RI TRANSPARENCY REPORT

2014/15

N+1 Private Equity
About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation’s response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a Principles Index which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an ‘at-a-glance’ summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the ‘General’ column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

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<thead>
<tr>
<th>Symbol</th>
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<td>The signatory has completed all mandatory parts of this indicator</td>
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<tr>
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<td>The signatory has completed some parts of this indicator</td>
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<tr>
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<td>This indicator was not relevant for this signatory</td>
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<td>-</td>
<td>The signatory did not complete any part of this indicator</td>
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<tr>
<td>⚡️</td>
<td>The signatory has flagged this indicator for internal review</td>
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Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.
## Principles Index

<table>
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<tr>
<th>Indicator</th>
<th>Short description</th>
<th>Status</th>
<th>Disclosure</th>
<th>1</th>
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<td>Types of ESG information considered in investment selection</td>
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<td>PE 11</td>
<td>Encouraging improvements in investees</td>
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<td>PE 13</td>
<td>Proportion of companies monitored on their ESG performance</td>
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<td>Proportion of portfolio companies with sustainability policy</td>
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<td>PE 15</td>
<td>Actions taken by portfolio companies to incorporate ESG issues into operations</td>
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<td>Examples of ESG issues that affected your PE investments</td>
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</table>
N+1 Private Equity

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
### Basic Information

**OO 01** (Mandatory)

#### OO 01.1

Select the services you offer.

- [ ] Fund management

#### % of assets under management (AUM) in ranges

- [ ] <10%
- [ ] 10-50%
- [●] >50%

- [ ] Fund of funds, manager of managers, sub-advised products
- [ ] Other, specify
- [ ] Execution and advisory services

**OO 01.2** (Optional)

N+1 Private Equity is the preeminent PE manager in Iberia, with 25 years of experience and the largest team in the region. Our investment rationale consists of supporting Spanish and Portuguese upper mid-market companies (€80 - 500m Enterprise Value) to expand internationally.

**OO 02** (Mandatory)

#### OO 02.1

Select the location of your organisation’s headquarters.

Spain

#### OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- [●] 1
- [ ] 2-5
- [ ] 6-10
- [ ] >10

#### OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

19
N+1 Private Equity ("N+1 PE") is the private equity arm of N+1 Group, an independent European financial services firm focused on the mid-market segment. N+1 Group currently employs 289 professionals in 8 European countries managing a total of €2.9 billion in assets. Beyond the N+1 Group European platform, N+1 PE has established additional strategic alliances with top-tier local partners in Latin America (i.e. Brazil, Mexico and Colombia).

### OO 03.1
Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
- ☐ Yes
- ☑ No

### OO 04.1
Indicate the year end date for your reporting year.
31/12/2014

### OO 04.2
Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

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<th>trillions</th>
<th>billions</th>
<th>millions</th>
<th>thousands</th>
<th>hundreds</th>
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<td>029</td>
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<td>000</td>
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<td><strong>Assets in USD</strong></td>
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<td>420</td>
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### OO 04.5
Indicate the level of detail you would like to provide about your asset class mix.
- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☑ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

### OO 04.6
Additional information. [Optional]

N+1 Private Equity has currently the following assets under management:

**1 - N+1 Private Equity Funds:**

- **N+1 Private Equity Fund II**, closed in 2008, with €304 million to invest in majority stakes in Iberian mid-market companies with an international focus.
- **N+1 Private Equity Fund I**, closed in 2003, with €175 million to invest in majority stakes in Iberian mid-market companies.
- **Dinamia Capital Privado SCR, S.A.** is the first listed evergreen vehicle in Spain, with c. €175m of net assets as of December 2014.

**2 - Other funds under management**
- Mercapital Spanish Buyout Fund III, in 2010, N+1 Private Equity acquired competing private equity manager Mercapital and inherited the management of Mercapital Spanish Buyout Fund III, a €550 million fund, raised and invested by the former Mercapital team.

<table>
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<th>Internal managed (%)</th>
<th>Externally managed (%)</th>
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<td>Listed equity</td>
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</tr>
<tr>
<td>Fixed income – corporate</td>
<td>0</td>
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<td>Fixed income – government</td>
<td>0</td>
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<td>Fixed income – other</td>
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<td>Private debt</td>
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<td>Private equity</td>
<td>&gt;50%</td>
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<tr>
<td>Property</td>
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<td>Infrastructure</td>
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<td>Commodities</td>
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<td>Hedge funds</td>
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<td>Forestry</td>
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<td>Farmland</td>
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<td>Inclusive finance</td>
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<td>Other (1), specify</td>
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<tr>
<td>Other (2), specify</td>
<td>0</td>
</tr>
</tbody>
</table>

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix. Publish our asset class mix as broad ranges.
Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

---

**OO 09**

**Voluntary** | **Descriptive** | **General**
--- | --- | ---

**OO 09.1**

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

---

N+1 PE has an investment strategy refined along 25 years of experience and consistently focused on supporting the strategic and operational development of mid-market Iberian companies. Since 1990, N+1 PE has led investments in 83 assets (49 platforms and 34 add-ons), totaling c. €1.0 billion of equity invested (including c. €100 million of co-investments), with 37 full exits.

