

PRI REPORTING FRAMEWORK 2016

Direct — Private Equity

November 2015

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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.

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|  | Indicator status | Purpose | Principle |
| xxx 01 | MANDATORY | CORE ASSESSED | PRI 2 |

**Indicator status**

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| 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**

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| 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.

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

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Pathways through the module **01:**Breakdown of investments by strategy **PE 01:**Breakdown of investments by

strategy

**PE 01:**Breakdown of investments by strategy

**PE 01:** Breakdown of investments by strategy

**PE 03:** Description of approach to RI

General Partners (GPs)/PE managers only

**PE 02:** Typical level of ownership

**PE 04:** Investment guidelines and RI

**PE 05:** Fund placement documents and RI

**PE 06:** Formal commitments to RI

**PE 07:** Incorporating ESG issues when selecting investments

**PE 08:** ESG advice and research when selecting investments

**PE 09:** ESG issues in investment selection process

**PE 10:** Types of ESG information considered in investment selection

**PE 11:** Encouraging improvements in investees

**PE 12:** ESG issues impact in selection process

ESG incorporated when selecting investments

ESG not incorporated when selecting investments

**PE 13:** Proportion of companies monitored on their ESG performance

ESG included in monitoring

ESG not included in monitoring

**PE 14:** Proportion of portfolio companies with sustainability policy

**PE 15:** Actions taken by portfolio companies to incorporate ESG issues into operations

**PE 16:** Type and frequency of reports received from portfolio companies

**PE 17:** Disclosure of ESG issues in pre-exit

**PE 18:** ESG issues affected financial/ESG performance

**PE 19:** Examples of ESG issues that affected your PE investments

**PE 20:** Disclosure of ESG information to public and clients (LPs)/beneficiaries

**PE 21:** Approach to disclosing ESG incidents

**PE end:** Module confirmation page

General Partners (GPs)/PE managers only

# 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)* moduleunder *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)](http://2xjmlj8428u1a2k5o34l1m71.wpengine.netdna-cdn.com/wp-content/uploads/PRI-LP-Responsible-Investment-DDQ.pdf);
* the [ESG Disclosure Framework for Private Equity](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf);
* the Institutional Limited Partners Association (ILPA) reporting tools [Due Diligence Questionnaire](http://ilpa.org/standardized-ddq/); and
* the transparency recommendations in their [PE Principles 2.0 publication](http://ilpa.org/principles-version-2-0/).

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.

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| 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 2015. Some minor amendments have been made to improve data quality or assessment. The guidance has also been clarified throughout.

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| Indicator | Update |
| PE 01 | Added "Distressed/Turnaround" and "Secondaries" as investment strategies |
| PE 05 | Edited indicator text to ask about "most recent" fund placement documents. Removed frequency element (always/majority/minority). |
| PE 06 | Wording changed to "We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not ask us to do so" for clarity. |
| PE 07 | PE 07.2 changed from ‘Optional’ to ‘Mandatory’. |
| PE 12 | Options in PE 12 split into 'investment selection' in PE 12.1 and 'deal structuring' in PE 12.2. Numbering of 'additional information' has been updated to PE 12.3. |
| PE 16 | Wording of frequency options changed for consistency across the reporting framework. |
| PE 17 | Indicator text amended to ask about exits during the reporting year. Selection options for frequency (majority/minority) have been removed, and a 'not applicable' selection option has been inserted. |
| PE 20 | Wording of frequency options changed for consistency across the reporting framework. |
| PE 21 | Indicator has changed from "Voluntary" to "Mandatory to report voluntary to disclose". |
| Prefilling | Prefilling is enabled for this module, with the following exceptions.   * [PE 02] will not prefill because these responses are specific to the reporting year. * Examples given in [PE 09], [PE 13.3] and [PE 19] will not be prefilled because these are specific to the reporting year. * [PE 01] will not prefill because wording has changed. * [PE 05] will not prefill because wording has changed. * [PE 12] will not prefill because wording has changed. * [PE 17] will not prefill because wording has changed. |

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| SECTION |
| Overview |

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|  | Indicator status | Purpose | Principle |
| PE 01 | MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | DESCRIPTIVE | GENERAL |

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| PE 01 | INDICATOR | |
| **PE 01.1** | Provide a breakdown of your organisation’s internally managed private equity investments by investment strategy. | |
|  | **Investment strategy** | **Percentage of your internally managed private equity holdings (in terms of AUM)** |
| Venture capital | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| Growth capital | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| (Leveraged) buy-out | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| Distressed/Turnaround/Special Situations | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| Secondaries | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| Other investment strategy; specify\_\_\_\_\_\_\_\_\_\_ | 🔾>50%, 🔾10-50%, 🔾<10%, 🔾 0% |
| **Total** | **100%** |
| **PE 01.2** | Additional information  [Optional] | |
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| PE 01 | **EXPLANATORY NOTES** |
| **PE 01.1** | Compile the breakdown based on all your direct private equity investments as reported in the *Organisational Overview (OO)* module, indicator OO 05. You will be able to add up to two ‘other investment strategy’ rows. |

