PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Partners Group

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

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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	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	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	✓	Private							✓
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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PRI Principles for Responsible Investment

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

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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

% of assets under management (AUM) in ranges

- ○ <10%
- ◉ 10-50%
- ○ >50%

☑ 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 02	Mandatory	Peering	General

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

Switzerland

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

700

OO 03	Mandatory	Descriptive	General

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PRI Principles for Responsible Investment

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.

31/12/2013

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

	trillions	billions	millions	thousands	hundreds
Total AUM		43	476	000	000
Currency	USD				
Assets in USD		43	476	000	000

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 broad ranges

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

Asset class	AUM
Private equity	62%
of which listed private equity	1%
Private debt	11%
Private real estate	15%
Private infrastructure	9%
of which listed private infrastructure	2%
Total	100%

As of 31 December 2013

To upload the image click the*Save* button below

Gateway asset class implementation indicators

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OO 10	Mandatory	Gateway	General

OO 10.1 Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

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

OO 10.2 Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ○ Yes, our total listed equities are 10% or more of our total AUM
- ◉ No, our total listed equities are less than 10% of our total AUM

OO 11	Mandatory	Gateway	General

OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☑ Private debt
- ☑ Private equity
- ☑ Property
- ☑ Infrastructure
- ☐ None of the above

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 debt
- ☑ Private equity
- ☑ Property
- ☑ 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.

Core modules

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

RI implementation directly or via service providers

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Direct - Listed Equity incorporation

☐ Listed Equity incorporation

Direct - Other asset classes with dedicated modules

☑ Private Equity

☐ Property

☐ Infrastructure

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

☐ Private Debt

☑ Private Equity

☑ Property

☐ 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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PRI Principles for Responsible Investment

Partners Group

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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]

Partners Group's responsible investment policy explains the objectives of integrating ESG factors into the investment process and outlines the principles applied as well as practical steps taken to implement the ESG factors.

OA 02	Mandatory	Core Assessed	PRI 6

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

- ( ) Yes
- (•) No

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

- ( ) Yes
- (•) No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

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

The policy describes the key conflicts of interest that Partners Group is exposed to in investment management and which procedures have been established to ensure the matter is appropriately addressed and resolved. Potential conflicts of interest, including those relating to investment or allocation decisions, are referred to Partners Group's conflict resolution board which is defined and outlined in the policy.

○ No

Objectives and strategies

OA 05 | **Mandatory** | **Gateway/Core Assessed** | **General**

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

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

- ○ Quarterly
- ○ Biannually
- ◉ Annually
- ○ Every two years or less
- ○ It is not reviewed

○ No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General

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

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	Roles present in your organisation

☑ Board members or trustees

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

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

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Other Chief-level staff or head of department, specify

☑ Portfolio managers

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

- ☐ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Dedicated responsible investment staff

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ External managers or service providers

☐ Other role, specify

☐ Other role, specify

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

	Number

2

OA 08.3	Additional information. [Optional]

As explanation for the answer to the number of responsible investment staff see answer to question OA07.1

Promoting responsible investment

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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

☐ 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)

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]

We had discussions with the GRESB team during 2013 about participation in the benchmarking and plan to participate in 2014.

☐ 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

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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]

Partners Group was one of the first private markets signatory (2008) and Adam Frost sits on the private equity steering committee.

☐ 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

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]

We have integrated the principles of the Global Compact into our investment due diligence and ownership since 2006.

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

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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]

Partners Group proactively informs clients and potential clients about the benefits of responsible investment.

We also use our position as an investor in other funds to encourage GPs to integrate ESG considerations.

We have also spoken at a number of industry events.

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PRI Principles for Responsible Investment

Partners Group

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]

Partners Group views the selection and monitoring of external managers as one of its core competencies and therefore does not engage external consultants.

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	☑	☑	☑
Property	☑	☑	☑

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

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

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	PE	PR	
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

	PE	PR	
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

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	PE	PR	
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	☐	☐	

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:

	General

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	PE	PR	
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	PR	
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	PR	
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	☐	☐	

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

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

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Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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PRI Principles for Responsible Investment

Overview

PE 04	Mandatory	Core Assessed	PRI 2

PE 04.1 Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

◉ Our investment guidelines do refer to responsible investment

PE 04.2 Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

Partners Group's RI policy specifically mentions that relevant ESG issues are to be considered during due diligence, which includes a country and product check, and that our corporate governance role shall be leveraged to encourage responsible ESG practices by companies.

