ESG and Corporate Responsibility Report

Annual Report 2016

Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS
## Contents

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman’s introduction</td>
<td>3</td>
</tr>
<tr>
<td>About this report</td>
<td>5</td>
</tr>
<tr>
<td>We are responsible investors</td>
<td>6</td>
</tr>
<tr>
<td>We are a responsible firm</td>
<td>23</td>
</tr>
<tr>
<td>We are responsible citizens</td>
<td>27</td>
</tr>
<tr>
<td>Partners Group: facts and figures</td>
<td>30</td>
</tr>
<tr>
<td>GRI Content Index</td>
<td>32</td>
</tr>
<tr>
<td>Contacts</td>
<td>34</td>
</tr>
</tbody>
</table>
Chairman’s introduction

Partners Group is committed to high ethical standards. This means acting as a responsible investor in managing our assets on behalf of our clients. It also applies to leading our firm in a principled manner to secure its long-term success. And it calls for positive contributions to society beyond our immediate business interests.

A private markets investment manager typically has a strong influence over how assets are developed and managed. This is particularly true for directly held investments. In applying this influence in a responsible way, Partners Group has chosen to pursue a systematic approach to integrating environmental, social and governance (ESG) factors throughout the entire investment cycle, in order to both enhance returns and manage risks. To underline this commitment, we have made it a principle of our Charter that we create lasting positive impact by managing assets with a long-term perspective and continuously raising our ESG standards.

Since our inception, we have been a pioneer of Responsible Investment in private markets. In 2006, we implemented the UN Global Compact guidelines in our investment processes and in 2008, we were one of the first private markets investment managers to sign the United Nations Principles for Responsible Investment (UN PRI). Today, we apply our proprietary Responsible Investment methodology to each investment opportunity from sourcing and due diligence through to value creation and exit.

In 2016, in line with our Charter commitment, we further enhanced our approach to Responsible Investment. Our specialists developed a proprietary ESG due diligence tool, which draws on the internationally recognized SASB standards. In addition, we defined ESG focus areas for 2017 for each of our industry verticals and asset classes. Our industry vertical and asset management heads are directly responsible for ensuring these focus areas are addressed throughout the year, enabling a more integrated and effective approach to ESG management.

Aside from integrating ESG factors into our investment process, we aspire to be a role model in terms of corporate responsibility. Our culture and Charter values, our Code of Conduct and ways to train our people so that we can all live up to this aspiration are regular topics discussed at Board level. We are committed to meeting high standards of corporate governance and observing responsible business practices to ensure the sustained success of our business. To support this commitment, this year we raised the bar in preparing this report by adopting the GRI Sustainability Reporting Guidelines, a leading international reporting standard. We believe this will ensure that all of our stakeholders have access to reliable, relevant and standardized information going forward.

Our commitments to creating lasting positive impact and being a role model in corporate responsibility extend beyond our immediate business interests. Our colleagues dedicate time, expertise and financial resources to PG Impact (Verein), our employee association that invests in social enterprises and donates money to organizations that deliver measurable social and environmental impact. All employee contributions are matched by Partners Group. In addition, Partners Group provides services and expertise to PG Impact Investments AG, an independent firm that invests on behalf of private and institutional clients in opportunities where positive social and environmental impact goes hand-in-hand with market-rate returns.

We hope you find this report relevant and insightful, and we look forward to having meaningful conversations about how we can further strengthen our effectiveness in being a responsible investment firm.

Dr. Peter Wuffli, Chairman of the Board of Directors
Ararat Wind Farm is a new-build wind farm located in the Australian state of Victoria. In February 2017, the development announced the successful installation of all of its 75 turbines. Once operational, these will have a combined capacity of 240MW, generating enough energy to power 123,000 homes on average per year.
About this report

Partners Group’s ESG and Corporate Responsibility Report covers the calendar year 2016 and includes three focus topics. The first section (‘We are responsible investors’) describes how we invest responsibly by integrating environmental, social and governance (ESG) factors throughout our investment processes. The second section (‘We are a responsible firm’) describes how we aim to ensure that Partners Group itself is managed responsibly, and the third section (‘We are responsible citizens’) outlines how we use our investment expertise to positively contribute to society beyond our core investments.

This year, for the first time, we have prepared our annual ESG and Corporate Responsibility Report in accordance with the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines. All facts and figures presented in the report are as of 31 December 2016 and cover our investment activities on behalf of our clients globally, unless otherwise stated. The GRI Content Index can be found at the end of this report on pages 32-33.

Defining report content and assessing materiality

In developing this report, we employed the GRI principles for defining report content. We took into account the needs and expectations of stakeholders, as well as what they consider to be material sustainability topics for both Partners Group and the broader private markets industry. In a first step, together with our Responsible Investment team and members of the Executive Committee, we mapped out the firm’s direct stakeholders and the channels through which the firm engages with each stakeholder group. Through these channels, we identified the sustainability topics each group considers to be most relevant in their relationship with Partners Group. Based on this analysis, we determined the material aspects that should be covered in this report, taking into account Partners Group’s span of influence over each issue. The full list of identified material aspects can be found in our GRI Content Index.

Our approach to stakeholder engagement

The chart below shows the direct and extended stakeholders identified in our stakeholder mapping process, as well as the engagement channels established with direct stakeholders.

For all direct stakeholders, as well as for Partners Group itself, one of the most material issues is ensuring ESG factors are systematically integrated throughout the investment cycle for all private markets asset classes. That is why this report focuses in particular on our approach to Responsible Investment.

GRI Sustainability Reporting Guidelines

The GRI’s Sustainability Reporting Guidelines are the most widely used comprehensive sustainability reporting standards in the world. We believe that by integrating the GRI Guidelines into our ESG and Corporate Responsibility Report we can enhance the value of our sustainability reporting and ensure that all stakeholders have access to reliable, relevant and standardized information.

Partners Group’s stakeholders and engagement channels

Note: bullet points indicate main engagement channels identified for each direct stakeholder group.
We are responsible investors

Partners Group is a leader in Responsible Investment integration. Since becoming one of the first private markets investment firms to join the United Nations Principles for Responsible Investment (UN PRI) in 2008, we have continuously enhanced the integration of ESG factors in our investment process.

This section will address how we live up to our responsibilities to our extended stakeholders through the investments we make.

Partners Group Charter

Partners Group has formalized its commitment to Responsible Investment as part of the firm’s purpose in its Charter. The Charter defines the essence of the firm. It reflects who we are and what we do, every day:

**We create lasting positive impact**

We manage assets with a long-term perspective to the benefit of individuals and societies worldwide. We aspire to be a role model in corporate responsibility and we continuously raise environmental, social and governance standards.

Extract from Partners Group’s Charter

ESG highlights of Partners Group’s direct investment portfolio*

<table>
<thead>
<tr>
<th>Corporate assets</th>
<th>Real assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>272'940</strong></td>
<td><strong>1'100'000</strong></td>
</tr>
<tr>
<td>Number of people employed by our 60 largest corporate assets in private equity and private debt.</td>
<td>Metric tons of carbon dioxide emissions avoided by our direct low-carbon power assets.</td>
</tr>
<tr>
<td><strong>10'062</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Net new jobs created by our 25 largest private equity investments, equal to 9.2% of the employee base.</td>
<td>Percentage of Partners Group-controlled new real estate developments that have achieved a sustainability certification or energy efficiency standard.</td>
</tr>
</tbody>
</table>

* Figures as reported in Partners Group’s Annual ESG KPI Survey, Q3 2016.
Highlights of our approach to Responsible Investment and key accomplishments in 2016

Active ownership

We commit to materially improving the ESG performance of every one of our direct lead investments.
This ambitious goal has resulted in having over 100 ESG value creation projects running throughout our private equity, private real estate and private infrastructure portfolios in 2016, with roughly half focused on environmental factors, a third on social factors and the remainder on governance topics. Selected examples of these projects are presented on pages 13-21.

