




Gateway		Principle PRI 1, 2, 3
Monetary		
Type of engagement	Reason for interaction	
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate strategy or identify the need for a material or ESG issue <input checked="" type="checkbox"/> To engage investor ESG disclosure <input type="checkbox"/> Other: specify	
Collaborative engagements	<input type="checkbox"/> To support investment decision-making in & company's material ESG issues <input type="checkbox"/> To influence corporate strategy or identify the need for a material or ESG issue <input type="checkbox"/> Other: specify	
Service provider engagements	<input type="checkbox"/> To support investment decision-making in & company's material ESG issues <input type="checkbox"/> To influence corporate strategy or identify the need for a material or ESG issue <input type="checkbox"/> Other: specify	

# RI TRANSPARENCY REPORT

## 2014/15

PAI Partners

## 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:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Private							✓
PE 02	Typical level of ownership	✓	Private							✓
PE 03	Description of approach to RI	✓	Private	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Private	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Private	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Private							✓

## PAI Partners

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

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

Additional information. [Optional]

PAI is a major European private equity firm and is the largest private equity investor headquartered in France. It is one of Europe's oldest and most experienced investors with its origins dating back to the original investment business of Paribas, which started operations in 1872. PAI manages and advises dedicated private equity funds with a total equity value of €4.3 billion. Since 1994, PAI has led 50 buyout investments in 10 European countries, for a value of almost €36 billion. PAI makes controlling investments in leveraged buyouts acquiring majority stakes in mid to large size European companies that are leaders in our five core sectors. PAI has a team of nearly 50 highly experienced professionals from very diverse backgrounds. With professionals from nine European countries and teams in Paris, London, Luxembourg, Madrid, Milan, Munich and Stockholm, PAI combines local market depth with strong pan-European capabilities and perspective.

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

France

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

50

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

**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.

	trillions	billions	millions	thousands	hundreds
Total AUM		7	900	000	000
Currency	EUR				
Assets in USD		10	360	780	287

**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 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

**OO 06.1** 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

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0

Private equity	>50%	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

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
- None of the above

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

*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**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements

Direct - Other asset classes with dedicated modules

- Private Equity

**Closing module**

- Closing module

## PAI Partners

## 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]

Sustainability and responsibility are part of PAI's founding values. Ethical conduct, respect and a long-term perspective are key factors when it comes to building and consolidating businesses that will grow and thrive sustainably. Because sustainability has been at the core of our business for such a long time, we are determined to be a benchmark private equity fund, taking a lead in responsible investment issues and promoting ESG management among our peers as well as within our portfolio.

Our integration of ESG management has been structured in three main phases. In the first phase, we signalled the start of our ESG journey by making formal and public commitments to responsible investment, most notably through our adoption in 2010 of the United Nations-supported Principles for Responsible Investment. In the implementation phase, from 2011 to 2013, we have sought to put our commitments into practice by integrating ESG into our core business. During 2014, formal ESG procedures have been put in place for the investment process and portfolio management. ESG audits have been performed across our portfolio. We have established the PAI Sustainability Club. In 2014, with a view to setting an example within the private equity industry and to share best practice, we are disclosing the results of our ESG commitments, through PAI's first ESG review and elsewhere.

OA 02	Mandatory	Core Assessed	PRI 6
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**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.paipartners.com/About-Us/Our-Esg-Commitments.htmx>

- 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.

Policy or document name	URL
dedicated ESG Review	<a href="http://www.paipartners.com/presentations/ESG2014/">http://www.paipartners.com/presentations/ESG2014/</a>
PAI portfolio companies and sustainability	<a href="http://www.paipartners.com/About-Us/Our-Esg-Commitments/Portfolio-Sustainability.htmx">http://www.paipartners.com/About-Us/Our-Esg-Commitments/Portfolio-Sustainability.htmx</a>
PAI Portfolio ESG Reports	<a href="http://www.paipartners.com/Media-Centre/Esg-Reports.htmx">http://www.paipartners.com/Media-Centre/Esg-Reports.htmx</a>
PAI Governance page	<a href="http://www.paipartners.com/About-Us/Governance.htmx">http://www.paipartners.com/About-Us/Governance.htmx</a>
AFIC's ESG report	<a href="http://www.afic.asso.fr/index.php?page=465">http://www.afic.asso.fr/index.php?page=465</a>

No

**OA 03**

**Mandatory**

**Core Assessed**

**PRI 1,2**

**OA 03.1**

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

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes
- No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

- Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

## Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

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.

### Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Compliance and Public Affairs**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

2

OA 08.3

Additional information. [Optional]

1 person who is in charge of ESG (100% of her time)

2 persons at 50% of their time

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

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

participation to the PRI working group on the GP Guide

Participation to all PRI In Person events since 2012

Speaker of the PRI in Person event in Montréal

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
AFIC, EVCA

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

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

Founding member of AFIC's ESG commission  
 Leader of AFIC's ESG commission working group on ESG performance  
 Member of the EVCA Responsible Investment Roundtable  
 Member of the PRI working group on GPs /Private Equity

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
Member of the GRI (global reporting initiative) Organisational Stakeholder Programme

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

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

The Planetworkshops, a think tank which aims at increasing the awareness on the need for new governance models.

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]

Member of the strategic committee of The PlanetWorkshops (international Think Tank on Sustainability)

Other collaborative organisation/initiative, specify

EVCA Responsible Investment Roundtable

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

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

IIRC (Integrated Reporting)

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]

member of the working group on integrated reporting

OA 11

Mandatory

Core Assessed

PRI 4

**OA 11.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

## PAI Partners

## Reported Information

## Public version

## Direct – Private Equity

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## Overview

PE 04

Mandatory

Core Assessed

PRI 2

PE 04.1

Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

Our investment guidelines do refer to responsible investment

PE 04.2

Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

PAI's investment process involves assessing each company for ESG risks and opportunities before making the decision whether or not to invest. Our investment teams integrate environmental, social and governance factors at each stage of the investment process, to ensure they are incorporated into PAI's day-to-day mode of operation. We carry out ESG due diligence on every new investment opportunity, using internal resources and, where necessary, external specialists. The objective is to assess the company's ESG risk profile and value creation opportunities. ESG-related questions are included in due diligence questionnaires and management presentations.

The Investment Committee is responsible for all investment-related decisions and the overall monitoring of the funds' investments. Key ESG due diligence findings are integrated into a document which is submitted for discussion to the Investment Committee. The Investment Memorandum, produced before a binding offer is submitted by PAI, includes ESG criteria. ESG considerations and due diligence key findings are also included in the Investment Appraisal, which is an independent analysis performed by one of our most experienced investment professionals.

ESG factors are organised into traditional due diligence categories, in order that they are naturally integrated into PAI's investment procedures. The operational set up covers items such as corporate governance, human resources and products. Relations with third parties include the company's relationships with stakeholders, the supply chain and public authorities. The environmental footprint refers to the company's impact on the environment.

Once the investment has been made, we conduct a specific ESG audit, alongside external consultants. This lays the groundwork for an ESG action plan based upon a deeper analysis of the due diligence key findings. We also seek to leverage portfolio company boards to implement ESG initiatives: they are in charge of day-to-day management and need to choose the most appropriate approach towards ESG within their companies.

The investment team and the ESG team conduct regular visits and individual meetings with portfolio companies. These are an important means of transmission of information from the companies to PAI, and they demonstrate the commitment of PAI to work on ESG issues. Portfolio companies can also benefit from their peers' experience and good practices, through regular dedicated meetings such as the PAI Sustainability Club. Since 2011, we have organised a bi-annual meeting, the PAI Sustainability Club, to encourage dialogue between managers responsible for ESG in our portfolio companies. These meetings, which take place in Paris, are a key feature of our ESG programme. First, they provide ESG managers with expertise, either from external consultants or from their peers. Second, they allow portfolio companies to discuss common issues and learn from the experiences of their peers whose ESG strategies are more advanced.

During the investment period, we monitor and assess ESG performance across the portfolio to define action plans, track key issues identified in the investment process, and ensure that any new risks or opportunities for improvement that may emerge are managed appropriately. We encourage the managers of portfolio companies to work towards continuous improvement, and we ensure that ESG issues are consistently on the agendas of portfolio companies' boards, where necessary. Our ESG reporting assesses our companies' progress over time, comparing progress against initial ESG action plans on a yearly basis. It is a tool to monitor ESG key issues and to address new recommendations to portfolio companies.

