



LEA 02	Disclosures Materiality	Reason for Interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for a material or other issue <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in & company's internal ESG issues		
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice or identify the need for a material or other issue <input type="checkbox"/> We do not engage via collaborative engagements <input type="checkbox"/> To influence corporate practice or identify the need for a material or other issue		
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice or identify the need for a material or other issue <input type="checkbox"/> We do not engage via service providers <input type="checkbox"/> To influence corporate practice or identify the need for a material or other issue		

RI TRANSPARENCY REPORT

2014/15

Terra Firma Capital 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	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
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	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
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	✓	Public							✓

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

Terra Firma Capital 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 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Guernsey

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

85

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		11	500	000	000
Currency	EUR				
Assets in USD		15	082	148	520

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 percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	100	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 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 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input type="radio"/> >50 %

OO 08.2	Additional information. [Optional]
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Terra Firma is one of Europe's leading private equity firms. We create value for our stakeholders by acquiring, transforming and selling asset-backed businesses. Terra Firma focuses on developed markets, with our current portfolio operating in Western Europe, Australia and the United States.

In the UK, Terra Firma's current investments include Four Seasons Health Care, the largest independent provider of elderly and specialist care; Infinis, the UK's leading independent renewable energy provider; Wyevale Garden Centre Group; the largest chain of garden retail centres nationwide and Annington Homes, one of the largest private owners of residential property.

In Europe our portfolio includes AWAS, one of the world's leading aircraft leasing businesses; Odeon/UCI cinemas, one of the leading cinema operators in Europe; RTR, a large solar PV generator; and Tank& Rast, Germany's autobahn service station operator.

In America Terra Firma owns EverPower, a large wind farm developer and operator, and in Australia, Consolidated Pastoral Company, a large scale cattle business.

OO 09	Voluntary	Descriptive	General
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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.
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Terra Firma is a private equity firm established in 1994. Terra Firma means 'solid ground', reflecting the firm's consistent and distinctive approach to investment. Since 1994, Terra Firma has invested over €16 billion in 33 businesses with an aggregate enterprise value of over €47 billion.

Terra Firma's investment strategy focuses on businesses with certain characteristics:

- We focus on essential industries. These include energy and utilities, infrastructure, affordable housing, leisure, agriculture and asset leasing.
- Businesses rich in assets. This helps protect the value of our investments and provides a stable platform for growth. Assets also offer a wide variety of options to create value for our businesses.
- Businesses requiring fundamental change, perhaps because of past under-management or under-investment or because they can be repositioned to benefit from a trend we have identified.

We believe that Terra Firma, and the private equity industry in general, can be proud of the contribution we make to society by providing funding for companies, improving them and helping them to grow into successful and sustainable businesses. Terra Firma encourages open and active dialogue with stakeholders and portfolio businesses around the role of the private equity industry and the value it creates.

Terra Firma developed its formal Responsible Investment Policy to formalise our strategies in relation to responsible business. This policy is managed by our Sustainability Committee which oversees several areas of on-going improvement and development in our ESG approach.

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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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.
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- Private equity
- None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below.
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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

Private Equity

Closing module

Closing module

Terra Firma Capital Partners

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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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]

Terra Firma has formally developed and published a Responsible Investment Policy and established a Sustainability Committee to manage it. The policy captures the key elements of our existing approach and strategy regarding responsible business practice.

Our Responsible Investment Policy sets out our aims with regards to how Terra Firma acts as a responsible corporate citizen and employer as well as how we act as investors. Our approach to being a responsible investor includes not just taking account of ESG considerations, but also the alignment of interests with our investors and strong governance in our investment activities. Terra Firma is the largest investor in the funds we manage and uses incentive arrangements which ensure Terra Firma's interests are aligned with our investors.

During the investment process, environmental, social and governance factors are considered alongside the relevant commercial, operational, legal and financial factors. Terra Firma does not invest in opportunities where material risks cannot be effectively managed.

Terra Firma adopts a robust governance and reporting regime and very actively engages with our businesses regarding strategy and operations. Terra Firma works with its portfolio businesses to improve their ESG performance, including implementing greater transparency and reporting. For example, this includes the introduction of ESG matters into regular reporting and encouraging our portfolio to build positive relationships with the local community and other stakeholders.

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.terrafirma.com/responsible-investment-policy.html>

- No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
- No

OA 02.5 Additional information. [Optional]

We set out significant details of our governance and achievements in our annual review (which can be found on our website) and we encourage our businesses to follow a responsible approach to their own operations.

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 checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input 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**

OA 04.1 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]

Terra Firma has a clear policy on conflicts of interest, setting out the controls in place to prevent and manage potential personal and corporate conflicts of interest, including those which may arise during the investment process. This policy is provided to all staff upon joining and each year Terra Firma staff reaffirm their compliance with the requirements relating to the prior disclosure and approval of outside interests and personal investment dealings.

