Compensation Report

Grace del Rosario-Castaño member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee

Dear clients, business partners and fellow shareholders,

We are pleased to present Partners Group's Compensation Report for 2020. In this report, the Nomination & Compensation Committee (NCC) explains how the firm's investment and financial performance translated into compensation for the Executive Committee and executive members of the Board of Directors. The NCC strives to continuously improve the transparency and clarity of the firm's approach to compensation and, in 2020, reached out again to key shareholders and proxy advisors to reflect on industry trends and gather outside perspectives. These periodic reviews of compensation structure allow the NCC to continuously enhance the firm's approach to compensation and further align the interests of clients, shareholders, employees and other stakeholders.

2020 in review

The COVID-19 pandemic struck in the early part of 2020 and government-enforced lockdowns quickly followed. At Partners Group, we made safeguarding the health of our employees and the employees of our portfolio companies our immediate priority. As the pandemic took hold, we were successful in protecting our colleagues from the initial spread of the virus with minimal disruption to business continuity. We then focused on protecting and driving forward performance in our portfolio by creating a COVID-19 action plan for each asset and by allocating leadership, operational and financial resources. These plans prioritized business continuity and the preservation of liquidity. The outbreak of COVID-19 amplified many of the transformative trends that are integral to our investment strategy and we can confidently say that the long-term transformational investment plans behind our portfolio assets are just as compelling now as in prior years. We believe that the overall outperformance of our resilient private markets direct portfolios against the relevant public markets benchmarks is testimony to this.

Towards the end of 2020, our focus primarily turned to new investment opportunities as transactional markets recovered. Our teams invested USD 9 billion on behalf of their clients in 2020 (2019: USD 15 billion), with a significant proportion of these investments undertaken in Q1 and Q4. The decrease in investment activity compared to last year resulted in lower targeted performance fee-weighted investment volumes, which negatively impacted the overall size of the long-term incentive (LTI) pool.

"Following the outbreak, we not only prioritized business continuity and the preservation of liquidity in our portfolio, but also successfully drove forward performance."

Despite the wider impact of COVID-19, Partners Group's 2020 overall performance demonstrated stability and resilience as measured by key indicators such as assets under management and management fees. We grew our AuM by 16%, net, to USD 109 billion and management fees grew by 1% to CHF 1'146 million. However, the market volatility introduced by COVID-19 impacted the exit environment and caused us to postpone several exit activities originally tabled for 2020, which led to a corresponding decline

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in performance fees. Total revenues, which incorporate management and performance fees, therefore decreased by 12% to CHF 1'412 million during the period. Nevertheless, our disciplined approach to cost management resulted in a stable EBIT margin of 62%. EBIT decreased by 13% to CHF 875 million, in line with revenue development. Based on the solid development of the business in all asset classes and regions, the confidence in the sustainability of the firm's growth as well as its strong liquidity position, the Board of Directors proposes to increase the dividend by a 8% to CHF 27.50 per share (2020: CHF 25.50 per share).

We aligned the compensation of independent Board members with best practice in public markets

In private markets, we expect independent directors on portfolio company Boards to actively participate in developing value-enhancing strategies. Therefore, we typically expect that they invest a meaningful proportion of their own net worth into the portfolio company alongside private equity investors in order to participate in both upside potential and downside risk. In line with this principle, and to encourage engagement in value creation initiatives, incentive schemes for independent Board members may allow for additional upside through options – but only if these Board members materially share the downside risk.

Until the AGM of shareholders in 2020, we followed a private markets approach in a public market context and granted restricted options to independent Board members. This approach to remunerating independent Board members led to discussions with some of our largest shareholders and proxy advisors and, ultimately, a comparably low acceptance rate of our Compensation Report over the last few years (2020: 64%, 2019: 69%). We have therefore decided to **replace restricted options with restricted shares** when compensating independent Board members and follow the best practice of public market board compensation.

LTI components for the Executive Committee continue to consist of two instruments

LTI grants continue to consist of two instruments. One instrument is the Management Performance Plan (MPP), which is a share-based incentive plan that aligns the pay of executives with the share price performance and the generation of future performance fees. The other instrument is the Employee Participation Plan (EPP) which is also a share-based incentive plan that allocates restricted shares.

The split of the LTI allocation is dependent on two factors: the total performance fee-weighted investment volume generated during the year (a higher volume may increase the allocation to MPP and vice versa) and the targeted share price development (the higher the targeted share price the lower the allocation to MPP and vice versa). **We expect that the MPP allocation for Executive Committee members may range from around one-third to two-thirds of the entire LTI allocation.** For 2020, the NCC decided to grant the Executive Committee one-third of their total LTI in MPP and two-thirds in EPP, as in 2019. Similar to their allocation in 2019, the executive members of the Board of Directors received 100% of their LTIs in MPP in 2020.

We continue to reward long-term value creation

We reward long-term value creation for our clients and shareholders and therefore do not use short-term incentives. While there is an annual performance assessment of executives, the outcome can only affect the nominal amount of LTIs in the respective year under review. This is intended to ensure that the interests of senior leaders are strongly aligned with those of clients – via performance fee generation through long-term investment success – and shareholders – via a growing management fee EBIT development that can ultimately support a growing dividend.

"Despite successful strategy implementation and strong leadership achievements, the combination of lower than targeted performance fee-weighted investment volumes and management fee EBIT growth resulted in a 15% lower LTI pool for executives on average."