Our investment guidelines do not refer to responsible investment

We do not have investment guidelines

## Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6
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**PE 05.1** Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

**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

Always

In a majority of cases

In a minority of cases

Approach to ESG issues in post-investment processes

No

Not applicable as our organisation does not fundraise

## Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1
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**PE 07.1** Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

**PE 07.2** Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

### Screening

Each investment team works with the ESG team to identify relevant key ESG issues. The indicators selected for each company depend on their materiality - that is, the degree to which they impact the company's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large. Using the list of ESG key issues, investment teams identify a set of priority items to be addressed in the due diligence analysis.

### Due diligence

We carry out ESG due diligence on every new investment opportunity, using internal resources and, where necessary, external specialists. The objective is to assess the company's ESG risk profile and value creation opportunities. ESG-related questions are included in due diligence questionnaires and management presentations. An examination of sustainability factors can highlight opportunities to improve the performance of the company in social, environmental and financial terms. The process highlights areas to improve performance, opportunities both to reduce costs and generate additional revenues, and can help inform the long-term strategic direction of the company. It also plays a key role in enhancing the value of the company's intangible assets, such as its reputation, brand, ability to attract and retain talented staff, and its capacity for innovation.

Investment Committee decision

The Investment Committee is responsible for all investment-related decisions and the overall monitoring of the funds' investments. Key ESG due diligence findings are integrated into a document which is submitted for discussion to the Investment Committee.

The Investment Memorandum, produced before a binding offer is submitted by PAI, includes ESG criteria. ESG considerations and due diligence key findings are also included in the Investment Appraisal, which is an independent analysis performed by one of our most experienced investment professionals. By integrating ESG issues in its investment practices, we ensure that all companies' ESG performances and practices are assessed, without discrimination. It does not exclude potential investments because of a poor ESG rating, but instead works to improve that rating during the ownership period.

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
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CO2

Energy

Waste

Social

	List up to three typical examples of social issues
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Talent attraction and retention

Privacy

Community

Governance

	List up to three typical examples of governance issues
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Code of Conduct/ Code of Ethics

Board Composition

Risk management

**Post-investment (monitoring and active ownership)**

PE 13	Mandatory	Gateway/Core Assessed	PRI 2
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**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

CO2 Emissions  
Water consumption and wastewater  
Eco-conception

Social

List up to three example targets of social issues

Diversity and equal opportunities  
Social dialogue  
Working conditions

Governance

List up to three example targets of governance issues

Anti bribery and anti corruption policies  
Transparency and disclosure  
Board diversity and board efficiency

We do not set and/or monitor against targets

No

**PE 14**

**Mandatory**

**Core Assessed**

**PRI 2**

**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

**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)

No

## Communication

**PE 20**

**Mandatory**

**Core Assessed**

**PRI 6**

**PE 20.1**

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

Disclose publicly

provide URL

<http://www.paipartners.com/presentations/ESG2014/>

provide URL

<http://www.paipartners.com/Media-Centre/Esg-Reports.htmx>

**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 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  
PAI Foundation

**PE 20.4** Indicate your organisation's typical frequency of disclosing ESG information to the public.

- Quarterly or more frequently
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc, specify

**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

**PE 20.7** Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]

We are committed to transparency at all levels and systematically provide ESG-related information to our investors. Specific ESG due diligence questionnaires are circulated to investors, and ESG information including UN PRI reports is included in transaction datarooms as a matter of course. Meanwhile, we have increased disclosure of ESG information to the broader public via our website. Our approach towards ESG is explained on the 'Our ESG Commitments' page, while portfolio company sustainability reports are available on the 'Data Centre' page, as well as in the ESG sections of our Annual Reviews.

As we expect portfolio companies to report to us on ESG issues, so too do our investors expect us to report to them. In 2013, we decided to integrate in our ESG questionnaire items that come directly from investors' ESG questionnaires. This will facilitate the flow of ESG data from portfolio companies to investors, and will help ensure our portfolio is systematically reporting on issues that are material to our investors. In addition, we inform them of the overall ESG performance of the portfolio, in order to deal with any material change related to ESG risks and opportunities faced by investee companies. We also provide our investors with information on how the funds are being managed in accordance with ESG policies agreed at the time of the investors' commitment.

- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries