

PRI REPORTING FRAMEWORK 2018

Direct — Private Equity

November 2017

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UNEP Finance Initiative
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Understanding this document

In addition to the detailed indicator text and selection options, in each module of the PRI Reporting Framework, you can find information that will help you to identify which indicators are relevant for your organisation.

Top bar






Key information about each indicator is highlighted in the top bar, including the indicator status (mandatory or voluntary), the purpose of the indicator and the PRI Principle to which it relates.

<i>xxx 01</i>	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 2
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Indicator status

MANDATORY	Mandatory indicators reflect core practices. These responses will be made public and must be completed to submit the framework.
MANDATORY TO REPORT VOLUNTARY TO DISCLOSE	Some indicators are mandatory to complete, but voluntary to disclose. These indicators may determine which subsequent indicators are applicable or are used for peering, but they may also contain commercially sensitive information.
VOLUNTARY	Voluntary indicators reflect alternative or advanced practices. These indicators are voluntary to report and disclose.

Purpose

Gateway		The responses to this indicator 'unlock' other indicators within a module if they are relevant for your organisation. Please refer to the logic box for more information.
Peering		These indicators are used to determine your peer groups for assessment purposes.
Core assessed		These indicators form the core of the assessment and represent the majority of your final assessment score.
Additional assessed		These indicators represent more advanced or alternative practices and contribute to a smaller part of your score.
Descriptive		These are open-ended narrative indicators, allowing you to describe your activities.

Underneath the indicator

Underneath the indicator, you can find the explanatory notes and definitions that include important information on interpreting and completing the indicators. Read the logic box to make sure an indicator is applicable to you.

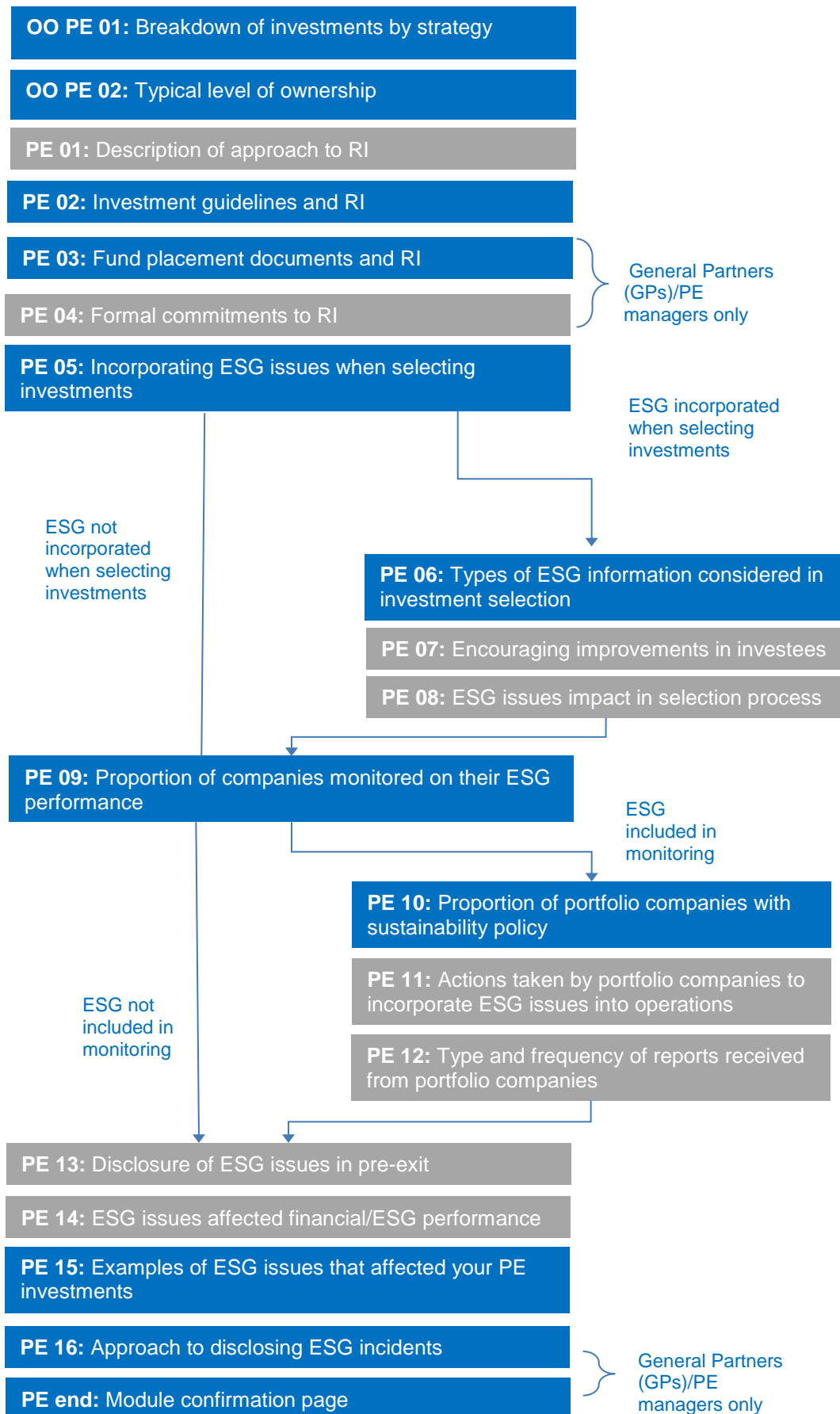
xxx 01	EXPLANATORY NOTES
xxx 01.1	This provides guidance about how to interpret the sub-indicators, including examples of what could be reported.
xxx 01.2	
LOGIC	
xxx 01	This explains when this indicator is applicable and/or if it has an impact on subsequent indicators. If there is no logic box, the indicator is always applicable and does not affect other indicators.
ASSESSMENT	
xxx 01	This provides a brief overview of the pilot assessment approach for this indicator.

xxx 01	DEFINITIONS
xxx 01	Specific terms that are used in the indicator are defined here.