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| PE 01 | **DEFINITIONS** |
| Venture capital | Investments provided in equity form to start-up or emerging companies. This category includes seed and early stage capital. |
| Growth capital | Investments with a minority or majority stake in relatively mature companies at a critical stage in their development (e.g., to expand or restructure operations). |
| (Leveraged) buy-out | Refers to equity investments as part of transactions in which companies are acquired from the current shareholders with the use of financial leverage. The companies involved in these transactions are typically mature. Leveraged buyouts involve a financial sponsor agreeing to an acquisition without itself committing all the capital required for the acquisition. The financial sponsor will therefore also raise debt to fund the acquisition. |
| Distressed/Turnaround/Special situation | Investments in equity form to financially stressed companies. This includes "special situation" and "turnaround strategies" through rescue financing.  Please note that investments via debt securities may be reported here if you feel the policies and procedures are largely similar to your other private equity investments. However, you may find the *Fixed Income Corporate (non-financial)* module more appropriate. |
| Secondaries | Refers to the sale of portfolios of direct investments in operating companies.  Interests in limited partnership investment funds should be reported in the *Indirect—Manager Selection, Appointment and Monitoring (SAM)* module. |
| Other | Other forms of private equity investments not listed |

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|  | Indicator status | Purpose | Principle |
| PE 02 | MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | DESCRIPTIVE | GENERAL |

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| PE 02 | INDICATOR |
| **PE 02.1** | Indicate the level of ownership you typically hold in your private equity investments. |
|  | 🔾 a majority stake (>50%)  🔾 50% stake  🔾 a significant minority stake (between 10-50%)  🔾 a minority stake (<10%)  🔾 a mix of ownership stakes |
| **PE 02.2** | Additional information  [Optional] |
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| PE 02 | **EXPLANATORY NOTES** |
| **PE 02.1** | Select the option that represents your typical ownership stake in portfolio companies (consider ‘typical’ any number of your assets that constitutes more than 50% in any category). This will allow you to be allocated to peer groups with others with similar approaches. Select “a mix of ownership stakes” if your portfolio is diverse and does not have a typical level of ownership stake. |
| **PE 02.2** | This may include a discussion of:   * your organisation’s approach to private equity investment and role in transactions (i.e., when identifying and analysing potential investments, and investment monitoring post-investment); * differences in your approach in private equity investments in which you hold majority or minority stakes; and/or * if you wish, please include proportion of portfolio companies in which your organisation has a board seat(s). |

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|  | Indicator status | Purpose | Principle |
| PE 03 | VOLUNTARY | DESCRIPTIVE | PRI 1-6 |

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| PE 03 | INDICATOR |
| **PE 03.1** | Provide a brief overview of your organisation’s approach to responsible investment in private equity. |
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| PE 03 | **EXPLANATORY NOTES** |
| **PE 03** | 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 *Indirect—Manager Selection, Appointment and Monitoring* (SAM) module. |
| **PE 03.1** | 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. |

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|  | Indicator status | Purpose | Principle |
| PE 04 | MANDATORY | CORE ASSESSED | PRI 2 |

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| PE 04 | INDICATOR |
| **PE 04.1** | Indicate whether your organisation’s investment guidelines for private equity refer to responsible investment. |
|  | 🔾 Our investment guidelines do refer to responsible investment.  🔾 Our investment guidelines do not refer to responsible investment.  🔾 We do not have investment guidelines. |
| **PE 04.2** | Describe how your organisation’s investment guidelines outline your expectations on staff and portfolio companies’ approach towards ESG issues.  [Optional] |
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| **PE 04.3** | Additional information  [Optional] |
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| PE 04 | **EXPLANATORY NOTES** |
| **PE 04** | *Investment guidelines*  Refers to either general private equity investment guidelines with reference to responsible investment or dedicated responsible investment guidelines/policy.  The *Overarching Approach (OA)* 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 OA and here.  *Reference to other standards/initiatives*  The content of this indicator overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), 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](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)) Objective 1—Assess if the GP is aligned with the LP’s ESG-related policy and investment beliefs. |
| **PE 04.2** | You may include a description and discussion of:   * 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.   *Reference to other standards/initiatives*  The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity ([link](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)) 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. |
| **LOGIC** | |
| **PE 04** | [04.2] will be applicable if ‘Our investment guidelines do refer to responsible investment’ is reported in [04.1]. |
| **ASSESSMENT** | |
| **PE 04** | Maximum score: Three ★  The assessment of this indicator is based on your responses to [04.1]. |

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| SECTION |
| Fund-raising of private equity funds |