2020 compensation

The total base compensation granted to the **Executive Committee** was similar to the one in 2019 and continues to be based on function. At Partners Group, the base compensation is equally split between a cash base salary and a fixed deferred cash payment. In contrast, the size of the LTI pool for the Executive Committee and executive members of the Board of Directors is linked to qualitative and quantitative performance targets. Despite successful strategy implementation and strong leadership achievements, the combination of lower than targeted performance fee-weighted investment volumes and management fee EBIT

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growth resulted in a 15% lower LTI pool for executives in 2020 on average.

With regards to the quantitative performance assessment, lower than expected average assets under management (AuM) growth in CHF due to unfavorable FX developments impacted management fee EBIT growth negatively (one of the two quantitative measures determining the LTI pool). Furthermore, many market participants adopted a more cautious investment approach due to government-enforced lockdowns during 2020. This resulted in a lower investment activity and ultimately generated lower than targeted performance fee-weighted investment volumes (the other key quantitative measure determining the LTI pool).

When looking at the performance of the Executive Committee, executives not only delivered on their strategic targets as the pandemic took hold but also showed strong leadership capabilities by managing the firm through one of the sharpest and fastest economic contractions since the Great Depression. The leadership performance of executives exceeded expectations from the NCC and therefore positively influenced the qualitative performance factors (see section 4.2.). Executives were focused on driving forward performance in our investment portfolio. Although the firm's private markets portfolio experienced some degree of volatility in the first half of 2020, we can confidently say that our transformative investment strategy not only provided stability but also facilitated a swift return to growth in the second half of the year.

Despite COVID-19, the Executive Committee also continued to expand the firm's ESG/CSR leadership position by developing a new Climate Change Strategy, which integrates the impact of climate change in the firm's investment process to reduce our contribution and mitigate its impact. It also put special emphasis on creating an awareness of the importance of diversity & inclusion in the culture and work practices of the firm. The increased awareness was created by unconscious bias trainings and the creation of a Diversity & Inclusion Committee which reports directly to the Executive Committee.

With regards to the compensation of **executive members of the Board of Directors**, the total base compensation granted in 2020 was similar to the amount granted in 2019. Their overall LTI pool decreased by 15% compared to last year's LTI pool, in line with the performance assessment of the Executive Committee. Due to the already significant shareholding in the firm by executive members of the Board of Directors, they were granted their LTI entirely in MPP (similar to 2019).

Independent Board members were compensated in line with the firm's compensation framework for independent Board members. They received half of their Board fee in restricted shares and the other half in cash. This framework is a module-based compensation approach and considers individual business assignments as well as their additional contribution to the firm's business beyond their committee responsibilities (see section 5.4). Below, the NCC provides information on planned adjustments to the compensation framework of independent board members, which are expected to become effective as of 2021, subject to the approval by shareholders at the AGM in May 2021. The proposed adjustments are outlined in Exhibit 12.

We continue to strengthen our efforts on equal pay

Partners Group is an equal opportunity employer and complies with all applicable fair employment practices laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group endeavors to make all employment decisions based on merit, qualifications, and abilities. The Human Resources team annually performs an equal pay analysis, which has shown no pay inequalities in recent years. The 2020 analysis is being performed by PWC.

In addition to the global equal pay analysis, Partners Group engaged the Center of Diversity and Inclusion of the University of St. Gallen to run the Swiss based analysis. In the course of the 2020 audit, KPMG conducted a formal examination of the legally required equal pay analysis for Switzerland. Based on KPMG's review of the equal pay analysis, nothing has come to their attention that the analysis is not in compliance with the requirements of the Gender Equality Act and Ordinance.

On behalf of Partners Group and the NCC, I would like to thank you for your continued trust and support.

Yours sincerely,

Grace del Rosario - Castaño

Grace del Rosario-Castaño
Chairwoman of the Nomination & Compensation Committee

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1. Philosophy & principles

1.1 Philosophy

Our investment approach favors trusted, long-term relationships that extend beyond our USD 109 billion AuM and our more than 1'500 global professionals who operate a significant number of businesses and/or assets in various industries and sectors across the globe. Our professionals are responsible for around 200'000 employees who work for our largest portfolio companies and are responsible for creating long-term value for the over 200 million beneficiaries who are served by our clients. They focus on business and ownership excellence to realize the full development potential of the private assets in which we invest.

Our compensation framework honors this responsibility and promotes a corporate culture that contributes to the company's sustained success, while adhering to its values. In order to best combine the interests of clients and shareholders with those of the firm's employees, our compensation framework includes a significant long-term incentive component that allows the firm and its employees to participate in investment success alongside clients.

1.2 Principles

When making compensation decisions, the NCC follows three guiding principles, which apply to all employees:

- **Compensation follows contribution:** we have a unique business model and operate as one global firm, albeit with differentiated business lines and functions. The main drivers for the variable compensation elements in the firm's compensation framework are relative to individual and team results, as well as to the firm's overall achievements.
- **Equal opportunity and non-discrimination:** we are an equal opportunity employer and do not discriminate against employees on the basis of age, gender, nationality, or any other basis that is inconsistent with our guiding values. The firm is committed to a "pay for performance" and "fair pay" policy and systematically conducts equal pay analyses across departments and regions.
- **Compensation is no substitute for talent development:** compensation is an important pillar of governance and leadership. It is, however, no substitute for a caring culture, for non-material ways of recognizing individual achievements and for helping the development of the firm's human capital.

Our compensation philosophy stems from our firm's values

Our mission is to deliver our clients superior and sustainable investment performance on a mid- to long-term basis, realizing the potential of private markets through our integrated platform. We strive for attractive financial returns and a premium valuation to honor the long-term trust of our shareholders. At the same time, our charter defines our overriding compensation philosophy for the most important asset of our firm, our employees.