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Pathways through the module



Preface

This module seeks information from general partners (GPs), private equity (PE) fund managers or limited partners (LPs) that act as direct investors in portfolio companies alone or through co-investment programmes. Indirect private equity investments made by selecting a GP or through fund-of-funds should not be reported in this module but instead in the *Indirect—Manager Selection, Appointment and Monitoring (SAM)* module.

Investments in publicly listed companies are typically reported in the *Listed Equity—Active Ownership (LEA)* and *Listed Equity—Incorporation (LEI)* modules, but they may be reported in this module when PE investors have a strategy aimed at securing significant control of listed equity holdings. Significant control is typically achieved through a proportion of ownership that confers on an investor influence over the nomination or appointment of board members or other roles of influence beyond the voting of proxies and shareholder engagement. You will be able to describe your approach and breakdown between private and public companies if this is applicable.

Investments in private debt are also not to be reported in this module. You may report your RI implementation in private debt in the *Direct—Fixed Income (FI)* module under *Corporate (non-financial) debt*. Moreover, you should not report your Property and Infrastructure investments in this module but in the dedicated *Direct—Property (PR)* and *Direct—Infrastructure (INF)* modules.

Some of the indicators in this module also overlap, partially or fully, with:

- the PRI [Limited Partners' Responsible Investment Due Diligence Questionnaire \(LP RI DDQ\)](#);
- the [ESG Disclosure Framework for Private Equity](#);
- the Institutional Limited Partners Association (ILPA) reporting tools [Due Diligence Questionnaire](#); and
- the transparency recommendations in their [PE Principles 2.0 publication](#).

Please note that PRI's direct PE module seeks information at the organisational level and for your private equity investments in aggregate, not at a fund-by-fund level.

The module has two main sections:

- pre-investment processes, i.e., initial screening, due diligence and investment decision-making processes that your organisation has in place for new private equity investments; and
- post-investment processes, i.e., consideration of ESG issues in private equity investment monitoring and implementation processes.

PE	DEFINITIONS
General partner/manager	A general partner (GP) typically refers to professionals within a private equity firm and their role in limited partnerships. They conduct initial screening, due diligence, analysis and provide advice on potential investments as well as invest, promote and manage funds. The term 'GP' can also refer to the manager or investment adviser of a fund.
Limited partner/clients	A limited partner (LP)/client may refer to institutional investors, sovereign and endowment funds, family offices and high net-worth individuals. These organisations typically act as investors in a fund and are referred to as limited partners in limited partnerships.

Summary of updates

The Reporting Framework has not changed significantly since 2017. Some minor amendments have been made to improve data quality or assessment. The guidance has also been clarified throughout.

2017 Indicator	Update summary
PE 01 - PE 02	Moved to the OO module
PE 03 – 06, 09-10, 14	Indicators have been renumbered. Sub-indicators and selection options have been reworded
PE 07 - PE 08, 11 – 13, 15 – 17, 19	Indicators have been renumbered
PE 18	Moved to the SG module

To view a detailed summary of changes to the modules, please click [here](#).

SECTION

Overview

PE 01	Indicator status VOLUNTARY	Purpose DESCRIPTIVE	Principle PRI 1-6
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PE 01	INDICATOR
PE 01.1	Provide a brief overview of your organisation’s approach to responsible investment in private equity.

PE 01	EXPLANATORY NOTES
PE 01	The information reported in this indicator will provide context on your organisation’s private equity investments and your approach towards responsible investment in private equity. Please describe here your direct investments in private equity. Your investments in private equity funds managed by other managers on your behalf are captured in the <i>Indirect—Manager Selection, Appointment and Monitoring (SAM)</i> module.
PE 01.1	This may include a discussion of how your private equity portfolio characteristics (i.e., level of ownership, type of sectors and companies, geographical spread, etc.) affect the way you may influence your private equity investments and thus responsible investment implementation.

PE 02	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 2
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PE 02	INDICATOR
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
	<input type="radio"/> Our investment activities are guided by a responsible investment policy. <input type="radio"/> Our investment activities are not guided by a responsible investment policy. <input type="radio"/> We do not have a responsible investment policy.
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities. [OPTIONAL]

PE 02	EXPLANATORY NOTES
PE 02	<p><i>Investment guidelines</i></p> <p>Refers to either general private equity investment guidelines with reference to responsible investment or dedicated responsible investment guidelines/policy.</p> <p>The <i>Strategy & Governance (SG)</i> module covers your organisation's responsible investment policy while this indicator focuses on the specifics of how responsible investment is implemented and ESG issues are considered in private equity pre- and post-investment. If there is overlap, please report your policy and guidelines in both SG and here.</p> <p><i>Reference to other standards/initiatives</i></p> <p>The content of this indicator overlaps with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.1. What are the firm's ESG-related policies, and how do ESG factors influence its investment beliefs? It also overlaps with the ESG Disclosure Framework for Private Equity (link) Objective 1—Assess if the GP is aligned with the LP's ESG-related policy and investment beliefs.</p>
	<p>You may include a description and discussion of:</p> <ul style="list-style-type: none"> • coverage of your organisation's investment guidelines; • the range of ESG issues covered by the guidelines; • whether the guidelines define relevant ESG issues for all and/or a subset of sectors in your investment universe; • whether the guidelines are based on recognised international principles, codes or standards; • whether the guidelines define ESG-related responsibilities for internal staff pre-investment (selection) and/or post-investment (investment monitoring) • who the guidelines apply to among internal staff; • when your organisation and/or portfolio companies should engage with stakeholders on ESG issues in relation to specific portfolio companies; and/or • whether there are any major exceptions or variations in your organisation's implementation of the guidelines. <p><i>Reference to other standards/initiatives</i></p> <p>The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity (link) Objective 3—Understand if and how the GP influences and supports its portfolio companies' management of ESG related risks and pursuit of ESG-related opportunities.</p>

LOGIC			
PE 02	[PE 02.2] will be applicable if 'Our investment guidelines do refer to responsible investment' is reported in [PE 02.1].		
ASSESSMENT			
PE 02	Maximum score: Three ★ The assessment of this indicator is based on your responses to [02.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'We have not developed investment guidelines' OR 'Our investment guidelines do not refer to responsible investment implementation'	○	
'Our investment guidelines do refer to responsible investment implementation'	★★★		

SECTION

Fund-raising of private equity funds

PE 03	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 1,4,6
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PE 03	INDICATOR	
PE 03.1	Indicate whether your most recent fund placement documents (private placement memorandum (PPM) or similar) refer to responsible investment.	
	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not applicable as our organisation does not fund-raise	
PE 03.2	Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment.	
	<input type="checkbox"/> Policy and commitment to responsible investment	
	<input type="checkbox"/> Approach to ESG issues in pre-investment processes	
	<input type="checkbox"/> Approach to ESG issues in post-investment processes	
PE 03.3	<input type="checkbox"/> Approach to ESG reporting	
	Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [OPTIONAL]	
PE 03.4	Explain why your organisation does not fund-raise.	

