PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Pantheon Ventures

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
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	✓	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	✓	Private	✓						
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	✓	Private							✓
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							✓

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Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Private	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Private				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

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Pantheon Ventures

Reported Information

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Organisational Overview

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PRI Principles for Responsible Investment

Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the services you offer.

- ☐ Fund management
- ☑ Fund of funds, manager of managers, sub-advised products

  % of assets under management (AUM) in ranges

  - ○ <10%
  - ○ 10-50%
  - ◉ >50%

- ☐ Other, specify
- ☐ Execution and advisory only services

OO 01.2 Additional information. [Optional]

Pantheon is a leading global private equity and infrastructure fund investor that invests on behalf of over 400 institutional investors. Established over 30 years, Pantheon has developed a strong reputation and track record in primary and secondary private asset solutions across all stages and geographies. Pantheon's investment solutions include customized separate account programs, regional private equity primary fund programs, secondaries, co-investment and infrastructure programs.

OO 02	Mandatory	Peering	General

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

United Kingdom

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

192

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OO 02.4 Additional information. [Optional]

Pantheon has 192 employees (as of 28th March 2014).

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.

30/09/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		27	381	219	716
Currency	USD				
Assets in USD		27	381	219	716

OO 04.3 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
- ◉ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0

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Fixed income – other	0	0
Private debt	0	0
Private equity	0	>50%
Property	0	0
Infrastructure	0	<10%
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 11 | **Mandatory** | **Gateway** | **General**

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

☑ Private equity

☑ Infrastructure

☐ None of the above

OO 12 | **Mandatory** | **Gateway** | **General**

OO 12.1

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always voluntary.

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Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers

☑ Private Equity

☐ Infrastructure

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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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]

Pantheon, its Partners and staff will endeavour to:

- Take account of Environmental, Social and Governance ("ESG") issues in the investment process;
- Engage with GPs to promote the importance of ESG issues;
- Provide on-going ESG training to Pantheon investment professionals;
- Maintain ESG risk monitoring post-investment;
- Endeavour to keep our LPs aware of the level of ESG risks;
- Encourage all industry participants to recognize and act on ESG issues; and
- Continue to enhance our RI approach to maintain a leading position in the industry.

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (•) Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

http://www.pantheonventures.com/about/responsible-investment

- ( ) No

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PRI Principles for Responsible Investment

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]

Pantheon's approach to Responsible Investment ("RI") and an overview of how ESG factors are incorporated into the investment process are included in the Pantheon fund PPMs.

Internally Pantheon has guidance documents which cover the firm's approach to RI, which can be referenced by the investment team members. Topics covered include:

- Pantheon's ESG due diligence procedures for primary, secondary and co-investments respectively;
- Key questions for GPs on their ESG approach and procedures for mitigating these risks;
- Key ESG issues to consider and examples of ESG risks;
- List of particularly sensitive sectors; and
- Guidelines for monitoring ESG risks at the GP, Fund and Company levels.

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
☑ Policy setting out your overall approach	◉ Applicable policies cover all AUM
☑ Engagement/active ownership policy	○ Applicable policies cover a majority of AUM
☑ Specific guidelines on corporate governance	○ Applicable policies cover a minority of AUM
☑ Specific guidelines on environmental issues	
☑ Specific guidelines on social issues	
☐ Asset class-specific guidelines	
☑ Screening/exclusion policy	
☐ Other, specify	
☐ Other, specify	

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OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Pantheon's RI policy and fundamental approach is consistent and applied across all investments strategies and across all regions in which we invest.

Note however that we are able to conduct slightly different levels of due diligence when assessing primary, secondary and co-investment opportunities. Due diligence for primary investments includes an examination of the GPs Responsible Investment policy and their track record in managing companies that may have been exposed to ESG risks. For secondary investments we are able to analyse the extent that such a deal is exposed to high or medium risk ESG underlying companies. For co-investments we are able to conduct comprehensive ESG due diligence on the company, as well as the approach that the GP may take to address any such risks.