Industry-leading tools

We stay ahead of best practice through innovation.
In 2016, we developed and launched a proprietary ESG due diligence tool, informed by the Sustainability Accounting Standards Board (SASB) standards, that enables our investment teams to mitigate risks and identify value creation opportunities from the most material ESG factors for a given investment.

Integration

We embed ESG-specific goals into the performance goals of our investment professionals.
Investment teams are responsible for ensuring our ESG processes are implemented and our Industry Value Creation and Asset Management teams are accountable for the ESG focus topics in their respective areas of expertise.

Leadership

We have taken leadership roles in the UN PRI’s private equity and infrastructure steering committees since joining the organization.
This has enabled us to stay ahead of industry best practice and raise ESG standards among peers. In 2016, we earned an A+ rating from the UN PRI for the strategy and governance of our ESG program for a second consecutive year.

A timeline of our commitments to Responsible Investment leadership

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2006 | UN Global Compact: We implement the UN Global Compact guidelines into our investment processes for all assets.
PG Impact (Verein): We establish PG Impact (Verein), our employee association which aims to support social enterprises through impact investments. |
| 2008 | UN PRI: We are one of the first private markets investment managers to sign the United Nations Principles for Responsible Investment (UN PRI). |
| 2013 | UN PRI: We become chair of the UN PRI Private Equity Steering Committee, serving a two-year term. |
| 2015 | Partners Group Impact Investments: Partners Group Impact Investments AG, an independent, non-profit investment firm which specializes in investment solutions that create a positive social and/or environmental impact, is founded. |
| 2017 | UN PRI: We become a member of the newly formed UN PRI Infrastructure Advisory Counsel, with a two-year term. |
Our Policy and Methodology

Partners Group’s Responsible Investment Policy highlights two objectives of integrating ESG factors into the investment process:

- **Investment-related**: mitigate investment risk and, where possible, enhance investment returns.
- **Ethics-related**: ensure that the assets in which we invest on behalf of our clients respect and, where possible, benefit society and the environment.

To achieve these objectives, we take different approaches depending on the investment type.

**Directs**: we invest in attractive companies, real estate and infrastructure assets with high development potential.

**Secondaries**: we acquire companies or portfolios of assets with significant value creation potential on the secondary market.

**Primes**: we complement our direct and secondary investments with commitments to select managers in the private markets industry.

In our **direct** investments, where we have the greatest amount of control and influence, we have developed specific tools and processes to ensure thorough integration of ESG factors.

For our **secondary** investments, we evaluate the underlying assets to identify and mitigate risks from ESG factors. We also monitor the underlying holdings on an ongoing basis to ensure any potential ESG issues are quickly identified and communicated to clients.

For our **primary** investments, we undertake a ‘Primary ESG Assessment’ based on the UN PRI’s Limited Partners’ Responsible Investment Due Diligence Questionnaire, to assess the strength of a manager’s approach to ESG integration. We encourage our partners to reflect Responsible Investment standards in fund documentation.

**ESG Due Diligence Tool**

Partners Group’s proprietary ESG due diligence tool distills the wide range of potential ESG topics into those most likely to be material for a given industry and geography. Investment teams are responsible for evaluating risks from these factors, both for the investment and the firm, and for identifying opportunities to add value through improved ESG management.

**Annual ESG KPI Survey**

Once a year, Partners Group surveys its direct lead and joint-lead investments on key aspects of their ESG performance. We use the data from this review to understand the collective impact of our portfolio on society and the environment, assess the overall ESG maturity of each investment, and identify priority areas for engagement in the coming year.

**Partners Group’s ESG integration throughout the lifecycle of a direct lead investment**

<table>
<thead>
<tr>
<th>Sourcing</th>
<th>Due Diligence</th>
<th>Ownership</th>
<th>Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsible Investment Screening Framework</strong></td>
<td><strong>ESG Due Diligence Tool</strong></td>
<td><strong>ESG Project Initiation and Monitoring</strong></td>
<td><strong>ESG Engagement Summaries</strong></td>
</tr>
<tr>
<td>• Propose ESG investment themes based on identified ESG trends</td>
<td>• Complete ESG assessment</td>
<td>• On-board company management to our Responsible Investment approach in first 100 days</td>
<td>• Highlight ESG project impact in seller materials through case studies</td>
</tr>
<tr>
<td>• Negative screening of illegal and harmful products/services</td>
<td>• Identify and mitigate material ESG risks</td>
<td>• Implement priority and other ESG value creation projects</td>
<td>• Identify and meet ESG-related market requirements (e.g. IPO sustainability standards)</td>
</tr>
<tr>
<td></td>
<td>• Identify ESG value creation projects to prioritize post-acquisition</td>
<td>• Monitor ESG performance through annual ESG KPI and project reporting process</td>
<td></td>
</tr>
</tbody>
</table>
**Our Screening Framework**

Our Responsible Investment Screening Framework provides investment professionals with a clear basis for assessing the potential ESG risk of a given investment. The framework applies to all investment decisions and addresses both the products or services an asset provides and the overall integrity of its business practices. It provides a positive screen for investments that deliver clear benefits to society or the environment and room to engage with assets whose ESG management could be improved under our active ownership model.

### Partners Group’s Responsible Investment Screening Framework

<table>
<thead>
<tr>
<th>Products/services</th>
<th>Practices</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEEK</td>
<td>ENCOURAGE</td>
<td></td>
</tr>
<tr>
<td>WEIGH</td>
<td>WEIGH</td>
<td></td>
</tr>
<tr>
<td>EXCLUDE</td>
<td>EXCLUDE/ENGAGE</td>
<td></td>
</tr>
<tr>
<td>EXCLUDE</td>
<td>EXCLUDE/ENGAGE</td>
<td></td>
</tr>
</tbody>
</table>

**Beneficial**: clear, positive impact on society or environment

**Neutral/potentially harmful**: possible adverse impact on society or environment

**Harmful**: significant, clear negative impact on society or environment

**Illegal/banned under international protocols**

For illustrative purposes only.

---

**Partners Group ESG integration case study**

In 2016, Partners Group was asked by the Sustainability Accounting Standards Board (SASB) to author a case study on innovation in ESG integration, which was published in the first edition of SASB’s ESG Integration Insights. The case study describes how Partners Group incorporated the SASB standards on ESG materiality by industry, which are based on a multi-year research effort, into its own ESG analysis, both during due diligence and ownership.

**Due diligence**

To facilitate and further institutionalize the process of establishing materiality across sectors and industries, Partners Group developed a proprietary ESG due diligence tool, which draws on the SASB standards. The integration of the standards into the tool has added significant value to the initial ESG assessment as these encompass all sectors of the economy and provide comprehensive coverage of the diversity of investment targets in Partners Group’s multi-asset class pipeline.

**Ownership**

Once an investment has been made on behalf of Partners Group’s clients, Partners Group conducts an ESG onboarding with each company or asset’s management in the first 100 days of ownership to align on priority areas for ESG engagement during the ownership period. Integrating the SASB standards into the ESG analysis has added value to the process by clearly demonstrating the link between the target areas of engagement and the potential for material impact on the business.

In the coming year, Partners Group will continue to work with SASB to advance the practice of incorporating material ESG factors into investment decision-making.