Additionally, the contractual agreements for each of Terra Firma's funds establish the processes for preventing and managing potential conflicts, whether between Terra Firma and the Terra Firma funds, or between separate Terra Firma investment funds. Such conflicts may arise during the investment, ownership or exit phases. For example:

- A potential conflict of interest could arise during a co-investment, especially if such investments were made on a specific case by case basis. Terra Firma avoids such conflict by contractually prohibiting such situations.
- A second conflict which could possibly arise is fund competition. This situation is avoided by providing priority to the earlier fund, as is laid out in contractual documents.

Each fund has an Advisory Board made up of a selection of its investors, and each Terra Firma fund is prohibited from entering into arrangements which give rise to potential conflicts without the approval of their Advisory Board.

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

OA 06	Voluntary	Descriptive	General
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OA 06.1 List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

Add responsible investment objective 1

Objective 1	Roll out pre-acquisition tools and process for ESG.
Key performance indicators	Develop, pilot and implement ESG toolkit to aid in consideration of ESG factors.
Describe the progress achieved	An ESG toolkit has been implemented for screening ESG risks and opportunities. Formal processes are now in place to ensure ESG assessment of new deals.

Add responsible investment objective 2

Objective 2	Complete first round of portfolio ESG reporting and identify improvements.
Key performance indicators	Track progress on recommendations made in historic external assessments. Completion of second year of ESG reporting from portfolio companies agreeing highlights and actions
Describe the progress achieved	The second year of portfolio businesses ESG reporting was completed.

Add responsible investment objective 3

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Review ESG KPI metrics and reporting measures.
Key performance indicators	Collaborate with portfolio businesses to refine reported KPIs and improve reporting practices for ESG data.

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Increase ESG disclosure at TF and PB's.
Key performance indicators	Publish Terra Firma ESG report for 2015

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Retain carbon neutral status.
Key performance indicators	To obtain certified carbon neutral status.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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Terra Firma has a clear governance structure for responsible investment. The Responsible Investment Policy is overseen by Terra Firma's Sustainability Committee. This committee is comprised of staff members from several areas of the firm including the deal team, operational professionals, legal, finance and investor relations. The committee is chaired by Terra Firma's CEO.

The committee reports to the firm's senior leadership team, and to the audit committee of the General Partners of our funds. The audit committee is comprised of non-executive directors whose responsibility includes general risk management.

During the pre-investment process the deal team have responsibility for implementing responsible investment and operational assessments.

Terra Firma also implements a detailed governance and reporting framework on all portfolio acquisitions. This includes weekly and monthly operational and financial reports from portfolio businesses together with regular formal reviews of strategy and performance.

Terra Firma has a nominated compliance manager who monitors adherence with the firm's policies and reports to the board.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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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.
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	Roles present in your organisation
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- 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
Managing Directors

- 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
- External managers or service providers
- Other role, specify
 - Finance Department**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify
 - Investor Relations**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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0

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

- Responsible investment included in personal development and/or training plan
- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Operational Managing Directors

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role

Finance Department

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role

Investor Relations

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

In 2014 online ESG training was provided for our investment analyst and portfolio monitoring teams. During the year ESG was also addressed at staff conferences.

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
- 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
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
The EVCA (European Private Equity and Venture Capital Association)

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

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
The BVCA (British Private Equity and Venture Capital Association)

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]

Terra Firma staff sit on several BVCA committees, and Terra Firma has also completed surveys and contributed to studies in BVCA public reports.

Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
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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

OA 11.3 Additional information. [Optional]

We are proud of our reputation for transparency and strong governance. In 2007 following recommendations from Sir David Walker in his report on Disclosure and Transparency in Private Equity, Terra Firma became one of the first private equity groups to publish an annual review of our business. In addition, the majority of Terra Firma's portfolio companies produce annual reports in line with the Walker guidelines, even when this is not mandatory. In 2014 the Guidelines Monitoring Group on Transparency and Disclosure produced the report 'Improving Transparency and Disclosure: Good Practice Reporting by Portfolio Companies', including five of Terra Firma's businesses amongst its examples of good disclosure.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
----------------	---

- Yes
 - Yes, individually
 - Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
----------------	--

- Yes, publicly available

	provide URL
--	-------------

<http://www.iigcc.org/files/publication.files/GISCC13jan2105.pdf>

- No
- No

OA 12.4	Additional information.
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Terra Firma participates in the Global Capital, Regulatory and Corporate Tax committees at the BVCA, providing expertise and support.

In addition to this, various members of Terra Firma staff have attended PRI events and workshops. This has helped inform members of Terra Firma's team about responsible investment trends and enabled the organisation to work with other firms.