OA 03.3	Additional information. [Optional]

Pantheon operates a policy of "no negative screens". We believe that is better to understand where ESG risks exist within our portfolio and understand what the GP intends to do to mitigate these over their period of ownership rather than just excluding them. These improvements can then be monitored over the ownership period.

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

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

Pantheon manages a series of funds-of-funds and separate account vehicles. We have in place robust procedures to manage conflicts that may arise in the management of those vehicles. Pantheon does not provide services other than private equity and infrastructure investment management and therefore is free from conflicts that may arise in organizations with a range of lines of business. See below for a brief description of some of Pantheon's procedures to manage conflicts:

- No transaction fees: No part of Pantheon's organization receives remuneration from managers of portfolio funds, mitigating fee driven conflicts of interest.
- Pantheon has a strict Personal Securities Accounts/Trading Policy and a Gifts and Entertainment Policy which have been implemented to address conflicts of interest.
- Cross-Fund Investments: Occasionally, managers of portfolio funds face conflicts of interest in relation to one portfolio fund (the predecessor portfolio fund) and another portfolio fund (the successor portfolio fund), for example in relation to an investment by the successor portfolio fund in a portfolio company of the predecessor portfolio fund. Typically, the portfolio fund manager will seek to resolve such conflicts through operation of the advisory committees of each of the predecessor portfolio fund and the successor portfolio fund. These conflicts can be replicated at the level of Pantheon clients, as Pantheon manages multiple pools of capital and may be represented on the advisory committee of either or both of the predecessor portfolio fund and the successor portfolio fund respectively. Pantheon has procedures in place to mitigate these conflicts, involving separate deal teams, and annually reports to its own advisory committees on the resolution of conflicts through these procedures.
- Conflicts can arise in relation to the allocation of investment opportunities between different Pantheon funds and separate account clients. Pantheon's overriding policy is to allocate investment opportunities on a fair and equitable basis consistent with and subject to any applicable fiduciary or contractual duties.

Very occasionally, if Pantheon were to face a material conflict of interest that it was unable to manage effectively, Pantheon would convene meetings of the advisory board of the relevant Pantheon Fund to discuss proposals to manage such conflict.

○ No

OA 04.3	Additional information. [Optional]

Pantheon has a formal Conflicts of interest policy which sets out conflcits which may arise in the course of its business and the procedures that Pantheon takes to mitigate such conflicts. Some of these conflicts are summarised in 4.2 above.

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 05.4 Additional information. [Optional]

Pantheon is committed to developing and continually improving its RI activities with the aim to maintain a leading position in the industry. Setting objectives on an annual basis gives the firm clear goals and measures which we can track our progress against. Objectives in prior years which have been achieved include the formal integration of ESG considerations into the due diligence process across all Pantheon investment strategies, hosting workshops for GPs and LPs to promote the importance of responsible investment, and working with other market participants through positions on industry bodies and speaking at conferences.

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

☑ 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

Head of Investment Programs

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☑ 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

☐ Other role, specify

OA 08.3 Additional information. [Optional]

As set out in 7.1, Pantheon has an RI Committee which is responsible for driving the firm's RI activities. The Responsible Investment Committee reports to the firm's International Investment Committee ("IIC"), which comprises Pantheon's most senior investment professionals. The IIC is responsible for oversight of all of Pantheon's investment activities including the firm's adherence to its RI policy and the continuous development of RI initiatives. Members of the RI Committee have a remit to work closely with other investment professionals to make sure they are fully aware of Pantheon's RI initiatives and wider industry developments. Pantheon also works with a number of external consultants on an ad hoc basis to develop its RI initiatives and to train staff.

Promoting responsible investment

OA 10 | **Mandatory** | **Core Assessed** | **PRI 4,5**

OA 10.1 Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2 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

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PRI Principles for Responsible Investment

☐ 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

☑ 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]

Pantheon was a founding member of the PRI Private Equity Steering Committe and only withdrew this year do to a maximum tenure being exceeded. Pantheon has remained involved in sub-committees and continues to assist the PRI with logistics and speakers at conferences.