A full version of the case study can be downloaded here: [https://goo.gl/FxsGaZ](https://goo.gl/FxsGaZ)

SASB is a US-based non-profit organization, whose mission is to develop and disseminate sustainability accounting standards that help companies disclose material, decision-useful information to investors. [www.sasb.org](http://www.sasb.org)
Foncia is France’s market-leading provider of residential property management services, with more than 8'000 employees and over 500 branches. In 2016, the company introduced a digital platform to facilitate communication with clients aimed at reducing paper consumption by 35%.
ESG integration by industry vertical and asset class

Investment managers have a number of strategic options of where to place the Responsible Investment function within their firms. While many managers place Responsible Investment within a Legal, Compliance, Investor Relations, or Public Affairs department, Partners Group chose to embed Responsible Investment within the Industry Value Creation (IVC) and Asset Management teams. As these teams work hands-on with our portfolio companies and assets and are directly responsible for operational improvements, they offer the most effective means for ensuring ESG topics are addressed throughout the investment process.

To adequately integrate ESG considerations into their respective areas of expertise, the IVC and Asset Management heads must have a firm command of:

- The most material ESG factors to consider during due diligence
- The key stakeholder groups most affected by the company’s or asset’s operations
- Practical ways to improve the ESG performance of companies or assets

At Partners Group, the leaders of each industry vertical and Asset Management function are responsible for ESG integration in their respective portfolios. Our dedicated Responsible Investment team coordinates the process of ESG integration across all asset classes, provides advice on ESG-sensitive topics to our Specialist and Global Investment Committees, and develops and shares ESG best practice across investments.

IVC industry vertical and Asset Management heads

**Healthcare**

Dr. Remy Hauser, 19 years of industry experience.

“In 2017 our portfolio companies will explore ways to maintain their leadership in product quality and safety.”

**Industrials**

Fredrik Henzler, 21 years of industry experience.

“As owners we are responsible for continuously improving employee safety, environmental performance and sustainable supply chains.”

**Financial & Business Services**

Lane McDonald, 16 years of industry experience.

“We will define best practice in terms of employee engagement and retention.”

**Consumer**

Tim Pihl Johannessen, 24 years of industry experience.

“Each of our consumer companies will set measurable goals to improve the environmental and social performance of their supply chains.”

**Media, Telecommunications & IT**

Christian Unger, 21 years of industry experience.

“We will explore opportunities for reduced energy consumption, focused on technology improvements for data centers.”

**Real Estate**

Pamela Alsterlind, 29 years of industry experience.

“Now that we have achieved great energy savings across the portfolio, I would like to find more opportunities to integrate solar power.”

**Infrastructure**

Brandon Prater, 27 years of industry experience.

“Renewable energy is a key investment theme within the Infrastructure team, where we are focusing on innovative, low-emission technologies.”
Axia NetMedia designs, installs and operates ‘open access’ fiber-based internet and data networks across North America and France. The company specializes in bringing fast broadband to rural and semi-rural areas, allowing rural communities to access the 21st century communication infrastructure available in urban centers.
Healthcare

Healthcare comprises a broad range of sub-industries, including medical equipment and supplies, managed care, healthcare distributors, healthcare delivery and pharmaceuticals. Material ESG topics range from the management of resources like energy and hazardous waste, to the protection of a patient’s data. The key stakeholder groups in the healthcare sector tend to be the recipients of care and the government entities charged with ensuring a healthcare system that promotes good public health. Typical ESG projects our team works on within the sector can include efforts to improve quality of care, enhance information security, and reduce environmental footprint.

ESG topics likely to be material

- Energy management
- Waste and hazardous materials management
- Access and affordability
- Patient welfare
- Data security and privacy
- Product quality and safety

Examples of ESG integration in the healthcare portfolio in 2016:

**Voyage Care, UK**

Voyage Care provides support for thousands of people with learning and physical disabilities, brain injuries, autism and other needs across the UK. We acquired Voyage Care in September 2014 in a consortium with Duke Street and Tikehau. During our ownership, we have ensured industry-leading quality of care. Voyage Care operates within a robust quality assurance audit framework that has each service internally audited quarterly, in order to generate a score and action plan for any identified requirements, as well as annually by a Quality and Compliance Manager. In addition, every two months, our Quality Assurance board meeting follows the development of issues related to patients’ health, staff behavior and service quality complaints, and ensures appropriate mitigation measures are taken in order to continue to provide best-in-class services. Finally, all services are inspected by the appropriate UK regulatory bodies. As of September 2016, 93% of its services were rated as ‘Good’ or ‘Outstanding’ by the UK’s Care Quality Commission. This is almost 16% higher than the sector average and testament to the efficacy of our managers, teams and systems, as well as to the high quality of care the company provides.

**Care Quality Commission (UK)**

The Care Quality Commission (CQC) is an independent regulator of health and social adult health in the UK, established in 2009. It ensures health and social care services provide people with safe, effective, compassionate, and high-quality care and encourages care services to improve.

**MultiPlan, US**

MultiPlan, Inc. (MultiPlan), the healthcare industry’s most comprehensive provider of healthcare cost management solutions, was acquired by Partners Group and Starr Investment Holdings in March 2014. Early in due diligence, Partners Group’s investment team highlighted information security as a critical ESG risk and opportunity for the company. While the healthcare industry’s transition towards digitalized electronic health records improves efficiency and service delivery to patients, it also increases the risk of patient data and other sensitive information being stolen, exposed, or accessed by malicious parties. Although MultiPlan’s information security practices rated significantly higher than other companies in the healthcare industry according to a 2015 rating by BitSight Technologies, a security expert that assesses a company’s risks and evaluates performance, Partners Group and the company’s board recognized an opportunity to strengthen the company’s data security practices even further. Building on an initial cyber security rating of 770 (‘advanced’) against an industry benchmark of 710 for the financial industry and 620 for healthcare, Multiplan undertook measures to increase its rating, achieving a score of 810 by the end of 2015. This underscores the firm’s commitment to having industry-leading security and business continuity practices to help protect sensitive patient data. In mid-2016, Partners Group and Starr Investment Holdings sold Multiplan to affiliates of Hellman & Friedman.
**Industrial Verticals**

The industrials vertical covers companies that produce goods used in construction and manufacturing, including industrial machinery, tools, and electronic equipment. Material ESG topics tend to focus on environmental management of operations, the health and safety of the workforce, and the responsible sourcing of inputs. The heavy use of manual labor and the environmental footprint of active operations result in a stakeholder emphasis on the workforce and society. Typical ESG projects can include efforts to reduce energy consumption, improve the management of hazardous waste, and enhance health & safety performance.

**ESG topics likely to be material**
- Water and wastewater management
- Lifecycle impacts of products and services
- Product quality and safety
- Materials sourcing
- Energy management
- Greenhouse gas emissions
- Employee health, safety and wellbeing

**Mapping of key stakeholders**

- Financial partners
- Society
- Suppliers / contractors
- Customers
- Workforce
- Government

Examples of ESG integration in the industrials portfolio in 2016:

**Dynacast, US**

Dynacast is a global manufacturer of precision engineered metal components, utilizing proprietary die-cast and metal injection molding technologies. Partners Group acquired a controlling stake in the company in January 2015. In 2016, Partners Group worked with the company’s management team to improve environmental management. In April, the company partnered with a major battery company to install five state-of-the-art power pack batteries at its Lake Forest plant, lowering annual energy consumption by more than 6%. The battery blocks control energy consumption and demand during peak hours.