PE 03	EXPLANATORY NOTES
PE 03	<p>This indicator covers the fund-raising process in which the relationship between the direct investor/ general partner (GP) and the indirect investor client/limited partner is established. A fund placement document, Private Placement Memorandum (PPM) or similar document issued by the GP about a particular fund can provide the recipient (i.e., LPs) with a general sense of your approach to responsible investment and management of ESG issues.</p> <p>The indicator is applicable for general partners (GPs)/PE fund managers only. It is not applicable for co-investing asset owners (AOs)/limited partners (LPs).</p> <p>If this indicator is applicable to you but your organisation does not fund-raise, please select “Not applicable because our organisation does not fund-raise”.</p> <p>If your organisation does fund-raise but was not actively fund-raising during the reporting year, please select the option that best represents your typical approach. As a general rule, this is the approach your organisation is likely to take during your next round of fund-raising or what it used in your most recent round of fund-raising.</p> <p><i>Reference to other standards/initiatives</i></p> <p>The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity (link),</p> <p>Objective 1—Assess whether the GP is aligned with the LP’s ESG-related policy and investment beliefs;</p> <p>Objective 2—Assess the GP’s policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks and for identifying possible areas for future development;</p> <p>Objective 3—Understand if and how the GP influences and supports its portfolio companies’ management of ESG related risks and pursuit of ESG-related opportunities; and</p> <p>Objective 5—Assess the GP’s approach to managing and disclosing material incidents at the GP and portfolio companies.</p>
PE 03.3	<p>You may include a discussion of your typical fund placement document’s/PPM’s coverage:</p> <ul style="list-style-type: none"> • policy (e.g., reference to responsible investment and consideration of ESG issues throughout all investment stages); • pre-investment (e.g., processes such as due diligence and the consideration of ESG issues in these); and/or • post-investment (e.g., ESG implementation programmes for portfolio companies, tracking achievements and identifying opportunities through monitoring processes, such as audits that consider ESG issues, until exit). <p>Please report on any fund placement documents and PPMs issued recently, not necessarily during the reporting year.</p>
LOGIC	
PE 03	<p>[PE 04] will not be applicable if you report “Not applicable as our organisation does not fund-raise” in [PE 03.1].</p> <p>[PE 03.2] and [PE 03.3] will be applicable if ‘Yes’ is reported in [PE 03.1].</p> <p>[PE 03.4] will be applicable if ‘Not Applicable’ is reported in [PE 03.1].</p>
ASSESSMENT	
PE 03	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your response to [03.2]. Asset owners/limited partners are not assessed on this indicator.</p> <p>If you report “Not applicable as our organisation does not fund-raise”, this indicator will not form part of your score.</p>
Indicator scoring methodology	

	Selected response	Level score	Further Details
	Fund placement documents or PPM's do not cover any of the above	○	
	One selection from policy, pre-investment or post-investment	★	
	Two selections from policy, pre-investment or post-investment	★★	
	Three selections from policy, pre-investment or post-investment	★★★	

PE 03	DEFINITIONS
Fund placement documents or Private Placement Memorandum (PPM)	A fund placement document or Private Placement Memorandum (PPM) provides a broad range of information to help potential investors learn about the firm and its investment strategy as well as the proposed summary terms and conditions of the investment opportunity. These types of documents are also known as an "Offering Memorandum". A private equity firm will issue a fund placement documents or PPM to prospective limited partners/investors when it is attempting to raise capital through a fund offering.

PE 04	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 4
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PE 04	INDICATOR
PE 04.1	<p>Indicate whether your organisation made formal commitments to responsible investment in the Limited Partnership Agreement (LPA) of your most recent fund(s), or through side letters when requested by clients.</p> <p><input type="radio"/> Yes</p> <ul style="list-style-type: none"> <input type="checkbox"/> In LPA, incorporated in the original draft as standard procedure <input type="checkbox"/> In LPA, as requested by clients <input type="checkbox"/> In side letter(s) <input type="checkbox"/> Other Please Specify <p><input type="radio"/> No</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not make formal commitments to RI in our fund terms <input type="checkbox"/> We were not requested by our clients to make formal commitments to RI in our fund terms]
PE 04.2	<p>Additional information [OPTIONAL]</p>

PE 04	EXPLANATORY NOTES
PE 04	<p>The indicator is applicable for general partners (GPs)/PE fund managers only. It is not applicable for co-investing asset owners (AOs)/limited partners (LPs).</p> <p>For an explanation of how GPs might approach this aspect of responsible investment, refer to PRI guidance on Incorporating responsible investment requirements into fund terms (2017).</p> <p><i>Reference to other standards/initiatives</i></p> <p>This indicator overlaps with Question 1.4 in the LP RI DDQ. Refer to the document for guidance and case studies.</p> <p>The content of this indicator overlaps with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.4. (How can LPs monitor and, when necessary, ensure that the fund is operating consistently with agreed-upon ESG-related policies and practices?) and with the ESG Disclosure Framework for Private Equity (link);</p> <p>Objective 4—Assess how the GP will help the LP to monitor and, when necessary, ensure that the GP is acting consistently with the agreed-upon ESG-related policies and practices as set forth at fund formation; and</p> <p>Objective 8—Determine if responses to GP and portfolio company incidents and incident reporting are consistent with relevant investment terms, the fund’s policies and the LP-stated objectives regarding incident disclosure.</p>
PE 04.1	<p><i>Fund formation contracts, Limited Partnership Agreements (LPAs)</i></p> <p>Formal commitments on responsible investment implementation and consideration of ESG issues can be requested by investors/LPs and included in fund formation contracts, LPAs and side letters. They can also be made in your investment strategy, guidelines and/or mandate, either in a</p>