Clients

We understand our clients' needs and build trusted, long-term relationships. Our aim is to provide tailored private markets portfolio solutions that enable them to achieve superior investment performance and benefit from market-leading client servicing. Our clients honor their trust through continued commitments to Partners Group's investment vehicles.

Shareholders

We strive for attractive financial returns and for a premium valuation to honor our shareholders' long-term confidence in our firm. Partners and employees hold a significant ownership in Partners Group and are thus aligned with external shareholders' interests.

Employees

We attract talented individuals who are committed to our purpose and values and help them to develop so that they perform at their best. Together, we create a demanding and rewarding environment throughout our firm.

Senior professionals are incentivized to participate in delivering superior investment performance to clients through their eligibility for compensation derived from the future performance fees earned by Partners Group's investments.

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2. Pay for performance

This chapter explains how the performance of the Executive Committee and executive member of the Board of Directors determines their LTI considerations. The nominal LTI pool granted for the year 2019 serves as a basis to calculate the LTI pool for the year 2020.

The total base compensation granted to the Executive Committee is based on function and represents a stable compensation component. It is equally spilt between a cash base salary and a fixed deferred cash payment. In contrast, the allocation of LTIs, which should encourage true entrepreneurialism and a long-term perspective, is linked to two equally weighted annual performance assessments:

- **Quantitative achievements,** which assess the firm's financial performance and investment development.
- **Qualitative assessments,** which emphasize strategy implementation and leadership achievements.

Based on the assessment of both quantitative and qualitative achievements, a compensation factor is determined, which is then multiplied by the previous year's nominal LTI pool. The NCC has decided to cap the compensation factor at a maximum of 2.0x the previous year's LTI pool on the upper end, and at a minimum of 0.5x on the lower end, preventing either excessive upside or downside for LTI participants. For example, a compensation factor of 1.0x means that the nominal LTI pool in the year under review remains the same as in the previous year.

2.1. Assessment of quantitative measures

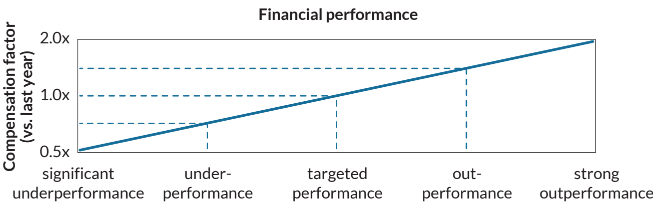
The financial performance of the firm reflects its operational strength and is typically a result of successful past decision-making. As such, the year-on-year development of the firm's financial performance is one of two quantitative input factors used to determine the compensation factor.

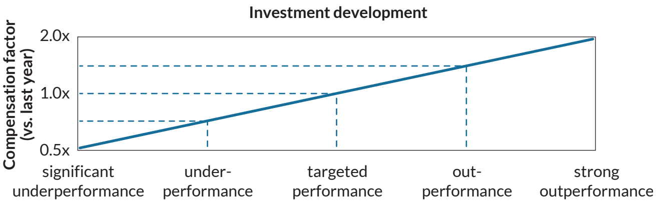
- **Assessment of financial performance (50% weighting)**
  We assess financial performance based on the year-on-year change in management fee EBIT (defined as EBIT, adjusted for non-management fee-related and non-ordinary items).[1]

Successful investments made in the year under review provide the basis for potential future performance fees. Their year-on-year development serves as the second quantitative input factor determining the compensation factor.

- **Assessment of investment development (50% weighting)**
  We assess investment development based on the year-on-year change in the performance fee-weighted investment volume (based on standardized model return targets defined at the investment date, adjusted for non-ordinary effects).

Exhibit 1: Year-on-year adjustment of quantitative assessment





2.2. Assessment of qualitative measures

The NCC also applies a qualitative assessment, which is equally important and considers performance metrics such as strategy implementation and leadership achievements.

- **Assessment of strategy implementation:** we assess the successful implementation of key strategic initiatives as well as continued business & operational excellence across our platform and businesses.
- **Assessment of leadership achievements:** we assess the progress made on ensuring the organizational effectiveness of the firm, an entrepreneurial leadership culture as well as the development of talented individuals who are committed to the firm's purpose.

The final compensation factor is derived from a combination of the abovementioned qualitative assessment and the quantitative assessment.

1 As of the NCC meeting in November of the year under review.

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2.3. LTI allocation to individuals

Once the top-down allocation for the Executive Committee and the Board has been completed and the overall LTI pool has been determined, the individual assessment of each executive member commences. Individual goals differ depending on a member's function and level of responsibility and are outlined in Exhibit 2.

At Executive Committee-level, each member has additional objectives with a greater focus on either investment-, client-, corporate-, service- or environmental social governance (ESG) as well as corporate social responsibility (CSR)-related activities. At Board committee-level, each executive member of the Board of Directors has additional responsibilities through his or her membership in the respective sub-committees.

2.4. Bonus-malus system

Long-term compensation awarded to members of the Executive Committee as well as to executive members of the Board of Directors is subject to "malus" and "clawback" rules. This means that the NCC and the Board may decide not to pay any vested but unpaid incentive compensation (malus) or may seek to recover incentive compensation that has been paid in the past where the payout and/or personal conduct has been proven to conflict with applicable laws and regulations respectively. In 2020, neither malus nor clawback rules were applied.

2.5. Equal pay analysis & audit

Partners Group is an equal opportunity employer and complies with all applicable fair employment practices laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group endeavors to make all employment decisions based on merit, qualifications, and abilities. The Human Resources team annually performs an equal pay analysis, which has shown no pay inequalities in recent years. The 2020 analysis is being performed by PWC.

