



3i How firms are incorporating environmental, social and governance issues into their investment decisions



In 2008, 3i conducted a Group-wide review of its business needs and policies in relation to corporate responsibility. As a result of this review, existing policies and procedures were developed and implemented.

Main features of this new policy include:

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

Main features of this new policy include:

3i has established policies that must be followed when investment decisions are made to ensure ethical, environmental and social issues are appropriately considered (see Figure One for summary). 3i also clearly outlines the procedures which should be followed if CR risks are identified. More information on 3i's investment policies can be viewed here: http://www.3icr.com/pdf/3i_Investment_Policies.pdf

“Making all of this work in practice is about the right attitude and the right plumbing. Plumbing good CR into every stage of the process from investment papers, due diligence, portfolio management. If our teams have the right attitude, they will spot issues, enlist support and deal with them. Getting due diligence right is key but businesses change and the CR agenda changes so we need to ensure we are alive to these changes.

These days, it is commercially imperative for a business to address issues relating to CSR. When it comes to exit, what sensible buyer will buy if there are CR issues? In my view good CR is simply good business. It reduces risk and enhances value.”

Patrick Dunne, Group Communications Director, 3i

Figure One:
Summary of new 3i corporate responsibility policy

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

Specifically, 3i is committed to:

1. Human rights

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

2. Labour/workplace rights

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

3. The environment

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

4. Anti-corruption

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

Figure Two:
3i's corporate responsibility investment policy ensures that environmental, ethical and social issues are considered at each stage of their investment- decision making process