During this time, N+1 PE has invested across all sectors of the Iberian economy (except real estate and financial services) acquiring an unrivalled and broad industry experience. Notwithstanding the above, a particular expertise has been developed in the sectors of health and wellness, industrial and consumer goods and services, TMT and food & beverage.

N+1 PE takes controlling positions in leading upper mid-market companies (EBITDA €10 - 40 million) located in Iberia with international expansion strategies. The Fund invests between €35 and €70 million in business with Enterprise Value up to €500 million, this broad deal size enables N+1 PE to offer co-investment opportunities.

---

**Gateway asset class implementation indicators**

**OO 11**

**Mandatory** | **Gateway** | **General**
--- | --- | ---

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Private equity
- Cash
- None of the above

**OO 12**

**Mandatory** | **Gateway** | **General**
--- | --- | ---

**OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**
<table>
<thead>
<tr>
<th>Direct - Other asset classes with dedicated modules</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Private Equity</td>
</tr>
</tbody>
</table>

**Closing module**

☑ Closing module
N+1 Private Equity

Reported Information

Public version

Overarching Approach

PRI disclaimer

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Responsible investment policy

OA 01 | Mandatory | Gateway/Core Assessed | General
--- | --- | --- | ---
OA 01.1 | Indicate if you have a responsible investment policy. |
° Yes |
○ No |
OA 01.2 | Indicate if you have other guidance documents or more specific policies related to responsible investment. |
° Yes |
○ No |
OA 01.3 | Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional] |
We believe in responsible investing. By engaging in a broad set of sustainability considerations - including ESG issues - we can improve the financial performance of our portfolio companies as well as the alignment between investors and society at large.
Whether these relate to improved health and safety practices, better energy efficiency, ensuring high standards of labor practices or ethical supply chain management, all of these areas have a direct impact on the financial and reputational risks to which N+1 Private Equity and our investors are exposed.
Our responsible investment policy is defined by UN RI principles, N+1 Private Equity Procedure Manual and the Code of Conduct of N+1 Group.

OA 02 | Mandatory | Core Assessed | PRI 6
--- | --- | --- | ---
OA 02.1 | Indicate if your responsible investment policy is publicly available. |
° Yes |
OA 02.2 | Provide a URL to your responsible investment policy. |
URL |
http://www.nplusone-pe.com/en/who-we-are/social-responsibility/ |
○ No |
OA 02.3 | Indicate if your other policies or guidance documents related to responsible investment are publicly available. |
° Yes |
○ Yes, all |
○ Yes, some |
### OA 02.4
List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

<table>
<thead>
<tr>
<th>Policy or document name</th>
<th>URL</th>
</tr>
</thead>
</table>

○ No

### OA 03
Indicate the components/types and coverage of your responsible investment policy and guidance documents.

**Select all that apply**

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy setting out your overall approach</td>
<td>Applicable policies cover all AUM</td>
</tr>
<tr>
<td>Engagement/active ownership policy</td>
<td>○ Applicable policies cover a majority of AUM</td>
</tr>
<tr>
<td>Specific guidelines on corporate governance</td>
<td>○ Applicable policies cover a minority of AUM</td>
</tr>
<tr>
<td>Specific guidelines on environmental issues</td>
<td></td>
</tr>
<tr>
<td>Specific guidelines on social issues</td>
<td></td>
</tr>
<tr>
<td>Asset class-specific guidelines</td>
<td></td>
</tr>
<tr>
<td>Screening/exclusion policy</td>
<td></td>
</tr>
<tr>
<td>Other, specify</td>
<td></td>
</tr>
<tr>
<td>Other, specify</td>
<td></td>
</tr>
</tbody>
</table>

### OA 04
Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

○ Yes

**OA 04.2**
Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

The Board of Directors of Dinamia and the Advisory Committee of the closed-end Funds, respectively, are in charge of reviewing periodically any potential conflicts of interest.
### Objectives and strategies

<table>
<thead>
<tr>
<th>OA 05</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>General</th>
</tr>
</thead>
</table>

**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

- [ ] Yes
- [ ] No

### Governance and human resources

<table>
<thead>
<tr>
<th>OA 08</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>General</th>
</tr>
</thead>
</table>