In addition to the global equal pay analysis, Partners Group engaged the Center of Diversity and Inclusion of the University of St. Gallen to run the Swiss based analysis according to the methodology "Logib", defined by Swiss government. In the course of the 2020 audit, KPMG conducted a formal examination of the legally required equal pay analysis for Switzerland. Based on KPMG's review of the equal pay analysis, nothing has come to their attention that the analysis is not in compliance with the requirements of the Gender Equality Act and Ordinance. The analysis didn't show an equal pay gap between male and female employees. As a result, Partners Group was awarded with the certificate "We Pay Fair" from the University St. Gallen.


University of St.Gallen

Confirmation

for the

Partners Group AG

WE PAY FAIR

The analysis from the **Center of Diversity and Inclusion of the University of St. Gallen** showed no equal pay gap between male and female employees. As a result Partners Group was awarded with the certificate *"We Pay Fair"*.

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Exhibit 2: Group- and Executive Committee-level objectives & Board committee responsibilities

Group level	Objectives
Investment platform	• Achieve sustainable growth and scale of investment capacity • Create long-term value in portfolio assets
Financials	• Focus on sustainable growth through client satisfaction and therefore AuM growth • Balancing cost growth vs. revenue growth
Strategy implementation	• Successfully implement key strategic initiatives • Ensure business & ownership excellence across our platform and businesses
Leadership achievements	• Develop organizational effectiveness via an entrepreneurial leadership culture • Develop talented individuals who are committed to our purpose

ExCo[1)]-level	Objectives
Investments	• Achieve asset class-specific investment goals • Meet asset class-specific return targets • Establish best practices in corporate governance amongst portfolio assets
Clients	• Extend client coverage (regional and type of investors) • Best-in-class client coverage (incl. compliance) • Achieve fundraising goals (mandates, flagship programs and structured programs)
Services	• Maintain excellent investment service levels • Provide best-in-class client servicing • Contribute to our PRIMERA[2)] platform to the benefit of investments, clients & employees
Corporate	• Provide necessary corporate IT infrastructure landscape to ensure operational excellence • Maintain excellent compliance track record • Adherence to financial, operational, regulatory, legal and conduct risk as well as investment risk[3)]
ESG/CSR	• Achieve our 20 by 2020 and 25 by 2025 diversity targets[4)] • Ensure at least 90% of employees are trained on ethics-related issues • Establish a deep-dive ESG engagement with every one of our lead direct investments

Executive Board-level	Objectives
Strategy Committee	• Drive the firm via the Board on major business, corporate and organizational initiatives • Guide human capital development, financial planning and use of financial resources
Investment Oversight Committee	• Ensure quality/consistency of decision making processes and investment performance • Implement investment-related quality standards and measurement methods
Client Oversight Committee	• Drive strategic fundraising initiatives and identify new key product & fundraising themes • Lead the coverage of the firm's key client prospects and global consultant network

1) Executive Committee.
2) PRIMERA is our proprietary private markets database.
3) See Corporate Governance report 2020.
4) We have currently achieved 100% of our 20 by 2020 target, which consisted in having female ambassadors at 20 top universities globally in order to attract the next generation of talented young women. Further to this, by 2025, we wish to substantially increase the number of our female Partners and Managing Directors to at least 25 (see CSR report 2019/2020).

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3. Compensation components

The NCC continues to strive for consistency in the firm's approach to compensation and has not changed the methodology used to determine the size of the compensation pools. While the total base compensation is fixed and based on function, the LTI compensation has a clear link to strategy and tangible targets.

Exhibit 3: Compensation components for the Executive Committee

Type of compensation		Instrument
Total cash compensation	Base salary & benefits	Cash
	Deferred cash payment[1)]	
Long-term incentives	Management Performance Plan (MPP)	Equity (share-based)
	Employee Participation Plan (EPP)	

1) Deferred cash compensation is awarded at year end. It is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance of the firm or on individual level.

3.1. Total base compensation

At Partners Group, we do not apply the concept of short-term incentives as we put more emphasis on long-term value creation for clients and shareholders. Although there is an annual performance assessment of executives, the outcome can only affect the actual nominal amounts of long-term incentives which will then be allocated to individuals in the respective year under review. As such, the total base compensation is based on function and represents a stable compensation component. More specifically, it is based on an individual's role and level of responsibility for the upcoming year and is typically only adjusted with a change of role. The total base compensation is equally split between a cash base salary and a fixed deferred cash payment.

Cash base salary & pension benefits: cash base salaries are paid on a monthly basis and reviewed annually. The primary purpose of benefits, such as pension and insurance plans, is to establish a level of security for employees and their dependents with regard to the major economic risks of sickness, accident, disability, death and retirement.

The level and scope of pension and insurance benefits provided is country-specific and influenced by local market practice and regulations.

Deferred cash payment: the fixed deferred cash payment is awarded at year-end to the Executive Committee. The individual deferred cash payment set by our compensation framework is intended to be stable and predictable. The NCC has the flexibility to adjust the fixed deferred cash compensation downwards (not upwards) in the rare case the firm or an individual committee member severely underperforms in the year under review. An adjustment could also be applied in exceptional cases, such as crisis years that materially affect the quantitative performance factors. Any such adjustment, and the reason for the adjustment, would be made transparent to shareholders. Executive Committee members are typically notified of their deferred cash payment at year-end and receive the cash the following February.