	<p>dedicated paragraph or integrated across the document. This latter approach can eliminate the need for separate fund formation contracts, LPAs or side letters.</p> <p>Please report any fund formation contracts, LPAs and side letters signed upon request by investors/LPs recently, not necessarily during the reporting year.</p> <p>Please note that formal commitments can have different levels of significance when it comes to implementation. Even though responsible investment policy is mentioned, it does not mean ESG issues will be implemented in operational processes.</p>		
PE 04.2	<p>You may include a discussion of:</p> <ul style="list-style-type: none"> • description of your organisation’s responsible investment commitments; • adoption and alignment of policies between GP and LP in relationship to responsible investment and ESG issues; • exclusion of investments in certain areas, either based on a GP’s/manager’s own suggestion or in accordance with the LP’s preferences; • processes in place to deliver approach towards responsible investment and consideration of ESG issues, both during pre- and post- investment (including exits); • listing of specific E, S and G issues (e.g., climate change and remuneration) and how they will be dealt with (if required); • portfolio companies’ undertaking in relationship to ESG issues; • how reporting on ESG issues will be carried out during the life of the fund(s); and/or • how and when potential incidents among portfolio companies will be communicated to investors. <p>If your formal commitments to responsible investment in private equity exist through other mechanisms that have been described in the <i>Overarching Approach</i> module, please refer to that reported information in this indicator.</p>		
LOGIC			
PE 04	<p>This section (indicators [05] and [06]) is about responsible investment and ESG inclusion in relation to fund-raising and promotion of funds. It is therefore applicable only to general partners (GPs)/PE fund managers. It is not applicable for co-investing asset owners (AOs)/limited partners (LPs).</p>		
ASSESSMENT			
PE 04	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your response to [04.1]. Organisations with clients that do not ask them to make formal commitments to responsible investment will not be assessed on this indicator, and it will be removed from the denominator of their PE module score.</p> <p>Asset owners/limited partners are not assessed on this indicator.</p>		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	Our clients do not request us to make formal commitments to responsible investment in private equity	N/A	
	We do not make formal commitment to responsible investment in LPAs or side letters	○	
	In a minority of cases we make formal commitment to responsible investment in LPAs or side letters	★	

	In a majority of cases we make formal commitment to responsible investment in LPAs or side letters	★ ★	
	We always make formal commitment to responsible investment in LPAs or side letters	★ ★ ★	

SECTION

Pre-investment (selection)

PE 05	Indicator status MANDATORY	Purpose GATEWAY	Principle PRI 1
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PE 05	INDICATOR
PE 05.1	<p>During due diligence, indicate whether your organisation typically incorporates ESG issues when selecting private equity investments.</p> <p style="text-align: center;"> <input type="radio"/> Yes <input type="radio"/> No </p>
PE 05.2	<p>Describe your organisation's approach to incorporating ESG issues in private equity investment selection.</p>
PE 05.3	<p>Additional information [OPTIONAL]</p>

PE 05	EXPLANATORY NOTES
PE 05	<p>This gateway indicator allows you to report whether your organisation incorporates ESG issues when selecting investments. The details of your processes will be captured in subsequent indicators.</p> <p><i>Reference to other standards/initiatives</i></p> <p>The PRI has released the Limited Partners' Responsible Investment Due Diligence Questionnaire (LP RI DDQ), which provides "developed questioning" that guides GPs about the level of detail that an LP might expect.</p> <p>This indicator overlaps with Question 2.2 in the LP RI DDQ. Refer to the document for guidance and case studies.</p> <p>The content of this indicator and sub-sequent indicators in this section overlaps with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.2. (How does the firm identify and manage material ESG-related risks and use ESG factors to create value?) and with the ESG Disclosure Framework for Private Equity (link) Objective 2—Assess the GP's policies, processes, and systems for identifying ESG-related value drivers and managing material ESG-related risks; and for identifying possible areas for future development.</p>

PE 05.2	<p>Describe your approach in terms of the different stages leading up to the investment decision. This may include a discussion of:</p> <ul style="list-style-type: none"> • whether the incorporation of ESG issues in pre-investment is determined by client mandates and, in that case, how it has been structured; • how ESG issues, short- and long-term, are incorporated into the pre-investment process; • how you use ESG issues to assess downside risk and value creation opportunities; • any differences in how ESG issues are taken into account in different sectors and geographic regions; and/or • how your approach to ESG issues differs between investment strategies or within strategies with significant variations. <p><i>Scope</i></p> <p>This indicator covers all stages of your pre-investment decision making process (initial screening, due diligence, investment decision).</p>
LOGIC	
PE 05	<p>Reporting "Yes" in [PE 05.1] will make [PE 06], [PE 07], and [PE 08] applicable (reporting "No" in [PE 05.1] will not trigger them).</p> <p>[PE 05.2] will be applicable if 'Yes' is reported in [PE 05.1].</p>
ASSESSMENT	
PE 05	<p>This indicator is not assessed, but a 'No' response will result in a zero score for the whole of the pre-investment section.</p>

PE 05	DEFINITIONS
ESG incorporation	Please see the document Main Definitions .

PE 06	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 1,3
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PE 06	INDICATOR
PE 06.1	<p>Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Raw data from target company <input type="checkbox"/> Benchmarks against other companies <input type="checkbox"/> Sector level data/benchmarks <input type="checkbox"/> Country level data/benchmarks <input type="checkbox"/> Reporting standards, industry codes and certifications <input type="checkbox"/> International initiatives, declarations or standards <input type="checkbox"/> Engagements with stakeholders (e.g., customers and suppliers) <input type="checkbox"/> Advice from external resources <input type="checkbox"/> Other; specify _____ <input type="checkbox"/> We do not track this information.
PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.