**VAT, Switzerland**

VAT Group AG (VAT) is the leading global developer, manufacturer and supplier of high-performance, high-end vacuum valves, multi-valve modules, edge-welded bellows and related value-added services. The company was acquired by Partners Group in February 2014, together with Capvis. In 2016, Partners Group worked with VAT to initiate a comprehensive program to meet the requirements arising from worldwide environmental legislation and green procurement initiatives. In line with the principles and policies defined by the industry association for the Consumer Technology Association (CTA), VAT limited or eliminated the presence of certain non-environmentally-friendly substances in its products. VAT also obtained certificates in quality management (ISO 9001) and environmental management (ISO 14001).

**ISO 9001**

The ISO 9001 certification sets out criteria for implementing a quality management system and can be used by any organization, regardless of its field of activity. Using ISO 9001 helps ensure that customers are provided with consistent, good quality products and services. Over one million companies and organizations in over 170 countries are certified to ISO 9001.

**ISO 14001**

The ISO 14001 certification maps out a framework that a company or organization can follow to set up an effective environmental management system. It can be used by any organization regardless of its activity or sector. Using ISO 14001 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.
Financial & Business Services

This industry vertical at Partners Group covers a range of companies, from financial services including personal banking, support services to businesses like customer service, and education companies focused on early childhood. Due to these companies’ reliance on human capital, ESG efforts focus on the workforce, with material topics being issues such as employee recruitment, development and retention and health & safety. There is also a heavy emphasis on the environmental and social impacts of the company’s operations on its customers. Typical ESG projects in this vertical can include efforts to increase employee engagement, promote business ethics, and protect sensitive customer data.

ESG topics likely to be material

- Recruitment, development and retention
- Data security and customer privacy
- Business ethics and transparency of payments
- Customer welfare
- Employee health, safety and wellbeing

Mapping of key stakeholders

Examples of ESG integration in the financial & business services portfolio in 2016:

Foncia, France

Foncia Groupe SA (Foncia) is France’s market-leading provider of residential property management services, with a network of more than 600 branches located throughout France, Switzerland, Germany and Belgium. Partners Group acquired Foncia in September 2016 and, throughout the year, worked with management to promote the effectiveness of the company’s ESG Committee. In the coming year, the Committee will guide and monitor Foncia’s ESG initiatives in coordination with the Executive Committee and the Supervisory Board. For instance, on the environmental side, Foncia introduced a digital platform to facilitate communication and document exchange that aimed to reduce paper consumption by 35% using technologies such as an Extranet Platform to contact clients instead of letters. We plan to further expand this platform and also incorporate the large number of local suppliers into the digital ecosystem of Foncia.

KinderCare, US

KinderCare Education (KinderCare), the US’ leading private provider of accredited early childhood education, was acquired by Partners Group in August 2015. Early in the ownership period, Partners Group aligned with company management in prioritizing employee engagement and commitment as one of the company’s key differentiators in providing an unparalleled childcare experience to the families it serves. Building on investments in employee and leadership development, managerial accountability for engagement results, and cultural development programs, KinderCare was able to increase employee engagement at twice the rate of other companies its size in the US as measured by a Gallup Q12 employee engagement survey. To drive managerial accountability for ensuring employees feel committed to the company’s goals, every KinderCare center receives an individualized scorecard of engagement results, in contrast to the traditional model of company-level results driving local strategies. KinderCare executes targeted training and development programs, including a two-and-a-half day manager conference training for all Center Directors, a two-and-a-half day leadership conference for all district-level managers, two dedicated days of training for teaching staff, and 24 hours of on-boarding training for every new teacher.

Gallup Q12 employee engagement survey

Gallup’s Q12 survey comprises 12 questions that measure the most important elements of employee engagement, based on decades of research across different organizations, industries and countries. Organizations of any size, across any industry, can use the Q12 survey to measure engagement and its impact on business outcomes. To-date, the survey has been administered to over 25 million employees in 189 countries and 69 languages.
During construction, the Alexan East 6th Street development project in Austin, Texas, recycled more than half of its construction and demolition waste. This achievement, along with environmentally-friendly design choices, earned the building a star rating from the Austin Energy Green Building Program.
**Consumer**

Companies in the consumer sector provide goods or services that relate to items that are ultimately purchased by individuals rather than by manufacturers and industries. The growing awareness of a broad range of ESG issues within the consumer class has driven companies to broaden and deepen their sustainability programs. Material topics include responsible supply chain management, environmental management, and human capital development. As a result, stakeholder engagement focuses on customers and suppliers. Typical ESG projects can include efforts to reduce the environmental impact of operations, reduce injuries in the workplace, and improve employee retention.

**ESG topics likely to be material**
- Product quality and safety
- Supply chain management
- Materials sourcing
- Recruitment, development and retention
- Environmental management
- Fair disclosure and labeling

**Mapping of key stakeholders**

![Mapping of key stakeholders diagram]

Source: Partners Group.

Examples of ESG integration in the consumer portfolio in 2016:

**Pacific Bells, US**

Pacific Bells is a leading franchisee of Taco Bell and Buffalo Wild Wings restaurants in the United States, which we acquired in October 2016. Based on our experience in improving health & safety performance at other portfolio companies, we oversaw significant reductions in workplace injuries due to a concerted program of executive communication on safety themes combined with routine audits and local safety meetings. In addition to periodic third-party audits, each restaurant completes a self-audit each month as part of its safety meetings. We have also prioritized investments in Pacific Bells’ workforce, providing online and ‘on the job’ training programs. For the third year in a row, the organization exceeded the franchisor standard of 90% certification at all levels with a 95% overall certification level. This high level of certification leads to strong results in basic operational metrics as well as developing the workforce for success in current and future roles within the organization.

**Hofmann Menü Manufaktur, Germany**

Hofmann Menü Manufaktur (Hofmann) is a leading German provider of high-quality customized ‘cook & freeze’ products targeting small- and medium-sized business canteens and social organizations (e.g. hospitals, kindergartens, and retirement homes), which Partners Group acquired in January 2014. In 2016, we worked with company management to supplement conventional plastic-based packaging of its meals with eco-friendly, fully recyclable food trays. From July to September 2016, over 50’000 meals were shipped in these new containers and Hofmann will continue to scale up this program throughout 2017. Also in 2016, we exceeded our 2016-2020 target of reducing Hofmann’s energy consumption in its production process by 5%, reducing it by 6.9% as measured by the Energy Efficiency Index (EEI). We have now set a new goal of reducing Hofmann’s per unit energy consumption by 11% by 2020.

**Energy Efficiency Index**

The Energy Efficiency Index (EEI) is an indicator that tracks the energy used to produce a unit of product, providing a metric to compare year-on-year energy consumption in production processes.
Media, Telecommunications & Information Technology

This broad industry vertical at Partners Group includes companies providing software and IT services, internet media and services, and telecommunications firms. Material ESG topics tend to include energy, water and waste management, the environmental footprint of data centers, supply chain management, and workforce issues like diversity and inclusion. As a result, the stakeholder focus often emphasizes suppliers, customers, and the workforce. Typical ESG projects for this vertical can include efforts to enhance environmental and social supply chain standards, promote diversity in the workforce and reduce energy consumption.

ESG topics likely to be material
- Data security and customer privacy
- Energy management
- Diversity and inclusion
- Lifecycle impacts of products and services
- Materials sourcing
- Recruitment, development and retention

Mapping of key stakeholders

Examples of ESG integration in the media, telecommunication & IT portfolio in 2016:

**Axia NetMedia, France & North America**
Axia NetMedia (Axia) owns, operates and sells services over fiber optic communications infrastructure. The company delivers services to customers in Alberta, Western Massachusetts and France, largely in under-served rural areas. After acquiring the company in July 2016, Partners Group worked with the Axia management team in Alberta to prepare for the **Certificate of Recognition** (COR) health & safety audit carried out by the Government of Alberta. Axia achieved an industry-leading score of 97% and identified focus improvement areas for 2017, including enhanced GPS tracking of remote field technicians and first aid training for all staff.