Exhibit 4: Total cash compensation for Executive Committee members in 2020
(in thousands)

Function	Cash base salary	Deferred cash payment	Total cash compensation
Co-CEO$_{CH}$	CHF 750	CHF 750	**CHF 1'500**
Co-CEO$_{USA}$	USD 750	USD 750	**USD 1'500**
Executive Committee member	CHF 500	CHF 500	**CHF 1'000**

3.2. Long-term incentives (LTIs)

LTIs consist of two payout components, the Management Performance Plan and the Employee Participation Plan. The NCC believes that with increasing seniority, a larger part of an employee's total compensation should be variable and tied to long vesting periods and even longer payout mechanisms. This is intended to ensure that the interests of senior leaders are strongly aligned with those of clients and shareholders and involve a focus on both sustainable financial performance and long-term investment success.

Management Performance Plan (MPP): the MPP reinforces a strong alignment of interests with clients and shareholders, as it is dependent on both, the share price development in the first five years and the achievement of a performance fee target thereafter, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios.

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The MPP requires recipients to have a long-term view, as it often takes up to 14 years until the full performance fee payouts from a particular investment year are received. Given the length of this period, we believe the MPP promotes a focus on sustainable value creation and avoids inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients.

The MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board of Directors, the linear vesting is subject to a minimum five-year tenure in the respective committee.

MPP payouts have two performance conditions: the firm's share performance since grant must be positive, and future performance fee potential must translate into actual performance fees. Achieving only one condition while not the other results in no payout. For instance, achieving better than underlying ex ante defined model return targets in our investment portfolio can increase the payout, whereas value creation below targets decreases the MPP payout. In the worst-case scenario of insufficient value creation, it can be zero.

Any payout starts five years after grant and will be in a number of restricted Partners Group shares in the value of the respective payout of actual performance fees generated. We provided a sample calculation in the Appendix A.1. for more detailed information. The shares will have a two-year selling and exercise restriction.

Employee Participation Plan (EPP): Partners Group has a long-term history of granting equity incentives to all its professionals. EPP aims to align all Partners Group employees' interests with those of external shareholders.

The annual EPP allocation is linked to the annual performance review. While there is no direct performance condition after grant, the allocation of restricted shares does indirectly encourage the Executive Committee to create shareholder value through a rising share price by ensuring that the firm (i) continues to raise additional capital to increase its asset base and therefore management fees, (ii) to generate meaningful future performance fee potential and (iii) to maintain the firm's profitability by protecting its EBIT-margin target.

The EPP grants vest linearly over a period of five years, contingent on continued employment with the firm. Any vested EPP to the Executive Committee has a two-year selling restriction.

Exhibit 6: 2020 EPP vesting parameters (shares) for Executive Committee members

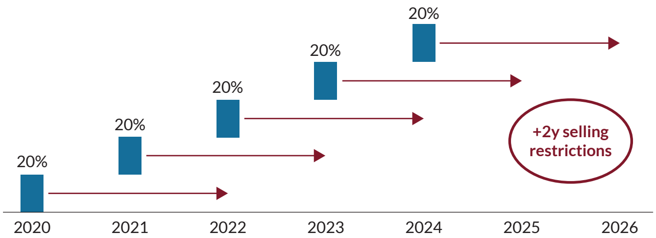
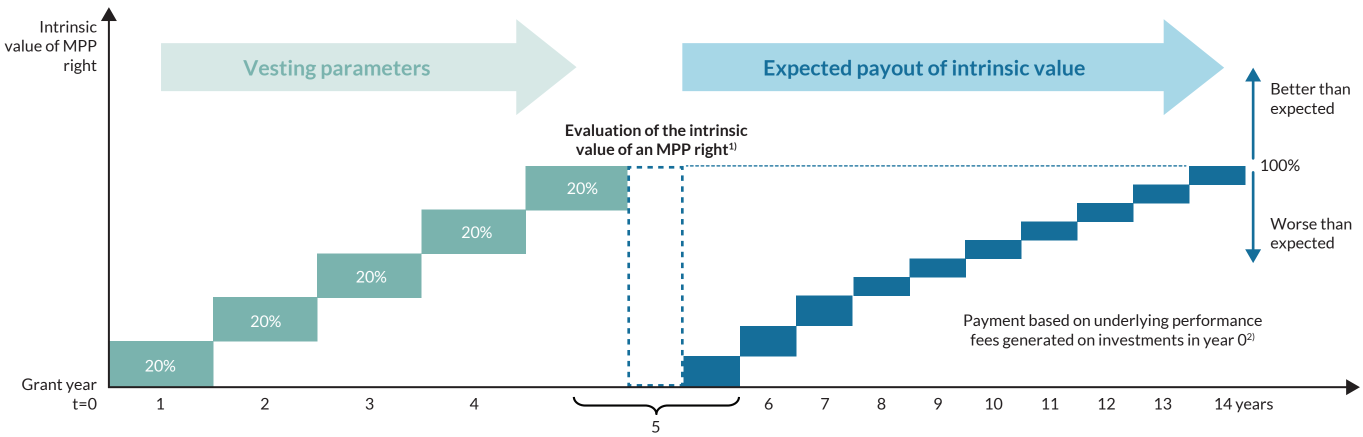


Exhibit 5: Vesting and expected payout of the MPP, one of the firm's LTI payout components



1) The intrinsic value of MPP rights is determined after five years of the grant and relates to absolute shareholder return (net of dividends). Thereby, the intrinsic value of the 2019 MPP cannot exceed 10x the grant fair value. See detailed description in Appendix A.1.
2) The time period following the determination of the intrinsic value of MPP rights focuses entirely on how such value will be paid out in the following years (in the form of restricted Partners Group shares). Both magnitude and timing are dependent on the actual performance fees generated for the firm. See detailed description in Appendix A.1.

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Allocation decisions between MPP and EPP: the NCC makes the allocation of MPP grants dependent on two factors: total performance fee-weighted investment volume generated during the relevant period (more potential performance fees may lead to a higher MPP allocation) and the pricing of MPP rights (a higher targeted share price may lead to a lower MPP allocation).

