake an intensive 10-week training course for working in the hospitality industry, leading to a level 2 qualification. So far, all 3 participants on the course have found full time employment.

A number of our employees attended The Passage's annual fundraising concert, A Night Under The Stars, at the Royal Festival Hall, in October 2017.

Snowdon Trust

The Snowdon Trust provides grants to physically disabled and sensory impaired students studying in the UK, in further or higher education, or those training towards employment.

These grants help to cover the additional costs that students incur as a result of their disability and which available statutory funding does not cover. Costs include vital support such as sign language interpreters, note takers and library assistants, computer equipment with adaptive software, powered wheelchairs and mobility equipment, and adapted or additional accommodation costs. Statutory funding is not always available for this essential help and, where it is, the amount may be insufficient.

2016/17 was a record year for the charity's grants programme, supporting 108 students with grants, ranging from £250 to £3,000, totalling over £280,000. In addition to giving financial grants, the trust also takes an active interest in individuals, offering encouragement to students during their studies and beyond. The charity also aims to keep disability issues on the agenda of the Government and institutions.



SNOWDON

TRUST

Community

Continued

Contact the Elderly

Contact the Elderly is the only national charity dedicated solely to tackling loneliness and social isolation among older people through face-to-face contact. Supported by a network of volunteers, the charity organises monthly Sunday afternoon tea parties for small groups of older people, aged 75 and over, who live alone.

Each older person is collected from their home by a volunteer driver and taken to a volunteer host's home for the afternoon. The group is welcomed by a different host each month, but the drivers remain the same, which means that over months and years, acquaintances turn into friends and loneliness is replaced by companionship. The tea parties are a real lifeline of friendship for the elderly guests, many of whom have little or no contact with family or friends.

Contact the Elderly has recently reached the 10,000 volunteer mark; these volunteers help 5,500 elderly people each month.

In conjunction with Historic Royal Palaces, in March 2017, we arranged for a group of 20 older people to attend a tea party at Kensington Palace. As well as learning more about the Palace, HRP organised an object handling session for the guests to interact more fully with the exhibits.



**CONTACT
THE ELDERLY**



Bridges Fund Management

3i is proud to be a founding investor in Bridges Fund Management (previously Bridges Ventures), a privately-owned UK venture capital company with a social mission. Its strategy is to focus exclusively on opportunities where investments can generate attractive investor returns through helping to meet pressing social or environmental challenges, for example, backing businesses that generate jobs in underserved areas or building environmentally friendly care homes for the elderly to sustain an ageing population.

Bridges currently manages over £800 million across three fund types: Sustainable Growth Funds, Property Funds and Social Sector Funds.

Bridges
Fund Management

 www.bridgesfundmanagement.com

 www.contact-the-elderly.org.uk

Transparency and stakeholder engagement

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

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

We are committed to communicating both our financial and non-financial performance in a clear, open and comprehensive manner.

Our objective is to present a balanced and understandable assessment of our position, highlighting the key risks to which we are exposed in our day-to-day activities.

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

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

Transparency and stakeholder engagement

Continued

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

Transparency and stakeholder engagement

Continued

The Walker Review

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

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

3i also endorsed the voluntary code which resulted in the "Guidelines for Disclosure and Transparency in Private Equity", which was published in November 2007. These set out a number of recommendations for enhancing disclosure by private equity firms which are authorised by the FCA and invest in the UK and their large UK portfolio companies (within certain clearly defined criteria). Sir David Walker's recommendations with respect to reporting for private equity firms and their relevant portfolio companies were on a "comply or explain" basis. An overview of the guidelines together with the tenth annual report of the Private Equity Reporting Group (which monitors and reports on the UK private equity industry's conformity with the guidelines) at December 2017 can be found at www.privateequityreportinggroup.co.uk/

The only 3i portfolio companies which met the criteria set out in the guidelines and were included in the tenth annual report were Anglian Water Group (held principally within the 3i Infrastructure plc portfolio) and Infinis, also held within the 3i Infrastructure plc portfolio. 3i and 3i Infrastructure plc announced in December 2017 that they had sold their holding in Anglian Water Group to a consortium of Dalmore Capital and GLIL Infrastructure LLP. The sale completed in February 2018.