**Certificate of Recognition**
A Certificate of Recognition (COR) is awarded to employers who develop health & safety programs to the benefit of employees that meet standards established by the Government of Alberta’s Occupational Health and Safety (OHS) Act. A COR shows that the employer’s health & safety management system has been evaluated by a certified auditor and meets regulatory standards.

**Systems Maintenance Services, US**
Systems Maintenance Services, Inc. (SMS) is a US-based company specializing in IT service and support solutions, including outsourced computer systems maintenance services to large enterprises, which Partners Group acquired in October 2016. Throughout the year, we worked with company management to achieve the **e-Stewards Standard** certification for the responsible recycling of aged electronic equipment. The certification confirms that SMS does not export hazardous electronic waste from developed to developing countries and ensures viable technology can be reused. It includes the ISO 14001 standard, making it is a ‘one-stop shop’ for responsible used electronics management.

**e-Stewards Standard**
Created by the environmental organization Basel Action Network in 2009, the e-Stewards Standard defines and promotes responsible electronics reuse and recycling best practices worldwide.
Real Estate

Partners Group’s direct real estate investments include both new developments and improvements to the management of existing, under-performing buildings. The resource intensity of these physical structures translates into a wide range of material ESG topics, including energy and water management, access to alternative transportation, and relationships with the surrounding community. The sector’s stakeholder focus emphasizes engagement with tenants (customers) and the suppliers and contractors that build and operate the structure. Typical ESG projects, especially for new developments, can include obtaining a certification in sustainable design from an internationally-recognized certification body.

ESG topics likely to be material
- Energy management
- Water and wastewater management
- Environmental/social impacts on assets and operations
- Business ethics and transparency of payments
- Access and affordability
- Community relations

Mapping of key stakeholders

Examples of ESG integration in the real estate portfolio in 2016:

**200 North Michigan, Chicago, US**

200 North Michigan is a 41-story, mixed-use development project with over 400 units and approximately 22’000 square feet of retail space situated near the financial district of Chicago, Illinois. Partners Group invested in the construction of the building in September 2013. With the support of Partners Group’s Private Real Estate Asset Management team, the building achieved a Gold-level certification from the United States Green Building Council’s Leadership in Energy and Environmental Design (LEED) program in 2016. The certification body noted particular achievements in construction waste management, water use reduction, and access to alternative and public transportation.

**LEED certification**

The United States Green Building Council’s Leadership in Energy and Environmental Design (LEED) is the most widely used third-party verification for green buildings, with around 1.85 million square feet being certified daily. LEED works for all buildings – from homes to corporate headquarters – at all phases of development. Projects pursuing LEED certification earn points across several areas that address sustainability issues. Based on the number of points achieved, a project then receives one of four LEED rating levels: Certified, Silver, Gold and Platinum.

**Alexan East 6th Street, Austin, US**

Alexan East 6th Street is a Class A multi-family residential development project in Austin, Texas. Partners Group invested in the project in January 2015. In coordination with Partners Group’s Private Real Estate Asset Management team, the building implemented a number of green initiatives at the property, including the installation of electric car charging stations, procurement of Energy Star Appliances and LED lightings, and the introduction of an energy-efficient heating, ventilation and air conditioning system in the clubhouse and leasing area. In 2016, the development was awarded a green rating by the Austin Energy Green Building Program.
Sydney Metro Northwest is Australia’s largest public transport infrastructure project. The project is focused on sustainability and has implemented a number of initiatives to reduce its impact on the environment. For example, it has designed its train wash facilities to recycle over 80% of water back into the wash system.
Infrastructure

Infrastructure is the set of structural elements that support the day-to-day function of human society, including the provision of water, power, and transportation. Relevant government entities tend to regulate the most material ESG factors for this asset class, including health & safety, the environmental impact of operations, and governance topics like bribery and corruption. However, an asset can undertake a number of additional ESG initiatives, such as efforts to reduce its environmental footprint, improve relations with the local community, and enhance overall project governance and controls.

ESG topics likely to be material
- Water and wastewater management
- Employee health, safety and wellbeing
- Community relations
- Environmental/social impacts on assets and operations
- Business ethics and transparency of payments

By following the Equator Principles, Fermaca affirms that environmental and social factors are systematically assessed and all relevant standards are adhered to. In addition, the framework introduces a stakeholder engagement and grievance mechanism and increases transparency in reporting. Through this initiative, environmental and social factors have been systematically integrated into Fermaca’s decision-making processes. In equipment selection for example, efficiency and emissions are a key decision criteria.

Sydney Metro Northwest, Australia

Sydney Metro Northwest is a rail infrastructure construction project being carried out for the New South Wales government in Australia. Partners Group invested in the project in September 2014. The project’s sustainability policy is underpinned by over 20 leading performance targets and a strategy that drives best practice for design and construction, securing the sustainability of the future operations of Sydney Metro Northwest. During the construction phase, Partners Group monitored the hard targets and maximum footprint values in place for energy, fuel, water, carbon, waste, local workforce as well as performance measures linked to community wellbeing, land use integration and biodiversity. For example, in 2016 a bespoke electricity consumption software model was developed to predict, track and refine operational electricity consumption in relation to traction, stations, precincts, on-site energy generation and maintenance facilities. To improve energy efficiency and reduce consumption during peak demand, LED lighting, energy efficient fans, heating, cooling and ventilation systems were installed. New trains were also fitted with energy-saving braking capacity and have improved efficiency compared to those of existing Australian rail networks.
Our renewable energy portfolio in 2016

Renewable energy is a key focus area for Partners Group’s Private Infrastructure team. Since 2001, the team has invested EUR 1.1 billion in 12 renewable energy assets globally, including investments in solar power, onshore wind power and offshore wind power. The illustration below shows the renewable energy assets in our portfolio in 2016. Combined, these assets have a total generation capacity of around 2’300MW, with another 630MW currently under construction.
We are a responsible firm

We are committed to good corporate governance and responsible business practices, as well as to the ongoing development of our diverse, global team. Our strong corporate culture fosters this development and aims to ensure sustained talent retention and the success of our business over the long term.

Our culture

We attribute much of our success to-date to our unique and entrepreneurial culture. Our firm was founded to deliver superior investment performance and built on the twin maxims of ‘clients first’ and ‘make it happen’. In order to pass on Partners Group’s core values and strategy to the next generation of leaders and employees around the world, we have the Partners Group Charter, a living document for all employees that epitomizes these core values. It guides our behavior, activities and decisions and reflects who we are and what we do, every day. The Charter is an integral part of employee on-boarding and continued training for management through to entry level staff and is available in full at: www.partnersgroup.com/charter.

Our core values

We are curious and enthusiastic, putting our hearts and minds into what we do. We are fully committed to our clients and their beneficiaries. We are proud of our colleagues, accomplishments and partners in business.

Together we are Partners Group

We deliver quality and honor our promises. As an organization committed to learning, we substantially invest in training and mentoring, and we design and operate world-class systems and processes. We take our fiduciary duty seriously, recognizing that our reputation is our most valuable asset.

No compromises; no surprises

We are a team

Teamwork at all levels turns our diversity into strength and colleagues into friends. Our partnership is built upon integrity, honesty and fairness, and grows from empathy and respect. It calls for trust and transparency, and seeks constructive dialogue and open debates.

We are recognized as role models in our professional and personal conduct. We proactively identify, develop and nurture our future leaders. We are caring and demanding to form a high-performance culture.

Our people are our assets

We identify opportunities, launch initiatives, overcome challenges and take risks with the mind-set of an owner. We are courageous, agile and hard-working, and we do not confuse activity with accomplishment. We take responsibility and assume accountability.