PE 06	EXPLANATORY NOTES		
PE 06.2	<p>This may include a discussion of:</p> <ul style="list-style-type: none"> • sources for ESG issues from which you often seek information; • whether there is a difference between the sources used by internal and external advisors; and/or • whether your organisation keeps records of ESG information considered in the investment selection process. <p>This indicator overlaps with Questions 2.2 & 24 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>		
LOGIC			
PE 06	[PE 06] is applicable if "Yes" is reported in [PE 05.1]		
ASSESSMENT			
PE 06	Maximum score: Three ★		
	The assessment of this indicator is based on your response to [06.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'We do not track this information' or 1 selection	○	

	2 selections	★	Including if 'other' is selected
	3–4 selections	★★	Including if 'other' is selected
	More than 4 selections	★★★	Including if 'other' is selected

PE 07	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1,2
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PE 07	INDICATOR
PE 07.1	<p>During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?</p> <p><input type="radio"/> Yes</p> <ul style="list-style-type: none"> <input type="checkbox"/> Formally/through a post-investment action plan or value enhancement plan <input type="checkbox"/> Verbally/through dialogue <input type="checkbox"/> Other; specify _____ <p><input type="radio"/> We do not set expectations for portfolio companies on ESG-related considerations</p>
PE 07.2	Describe the nature of these improvements and provide examples (if any) from the reporting year.
PE 07.3	Additional information [OPTIONAL]

PE 07	EXPLANATORY NOTES
PE 07	<p>This indicator aims to capture whether private equity investors formally encourage, for example in writing (this does not necessarily have to be in the form of a legally binding agreement), continuous improvements of companies' operational capacities and management of ESG issues. This will often take place during the deal structuring process. Upon acquisition, the investor may wish to take a strategic approach on certain E, S and/or G issues and suggest value-enhancing activities to be implemented by companies within a given time span, e.g., as part of the 100 day plan.</p> <p>Given the focus on encouraging continuous improvements, this indicator is deemed relevant regardless of whether investment opportunities have sufficient management of ESG issues in place.</p> <p><i>Reference to other standards/initiatives</i></p> <p>This indicator overlaps with Question 2.5 in the LP RI DDQ. Refer to the document for guidance and case studies.</p> <p>The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity (link) Objective 3—Understand if and how the GP influences and supports its portfolio companies' management of ESG related risks and pursuit of ESG-related opportunities.</p>
LOGIC	
PE 07	<p>[PE 07] is applicable if "Yes" is reported in [PE 05.1]</p> <p>[PE 07.2] will be applicable if 'Yes' is reported in [PE 07.1].</p>
ASSESSMENT	
PE 07	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your response to [07.1].</p>
Indicator scoring methodology	

	Selected response	Level score	Further Details
	'No'	○	
	'Yes – Other'	★	
	'Yes – Verbally/through dialogue'	★★	
	'Yes – In writing'	★★★	

PE 08	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1
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PE 08	INDICATOR
PE 08.1	<p>Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.</p> <p><input type="checkbox"/> ESG issues helped identify risks.</p> <p><input type="checkbox"/> ESG issues helped identify opportunities for value creation.</p> <p><input type="checkbox"/> ESG issues led to the abandonment of potential investments.</p> <p><input type="checkbox"/> ESG issues were considered but did not have an impact on the investment selection process.</p> <p><input type="checkbox"/> Other; specify _____</p> <p><input type="checkbox"/> We do not track this potential impact.</p>
PE 08.2	<p>Indicate how ESG issues impacted your private equity investment deals during the reporting year.</p> <p><input type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid.</p> <p><input type="checkbox"/> ESG issues were included in the post-investment action plan/100 day plan</p> <p><input type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants. <input type="checkbox"/> ESG issues were considered but did not have an impact on the deal structuring process.</p> <p><input type="checkbox"/> Other; specify _____</p> <p><input type="checkbox"/> We do not track this potential impact.</p>
PE 08.3	<p>Additional information</p> <p>[OPTIONAL]</p>

PE 08	EXPLANATORY NOTES	
PE 08.3	<p>This indicator overlaps with Question 2.3 in the LP RI DDQ. Refer to the document for guidance and case studies.</p> <p>You are encouraged to generalise your impact measures, analysis and conclusions across different investment selection processes and to not report on every single deal and its individual characteristics. Indicator [PE 19] will allow your organisation to provide specific examples.</p> <p>“ESG issues were considered but did not have an impact on the investment selection/deal structuring process” refers to situations in which no ESG issues were identified or in which ESG issues were considered during the investment selection but were considered to be below the materiality threshold and therefore did not impact the investment.</p>	
ASSESSMENT		
PE 08	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your response to [08.1] and [08.2].</p>	
Indicator scoring methodology		
Selected response	Level score	Further Details
‘We do not track this potential impact’ in PE 08.1 and PE 08.2.	○	

	One selection in either PE 08.1 OR PE 08.2.	★	Including if 'other' is selected
	At least one selection in PE 08.1 AND PE 08.2.	★★	
	At least three selections from PE 08.1 AND PE 08.2.	★★★	

SECTION

Post-investment (monitoring)

PE 09	Indicator status MANDATORY	Purpose GATEWAY/CORE ASSESSED	Principle PRI 2
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PE 09	INDICATOR	
PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.	
	<input type="radio"/> Yes	<input type="radio"/> No
PE 09.2	Indicate the proportion of portfolio companies for which your organisation included ESG performance in investment monitoring during the reporting year.	
	<input type="radio"/> >90% of portfolio companies <input type="radio"/> 51-90% of portfolio companies <input type="radio"/> 10-50% of portfolio companies <input type="radio"/> <10% of portfolio companies (in terms of total number of portfolio companies)	
PE 09.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.	
	ESG issues	List up to three example targets per issue
	<input type="checkbox"/> Environmental	
	<input type="checkbox"/> Social	
<input type="checkbox"/> Governance		
<input type="checkbox"/> We do not set and/or monitor against targets.		
PE 09.4	Additional information [OPTIONAL]	