Global Reporting Initiative

Due to increasing requests from stakeholders for relevant and comparable sustainability information, we have chosen to report in accordance with the Global Reporting Initiative (“GRI”) standards.

<u>Global Reporting Initiative</u>	<u>52</u>
<u>Materiality assessment</u>	<u>53</u>
<u>GRI content index</u>	<u>54</u>
<u>Contacts</u>	<u>57</u>

Materiality assessment

In 2017, with the support of Carbon Credentials, our sustainability partner, we conducted a materiality assessment to identify the GRI indicators that are relevant to us and our stakeholders and that we should report on. As part of this assessment, we reviewed the reporting requirements of voluntary sustainability reporting initiatives such as the CDP (formerly the Carbon Disclosure Project), FTSE4Good and the Dow Jones Sustainability Index, and engaged with our key stakeholders to understand which sustainability issues are of concern to them.

Review of reporting requirements

3i has been reporting information about its management of climate change issues through the CDP Climate Change programme since 2006, and has been a member of the Dow Jones Sustainability Indices and of the FTSE4Good Index Series since 2001 and 2011 respectively. The table at the bottom right of the page shows the themes identified as relevant by these organisations and benchmarks, based on our sector and the countries of operation.

Stakeholder engagement

Our stakeholder mapping exercise highlighted 3i's key stakeholders as its employees, existing and potential shareholders, existing and potential fund investors, portfolio companies, policymakers and regulators.

Our stakeholder engagement focused on these groups; we sent out quantitative surveys to understand the level of stakeholder concern regarding a wide range of sustainability issues (based on our review of current sustainability reporting requirements) and interviewed a number of key internal and external stakeholders. This qualitative and quantitative analysis, combined with the analysis of our ordinary-course engagement, allowed us to select a number of material GRI sustainability indicators and disclosures against which we report.

The most material indicators, ranked in terms of their perceived importance to the business and stakeholders, are listed opposite. We will aim to renew our materiality assessment every five years, or sooner in the event of a material change in strategy.

Indicators covered	Type
1 Anti-crime and corruption	Economic/governance
2 Business ethics	Economic/governance
3 Socially responsible investment	Social
4 Economic performance	Economic/governance
5 Cyber security	Economic/governance
6 Equal remuneration	Social
7 Tax	Economic/governance
8 Diversity, discrimination and equal opportunities	Social
9 Social criteria in procurement	Social
10 Employee satisfaction and wellbeing	Social
11 Health and safety	Social
12 Climate-related financial risk	Environmental
13 Employee benefits	Social
14 Training	Social
15 Transition to a low-carbon economy	Environmental

Themes identified as material to our stakeholders		
Environment	Social	Governance
<ul style="list-style-type: none"> • Business risks and opportunities • Engagement with supply chain on climate change • Environmental reporting 	<ul style="list-style-type: none"> • Talent attraction and retention • Human capital development • Human rights and community • Social supply chain • Controversial issues, dilemmas in lending/financing 	<ul style="list-style-type: none"> • Corporate governance • Risk management • Anti-corruption and anti-crime • Codes of Conduct • Compliance

GRI content index

GRI standard title	Disclosure number	Disclosure title	Page number/link	Fully reported
General disclosures	102-1	Name of the organisation	SR 02 AR IFC	Fully reported
	102-2	Activities, brands, products, and services	SR 03-04 AR 09-13	Fully reported
	102-3	Location of headquarters	SR 04	Fully reported
	102-4	Location of operations	SR 04	Fully reported
	102-5	Ownership and legal form	SR 04 AR 84-90	Fully reported
	102-6	Markets served	SR 04 AR 09-13	Fully reported
	102-7	Scale of the organisation	SR 04 AR 09-13	Fully reported
	102-8	Information on employees and other workers	SR 11-21	Fully reported
	102-9	Supply chain	SR 43-44	Fully reported
	102-10	Significant changes to the organisation and its supply chain	SR 43-44	Fully reported
	102-11	Precautionary principle or approach	SR 40-42	Fully reported
	102-12	External initiatives	SR 08-09 SR 10 SR 23	Fully reported
	102-13	Membership of associations	SR 10	Fully reported
	102-14	Statement from senior decision-maker	SR 05 AR 04-07	Fully reported
	102-16	Values, principles, standards and norms of behaviour	SR 06 SR 33-38	Fully reported
	102-18	Governance structure	SR 07 AR 57-90	Fully reported
102-40	List of stakeholder groups	SR 49-50 SR 53	Fully reported Fully reported	
102-41	Collective bargaining agreements	SR 12		