Thereby, the proportion of MPP relative to the overall LTI pool can range from around one-third to two-thirds. The remainder will be granted in EPP. While this provides a greater flexibility for the NCC, the overall allocation to MPP as opposed to EPP must stay within the overall LTI budgets.

Despite the increased flexibility for the NCC, the compensation of the Executive Committee in 2020 has not changed: two-thirds of the available LTI pool was granted in EPP (2019: two-thirds) and one-third in MPP (2019: one-third).

3.3. Further benefits provided disclosed according to "Ordinance against Excessive Compensation (OaEC)"

The OaEC requires board members of listed companies to disclose all benefits directly or indirectly provided to the Executive Committee and the Board of Directors, even if not related to compensation. As such, in relation to our firm-wide Employee Commitment Plan (ECP), we disclose any preferred terms granted to members of the Executive Committee and the Board for select investments in Partners Group programs.

The firm has a history of investing in its own investment programs alongside its clients (typically around 1% of the program's size) with its balance sheet. This aligns the interests of clients with those of the firm and its employees. For select direct investment programs, our institutional clients' expectations around the size of such investments could increase beyond the typical 1% of the program's size.

Given our strong liquidity position, we could also fund these investments alongside clients from our balance sheet. However, the Board decided to overweight the firm's lean balance sheet approach over a more pronounced usage of the balance sheet for investment purposes and therefore favored a strategy that requires more employees to meet additional investment expectations from clients. The view of our Board also reflects the opinion of external shareholders who value a lean balance sheet strategy higher.

Therefore, Partners Group's Board has introduced the ECP to increase incentives for employees to provide more substantial commitments and also align an even greater number of employees with clients. In line with industry practice, Partners Group offers its employees (including the Executive Committee and the Board of Directors) similar preferential terms & conditions to invest in its private markets programs, offering such investments at no management fees and no performance fees. Generally, the firm does not earn any revenues on its own investments alongside clients as any fees levied are rebated.

According to the OaEC, these discounted fees are subject to approval by shareholders. The NCC discloses in this report all such discounted fees granted to the Executive Committee and members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs (see Exhibit 9 for the Executive Committee or see Exhibit 13 for the Board of Directors).

3.4. Equity incentive plans have caused no dilution in the number of shares for shareholders since the IPO

There has been no dilution of Partners Group's share capital since the IPO in March 2006, as the firm holds treasury shares to provide shares for existing equity incentive programs. Furthermore, the treasury shares necessary to cover the granted non-vested shares have already been purchased by the firm. Further information on Partners Group's share-based payment plan can be found in section 4 of the notes to the consolidated financial statements included in the 2020 Annual Report.

As of 31 December 2020, the Group had 1'484'115 options and non-vested shares outstanding (2019: 1'560'494). The treasury shares that are necessary to cover the granted non-vested shares have already been put aside in separate escrow accounts in the name of the employees. Thus, the number of treasury shares is already net of non-vested shares outstanding. As of 31 December 2020, to cover the outstanding in-the-money options at the year-end share price of CHF 1'040.00 (2019: CHF 887.40) 319'783 (2019: 291'045) net treasury shares would be necessary (the amount takes the different strike prices of different option programs into account). As of 31 December 2020, Partners Group held 347'655 treasury shares, corresponding to 1.30% of the total share capital.

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4. Executive Committee compensation

4.1. Total base compensation

The total base compensation granted to each member of the Executive Committee followed the guidance in Exhibit 4 and was therefore similar to the amount granted last year. The overall amount of the total base compensation, incl. other compensation, remained largely flat on individual level but increased slightly on committee level to CHF 8.7 million (2019: CHF 8.1 million) predominately due to the hiring of our new CFO who joined the Executive Committee as of 1 July 2020.

With the COVID-19 global health crisis affecting almost every segment of the economy and temporarily causing unprecedented dislocation across financial markets, the Executive Committee, executive as well as independent members of the Board of Directors and many Partners Group employees contributed to the firm's **Portfolio Employee Support Fund**. Partners Group matched their contribution. The fund was designed to support the most financially vulnerable employees at our portfolio companies during the crisis by addressing the specific needs of the families and individuals in these workforces, in particular for medical expenses, healthcare and childcare. Our Co-CEOs forfeited 6 months of their annual base salary, donating in total CHF 0.7 million to this fund.

4.2. LTIs

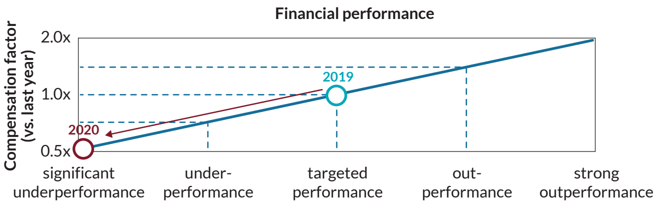
We received USD 16.0 billion in new commitments from our global client base in the twelve-month period ending on 31 December 2020 (2019: USD 16.5 billion). The firm's total AuM increased to USD 109 billion as of 31 December 2020 (31 December 2019: USD 94.1 billion), representing a net growth of 16% (2019: 13%). However, this double digit AuM growth in USD did not translate in a similarly strong average AuM growth in CHF due to an unfavorable FX development. As such, management fee EBIT growth was lower than targeted (one of the two quantitative measures determining the LTI pool).