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|  | Indicator status | Purpose | Principle |
| PE 05 | MANDATORY | CORE ASSESSED | PRI 1,4,6 |

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| PE 05 | INDICATOR | |
| **PE 05.1** | Indicate whether your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation. | |
|  | 🔾 Yes  🔾 No  🔾 Not applicable as our organisation does not fund-raise | |
| **PE 05.2** | Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation. | |
|  | ❑ Policy and commitment to responsible investment |  |
| ❑ Approach to ESG issues in pre-investment processes |  |
| ❑ Approach to ESG issues in post-investment processes |  |
| **PE 05.3** | Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar).  [Optional] | |
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| **PE 05.4** | Explain why your organisation does not fund-raise. | |
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| **PE 05.5** | Additional information  [Optional] | |
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| PE 05 | **EXPLANATORY NOTES** |
| **PE 05** | 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.  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).  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”.  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.  *Reference to other standards/initiatives*  The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity ([link](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)),  Objective 1—Assess whether the GP is aligned with the LP’s ESG-related policy and investment beliefs;  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;  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  Objective 5—Assess the GP’s approach to managing and disclosing material incidents at the GP and portfolio companies. |
| **PE 05.3** | You may include a discussion of your typical fund placement document’s/PPM’s coverage:   * 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).   Please report on any fund placement documents and PPMs issued recently, not necessarily during the reporting year. |
| **LOGIC** | |
| **PE 05** | 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 managers. It is not applicable for co-investing asset owners (AOs)/limited partners (LPs). If you report that you do not fund-raise in [05.1], indicator [06] will not be applicable.  Within this indicator, [05.2] and [05.3] will be applicable if ’Yes’ is reported in [05.1]. Indicator [05.4] will be applicable if ‘Not Applicable’ is reported in [05.1]. |
| **ASSESSMENT** | |
| **PE 05** | Maximum score: Three ★  The assessment of this indicator is based on your response to [05.2]. Asset owners/limited partners are not assessed on this indicator.  If you report “Not applicable as our organisation does not fund-raise”, this indicator will not form part of your score. |

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| PE 05 | **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. |

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|  | Indicator status | Purpose | Principle |
| PE 06 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 4 |

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| PE 06 | INDICATOR |
| **PE 06.1** | Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or side letters relating to responsible investment when requested by clients. |
|  | 🔾 We always make formal commitments to responsible investment in fund formation contracts, LPAs or side letters.  🔾 In a majority of cases, we make formal commitments to responsible investment in fund formation contracts, LPAs or side letters.  🔾 In a minority of cases, we make formal commitments to responsible investment in fund formation contracts, LPAs or side letters.  🔾 We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters.  🔾 We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not ask us to do so. |
| **PE 06.2** | Additional information |
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| PE 06 | **EXPLANATORY NOTES** |
| **PE 06** | 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).  *Reference to other standards/initiatives*  This indicator overlaps with Question 1.4 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), 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](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf));  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  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. |
| **PE 06.1** | *Fund formation contracts, Limited Partnership Agreements (LPAs)*  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 dedicated paragraph or integrated across the document. This latter approach can eliminate the need for separate fund formation contracts, LPAs or side letters.  Please report any fund formation contracts, LPAs and side letters signed upon request by investors/LPs recently, not necessarily during the reporting year.  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. |
| **PE 06.2** | You may include a discussion of:   * 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.   If your formal commitments to responsible investment in private equity exist through other mechanisms that have been described in the *Overarching Approach* module, please refer to that reported information in this indicator. |
| **LOGIC** | |
| **PE 06** | 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). |
| **ASSESSMENT** | |
| **PE 06** | Maximum score: Three ★  The assessment of this indicator is based on your response to [06.1]. 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.  Asset owners/limited partners are not assessed on this indicator. |

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| SECTION |
| Pre-investment (selection) |

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|  | Indicator status | Purpose | Principle |
| PE 07 | MANDATORY | GATEWAY | PRI 1 |

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| PE 07 | INDICATOR | |
| **PE 07.1** | During due diligence, indicate whether your organisation typically incorporates ESG issues when selecting private equity investments. | |
|  | 🔾 Yes | 🔾 No |
| **PE 07.2** | Describe your organisation's approach to incorporating ESG issues in private equity investment selection. | |
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| **PE 07.3** | Additional information  [Optional] | |
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| PE 07 | **EXPLANATORY NOTES** |
| **PE 07** | 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.  *Reference to other standards/initiatives*  The PRI has released the [*Limited Partners' Responsible Investment Due Diligence Questionnaire (LP RI DDQ)*](http://2xjmlj8428u1a2k5o34l1m71.wpengine.netdna-cdn.com/wp-content/uploads/PRI-LP-Responsible-Investment-DDQ.pdf),which provides "developed questioning" that guides GPs about the level of detail that an LP might expect.  This indicator overlaps with Question 2.2 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator and sub-sequent indicators in this section overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), 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](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)) 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. |
| **PE 07.2** | Describe your approach in terms of the different stages leading up to the investment decision.  This may include a discussion of:   * 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.   *Scope*  This indicator covers all stages of your pre-investment decision making process (initial screening, due diligence, investment decision). |
| **LOGIC** | |
| **PE 07** | This is a gateway indicator, so your answer here determines whether the pre-investment section of this module (indicators [08–12]) is applicable.   * If you report ‘Yes’ in [07.1], indicators [08-12] will be applicable. * If you report ‘No’ in [07.1], indicators [08-12] will not be applicable.   Within this indicator, [07.2] will be applicable if ’Yes’ is reported in [07.1]. |
| **ASSESSMENT** | |
| **PE 07** | This indicator is not assessed, but a ‘No’ response will result in a zero score for the whole of the pre-investment section. |

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| PE 07 | **DEFINITIONS** |
| **ESG incorporation** | Please see the document [Main Definitions](http://2xjmlj8428u1a2k5o34l1m71.wpengine.netdna-cdn.com/wp-content/uploads/Main-Definitions-to-PRI-Reporting-Framework-2016-updated.pdf). |

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|  | Indicator status | Purpose | Principle |
| PE 08 | VOLUNTARY | DESCRIPTIVE | PRI 1 |

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| PE 08 | INDICATOR | |
| **PE 08.1** | Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the private equity investment selection process. | |
|  | ❑ Internal staff | ❑ Specify role \_\_\_\_\_\_\_\_\_  ❑ Specify role \_\_\_\_\_\_\_\_\_  ❑ Specify role \_\_\_\_\_\_\_\_\_ |
| ❑External resources | ❑ Environmental advisors  ❑ Social advisors  ❑ Corporate governance advisors  ❑ Regulatory and/or legal advisors  ❑ Other; specify type of advisors/roles\_\_\_\_\_\_\_\_ |
| ❑ No use of internal or external advice on ESG issues | |
| **PE 08.2** | Additional information | |

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| PE 08 | **EXPLANATORY NOTES** |
| **PE 08.1** | This indicator overlaps with Question 2.2 in the LP RI DDQ. Refer to the document for guidance and case studies.  *Internal roles*  May include roles with responsibility for overseeing and/or implementing responsible investment activities.  *External roles*  May include external advisors that provide due diligence and analysis on E, S and G issues to identify potential risks and/or value creation opportunities. Apart from the external advisors suggested, please provide additional examples in the ‘other’ field.  *Incorporating ESG issues*  Refers to strategies, processes and activities that take ESG issues and information about them into account in the pre-investment process (i.e., initial screening, due diligence, investment decision). |
| **PE 08.2** | You may report on the division of responsibilities between internal and external specialists (if applicable) and the type of advisors/specialists involved in the research process, for example:   * legal counsel; * engineers; and/or * acquisition advice.   You may also report on whether they provide advice based on geographic location, private equity company type, new versus existing investments and local regulations.  You are not required to disclose the names of individuals or organisations that provide advice and/or research, but it would be helpful if you could indicate the type of organisation (e.g., university, consultants). |
| **LOGIC** | |
| **PE 08** | This indicator will be applicable if ‘Yes’ is reported in [07.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 09 | MANDATORY | CORE ASSESSED | PRI 1,3 |

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| PE 09 | INDICATOR | |
| **PE 09.1** | Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three examples per issue. | |
|  | **ESG issues** | **List up to three typical examples per E, S and G issue** |
| ❑ Environmental |  |
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| ❑ Social |  |
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| ❑ Governance |  |
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| **PE 09.2** | Additional information  [Optional] | |
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| PE 09 | **EXPLANATORY NOTES** |
| **PE 09.1** | ESG issues vary between sectors, portfolio companies, markets, etc. There are also differences in legal requirements with regards to ESG issues in different jurisdictions. This indicator seeks information about whether you typically consider relevant E, S and G issues in the investment selection process. List here only the most typical ESG issues you consider given your organisation's approach and the jurisdictions you operate in.  Please 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. |
| **PE 09.2** | Provide additional details relevant to information on the ESG issues considered by your organisation in the investment selection process, e.g., linked to geographic location, type of sector, industry, legislation, how your organisation determined the materiality of the issues and any toolkits your organisation referred to. |
| **LOGIC** | |
| PE 09 | This indicator will be applicable if ‘Yes’ is reported in [07.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 10 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1,3 |

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| PE 10 | INDICATOR |
| **PE 10.1** | Indicate what type of ESG information your organisation typically considers during your private equity investment selection process. |
|  | ❑ Raw data from target company  ❑ Benchmarks against other companies  ❑ Sector level data/benchmarks  ❑ Country level data/benchmarks  ❑ Reporting standards, industry codes and certifications  ❑ International initiatives, declarations or standards  ❑ Engagements with stakeholders (e.g., customers and suppliers)  ❑ Advice from external resources  ❑ Other; specify\_\_\_\_\_\_\_\_\_\_\_  ❑ We do not track this information. |
| **PE 10.2** | Additional information |
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| PE 10 | **EXPLANATORY NOTES** |
| **PE 10.2** | This may include a discussion of:   * 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.   This indicator overlaps with Question 2.2 in the LP RI DDQ. Refer to the document for guidance and case studies. |
| **LOGIC** | |
| PE 10 | This indicator will be applicable if ‘Yes’ is reported in [07.1]. |
| **ASSESSMENT** | |
| **PE 10** | Maximum score: Three ★  The assessment of this indicator is based on your response to [10.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 11 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1,2 |

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| PE 11 | INDICATOR |
| **PE 11.1** | During deal structuring, indicate whether your organisation typically encourages continuous improvements from potential investees with regard to their management of ESG issues. |
|  | 🔾 Yes  ❑ In writing  ❑ Verbally/through dialogue  ❑ Other; specify\_\_\_\_\_\_\_\_\_\_\_  🔾 No |
| **PE 11.2** | Describe the nature of these improvements and their ESG coverage. |
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| **PE 11.3** | Additional information |
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| PE 11 | **EXPLANATORY NOTES** |
| **PE 11** | 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.  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.  *Reference to other standards/initiatives*  This indicator overlaps with Question 2.5 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity ([link](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)) 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. |
| **LOGIC** | |
| **PE 11** | This indicator will be applicable if ‘Yes’ is reported in [07.1]. [11.2] will be applicable if ’Yes’ is reported in [11.1]. |
| **ASSESSMENT** | |
| **PE 11** | Maximum score: Three ★  The assessment of this indicator is based on your response to [11.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 12 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1 |

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| PE 12 | INDICATOR |
| **PE 12.1** | Indicate how ESG issues impacted your private equity investment selection processes during the reporting year. |
|  | ❑ ESG issues helped identify risks.  ❑ ESG issues helped identify opportunities for value creation.  ❑ ESG issues led to the abandonment of potential investments.  ❑ ESG issues were considered but did not have an impact on the investment selection process.  ❑ Other; specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  ❑ We do not track this potential impact. |
| **PE 12.2** | Indicate how ESG issues impacted your private equity investment deal structuring processes during the reporting year. |
|  | ❑ ESG issues impacted the investment in terms of price offered and/or paid.  ❑ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants.  ❑ ESG issues were considered but did not have an impact on the deal structuring process.  ❑ Other; specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  ❑ We do not track this potential impact. |
| **PE 12.3** | Additional information |
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| PE 12 | **EXPLANATORY NOTES** |
| **PE 12.3** | This indicator overlaps with Question 2.3 in the LP RI DDQ. Refer to the document for guidance and case studies.  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.  “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. |
| **ASSESSMENT** | |
| **PE 12** | Maximum score: Three ★  The assessment of this indicator is based on your response to [12.1]. |

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| SECTION |
| Post-investment (monitoring and active ownership) |

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|  | Indicator status | Purpose | Principle |
| PE 13 | MANDATORY | GATEWAY/CORE ASSESSED | PRI 2 |

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| PE 13 | INDICATOR | |
| **PE 13.1** | Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies. | |
|  | 🔾 Yes | 🔾 No |
| **PE 13.2** | Indicate the proportion of portfolio companies for which your organisation included ESG performance in investment monitoring during the reporting year. | |
| 🔾 >90% of portfolio companies  🔾 51-90% of portfolio companies  🔾 10-50% of portfolio companies  🔾 <10% of portfolio companies  (in terms of total number of portfolio companies) | |
| **PE 13.3** | 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** |
| ❑ Environmental |  |
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|  |
| ❑ Social |  |
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| ❑ Governance |  |
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|  | ❑ We do not set and/or monitor against targets. | |
| **PE 13.4** | Additional information  [Optional] | |
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| PE 13 | **EXPLANATORY NOTES** |
| **PE 13** | 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.  *Reference to other standards/initiatives*  This indicator overlaps with Question 3.2 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator and sub-sequent indicators in this section overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), 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](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf));  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;  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  Objective 7—Understand positive and negative ESG-related developments that may impact portfolio companies in the fund. |
| **PE 13.2** | *Monitoring ESG performance when holding board seats*  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. |
| **PE 13.3** | 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.  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. |
| **PE 13.4** | *Investment monitoring activities*  You may include a discussion of:   * 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 13** | This is a gateway indicator, so your answer here determines whether indicators [14-16] in the post-investment section of this module will be applicable.   * If you report ‘Yes’ in [13.1], indicators [14-16] and [17] will be applicable. * If you report ‘No’ in [13.1], only indicator [17] will be applicable in the post-investment section.   Within this indicator, [13.2] and [13.3] will be applicable if 'Yes’ is reported in [13.1]. |
| **ASSESSMENT** | |
| **PE 13** | Maximum score: Three ★  The assessment of this indicator is based on your response to [13.2]. |