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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- Yes
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Other, specify

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Terra Firma invests in developed markets with a focus on Europe but currently also in the US and Australia. One reason for this focus is that the governance frameworks in these regions are more robust and stable, enabling Terra Firma to be more confident in our ability to direct strategic and operational activities.

No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

Yes

No

Terra Firma Capital Partners

Reported Information

Public version

Direct – Private Equity

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.

Overview

PE 01

Mandatory to Report Voluntary to Disclose

Peering

General

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	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%

PE 02

Mandatory to Report Voluntary to Disclose

Peering

General

PE 02.1	Indicate the level of ownership you typically hold in your private equity investments.
<input checked="" type="radio"/> a majority stake (>50%) <input type="radio"/> 50% stake <input type="radio"/> a significant minority stake (between 10-50%) <input type="radio"/> a minority stake (<10%) <input type="radio"/> a mix of ownership stakes	
PE 02.2	Additional information. [Optional]

Terra Firma typically makes control investments which allow us to deliver strategic and operational change. Subsequent exit routes may lead to reduced ownership levels.

PE 03	Voluntary	Descriptive	PRI 1-6
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PE 03.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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Terra Firma seeks to generate value for investors through acquiring and transforming businesses, and believes the best way to achieve this is by being aligned and transparent with investors and through creating sustainably improved businesses. Terra Firma are direct investors who take an active management approach and invest significant time in working with each business to improve strategy and operational performance.

Terra Firma views responsible investing as one element of an overall approach to responsible business, with other important elements including being a responsible corporate citizen that makes a positive impact on local communities, and being a responsible employer, developing and supporting a diverse team.

Terra Firma has a specialty in making large scale investments in renewable energy generation businesses across technologies such as onshore wind, solar PV, hydro and landfill gas.

Terra Firma has formalised and published our Responsible Investment Policy, which covers responsible business, responsible investing and responsible portfolio management. We aim to have high levels of transparency for our investors, we structure our funds to ensure our interests and those of our investors are aligned, we consider ESG factors when we make new investments, and we work with existing portfolio companies to improve ESG performance and transparency.

PE 04	Mandatory	Core Assessed	PRI 2
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PE 04.1	Indicate if your organisation's investment guidelines for private equity refer to responsible investment.
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- 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].
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Our staff are informed of our approach towards ESG through the Responsible Investment Policy, which describes our strategy regarding the consideration of ESG factors. This strategy is put into practice through the requirement for investment papers to include ESG assessments at various points in the investment review process. The process is widely communicated and we have developed tools to assist in the implementation of the policy, and provide training in ESG.

Steps have also been taken to ensure Terra Firma's portfolio businesses approach ESG issues with consideration and due care. All portfolio businesses are sent Terra Firma's Responsible Investment Policy, and each CEO signs an annual affirmation of their commitment to core principles and affirming that they do not

engage in certain high ESG risk activities. Terra Firma also collects ESG data annually from portfolio businesses.

- 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.
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- Yes

PE 05.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:
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- 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
 - Always
 - In a majority of cases
 - In a minority of cases

PE 05.3	Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]
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In our fund marketing materials, we would typically set out our approach to governance and to responsible investment.

- No
- Not applicable as our organisation does not fundraise

PE 06	Voluntary	Additional Assessed	PRI 4
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PE 06.1	Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment when requested by clients.
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- 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
- Our clients do not request us to make formal commitments to responsible investment in private equity

PE 06.2	Additional information.
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In fundraising materials, reference is typically made to Terra Firma's active strategic engagement and robust governance regimes. There may also be coverage of elements such as responsible investment themes, risk management, reporting, alignment of interests and our corporate citizenship programme.

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.
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- Yes

PE 07.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]
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During the investment selection process, Terra Firma aims to consider all relevant risks and opportunities including ESG factors. ESG risks and opportunities are reviewed and assessed alongside the other factors relevant to the specific deal, and ESG assessments are required in investment papers. Our Responsible Investment Policy requires that ESG factors are identified and assessed when looking at new investment opportunities and we have developed tools to assist in that identification and assessment. It is also common for external experts to be engaged to assess certain areas related to ESG factors.

- No

PE 08	Voluntary	Descriptive	PRI 1
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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.
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- Internal staff

Specify role

Legal team

Specify role

Operational Managing Directors and Professionals

- 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.

During the investment selection process Terra Firma draws upon the expertise of its legal and operational teams concerning ESG issues, together with bespoke ESG identification and assessment guides. The legal team provides guidance in areas of corporate governance and regulatory matters. Operational staff bring experience in industry, such as practical experience of key ESG issues in a potential investment, and in assessing operational risk and opportunities.