PE 09	EXPLANATORY NOTES		
PE 09	<p>This indicator aims to capture your approach to ESG performance monitoring. The type of monitoring activities undertaken can range from individual engagements with boards and/or with senior management to reviews of ESG information in portfolio company reports. Include all portfolio companies when reporting.</p> <p><i>Reference to other standards/initiatives</i></p> <p>This indicator overlaps with Question 3.2 in the LP RI DDQ. Refer to the document for guidance and case studies.</p> <p>The content of this indicator and sub-sequent indicators in this section overlaps with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.2. (How does the firm identify and manage material ESG-related risks and use ESG factors to create value?) and with the ESG Disclosure Framework for Private Equity (link);</p> <p>Objective 3—Understand whether and how the GP influences and supports its portfolio companies' management of ESG related risks and pursuit of ESG-related opportunities;</p> <p>Objective 6—Establish whether a GP is acting in a manner consistent with the GP's investment policies, processes, and agreed-upon fund terms regarding ESG management; and</p> <p>Objective 7—Understand positive and negative ESG-related developments that may impact portfolio companies in the fund.</p>		
PE 09.2	<p><i>Monitoring ESG performance when holding board seats</i></p> <p>Being on the board of a portfolio company and considering ESG issues, e.g., by discussing with management or requesting reports, is considered monitoring. Being on the board and not encouraging, reviewing reports or participating in discussions around ESG issues should not be reported as monitoring. Determine the proportion by the number of all portfolio companies.</p>		
PE 09.3	<p>ESG issues vary between sectors, portfolio companies, markets, etc. This indicator seeks information about which relevant E, S and G issues you set and monitor targets for among portfolio companies. For example, an environmental target might be water quality or CO2 emissions.</p> <p>Note that it is only mandatory to report and disclose one example per E, S and G issue (right-hand column). The remaining rows per E, S and G issue are voluntary to report and disclose.</p>		
PE 09.4	<p><i>Investment monitoring activities</i></p> <p>You may include a discussion of:</p> <ul style="list-style-type: none"> • how you monitor ESG issues on an ongoing basis and whether your approaches to ESG issues differ if the associated risks and/or opportunities are expected to occur after you invest and prior to exit; • how the approach might differ between sectors, geographies and PE strategies as appropriate; • frequency and type of communication with senior management and the board; and/or • whether exit is seen as an option if companies do not live up to desired ESG performance 		
LOGIC			
PE 09	<p>If you report "Yes" in [PE 09.1], indicators [PE 10 - PE 12] will be applicable. If you report "No" in [PE 09.1] they will not be applicable.</p> <p>[PE 09.2] and [PE 09.3] will be applicable if "Yes" is reported in [PE 09.1].</p>		
ASSESSMENT			
PE 11	<p>Maximum score: Three ★</p> <p>The assessment of this indicator is based on your response to [09.2].</p>		
	Indicator scoring methodology		
	Selected response	Level score	Further Details

	Indicator scoring methodology		
	0% or <10%	○	
	10–50% of portfolio companies	★	
	51–90% of portfolio companies	★★	
	>90% of portfolio companies	★★★	

PE 10	Indicator status MANDATORY	Purpose CORE ASSESSED	Principle PRI 2
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PE 10	INDICATOR
PE 10.1	<p>Indicate whether your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).</p> <p style="text-align: center;"> <input type="radio"/> Yes <input type="radio"/> No </p>
PE 10.2	<p>Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).</p> <p> <input type="radio"/> >90% of portfolio companies <input type="radio"/> 51-90% of portfolio companies <input type="radio"/> 10-50% of portfolio companies <input type="radio"/> <10% of portfolio companies <input type="radio"/> 0% of portfolio companies (in terms of total number of portfolio companies) </p>
PE 10.3	<p>Additional information [OPTIONAL]</p>

PE 10	EXPLANATORY NOTES
PE 10.1	<p>Report 'Yes' even if you track a sub-set of all portfolio companies' ESG/sustainability-related policy. This indicator overlaps with Question 3.2 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>
PE 10.2	<p>Determine the proportion by the number of all portfolio companies.</p> <p>'ESG/sustainability policy' refers to an overall statement, stand-alone or integrated into other policies, of how portfolio companies approach relevant ESG issues in their strategy, targets, operations and/or reporting practice. Such a policy will normally address relevant E, S and/or G issues and outline the commitments and/or activities that the portfolio company undertakes to address them.</p> <p>Include portfolio companies that already have appropriate ESG/sustainability policies, operations and/or targets and in which your organisation considers that necessary actions have been taken to integrate ESG issues. These types of actions can have different levels of significance when it comes to implementation, depending on individual portfolio companies' need to manage and improve ESG performance.</p>
PE 10.3	<p>Portfolio assets/companies are often at different levels of development, and their progress towards incorporating ESG issues within their policies and operations may differ. For example, some companies may even have been acquired due to their poor ESG performance (on the basis that any improvement in this area may create growth opportunities and potentially increase value). You may highlight how these kinds of variations affect your reported information.</p>
LOGIC	
PE 10	<p>[PE 10] is applicable if 'Yes' is reported in [PE 09.1]. [PE 10.2] will be applicable if "Yes" is reported in [PE 10.1].</p>

ASSESSMENT			
PE 10	Maximum score: Three ★		
	The assessment of this indicator is based on your response to [10.2].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	0% or <10%	○	
	10–50% of portfolio companies	★	
	51–90% of portfolio companies	★★	
>90% of portfolio companies	★★★		

PE 11	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 2
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PE 11	INDICATOR	
PE 11.1	Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies has implemented these actions.	
	Types of actions taken by portfolio companies	Implemented by percentage of portfolio companies
	<input type="checkbox"/> Allocate responsibility for ESG issues to board/senior management	<input type="radio"/> >90% of portfolio companies <input type="radio"/> 51-90% of portfolio companies <input type="radio"/> 10-50% of portfolio companies <input type="radio"/> <10% of portfolio companies <input type="radio"/> We do not track this information. (in terms of total number of portfolio companies)
	<input type="checkbox"/> Composition of board ensures ESG expertise	[same as above]
	<input type="checkbox"/> Consider ESG issues in risk management processes	[same as above]
	<input type="checkbox"/> Define performance targets for applicable ESG issues in operations	[same as above]
	<input type="checkbox"/> Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues	[same as above]
	<input type="checkbox"/> Developing/implementing an environmental/social management system (ESMS) or similar	[same as above]
	<input type="checkbox"/> Other actions; specify _____	[same as above]
	<input type="checkbox"/> None of the above	
PE 11.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.	