**OA 08.1** Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

<table>
<thead>
<tr>
<th>Roles present in your organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Board members or trustees</td>
</tr>
<tr>
<td>☐ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☐ Implementation of responsible investment</td>
</tr>
<tr>
<td>☑ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☐ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☐ Other Chief-level staff or head of department, specify</td>
</tr>
<tr>
<td>☑ Portfolio managers</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☐ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Investment analysts</td>
</tr>
<tr>
<td>☐ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☐ Implementation of responsible investment</td>
</tr>
<tr>
<td>☑ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☐ Dedicated responsible investment staff</td>
</tr>
<tr>
<td>☐ External managers or service providers</td>
</tr>
<tr>
<td>☑ Other role, specify</td>
</tr>
</tbody>
</table>

**Investors relations**
☐ Oversight/accountability for responsible investment
☐ Implementation of responsible investment
☐ No oversight/accountability or implementation responsibility for responsible investment
☐ Other role, specify

<table>
<thead>
<tr>
<th>Promoting responsible investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>OA 10</td>
</tr>
<tr>
<td>OA 10.1</td>
</tr>
</tbody>
</table>

**Select all that apply**

☐ Principles for Responsible Investment

<table>
<thead>
<tr>
<th>Your organisation’s role in the initiative during the reporting period (see definitions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Basic</td>
</tr>
<tr>
<td>☐ Moderate</td>
</tr>
<tr>
<td>☐ Advanced</td>
</tr>
</tbody>
</table>

| Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional] |
N+1 Private Equity is one of the preeminent members of ASCRI, the Spanish Association of Private Equity.

**Your organisation’s role in the initiative during the reporting year (see definitions)**

- Basic
- Moderate
- Advanced

**Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]**

ASCRI promotes responsible investment among its members and it has recently issued, jointly with PwC, a Good Practice Guide in which N+1 PE has collaborated explaining its procedures, case studies and experiences in the field.
| OA 10.2 | Additional information. [Optional] |

<table>
<thead>
<tr>
<th>OA 11</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>OA 11.1</td>
<td>Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Yes</td>
<td>☐ No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
N+1 Private Equity

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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# Overview

<table>
<thead>
<tr>
<th>PE 04</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE 04.1</td>
<td>Indicate if your organisation’s investment guidelines for private equity refer to responsible investment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Our investment guidelines do refer to responsible investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ Our investment guidelines do not refer to responsible investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ We do not have investment guidelines</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Fundraising of private equity funds

<table>
<thead>
<tr>
<th>PE 05</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 1,4,6</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE 05.1</td>
<td>Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 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 |
| ☑ Always |
| ○ In a majority of cases |
| ○ In a minority of cases |
| ☐ Approach to ESG issues in pre-investment processes |
| ☐ Approach to ESG issues in post-investment processes |
| ○ No |
| ○ Not applicable as our organisation does not fundraise |

# Pre-investment (selection)

<table>
<thead>
<tr>
<th>PE 07</th>
<th>Mandatory</th>
<th>Gateway</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE 07.1</td>
<td>Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PE 07.2 Describe your organisation’s approach to incorporating ESG issues in private equity investment selection. [Optional]

We carry environmental and labour due diligence prior to take any formal investment decision to exclude investment opportunities that does not comply with ESG regulations.

In some case, when we consider that the target has capacity to improve its approach to ESG issues, we design a plan in collaboration with external advisors (DD advisors) to be implemented if we finally close the investment.

☐ No

PE 09 Mandatory Core Assessed PRI 1,3

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 typical examples per issue.

ESG issues

☑ Environmental

List up to three typical examples of environmental issues

- Storage and use of hazardous materials
- Air emissions
- Operating licences

☑ Social

List up to three typical examples of social issues

- Illegal assigment of workers
- Temporary workers contracts
- Control of suppliers to ensure protection of human rights throughout all the value chain

☑ Governance

List up to three typical examples of governance issues

- Policies and procedures to manage potential conflicts of interest
- Reporting standards
- Drag alone & tag alone mechanisms

Post-investment (monitoring and active ownership)

PE 13 Mandatory Gateway/Core Assessed PRI 2

PE 13.1 Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

☐ Yes
### PE 13.2
Indicate the proportion of portfolio companies where 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
- ✔ Environmental

#### List up to three example targets of environmental issues
- Operating licences
  - □ Social
  - ✔ Governance

#### List up to three example targets of governance issues
- Conflict of interest
- Reporting standards
- □ We do not set and/or monitor against targets
  - □ No

### PE 14
**Mandatory**

#### PE 14.1
Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

- □ Yes
- ● No

### Communication

### PE 20
**Mandatory**

#### PE 20.1
Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- □ Disclose publicly
- ● Disclose to investor clients (LPs)/beneficiaries only
### PE 20.5
Indicate the type of ESG information that your organisation proactively discloses to your 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
- ○ Semi annually
- ○ Annually
- ○ Every two years or less frequently
- □ Ad-hoc, specify
  - Investment memorandums regarding every new investment
  - ESG questionnaires requested on demand, in most cases once a year
- ○ No proactive disclosure to the public or to clients (LPs)/beneficiaries