Terra Firma also brings in external expertise during the investment process. Typical areas of diligence performed by external advisors include governance and environmental issues and assessments of regulatory performance.

PE 09	Mandatory	Core Assessed	PRI 1,3
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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

- Impact on local fauna, flora and general environment
- Emissions released into the atmosphere
- Environmental contamination

- Social

List up to three typical examples of social issues

- Employee health and safety records
- Employee issues such as historic staff turnover or grievances
- Diversity

- Governance

List up to three typical examples of governance issues

Risk of corruption

Likelihood and prior experience of regulatory infringements

Quality and background of key management

PE 10	Voluntary	Additional Assessed	PRI 1,3
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PE 10.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
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- 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 12	Voluntary	Additional Assessed	PRI 1
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PE 12.1	Indicate if ESG issues impacted your private equity investment selection processes during the reporting year.
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- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- 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 investment selection process
- Other, specify
- We do not track this potential impact

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.
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- 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
- Social
- Governance
- 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

PE 15

Voluntary

Additional Assessed

PRI 2

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 have implemented these actions.

Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >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 ensure ESG expertise
- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >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)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- >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)

- Define when engagements with stakeholders should be carried out to discuss ESG issues
- Other actions, specify
- None of the above

PE 15.2	Describe how your organisation contributes to the portfolio's management of ESG issues.
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Terra Firma contributes to the portfolio's management of ESG in a number of ways. Firstly, Terra Firma actively engages with executive management in matters of governance, strategy and operations.

Terra Firma staff take seats on investee Boards and share good practices between investee businesses. All of Terra Firma's businesses fall under our standard governance and reporting framework. This requires high levels of corporate governance and transparency, which is a fundamental aspect of our highly active investment management approach.

Secondly, Terra Firma requires its portfolio businesses to report on ESG matters. Each business confirms its compliance with the firm's ESG principles annually and reports ESG metrics relevant to its operations. In addition, where ESG issues are particularly relevant these are reported on more frequently.

PE 16	Voluntary	Descriptive	PRI 2,3
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PE 16.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, specify
- Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, specify
- Other, specify
Weekly reporting to include ESG issues by exception.

Typical reporting frequency

- Quarterly or more frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, specify
- No reporting on ESG issues requested and/or provided by portfolio companies

PE 16.2	Additional information.
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The information Terra Firma requests from portfolio businesses varies from business to business. However, in general Terra Firma asks to be informed about key operational metrics, successful initiatives and any ESG incidents which have taken place. The reporting is based on internal standards within each business, due to the variety of businesses managed and the Terra Firma strategy of tailoring the ESG approach at each business.

A number of businesses produce standalone CSR reports, with several others including equivalent reporting on ESG topics within their public annual financial reports.

PE 17	Voluntary	Additional Assessed	PRI 2
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PE 17.1	Indicate whether your organisation discloses information on ESG issues to potential buyers prior to exit for private equity investments.
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- We always include ESG issues in pre-exit information
- We include ESG issues in pre-exit information in the majority of cases
- We include ESG issues in pre-exit information in the minority of cases
- We do not include ESG issues in pre-exit information

PE 17.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
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During exit Terra Firma will provide all relevant information requested by potential investors. For example this includes governance structures, health and safety and any specific relevant ESG performance information.

Terra Firma would also complete appropriate diligence on potential buyers.

Communication

PE 20	Mandatory	Core Assessed	PRI 6
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PE 20.1	Indicate whether your organisation proactively discloses ESG information on your private equity investments.
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- Disclose publicly

	provide URL
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<http://www.terrafirma.com/responsibility.html>

	provide URL
--	-------------

<http://www.terrafirma.com/responsible-investment-policy.html>

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.
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- Yes
- No

PE 20.3	Indicate the type of ESG information that your organisation proactively discloses to the public.
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- 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 20.4 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]

Terra Firma discloses a variety of ESG information. With regards to our investments, this includes new ESG initiatives, notable projects in the portfolio and any significant improvements made by the business. This information is disclosed in a number of publications including the Terra Firma annual report, portfolio CSR reports and portfolio company annual reports.

ESG information is disclosed in LP reporting in order to clearly demonstrate the different initiatives taking place across the portfolio. During 2014, quarterly fund reports to Limited Partners have included updates on topics such as community engagement, employee diversity and training and our strive for transparency, in addition to updates on Terra Firma's broader ESG programme.

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

PE 21	Voluntary	Descriptive	PRI 6
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PE 21.1 Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).

Terra Firma's approach to disclosing ESG incidents to LPs is set out in our Crisis Communication Policy. This sets out the chain of communication for news of significant incidents, relating to ESG or other factors, and sets out where responsibility lies for deciding how to communicate, both internally and with LPs. The policy gives examples of matters which may be significant, although the treatment is fact-specific.