☐ 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

ESG Disclosure Framework

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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]

Pantheon was involved throughout the discussions regarding the formation and design of the framework. Pantheon was one of the LPs that endorsed the framework as part of its launch.

☑ Other collaborative organisation/initiative, specify

EVCA ESG Task Force

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

☐ Basic

☑ Moderate

☐ Advanced

☑ Other collaborative organisation/initiative, specify

BVCA RI Working Group

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]

Pantheon was invited to join the BVCA Responsible Investment Group and has subsequently spoken at a UK government event on behalf of the group. Pantheon was also involved in the redesign of the BVCA Responsible Investment Guidelines which have recently been re-issued.

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

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PRI Principles for Responsible Investment

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

GP and LP Responsible Investment workshops, Pantheon GP Responsible Investing Award, Tabling ESG issues at Advisory Board meetings.

○ No

OA 11.3 Additional information. [Optional]

Pantheon has hosted a number of Responsible Investment workshops for both LPs and GPs where we promote the importance of integrating ESG considerations into the investment process and provide advice on specific procedures to achieve this. Our strong relationships with both GPs and LPs put us in a strong position to promote the importance of RI. We have also worked closely with GPs on a one to one basis that need advice and guidance in putting in place a formal RI programme.

In 2012 we introduced an award for GPs, the Pantheon GP Responsible Investing Award. This award is presented annually at Pantheon's annual investor meeting and 2013's winner was EQT.

As a leading private equity fund investor Pantheon sits on over 270 advisory board seats of underlying funds. We raise ESG issues at Advisory Board meetings and discuss such issues with the GP and other LPs.

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Reported Information

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Indirect – Manager Selection, Appointment and Monitoring

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PRI Principles for Responsible Investment

Overview

SAM 02	Mandatory	Core Assessed	PRI 4

SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- ○ Yes
- ◉ No

SAM 02.4 Additional information. [Optional]

Pantheon does not use investment consultants as standard practice in its investment due diligence process. We believe we have developed the expertise and experience internally to incorporate ESG factors into our approach. Pantheon does though have relationships with RI consultants and advisors with whom we make every effort to share best practices. Where necessary, we may introduce consultants to our GPs to help with their implementation of RI procedures.

SAM 03	Mandatory	Gateway	General

SAM 03.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	☑	☑	☑

SAM 03.2 Additional information. [Optional]

As covered in 1.1, Pantheon applies ESG considerations at all stages of the investment process, both pre- and post-investment.

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

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PRI Principles for Responsible Investment

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6

SAM 10.1 Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	PE		
Review the manager's/general partner's responsible investment policy	☑		
Discuss the manager's governance and management of responsible investment	☑		
Meet staff with responsible investment responsibilities to assess their skills and competence	☑		
Discuss minimum responsible investment expectations that managers must meet	☑		
Discuss the role managers have played in collaborative initiatives	☑		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	☑		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	☑		
Review the manager's responsible investment disclosure, including PRI reporting	☑		
Assign specific weighting to ESG factors in your manager evaluation	☑		
Other general aspects in your selection process, specify	☑		
None of the above	☐		

Investment selection (pre-investment) of underlying holding

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	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	☑		
Other pre-investment aspects reviewed in your selection process, specify	☑		
None of the above	☐		

Investment monitoring (post-investment) of underlying holding

	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	☑		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	☑		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	☑		
Other post-investment aspects reviewed in your selection process, specify	☑		
None of the above	☐		

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	If you select any 'Other' option(s), specify

Key considerations in the due diligence process pre-investment include:

The types of sectors that the GP plans to invest in
How the GP identifies actual or potential ESG issues, and put in place procedures for risk mitigation.
Who is responsible for managing ESG risks? Is there any specialist internal resource to complement the work of the investment team, e.g. a risk or compliance officer?
The processes are in place to enable portfolio company management to address ESG issues and the control systems used
Whether the GP uses specialised external technical support to conduct environmental and social impact assessments as part of due diligence and / or to identify issues and design an action plan for improvements.
If the GP has previously invested in high-risk sectors, how such risks have been managed and did the GP proactively identify opportunities for improvements.
How does the GP plan to improve governance in investee companies, e.g. by strengthening boards or improving financial reporting
Does the GP already report on ESG matters? How and to whom?