PE 11	EXPLANATORY NOTES	
PE 11.1	Determine the proportion by the number of all portfolio companies.	
PE 11.2	<p>The type of activities undertaken can range from individual engagements with boards and/or with senior management to sharing best management practice in a workshop format attended by a number of portfolio companies. This description could cover how ESG risks and/or opportunities in general have been incorporated by your portfolio companies as a result of your ownership activities and influence (if tracked).</p> <p><i>Reference to other standards/initiatives</i></p> <p>This indicator overlaps with Questions 3.3 and 3.5 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>	

	<p>The content of this indicator overlaps with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.3. (How does the firm contribute to portfolio companies' management of ESG-related risks and opportunities?).</p> <p>Portfolio assets/companies are often at different levels of development, and their progress towards incorporating ESG issues within their policies and operations may differ. For example, some companies may even have been acquired due to their poor ESG performance (on the basis that any improvement in this area may create growth opportunities and potentially increase value). You may highlight how these kinds of variations affect your reported information.</p>
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LOGIC

PE 11 [PE 11] is applicable if 'Yes' is reported in [PE 09.1].

ASSESSMENT

PE 11	Maximum score: Three ★		
	The assessment of this indicator is based on your response to [11.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	No actions taken by portfolio companies	○	
	One action more than 0% implemented	★	
	Two or more actions more than 10% implemented	★★	
Three actions or more than 50% implemented	★★★		

PE 11	DEFINITIONS
Environmental/Social Management System	A management system (both formal and informal) consisting of procedures, management commitment, delineation of roles and responsibilities and guidance followed to review and manage the E&S issues and risks.

PE 12	Indicator status VOLUNTARY	Purpose DESCRIPTIVE	Principle PRI 2,3
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PE 12	INDICATOR	
PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.	
	Type of reporting	Typical reporting frequency
	<input type="checkbox"/> Overarching portfolio company reports (or similar) in which management disclosure, financial and ESG data are integrated	<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc/when requested; specify _____
	<input type="checkbox"/> Stand-alone reports highlighting targets and/or KPIs covering ESG issues	[same as above]
	<input type="checkbox"/> Other; specify _____	[same as above]
	<input type="checkbox"/> No reporting on ESG issues requested and/or provided by portfolio companies	
PE 12.2	Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting. [OPTIONAL]	

PE 12	EXPLANATORY NOTES
PE 12	<p>This indicator seeks information about how you ask portfolio companies to measure their ESG efforts and report this information. The ESG-related actions and outcomes can be covered in different metrics depending on the portfolio company's reporting cycle and preferences among investors.</p> <p>This indicator overlaps with Question 3.2 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>
PE 12.2	<p>You may include a description and discussion of:</p> <ul style="list-style-type: none"> the nature of the ESG information that your organisation requests from portfolio companies; whether some types of ESG information are requested more frequently than others; whether the format of information is based on internal or external standards, metrics or templates. External templates and guidance for portfolio companies could include those of the International Finance Corporation (IFC), Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC); and/or whether you believe your interests are best served by asking portfolio companies to integrate material information into one report or if you prefer receiving separate reports.
LOGIC	
PE 12	[PE 12] is applicable if 'Yes' is reported in [PE 09.1].

PE 13	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 2
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PE 13	INDICATOR
PE 13.1	<p>Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.</p> <p><input type="radio"/> We included ESG issues in pre-exit information.</p> <p><input type="radio"/> We did not include ESG issues in pre-exit information.</p> <p><input type="radio"/> N/A, we did not have any exits in the reporting year.</p>
PE 13.2	<p>Apart from disclosure, describe how your organisation considers ESG issues at exit.</p>

PE 13	EXPLANATORY NOTES
PE 13	<p>This indicator aims to capture whether portfolio companies' ESG performance during ownership, based on what is considered relevant is disclosed to potential buyers. Determine the proportion by the number of all ongoing and finalised exits in the reporting year.</p> <p>This indicator overlaps with Question 3.6 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>
PE 13.2	<p>You may include a discussion of how you consider ESG issues at exit, beyond disclosure to buyers, that for example includes:</p> <ul style="list-style-type: none"> • due diligence on potential buyers (e.g., its ESG track record, policies and management, adherence to international standards and codes covering ESG issues, legal and money laundering issues); • the intent of and alignment of interests with potential buyers (e.g., whether a buyer will change the ESG strategy of the portfolio company); • analysis of potential conflicts of interest at exit; • assessment of the impact on employees, local communities and local environment of the exit; and/or • the transparency of the deal structure and reputational risk (e.g., the exit will trigger media attention). <p>You may also comment on whether ESG considerations at exit are determined by the mandate and who, internally and externally, is involved with ESG issues when exiting investments.</p>

ASSESSMENT			
PE 13	Maximum score: Three ★		
	The assessment of this indicator is based on your response to [13.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'N/A, we did not have any exits in the reporting year'	N/A	
'We do not include ESG issues in exit information'	<input type="radio"/>		

	'We included ESG issues in pre-exit information'	★★★	
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PE 13	DEFINITIONS
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Exit	Realisations of investments made by a fund. This will normally take the form of a sale or flotation (IPO) of the portfolio company.
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SECTION

Outputs and outcomes

PE 14	Indicator status VOLUNTARY	Purpose ADDITIONAL ASSESSED	Principle PRI 1,2
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PE 14	INDICATOR			
PE 14.1	Indicate whether your organisation measures how your approach to responsible investment in private equity investments has affected financial and/or ESG performance.			
	<input type="checkbox"/> We measure whether our approach to ESG issues impacts the financial performance of investments. <input type="checkbox"/> We measure whether our approach to ESG issues impacts the ESG performance of investments. <input type="checkbox"/> None of the above			
	Describe the impact on the following.			
	<table border="1"> <tr> <td>a) Financial performance of investments</td> <td> <input type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact </td> </tr> <tr> <td>b) ESG performance of investments</td> <td> <input type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact </td> </tr> </table>	a) Financial performance of investments	<input type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	b) ESG performance of investments
a) Financial performance of investments	<input type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact			
b) ESG performance of investments	<input type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact			
PE 14.2	Describe how you are able to determine these outcomes.			