Make it happen; no excuses
Our team
At Partners Group, we recognize that our employees are our most important asset and the key to our success. In 2016, we continued to expand our global investment platform to over 930 employees (2015: 840 employees).

Partners Group Charter
As stated in our Charter, we aim to attract and retain talented individuals and give them the opportunity to grow both professionally and personally. We are committed to employee development and offer our professionals a number of training, mentoring and assessment programs to foster their career paths and growth.

Our people drive our business
As an employer of choice, we attract talented individuals who are committed to our purpose, and we develop these professionals to perform at their best. Together we create a demanding and rewarding environment throughout our firm.

Training programs
Our in-house training programs include apprenticeships, internships, on-the-job training and exposure, junior leadership programs, our Associate Program and the newly introduced Financial Analyst program.

In our Associate and Financial Analyst Programs, participants rotate across our investment teams as well as within our investment solutions, corporate finance, and portfolio support teams. By being part of these teams and receiving on-the-job training, program members gain hands-on experience and insight into our global business. They develop a broad understanding of our firm, as well as of the wider private markets landscape.

We are also committed to developing the leadership skills of our more senior professionals and team heads and offer a number of dedicated training programs including our regional Team Head Training in the US, Europe and Asia, annual leadership days, Partners Group Charter sessions and Vision Lunches conducted by our senior executives.

Firm-wide, all new joiners are invited to attend a two-part introductory program, which provides them with an overview of our teams and their main activities, as well as a two-day induction event known as ‘Wildspitz’, during which groups of new joiners are given the chance to hear about the firm’s history, strategy and culture from members of its senior management and receive insight into our employee performance and development efforts (see page 25). In addition, throughout the year, employees are encouraged to attend workshops and breakfast sessions aimed at gaining a deeper understanding of the firm’s culture and Charter.

Mentoring
Our mentoring program encourages senior leaders to take direct personal responsibility for talent development. It gives employees the chance to find a more senior and experienced professional within the firm who can act as a personal mentor. It is a dedicated program designed to connect experienced senior professionals with the firm’s future leaders. In 2016, we increased our mentoring program participants by 60%, with over 90% of the firm’s Partners now serving as mentors.

Assessment programs
We evaluate individual performance and development through both a quantitative goal setting and a qualitative 360° assessment process to ensure employees receive feedback on their development and achievements. This is designed to empower employees to reach their personal and professional goals. More information about these assessment programs can be found in our 2016 Compensation Report: www.partnersgroup.com/compensation-report.

2016 snapshot

<table>
<thead>
<tr>
<th>Training</th>
<th>Mentoring</th>
<th>Transfers</th>
<th>Career moves</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>~200 employees further trained / developed</td>
<td>Over 90% of our Partners serve as mentors</td>
<td>~90 permanent moves and assignments to different offices</td>
<td>~70 new career opportunities through internal moves and rotations</td>
<td>11.3% - within our target range of 10-15%</td>
</tr>
</tbody>
</table>
‘Wildspitz’ is the name of a mountain in Switzerland. However, over the years that mountain has lent its name to Partners Group’s traditional introduction event for new joiners. Over the course of two days, small groups of new employees are invited to the Wildspitz event and given the chance to hear about the firm’s history, strategy, culture and core values from members of its senior management team.
Diversity & inclusion
Partners Group is an equal opportunity employer and does not discriminate against employees or applicants on any basis. Based on our Charter, we commit ourselves to ensuring a non-discriminatory environment, to offering equal opportunities, and to promoting diversity of perspectives. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Partners Group are based on merit, qualifications, and abilities. This governs all aspects of employment, including selection, role opportunity, job or project assignment, promotion, reward, discipline, termination, and any further stages in our employee lifecycle.

We pride ourselves on building diversity into our workforce, welcoming a broad array of professionals and hiring and fostering local talent throughout our global platform. Today, our more than 900 professionals represent close to 60 different nationalities spread across 19 offices in 15 countries around the world, with around 40% of our global workforce made up of female employees (see page 31).

Corporate governance
We are committed to meeting high standards of corporate governance and aim to be consistent with international best practices. To establish the basis for strong corporate governance, we have adopted policies and standards in areas such as the Board’s responsibilities, duties and independence, and the relationship between the Board and management. The Board has established specific sub-committees to promote and monitor their respective areas of responsibility: the Risk & Audit Committee, the Nomination & Compensation Committee, the Strategy Committee, the Markets Committee and the Investment Oversight Committee.


Code of Conduct
We want to preserve the high legal, ethical and moral standards which have always been at the heart of our success and aim to foster a culture of compliance with international and local laws and regulations. Over the years, Partners Group has established a comprehensive set of policies and directives to ensure these aims are achieved. All employees must undergo targeted education sessions in which these directives and policies are introduced. Additionally, on an annual basis, all employees are required to take and pass an online compliance training program to ensure the content of these documents is consistently understood and applied. In 2017, we also published our Code of Conduct, which summarizes our most important policies and ethical standards. Together with our Charter, the Code guides our everyday behavior, activities and decisions. It applies to all employees of Partners Group and its affiliates worldwide and covers our dealings with all internal and external stakeholders and other third parties. Our Code of Conduct is available in full on our website: [www.partnersgroup.com/code-of-conduct](http://www.partnersgroup.com/code-of-conduct).

Environment
We consider our firm as well as all individual employees directly responsible for protecting our environment. While we are unable to completely avoid emissions in our daily activities, we compensate for this through investing in sustainable, green projects geared at improving our environment.

In line with our Group Environmental Policy, we are also fully committed to reducing consumption of resources and improving their efficient use; managing waste and applying the principles of reduction, re-use and recycling in our offices; avoiding pollution by reducing unnecessary business travel; taking environmental issues into consideration when purchasing goods and services; and considering environmental issues and energy preservation in the acquisition, design, renovation, location and use of office buildings.
**We are responsible citizens**

We support entrepreneurial projects and organizations that create positive, high-impact and measurable social and/or environmental benefits through our employee foundation PG Impact (Verein), as well as through the independent global impact investment firm PG Impact Investments AG.

**PG Impact (Verein)** is a tax-exempt association run entirely by Partners Group employees, who contribute their time, expertise and money to identify, evaluate and invest in high-impact projects. Its mission is to make direct impact investments or grants and donations to social organizations.

**PG Impact Investments AG** is an independent impact investment firm, which Partners Group supported the launch of in 2015.

PG Impact Investments AG and PG Impact (Verein) are complementary, yet separate entities, although there are strong synergies between the two. The insights and networks built through the development of PG Impact (Verein) helped to launch PG Impact Investments AG. In turn, PG Impact Investments AG contributes to PG Impact (Verein) by helping to source smaller-scale impact investment and grant opportunities.

PG Impact (Verein) is a tax-exempt association run entirely by Partners Group employees, who contribute their time, expertise and money to identify, evaluate and invest in high-impact projects. Its mission is to make direct impact investments or grants and donations to social organizations.

**2016 impact grant example: America Needs You**

America Needs You (ANY) is a not-for-profit organization focused on improving economic mobility for first-generation college students in the US by improving educational outcomes. ANY’s interventions are designed to improve graduation and employment rates for this disadvantaged population. ANY began operating in New York in 2010 with an inaugural class of 50 Fellows. The organization expanded to New Jersey in 2012 and to Illinois and California in 2016. ANY has more than 400 alumni Fellows today, and will serve more than 400 Fellows over the 2016-2017 academic year. Its positive social impact includes: (i) 96% of ANY Fellows have graduated or are on track to graduate from college vs. an 11% national average for first-generation college students, (ii) 100% of ANY Fellows attending community colleges have transferred to four-year colleges, vs. a 14% national average for first-generation college students, and (iii) ANY Fellows achieve starting salaries around 20% above national averages, resulting in an expected increase in lifetime earnings of USD 600,000. PG Impact made a donation of USD 50,000 on behalf of Partners Group employees to support ANY’s 2016 expansion to Illinois. Partners Group has facilitated introductions to other impact investors and invited ANY Fellows to apply to the inaugural class of the Partners Group Financial Analyst Program (see page 24 for more information).