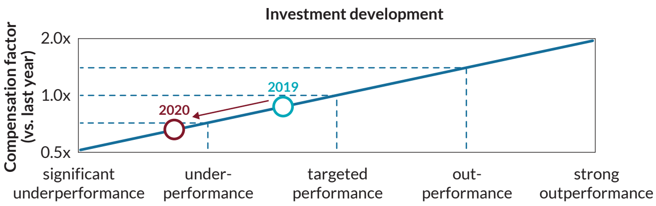
We also observed that many market participants adopted a more cautious investment approach due to government-enforced lockdowns. Our professionals took a similar cautious approach and focused on driving forward performance in our portfolio by creating a COVID-19 action plan for each asset in our portfolio. They – led by our executives – allocated leadership, operational and financial resources that prioritized business continuity and the preservation of liquidity. This shift in focus during 2020 resulted in lower investment activities amounting to USD 8.8 billion (2019: USD 14.8 billion) and therefore generated lower than expected performance fee-weighted investment volumes (the other key quantitative measure determining the LTI pool).

The **quantitative achievements** in 2020 resulted in an average quantitative compensation factor of **0.6x** (-40% compared to previous year):

- **Formula on financial performance 2020:** The management fee EBIT considered at the time by the NCC has remained largely flat and underperformed the 2020 Board expectations of around +10%. The financial performance therefore did not meet expectations and resulted in a compensation factor of **0.5x**.
- **Formula on investment development 2020:** The firm's performance fee-weighted investment volume decreased by ~30% compared to the previous year. The investment development did not meet expectations and therefore resulted in a compensation factor of **0.7x**.

Exhibit 7: quantitative assessment 2020





The assessment of the **qualitative performance** considers performance metrics such as strategy implementation and leadership achievements. The qualitative compensation factor came in **at the mid-point of 1.00x and 1.25x** due to the stronger leadership achievements of the Executive Committee. Key achievements underlining the change in the assessment are highlighted below.

- **Strategy implementation – expectations were met (1.00x): On the investment side**, the Executive Committee further developed and implemented the firm's cutting edge thematic and transformational

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investing strategy, which has been a priority focus area. In this context, it has also successfully re-designed the private equity direct investment team by consolidating the Industry Value Creation team, the ESG team and the Research Team into one single unit organized by the following four sectors: Health & Life, Services, Technology and Goods & Products. Additionally, the Committee established a clear path for our ESG/CSR and climate-related activities to address the Board's strategy around impact and action-oriented sustainability engagements in our lead portfolio assets.

On the client side, the Executive Committee took further action to achieve the firm's ambitions regarding the establishment of our global mandate leadership position. As part of this, it rolled out the firm's new plans for the creation of a strategic portfolio management dialogue with clients. This dialogue is supported by an unparalleled basis of mandate services, tailored to specific risk/return profiles through single or multi-asset class investment pools, and will enable clients to combine equity and debt exposure, match asset/liability needs through cash-flow profiling, and ramp up a portfolio quickly through investment level steering.

On the corporate side, the Executive Committee raised the financial accountability of various departments at the firm for achieving business plans. This included the introduction of management accounting methodology measures and incremental profit contribution assessments, which is designed to give departments better grounds for strategic decision making related to hiring and business build out.

- **Leadership achievements – slightly outperformed (1.25x):** The leadership performance of the Executive Committee exceeded expectations from the NCC and therefore positively influenced the qualitative performance factors in their annual assessment, mainly based on the following achievements:

  Crisis performance at portfolio level: not only have executives delivered on their strategic targets but they also showed strong leadership capabilities when managing the firm through one of the sharpest and fastest economic contractions since the Great Depression. Executives focused on protecting and driving forward performance in our portfolio by creating a COVID-19 action plan for each asset and by allocating leadership, operational and financial resources. We can confidently say that the long-term transformational investment theses behind our portfolio assets are even more compelling today than pre-COVID-19, as measured by higher EBITDA growth (11% y-o-y growth of August EBITDA in our lead direct private equity portfolio) and higher valuations (expressed in higher Money-on-Invested-Capital multiple increases).

  Crisis performance at client level: despite COVID-19, Partners Group received USD 16 billion in new commitments across all private markets asset classes and program types in the twelve-month period ending 31 December 2020. This was around the same amount as the firm raised in 2019 (pre-COVID-19) and above the firm's full-year 2020 guidance of USD 12 to 15 billion (guidance communicated in July 2020).

  Crisis performance at corporate level: as the pandemic took hold, the Executive Committee was successful in terms of the timing and implementation of COVID-19 measures. From a technology perspective, the Committee ensured minimal disruption to business continuity. From a team perspective, the Committee enabled the firm's professionals to work from home safely and took the necessary measures to protect our colleagues from the initial spread of the virus.

As a result of the quantitative and qualitative assessment, the overall LTI pool in 2020 decreased by 15% to 0.85x of last year's pool (the nominal LTI pool granted for the year 2019 serves as a basis to calculate the LTI pool for the year 2020). The Executive Committee was granted nominal LTI amounting to CHF 15.1 million in 2020 (2019: CHF 16.5 million), including the CFO as a new member of the Executive Committee. Around two thirds of the value was granted in EPP (2019: two-thirds) and one third in MPP (2019: one-third). Exhibit 9 outlines the total full-year compensation of the Executive Committee in detail.

4.3. Co-CEO compensation

The total base compensation across the entire Executive Committee and the Co-CEOs is outlined in Exhibit 4. In 2020, the total compensation for the firm's Co-CEOs are as follows:

David Layton: David Layton receives his total base compensation in USD. Expressed in CHF, he earned a total base compensation of CHF 1.41 million (2019: CHF 1.49 million), of which the cash base salary amounted to CHF 0.70 million and the deferred cash payment CHF 0.70 million. The total base compensation excluded other compensation, such as pension benefits and social security payments as outlined in Exhibit 9, amounting to CHF 0.06 million (2019: CHF 0.06 million). David Layton forfeited 6 months of his annual base salary, donating CHF 0.35 million to the firm's Portfolio Employee Support Fund.