PE 14	EXPLANATORY NOTES
PE 14	<p>This indicator aims to capture the impact, positive or negative, of taking account and managing ESG issues on both financial and ESG performance. The impact could come from either pre-investment activities (e.g., selecting the best companies) or post-investment influencing.</p> <p><i>Financial performance</i></p> <p>Examples may include reduced operating expenses, improved net operating income (NOI), capitalized value, etc. Note that financial risk mitigation should also be included in this category.</p> <p><i>ESG performance</i></p> <p>This relates to tracking the performance of ESG risks and/or opportunities throughout the lifetime of a fund or individual investment.</p> <p>Examples may include water and energy efficiency improvements, reduction of waste, reduction of health and safety incidents, etc. Note that ESG risk mitigation should also be included in this category.</p> <p><i>Reference to other standards/initiatives</i></p> <p>This indicator overlaps with Question 3.7 in the LP RI DDQ. Refer to the document for guidance and case studies.</p>

	The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity (link), Objective 7—Understand positive and negative ESG-related developments that may impact portfolio companies in the fund.		
PE 14.2	Describe how you measure the impact of ESG issues on financial returns, risks and/or ESG performance. You are strongly encouraged to report on carbon benchmarking, if this is undertaken. You are encouraged to specify the ESG issues (e.g., greenhouse gas emissions, water consumption) and financial measures you use to assess performance and to comment on any practical issues in using these measures in your processes.		
LOGIC			
PE 14	Indicator [14.2] will be applicable if you indicate that you measure whether ESG issues affect funds' financial performance, risk/volatility or ESG performance. Only relevant rows will be applicable.		
ASSESSMENT			
PE 14	Maximum score: Three ★ The assessment of this indicator is based on your response to [14.1].		
	Indicator scoring methodology		
	Selected response	Level score	Further Details
	'No'	○	
	Measure EITHER financial or ESG performance	★★	
	Measure financial AND ESG performance	★★★	

PE 15	Indicator status MANDATORY TO REPORT VOLUNTARY TO DISCLOSE	Purpose DESCRIPTIVE	Principle PRI 1,2
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PE 15	INDICATOR				
PE 15.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year..				
	Investment Stage	ESG issues	Sector(s)	Impact (or potential impact) on the investment	Activities undertaken to influence the investment and its response
	Drop down list: [Initial screening, Due diligence, Investment decision, Investment monitoring, Prior to exit]				
PE 15.2	Describe how you define and evaluate the materiality of ESG factors				

PE 15	EXPLANATORY NOTES
PE 15.1	<p><i>ESG issues</i></p> <p>Please report on either ESG risks or opportunities.</p> <p><i>Impact (or potential impact) on the investment</i></p> <p>Please report on the financial, reputational and/or ESG-related (potential) impact.</p> <p><i>Activities undertaken to influence the investment and its response</i></p> <p>Describe briefly how your organisation directly or indirectly tried to influence the investment (i.e., portfolio company) to take appropriate actions. You may outline who was involved and the rationale and objective of the action. The action will inevitably depend on how ESG issues are addressed by your organisation's ownership activities and also by your ability to influence the investment, given ownership stake, governance rights, etc. Describe how the investment responded to your organisation's suggested actions and (if applicable) how their policies and operations were used to address identified ESG issues.</p> <p>The number of examples that you will be able to provide will depend on how ESG issues are incorporated into your investment processes and monitoring activities. As far as practicable, these examples should focus on your most material examples of how ESG issues are incorporated. Please note that you are not expected to name companies.</p>

EXAMPLE			
ESG issues	Sector(s)	Impact (or potential impact) on the investment	Activities undertaken to influence the investment and its response
Environmental	Manufacturing	Groundwater pollution identified potential future increased financial and environmental risks	An action plan was created, and mitigation actions were started.

SECTION

Communication

PE 16	Indicator status MANDATORY TO REPORT VOLUNTARY TO DISCLOSE	Purpose DESCRIPTIVE	Principle PRI 6
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PE 16	INDICATOR
PE 16.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).

PE 16	EXPLANATORY NOTES
PE 16.1	<p>You may include a discussion of:</p> <ul style="list-style-type: none"> • policy and procedures followed if an incident occurs and how you inform the investor; • the types of incidents or events that determine whether you consider it appropriate to disclose it to the investor immediately, or as soon as reasonably practical; • the types of disclosure investors could expect to get in the event of a significant incident or event; • whether certain circumstances will trigger the investors to discuss ESG issues with investment professionals and/or portfolio company management; • how portfolio companies to report ESG incidents to you; • how you assess the incident and the actions required to address it; and • how you communicate that incident and actions to the LP. Describe the types of disclosure that an LP could expect to get at the time of an incident, during its management and after it has been resolved (taking into account related confidentiality considerations). <p><i>Reference to other standards/initiatives</i></p> <p>The content of this indicator overlap with the ILPA Due Diligence Questionnaire (link), short answer question 10.3.5. (What is the firm's approach to managing and disclosing material ESG-related incidents at the GP and portfolio companies?), and with the ESG Disclosure Framework for Private Equity (link),</p> <p>Objective 5—Assess the GP's approach to managing and disclosing material incidents at the GP and portfolio companies; and</p> <p>Objective 8—Determine if responses to GP and portfolio company incidents and incident reporting are consistent with relevant investment terms, the fund's policies and the LP-stated objectives regarding incident disclosure.</p>
LOGIC	
PE 16	Indicator [16] relates specifically to communication and incident reporting to investor clients. It is therefore applicable only to general partners (GPs)/PE fund managers. It is not applicable for co-investing asset owners (AOs)/limited partners (LPs).