**2016 impact investment example: SunCulture**

SunCulture is a social enterprise based in Nairobi, Kenya, which sells a complete solution called AgroSolar Irrigation Kit, a solar-powered drip irrigation system that makes it more productive and less water intensive for farmers to grow crops. SunCulture was founded in 2012 by Samir Ibrahim and Charles Nichols. To-date, the company has sold over 450 systems, generating more than USD 580,000 in revenues. The SunCulture business model catalyzes positive social impact for small-hold farmers.
by increasing crop productivity, generating additional income per acre via affordable irrigation solutions, offering financing assistance and assisting in access to local supermarkets. It also generates environmental impact by offering a water efficient irrigation solution with potential water savings of 1.3 billion liters annually and a solar powered irrigation solution enabling the use of solar energy instead of diesel or electricity. PG Impact invested USD 150,000 on behalf of Partners Group employees in a round A equity financing of USD 700,000.

PG Impact Investments AG

Inspired by the success of its impact investments, in 2015 Partners Group supported the launch of an independent investment firm, PG Impact Investments AG. PG Impact Investments’ vision is that private investment, innovation and entrepreneurial talent can provide solutions to the challenges facing the poorest people in society. The firm serves an international clientele of professional investors who seek investment solutions that offer positive financial returns while also helping to address pressing social or environmental needs.

All profits from PG Impact Investments are used to finance social initiatives and ventures which aim to benefit underprivileged communities, but which would typically not meet the criteria to receive funding through commercial investors or investment funds. While independent, PG Impact Investments is supported by Partners Group and its employees, and benefits from the firm’s global infrastructure, investment know-how and specialist resources.

To find out more about PG Impact Investments, visit www.pg-impact.com.

2016 investment example: GoodLife Pharmacy

In November 2016, PG Impact Investments invested in East Africa’s leading pharmacy chain, GoodLife Pharmacy, on behalf of its clients. In partnership with Leapfrog Investments and other co-investors, PG Impact Investments will support the growth strategy of GoodLife Pharmacy with a target to provide quality access to more than 1 million emerging consumers by 2021.

GoodLife provides trusted pharmaceuticals to 600,000 customers from convenient locations across East Africa. Founded in Nairobi in 2014, the company has quickly grown to reach 19 stores under CEO Tony McNally, and plans to expand its footprint to 100+ stores over the next five years.

The World Health Organization estimates that some 30% of all pharmaceuticals in Sub Saharan Africa are counterfeit. GoodLife is among the companies and stakeholders that are working at the heart of these issues. The Pharmaceuticals Society of Kenya’s Green Cross Audit recently endorsed GoodLife for best pharmacy practice in the country, a result of their demonstration of excellence in pharmacy practice and governance standards.

2016 investment example: Shared-X LLC

In October 2016, PG Impact Investments invested in the agribusiness Shared-X on behalf of its clients in order to support the company’s international growth plan and its focus on lifting smallholder farmers out of poverty.

Shared-X grows high-value specialty crops in emerging countries with two central objectives: first, to generate investor returns on its own farms, and second, to lift out of poverty the smallholder farmers in its communities. Shared-X aims to crack the code of the ‘yield gap’ – the astonishing difference in levels of agricultural production between developed and emerging market farmers. Shared-X collapses the yield gap by deploying advanced, sustainable farming techniques and marketing methods, and then sharing them with its neighbors.

PG Impact Investments will work closely with the company’s management team as Shared-X continues to expand its business and amplify its impact.
America Needs You (ANY) is a non-profit organization focused on improving economic mobility for first-generation college students in the US by improving education outcomes. To-date, 96% of ANY Fellows have graduated or are on track to graduate from college vs. a national average of 11% for first-generation students.
Partners Group: facts and figures

Partners Group is a global private markets investment management firm with over EUR 54 billion (USD 57 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in San Francisco, Denver, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 900 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees.

1 Revenues from management services, net, including other operating income and share of results of associates.
Number of employees by location and gender

<table>
<thead>
<tr>
<th>Region</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>117 (2015: 103)</td>
<td>49 (2015: 42)</td>
</tr>
</tbody>
</table>

Note: as of 31 December 2016.

Number of employees by rank and gender

<table>
<thead>
<tr>
<th>Rank</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior</td>
<td>166</td>
<td>127</td>
</tr>
<tr>
<td>Mid-level</td>
<td>143</td>
<td>226</td>
</tr>
<tr>
<td>Senior</td>
<td>38</td>
<td>149</td>
</tr>
<tr>
<td>Managing Directors &amp; Partners</td>
<td>7</td>
<td>74</td>
</tr>
</tbody>
</table>

Note: as of 31 December 2016.

Number of employees by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>&lt;30</th>
<th>30-39</th>
<th>40-49</th>
<th>&gt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>310</td>
<td>454</td>
<td>130</td>
<td>16</td>
</tr>
<tr>
<td>Female</td>
<td>459</td>
<td>305</td>
<td>166</td>
<td>45</td>
</tr>
</tbody>
</table>

Note: as of 31 December 2016.

Nationalities represented by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Countries represented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>28</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>16</td>
</tr>
<tr>
<td>Americas</td>
<td>8</td>
</tr>
<tr>
<td>Africa</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
</tr>
</tbody>
</table>
GRI Content Index

The table below indicates where information relating to the GRI G4 Sustainability Reporting Guidelines is located in this 2016 ESG and Corporate Responsibility Report and in our 2016 Annual Report. To keep this report short and reader-friendly, we have opted to display a condensed version of our GRI Content Index here. The full version is available on our website at: www.partnersgroup.com/responsibility/reports.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and analysis</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-1</td>
<td>Chairman’s statement.</td>
<td>3</td>
</tr>
<tr>
<td><strong>Organizational profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3</td>
<td>Name of the organization.</td>
<td>(70)</td>
</tr>
<tr>
<td>G4-4</td>
<td>Primary brands, products, and services.</td>
<td>30, (6-14, 71-72)</td>
</tr>
<tr>
<td>G4-5</td>
<td>Location of the organization’s headquarters.</td>
<td>30, (70)</td>
</tr>
<tr>
<td>G4-6</td>
<td>Number of countries where the organization operates.</td>
<td>30, (164)</td>
</tr>
<tr>
<td>G4-7</td>
<td>Nature of ownership and legal form.</td>
<td>(164-165)</td>
</tr>
<tr>
<td>G4-8</td>
<td>Markets served.</td>
<td>30</td>
</tr>
<tr>
<td>G4-9</td>
<td>Scale of the organization.</td>
<td>30, (4-5, 8-20)</td>
</tr>
<tr>
<td>G4-10</td>
<td>Total workforce by region and gender.</td>
<td>26, 31</td>
</tr>
<tr>
<td>G4-11</td>
<td>Total employees covered by collective bargaining agreements.</td>
<td>None currently</td>
</tr>
<tr>
<td>G4-12</td>
<td>Organization’s supply chain.</td>
<td>n/a*</td>
</tr>
<tr>
<td>G4-13</td>
<td>Any significant changes during the reporting period.</td>
<td>(109)</td>
</tr>
<tr>
<td>G4-14</td>
<td>Whether and how the precautionary approach is addressed.</td>
<td>(175-179)</td>
</tr>
<tr>
<td>G4-15</td>
<td>Endorsement of external charters, principles, or other initiatives.</td>
<td>7</td>
</tr>
<tr>
<td>G4-16</td>
<td>Memberships of associations.</td>
<td>7</td>
</tr>
<tr>
<td><strong>Identified material aspects and boundaries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-17</td>
<td>Entities included in the organization’s consolidated financial statements.</td>
<td>(70, 116-117, 164)</td>
</tr>
<tr>
<td>G4-18</td>
<td>Process for defining the report content.</td>
<td>5</td>
</tr>
<tr>
<td>G4-19</td>
<td>Material Aspects identified in the process for defining report content.</td>
<td>33</td>
</tr>
<tr>
<td>G4-20</td>
<td>Aspect boundary within the organization.</td>
<td>5, 33</td>
</tr>
<tr>
<td>G4-21</td>
<td>Aspect boundary outside the organization.</td>
<td>5, 6-22, 33</td>
</tr>
<tr>
<td>G4-22</td>
<td>Effect of any restatements of information provided in previous reports.</td>
<td>No significant restatements*</td>
</tr>
<tr>
<td>G4-23</td>
<td>Changes from previous reporting periods in scope and Aspect boundaries.</td>
<td>n/a*</td>
</tr>
<tr>
<td><strong>Stakeholder engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-24</td>
<td>Stakeholder groups engaged by the organization.</td>
<td>5</td>
</tr>
<tr>
<td>G4-25</td>
<td>Basis for the identification and selection of stakeholders.</td>
<td>5</td>
</tr>
<tr>
<td>G4-26</td>
<td>Approach to stakeholder engagement.</td>
<td>5</td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns raised through stakeholder engagement.</td>
<td>5</td>
</tr>
</tbody>
</table>