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|  | Indicator status | Purpose | Principle |
| PE 14 | MANDATORY | CORE ASSESSED | PRI 2 |

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| PE 14 | INDICATOR | |
| **PE 14.1** | Indicate whether your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines). | |
|  | 🔾 Yes | 🔾 No |
| **PE 14.2** | Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines). | |
| 🔾 >90% of portfolio companies  🔾 51-90% of portfolio companies  🔾 10-50% of portfolio companies  🔾 <10% of portfolio companies  🔾 0% of portfolio companies  (in terms of total number of portfolio companies) | |
| **PE 14.3** | Additional information  [Optional] | |
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| PE 14 | **EXPLANATORY NOTES** |
| **PE 14.1** | 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. |
| **PE 14.2** | Determine the proportion by the number of all portfolio companies.  '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.  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. |
| **PE 14.3** | 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. |
| **LOGIC** | |
| **PE 14** | This indicator is applicable if ‘Yes’ is reported in [13.1].  [14.2] will be applicable if “Yes” is reported in [14.1]. |
| **ASSESSMENT** | |
| **PE 14** | Maximum score: Three ★  The assessment of this indicator is based on your response to [14.2]. |

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|  | Indicator status | Purpose | Principle |
| PE 15 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 2 |

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| PE 15 | INDICATOR | |
| **PE 15.1** | 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** |
| ❑ Allocate responsibility for ESG issues to board/senior management | 🔾 >90% of portfolio companies  🔾 51-90% of portfolio companies  🔾 10-50% of portfolio companies  🔾 <10% of portfolio companies  🔾 We do not track this information.  (in terms of total number of portfolio companies) |
| ❑ Composition of board ensures ESG expertise | [same as above] |
| ❑ Consider ESG issues in risk management processes | [same as above] |
| ❑ Define performance targets for applicable ESG issues in operations | [same as above] |
| ❑ Define when engagements with stakeholders should be carried out to discuss ESG issues | [same as above] |
| ❑ Other actions; specify \_\_\_\_\_\_\_\_\_\_\_\_\_ | [same as above] |
| ❑ None of the above | |
| **PE 15.2** | Describe how your organisation contributes to the portfolio companies’ resourcing and management of ESG issues. | |
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| **PE 15.3** | Additional information | |
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| PE 15 | **EXPLANATORY NOTES** |
| **PE 15.1** | Determine the proportion by the number of all portfolio companies. |
| **PE 15.2** | 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).  *Reference to other standards/initiatives*  This indicator overlaps with Questions 3.3 and 3.5 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), short answer question 10.3.3. (How does the firm contribute to portfolio companies’ management of ESG-related risks and opportunities?). |
| **PE 15.3** | 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. |
| **LOGIC** | |
| **PE 15** | This indicator will be applicable if ‘Yes’ is reported in [13.1]. |
| **ASSESSMENT** | |
| **PE 15** | Maximum score: Three ★  The assessment of this indicator is based on your response to [15.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 16 | VOLUNTARY | DESCRIPTIVE | PRI 2,3 |

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| PE 16 | INDICATOR | |
| **PE 16.1** | Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues. | |
|  | **Type of reporting** | **Typical reporting frequency** |
| ❑ Overarching portfolio company reports (or similar) in which management disclosure, financial and ESG data are integrated | 🔾 Quarterly or more frequently  🔾 Biannually  🔾 Annually  🔾 Less frequently than annually  🔾 Ad hoc/when requested; specify\_\_\_\_\_\_\_\_\_\_ |
| ❑ Stand-alone reports highlighting targets and/or KPIs covering ESG issues | [same as above] |
| ❑ Other; specify \_\_\_\_\_\_\_\_\_\_ | [same as above] |
|  | ❑ No reporting on ESG issues requested and/or provided by portfolio companies | |
| **PE 16.2** | Additional information | |
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| PE 16 | **EXPLANATORY NOTES** |
| **PE 16** | 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.  This indicator overlaps with Question 3.2 in the LP RI DDQ. Refer to the document for guidance and case studies. |
| **PE 16.2** | You may include a description and discussion of:   * 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 16** | This indicator will be applicable if ‘Yes’ is reported in [13.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 17 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 2 |