○ Our investment guidelines do not refer to responsible investment

○ We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6

PE 05.1 Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

○ Yes

◉ No

Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1

PE 07.1 Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

◉ Yes

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

We use long-term environmental and social trends (alongside other factors) to identify private equity investment opportunities. When doing due diligence on potential investment opportunities, ESG forms a critical element in the valuation and selection.

○ No

PE 09	Mandatory	Core Assessed	PRI 1,3

PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

ESG issues

☑ Environmental

	List up to three typical examples of environmental issues

Energy efficiency: We made a real-estate investment last year in Asia that plans to have energy usage >20% lower than equivalent buildings

Water: we use long-term environmental trends - e.g. increasing water scarcity - to identify investment opportunities. We are investors in a desalination plant in California

Carbon emissions: we seek to mitigate climate-change risks and have invested in renewable energy projects. We do not invest in coal power plants.

☑ Social

	List up to three typical examples of social issues

Diversity: we declined an investment in a restaurant business as it perpetuates negative misperceptions of the role of women in society.

Company culture: we are working with a portfolio company to strengthen its culture (e.g. training and development) to improve its employee satisfaction and retention

Labour practices: we are working with a portfolio company (leading discount retailer) to strengthen the monitoring and control of labour standards in its supply chain

☑ Governance

	List up to three typical examples of governance issues

Lobbying: when conducting due diligence on a financial services company we focused on whether it engages in lobbying and, if so, whether it reports transparently

Corruption: when investing in an infrastructure business in an emerging economy we focused on how it mitigates potential corruption risks.

Shareholding structure: when conducting due diligence on Chinese business we focused on its shareholding structure to ensure that minority shareholder rights would be respected

Post-investment (monitoring and active ownership)

PE 13	Mandatory	Gateway/Core Assessed	PRI 2

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

◉ Yes

PE 13.2 Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

○ >90% of portfolio companies

○ 51-90% of portfolio companies

◉ 10-50% of portfolio companies

○ <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3 Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

☑ Environmental

List up to three example targets of environmental issues

Energy consumption (MWh/m2/year): KPI for real estate investments' energy usage and efficiency

Carbon emissions (metric tonnes CO2/year): KPI for low carbon power projects (e.g. gas fired power station)

Water usage (m3/year): KPI for real estate and industrial portfolio investments

☑ Social

List up to three example targets of social issues

Employee satisfaction (employee turnover / year): KPI particularly used in labour intensive portfolio companies

Safety (Days away from work / thousand hours worked): KPI for measuring personal safety in businesses or assets involving construction or operational work

Child labour (compliance with spot checks on child labour): KPI for businesses exposed to potential risk of child labour (e.g. in retail supply chains)

☑ Governance

List up to three example targets of governance issues

Corruption (# incidents of illegal payments): KPI for businesses operating in sectors exposed to potential corruption risks

Board diversity (% of women on Board)

Political donations (whether all political donations are publicly disclosed)

☐ We do not set and/or monitor against targets

○ No

PE 14	Mandatory	Core Assessed	PRI 2

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

◉ Yes

PE 14.2 Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

○ >90% of portfolio companies

○ 51-90% of portfolio companies

◉ 10-50% of portfolio companies

○ <10% of portfolio companies

○ 0% of portfolio companies

(in terms of total number of portfolio companies)

○ No

Communication

PE 20 | **Mandatory** | **Core Assessed** | **PRI 6**

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

○ Disclose publicly

◉ Disclose to investor clients (LPs)/beneficiaries only

PE 20.3 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 20.4 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

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PE 20.5	Describe the ESG information and how your organisation proactively discloses it to your clients (LPs)/beneficiaries. [Optional]

Partners Group takes an integrated approach to reporting ESG information to its LPs and their beneficiaries. Relevant ESG factors are highlighted in quarterly reports to clients.

○ No proactive disclosure to the public or to clients (LPs)/beneficiaries

PE 20.6	Additional information. [Optional]

Partners Group also shares information publicly, via conferences and research reports, on its approach to responsible investment, case studies and outcomes achieved.

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