* More detail is provided in the full GRI Content Index on our website: www.partnersgroup.com/responsibility/reports.
GRI G4 General
Standard
Disclosures

| G4-28 | Reporting period. | 5 |
| G4-29 | Date of most recent previous report. | March 2016 |
| G4-30 | Reporting cycle. | Annual |
| G4-31 | Contact point for questions regarding the report. | 34 |
| G4-32 | ‘In accordance’ option chosen and GRI Content Index. | 5, 32-33 |
| G4-33 | Current practice with regard to seeking external assurance. | No external assurance |

Governance

G4-34 | Governance structure and decision-making committees. | 26, (164-189) |

Ethics and integrity

G4-56 | Values, principles, standards and norms of behavior. | 23, 26 |

GRI G4 Specific Standard Disclosures: Material Aspects and Disclosures on Management Approach (DMA)

The list below includes the material aspects identified during Partners Group’s materiality assessment process (see p. 5). All aspects identified pertain directly to Partners Group Holding AG and entities controlled by it.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Economic Performance</td>
<td>3, (6-20)</td>
</tr>
<tr>
<td></td>
<td>Indirect Economic Impacts</td>
<td>6-22, (6-20)</td>
</tr>
<tr>
<td>Environmental</td>
<td>Compliance</td>
<td>26</td>
</tr>
<tr>
<td>Labor Practices and Decent Work</td>
<td>Employment</td>
<td>24-26</td>
</tr>
<tr>
<td></td>
<td>Training and Education</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Diversity and Equal Opportunity</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Equal Remuneration for Women and Men</td>
<td>(149-150)</td>
</tr>
<tr>
<td>Human Rights</td>
<td>Investment</td>
<td>27-28</td>
</tr>
<tr>
<td></td>
<td>Non-discrimination</td>
<td>26</td>
</tr>
<tr>
<td>Society</td>
<td>Compliance</td>
<td>26</td>
</tr>
<tr>
<td>Product Responsibility</td>
<td>Marketing Communications</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Customer Privacy</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>26</td>
</tr>
</tbody>
</table>

Other Material Aspects identified

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Investment</td>
<td>3, 6-22</td>
</tr>
<tr>
<td>Risk management</td>
<td>(175-179)</td>
</tr>
<tr>
<td>Compensation and benefits</td>
<td>(141-162)</td>
</tr>
</tbody>
</table>
Contacts

**Responsible investment contact**
Adam Heltzer  
T +1 212 908 2746  
adam.heltzer@partnersgroup.com

**Media relations contact**
Jenny Blinch  
T +41 41 784 65 26  
jenny.blinch@partnersgroup.com

partnersgroup@partnersgroup.com  
www.partnersgroup.com

---

**Zug**
Zugerstrasse 57  
6341 Baar-Zug  
Switzerland  
T +41 41 784 6000

**San Francisco**
201 Mission Street, Suite 1200  
San Francisco, CA 94105  
USA  
T +1 303 606 3600

**Denver**
1600 17th Street, Suite 201  
Denver, CO 80202  
USA  
T +1 303 606 3600

**Houston**
Williams Tower  
2800 Post Oak Blvd., Suite 5880  
Houston, TX 77056  
USA  
T +1 212 908 2846

**New York**
The Grace Building  
1114 Avenue of the Americas, 37th Floor  
New York, NY 10036  
USA  
T +1 212 908 2600

**São Paulo**
Rua Joaquim Floriano 1120, 11º andar  
CEP 04534-004, São Paulo - SP  
Brazil  
T +55 11 3528 6500

**London**
110 Bishopsgate, 14th Floor  
London EC2N 4AY  
United Kingdom  
T +44 20 7575 2500

**Guernsey**
P.O. Box 477  
Tudor House, Le Bordage  
St Peter Port, Guernsey  
Channel Islands, GY1 6BD  
T +44 1481 711 690

**Paris**
14, rue Cambacérès  
75008 Paris  
France  
T +33 1 70 99 30 00

**Luxembourg**
2, rue Jean Monnet  
L-2180 Luxembourg  
B.P. 2178  
L-1021 Luxembourg  
T +352 27 48 28 1

**Milan**
Via della Moscova 3  
20121 Milan  
Italy  
T +39 02 888 369 1

**Munich**
Skygarden im Arnulfpark  
Erika-Mann-Str. 7  
80636 Munich  
Germany  
T +49 89 38 38 920

**Dubai**
Dubai International Financial Centre  
Level 3, Gate Village 10  
P.O. Box 125115  
Dubai, UAE  
T +971 4 401 9143

**Mumbai**
Suite 3103 (Four Seasons Hotel)  
114, Dr. E Moses Road, Worli  
Mumbai 400 018  
India  
T +91 22 2481 8750

**Singapore**
71 Robinson Road, Level 13-01  
Singapore 068895  
T +65 6671 3500

**Manila**
18/F Net Park Building  
5th Avenue Corner 26th Street  
Bonifacio Global City, Taguig  
1634 Metro Manila  
Philippines  
T +63 2804 7100

**Shanghai**
Unit 2003, Level 20, Tower II  
Jing An Kerry Centre  
No. 1539 West Nanjing Road, Jing An District  
Shanghai 200040  
China  
T +86 21 2221 8666

**Seoul**
25th Fl. (Gangnam Finance Center,  
Yeoksam-Dong) 152 Teheranro  
Gangnam-Gu, Seoul 06236  
South Korea  
T +82 2 6190 7000

**Tokyo**
Daido Seimei Kasumigaseki Bldg. 5F  
1-4-2 Kasumigaseki, Chiyoda-ku,  
Tokyo 100-0013  
Japan  
T +81 3 5532 2030

**Sydney**
Level 33, Aurora Place  
88 Phillip Street  
Sydney, NSW 2000  
Australia  
T +61 2 8216 1900