As previously outlined, post-investment Pantheon maintains ESG risk ratings at GP, fund and company levels. This enables us to track the overall ESG risk profile in a particular portfolio as well as identifying any companies which exhibit a degree of ESG risk, which we will the aim to address with the GP. These ratings also form the basis of ESG risk reporting to clients.

Pantheon is proactive in raising potential ESG issues at Advisory Board meetings, which may help alert the GP and other LPs to such concerns.

SAM 10.2	Provide additional information relevant to your organisation's selection approach for non-listed assets. [Optional]

Pantheon also has procedures in place for examining the potential for fraud, rogue activities and other unethical behaviour of GPs. Pantheon's global footprint provides a comprehensive perspective of institutional quality funds across the world. Pantheon's extensive cross referencing of GPs prior to investment, including both on-list and off-list referencing through Pantheon's vast network, means that Pantheon makes every effort to invest only in fund managers that are of institutional quality and in managers that understand the importance of reputation in the market place.

Monitoring

SAM 12	Mandatory	Core Assessed	PRI 1-6

SAM 12.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

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General

	PE		
Include responsible investment as a standard agenda item at performance review meetings	☑		
Highlight examples of good responsible investment practice by other managers	☑		
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	☑		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	☑		
Include responsible investment criteria as a formal component of overall manager performance evaluation	☑		
Other general aspects of your monitoring, specify	☐		
None of the above	☐		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	☑		
Other ways ESG issues are incorporated in the pre-investment process, specify	☑		
None of the above	☐		

Investment monitoring (post-investment) of underlying holding

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	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	☑		
Request examples of ESG issues identified within the portfolio and action taken in response	☑		
Request details of how ESG factors were considered when preparing to exit from investments	☑		
Other ways ESG issues are monitored in the post-investment process, specify	☑		
None of the above	☐		

If you select any 'Other' option(s), specify

Pantheon does not operate a negative screen policy and as such we encourage our GPs to inform us of any ESG issues identified prior to acquisition. If the GP does complete a transaction where there are clear and identified ESG risks we will discuss mitigation strategies with the GP over the intended period of ownership and will monitor their progress against these plans and any deviations from them. We also actively engage with GPs over ESG issues that arise over their period of ownership that were not foreseen. Pantheon actively monitors press and other sources and will proactively engage with a GP if an issue has been raised in the public domain or through part of the Pantheon network.

SAM 12.2 Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

We continue to monitor the developments made by GPs and the emphasis they place on RI.

Communication

SAM 16 | **Mandatory** | **Core Assessed** | **PRI 6**

SAM 16.1 Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

○ Yes, we disclose information publicly

◉ Yes, we disclose information to clients/beneficiaries only

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SAM 16.3	Indicate what type of information your organisation proactively discloses to clients and/or beneficiaries about your indirect investments.

☐ How responsible investment considerations are included in manager selection, appointment and monitoring processes

☐ Details of the responsible investment activities carried out by managers on your behalf

☑ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership

☐ Other, specify

○ We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 16.4	Additional information. [Optional]

As previously covered, Pantheon distributes ESG risk reports to clients giving an overview on the level of ESG risk in portfolios.

With regard to specific issues that may arise in our portfolio companies, there may be a time lag between us being made aware of such an incident as we would need to be informed of this by the GP. Having said this, we make every effort to encourage our GPs to inform us of any incident in timely and efficient manner. If we become aware of any issue ourselves we would proactively contact the GP and if possible provide guidance and assistance in resolving the issue. We will inform our clients of any such issues as soon as we possibly can, either verbally or through more formal reporting.

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