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| PE 17 | INDICATOR |
| **PE 17.1** | Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments. |
|  | 🔾 We included ESG issues in pre-exit information.  🔾 We did not include ESG issues in pre-exit information.  🔾 N/A, we did not have any exits in the reporting year. |
| **PE 17.2** | Apart from disclosure, describe how your organisation considers ESG issues at exit. |
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| **PE 17.3** | Additional information |
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| PE 17 | **EXPLANATORY NOTES** |
| **PE 17** | 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.  This indicator overlaps with Question 3.6 in the LP RI DDQ. Refer to the document for guidance and case studies. |
| **PE 17.2** | You may include a discussion of how you consider ESG issues at exit, beyond disclosure to buyers, that for example includes:   * 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).   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. |
| **ASSESSMENT** | |
| **PE 17** | Maximum score: Three ★  The assessment of this indicator is based on your response to [17.1]. |

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| PE 17 | **DEFINITIONS** |
| **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 |

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|  | Indicator status | Purpose | Principle |
| PE 18 | VOLUNTARY | ADDITIONAL ASSESSED | PRI 1,2 |

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| PE 18 | INDICATOR | |
| **PE 18.1** | Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance. | |
|  | ❑ We measure whether our approach to ESG issues impacts funds’ financial performance.  ❑ We measure whether our approach to ESG issues impacts funds’ ESG performance.  ❑ None of the above | |
|  | Describe the impact on the following. | |
|  | a) Funds’ financial performance | 🔾 Positive  🔾 Negative  🔾 No impact |
| b) Funds’ ESG performance | 🔾 Positive  🔾 Negative  🔾 No impact |
| **PE 18.2** | Describe how you are able to determine these outcomes. | |
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| E 18 | **EXPLANATORY NOTES** |
| **PE 18** | 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.  *Financial performance*  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.  *ESG performance*  This relates to tracking the performance of ESG risks and/or opportunities throughout the lifetime of a fund.  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.  *Reference to other standards/initiatives*  This indicator overlaps with Question 3.7 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator overlaps with the ESG Disclosure Framework for Private Equity ([link](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)), Objective 7—Understand positive and negative ESG-related developments that may impact portfolio companies in the fund. |
| **PE 18.2** | 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 18** | Indicator [18.2] 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 18** | Maximum score: Three ★  The assessment of this indicator is based on your response to [18.1]. |

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|  | Indicator status | Purpose | Principle |
| PE 19 | VOLUNTARY | DESCRIPTIVE | PRI 1,2 |

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| PE 19 | INDICATOR | | | |
| **PE 19.1** | Provide examples of ESG issues that affected your private equity investments during the reporting year. | | | |
|  | **ESG issues** | **Sector(s)** | **Impact (or potential impact) on the investment** | **Activities undertaken to influence the investment and its response** |
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| **PE 19.2** | Additional information | | | |
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| PE 19 | **EXPLANATORY NOTES** |
| **PE 19.1** | *ESG issues*  Please report on either ESG risks or opportunities.  *Impact (or potential impact) on the investment*  You may include a discussion of:   * the financial, reputational and/or ESG-related (potential) impact; and * at what stage in the investment process the ESG issues were identified (e.g., initial screening, due diligence, investment decision, investment monitoring or prior to exit).   *Activities undertaken to influence the investment and its response*  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.  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. |

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| **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. |

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| SECTION |
| Communication |

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|  | Indicator status | Purpose | Principle |
| PE 20 | MANDATORY | CORE ASSESSED | PRI 6 |