Legend

AR: 3i Group Annual report and accounts 2018 (<http://www.3i.com/investor-relations/report-library/2018>)

SR: 3i Group Sustainability responsibility report 2018 (<http://www.3i.com/investor-relations/report-library/2018>)

ABP: 3i Group's Anti-bribery policy (<http://www.3i.com/sustainability/sustainability-policies>)

GRI content index

Continued

GRI standard title	Disclosure number	Disclosure title	Page number/link	Fully reported
	102-42	Identifying and selecting stakeholders	SR 53	Fully reported
	102-43	Approach to stakeholder engagement	SR 49-50 SR 53	Fully reported
	102-44	Key topics and concerns raised	SR 53	Fully reported
	102-45	Entities included in the consolidated financial statements	AR 134-138	Fully reported
	102-46	Defining report content and topic boundaries	SR 53	Fully reported
	102-47	List of material topics	SR 53	Fully reported
	102-48	Restatements of information	SR 02	Fully reported
	102-49	Changes in reporting	SR 02	Fully reported
	102-50	Reporting period	SR 02	Fully reported
	102-51	Date of most recent report	SR cover	Fully reported
	102-52	Reporting cycle	SR 02	Fully reported
	102-53	Contact point for questions regarding the report	SR 57	Fully reported
	102-54	Claims of reporting in accordance with the GRI Standards	SR 02 SR 53	Fully reported
	102-55	GRI content index	SR 54-55	Fully reported
	102-56	External assurance	SR 42	Fully reported
Economic performance	201-1	Direct economic value generated and distributed	AR 29-41	Fully reported
	201-2	Financial implications and other risks and opportunities due to climate change	SR 08-09 SR 27-32	Fully reported
Anti-corruption	205-1	Operations assessed for risks related to corruption	SR 36 ABP	Fully reported
	205-2	Communication and training about anti-corruption policies and procedures	SR 36-37	Fully reported
	205-3	Confirmed incidents of corruption and actions taken	SR 36	Fully reported
Emissions	305-1	Direct (Scope 1) GHG emissions	SR 42*	Fully reported
	305-2	Energy indirect (Scope 2) GHG emissions	SR 42*	Fully reported
	305-3	Other indirect (Scope 3) GHG emissions	SR 42*	Fully reported

* Verified externally

Legend

AR: 3i Group Annual report and accounts 2018 (<http://www.3i.com/investor-relations/report-library/2018>)

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GRI content index

Continued

GRI standard title	Disclosure number	Disclosure title	Page number/link	Fully reported
	305-4	GHG emissions intensity	SR 42*	Fully reported
	305-5	Reduction of GHG emissions	SR 42*	Fully reported
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	SR 43	Partially reported
Employment	401-1	New employee hires and employee turnover	SR 14 SR 20	Fully reported
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR 19	Fully reported
	401-3	Parental leave	SR 19	Fully reported
Health and safety	403-4	Types of injury, occupational diseases, lost days and absenteeism, and number of work related fatalities	SR 21	Fully reported
Training and education	404-2	Programmes for upgrading employee skills and transition assistance programmes	SR 16	Fully reported
	404-3	Percentage of employees receiving regular performance and career development reviews	SR 16	Fully reported
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR 14-15	Fully reported
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	SR 13	Fully reported
Forced labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR 12 SR 26 SR 44	Fully reported
Human rights assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR 26	Fully reported
Supplier social assessment	414-1	New suppliers that were screened using social criteria	SR 43-44	Fully reported
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR 37	Fully reported
Product portfolio	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	SR 27-32	Fully reported
Active ownership institution's portfolio with which the reporting	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	SR 24-25	Fully reported

* Verified externally

Legend

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ABP: 3i Group's Anti-bribery policy (<http://www.3i.com/sustainability/sustainability-policies>)

Contacts

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www.3i.com/sustainability