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| PE 20 | INDICATOR | |
| **PE 20.1** | Indicate whether your organisation proactively discloses ESG information on your private equity investments. | |
|  | 🔾 Disclose publicly; provide URL:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  🔾 Disclose to investor clients (LPs)/beneficiaries only  🔾 No proactive disclosure to the public or to investor clients (LPs)/beneficiaries | |
| **PE 20.2** | Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries. | |
|  | 🔾 Yes | 🔾 No |
| **PE 20.3** | Indicate the type of ESG information that your organisation proactively discloses to the public. | |
| ❑ ESG information in relationship to our pre-investment activities  ❑ ESG information in relationship to our post-investment monitoring and ownership activities  ❑ Information on our portfolio companies’ ESG performance  ❑ Other; specify \_\_\_\_\_\_\_\_\_\_\_\_ | |
| **PE 20.4** | Indicate your organisation’s typical frequency of disclosing ESG information to the public. | |
|  | 🔾 Quarterly or more frequently  🔾 Biannually  🔾 Annually  🔾 Less frequently than annually  🔾 Ad hoc/when requested; specify\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| **PE 20.5** | Indicate the type of ESG information that your organisation proactively discloses to clients (LPs)/beneficiaries. | |
|  | ❑ ESG information in relation to our pre-investment activities  ❑ ESG information in relation to our post-investment monitoring and ownership activities  ❑ Information on our portfolio companies’ ESG performance  ❑ Other; specify \_\_\_\_\_\_\_\_\_\_\_\_ | |
| **PE 20.6** | Indicate your organisation’s typical frequency of disclosing ESG information to your clients (LPs)/beneficiaries. | |
|  | 🔾 Quarterly or more frequently  🔾 Biannually  🔾 Annually  🔾 Less frequently than annually  🔾 Ad-hoc/when requested; specify\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| **PE 20.7** | Describe the type of ESG information you disclose and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries.  [Optional] | |
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| **PE 20.8** | Additional information  [Optional] | |
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| PE 20 | **EXPLANATORY NOTES** |
| **PE 20** | *Reference to other standards/initiatives*  This indicator overlaps with Question 4.1 in the LP RI DDQ. Refer to the document for guidance and case studies.  The content of this indicator overlaps with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), short answer question 10.3.4. (How can LPs monitor and, where necessary, ensure that the fund is operating consistently with agreed ESG-related policies and practices?). |
| **PE 20.7** | 'Proactively' means beyond the publication of your responses to the PRI Reporting Framework on the PRI website. This can be information on your own website (such as your full or partial PRI Reporting Framework responses or other forms of RI reporting), annual report, newsletter, etc. It may be information proactively given to clients or shared with the public using any form judged appropriate.  You may include a discussion of:   * whether your disclosure is at the organisational, fund and/or company level; * the proportion of private equity investments covered by ESG reporting standards during the reporting year; * any difference in reporting frequency to the public and investors; and/or * any situations in which you do not disclose to the public because clients have proactively mandated your organisation not to.   *In relationship to pre-investment activities (selection of investments)*  You may describe and disclose:   * how the analysis of ESG issues has enabled risks to be mitigated and/or opportunities to be identified; * the impact of ESG issues on the pre-investment process in the relevant period; * how the analysis of ESG issues affected particular investment decisions; and/or * how the analysis of ESG issues affected portfolio design and construction (e.g., by reference to particular sectors or geographies)   *In relationship to post-investment activities (investment monitoring and active ownership)*  You may describe and disclose:   * the topics or ESG issues considered during investment monitoring and ownership activities; * the current status of the ongoing discussions at board level; * the compliance of portfolio companies to your (or investors’) responsible investment policies; * actions taken by individual portfolio companies regarding ESG issues; * outcomes that have been achieved as a result of actions around ESG issues; and/or * exit procedures and ESG considerations.   *Portfolio companies’ ESG performance*  Investors can, for example, develop and disclose fund-level performance metrics for ESG issues such as carbon intensity and aggregate cost savings.  *Communication of ESG/sustainability information to stakeholders*  Several communication tools are available to highlight your organisation’s responsible investment approach, processes in place to consider ESG information and achievements to date. You should capture your typical LP communication channels, which may also include ESG-related information and the nature of the ESG-related information that may be included. Specify if the format of information is based on internal or external standards, metrics or templates. External templates and guidance could, for example, come from the International Limited Partners Association (ILPA) or European Venture Capital Association (EVCA),  Examples of communication channels include fund reports, portfolio company reports, capital calls, investment memos, incident reports, case studies, newsletters, conferences, website and social media. Please provide URL when relevant. |
| **LOGIC** | |
| **PE 20** | Within this indicator   * If you report that your organisation discloses information to your clients/beneficiaries only, indicators [20.5] and [20.6] will be applicable. * If you report that your organisation discloses information to the public, indicators [20.2], [20.3] and [20.4] will be applicable. * If you report that the information presented to the public and clients/beneficiaries is different in indicator [20.2], indicators [20.5] and [20.6] will also be applicable, allowing you to describe the differences in approach. |
| **ASSESSMENT** | |
| **PE 20** | Maximum score: Six ★  The assessment of this indicator is based on whether information is disclosed to the public or clients/beneficiaries only, what information is disclosed and how frequently. The top score can only be achieved if information is being disclosed to the public. |

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|  | Indicator status | Purpose | Principle |
| PE 21 | MANDATORY TO REPORT  VOLUNTARY TO DISCLOSE | DESCRIPTIVE | PRI 6 |

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| PE 21 | INDICATOR |
| **PE 21.1** | Describe your organisation’s approach to disclosing ESG incidents in private equity investments to your investor clients (LPs). |
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| PE 21 | **EXPLANATORY NOTES** |
| **PE 21.1** | You may include a discussion of:   * 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).   *Reference to other standards/initiatives*  The content of this indicator overlap with the ILPA Due Diligence Questionnaire ([link](http://ilpa.org/index.php?file=/wp-content/uploads/2013/04/ILPA-Standardized-DDQ.pdf&ref=http://ilpa.org/standardized-ddq/&t=1378324731)), 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](http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf)),  Objective 5—Assess the GP’s approach to managing and disclosing material incidents at the GP and portfolio companies; and  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. |
| **LOGIC** | |
| **PE 21** | Indicator [21] 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). |