David Layton's LTI grant decreased by 10% to 0.90x the previous year's LTI grant and amounted to CHF 3.83 million in 2020 (2019: CHF 4.25 million). The NCC assessed his performance based on his achievements of the Executive Committee-level objectives outlined in Exhibit 2 and concluded that the lower decrease relative to the overall LTI pool was mainly due to the achievements on how the firm protected performance in client portfolios throughout the pandemic. The firm's approach to building and developing businesses re-confirmed its strategic approach to investment. The overall outperformance of the firm's resilient private markets direct portfolios against the relevant public markets benchmarks is testimony to this. David Layton received two thirds of the LTI value in EPP (2019: two-thirds) and one third in MPP (2019: one-third).

André Frei: André Frei earned a total base compensation of CHF 1.50 million (2019: CHF 1.50 million), of which the cash base salary amounted to CHF 0.75 million and the deferred cash payment CHF 0.75 million. The total base compensation excludes other compensation, such as pension benefits and social security payments as outlined in Exhibit 9, amounting to CHF 0.29 million (2019: CHF 0.32 million). André forfeited 6 months of his annual base salary, donating CHF 0.38 million to the firm's Portfolio Employee Support Fund.

André Frei's LTI grant decreased by 20% to 0.80x the previous year's LTI grant and amounted to CHF 3.00 million in 2020 (2019: CHF 3.75 million). The NCC assessed André Frei's performance based on his achievements of the Executive Committee-level objectives outlined in Exhibit 2 and concluded that the slightly larger decrease relative to the overall LTI pool related to the differences in focus between André's role and that of David Layton, who has been more heavily involved in protecting the performance of client portfolios throughout the pandemic, as well as the development of the new Private Equity team set up. In particular during the pandemic, the NCC decided to reward the abovementioned accomplishments of David Layton relatively higher than those of André Frei. André Frei received two thirds of the LTI value in EPP (2019: two-thirds) and one third in MPP (2019: one-third).

4.4. Highest paid Executive Committee member

The highest paid Executive Committee member in 2020 was David Layton, Co-CEO. He was awarded a total base compensation of CHF 1.41 million (2019: CHF 1.49 million) excluding other compensation, and LTIs to the value of CHF 3.83 million (2019: CHF 4.25 million). The total compensation amounted to CHF 5.23 million in 2020 (2019: CHF 5.74 million), excluding other compensation, such as pension benefits and social security payments as outlined in Exhibit 9.

4.5. Compensation caps

Given that the total base compensation is based on function and represents a stable compensation component, which includes a cash base salary and a deferred cash payment, we make a technical adjustment to the compensation caps. Instead of calculating the compensation caps in relation to the cash base salaries of an individual member of the Executive Committee, we will now calculate the compensation cap in relation to the total base compensation.

As such, there is no longer need for a short-term cap as the relationship between cash base salary and deferred cash compensation is 1.0x. The cap on the LTIs, in relation to the total base salary, will be reduced from 10x to 5x. For 2020, the ratio between the committee members' LTIs compared to their total base compensation ranged from 0.85x to 2.72x in 2020 (cap = new 5x). These ratios exclude any other benefits (social security and pension contributions) and show the varying compensation levels among individuals based on their function, achievements and responsibility.

4.6. Executive Committee loans (audited)

Executive Committee members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2020, no loans were outstanding to either current or former Executive Committee members or to a related party of a current or former Executive Committee member.

4.7. Employee contracts (audited)

Employee contracts have no special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place in case of the departure of an Executive Committee member. Individual settlements will always be subject to the review and approval of the NCC. Partners Group did not make any such payments to current Executive Committee members in 2019 and 2020.

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Exhibit 8: Composition of the Executive Committee 2020 and functions of its members

Name	Joined Partners Group in	Nationality	Age	Position
André Frei	2000	Swiss	45	Co-Chief Executive Officer
David Layton	2005	American	39	Co-Chief Executive Officer and Head Private Equity
Hans Ploos van Amstel[1)]	2020	Dutch	55	Chief Financial Officer, Head Group Finance & Corporate Development
Juri Jenkner	2004	German	45	Head Private Infrastructure
Andreas Knecht	2009	Swiss	51	Chief Operating Officer, General Counsel and Head Corporate Operations
Marlis Morin	2003	Swiss/Italian	50	Head Client Services
Dr. Michael Studer	2001	Swiss	48	Chief Risk Officer and Co-Head Portfolio Solutions

1) Member as of 1 July 2020.

Exhibit 9: Executive Committee compensation for the full-year 2020 (audited)

In thousands of Swiss francs							2020
	Cash base salary	Deferred cash payment	Other[1)]	Subtotal cash compensation	EPP	MPP[2)]	Total[3), 4)]
André Frei, Co-Chief Executive Officer	750	750	297	1'797	2'000	1'000	4'798
David Layton, Co-Chief Executive Officer and Head Private Equity	704	704	55	1'463	2'550	1'275	5'289
Total Executive Committee	**3'704**	**3'704**	**1'255**	**8'663**	**10'054**	**5'024**	**23'741**

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in Appendix A.1.

3) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Executive Committee amounts to CHF 23'796 thousand, including CHF 55 thousand for discounted fees. The total compensation of André Frei and David Layton amounts to CHF 4'811 thousand (including CHF 13 thousand of discounted fees) and CHF 5'302 thousand (including CHF 14 thousand of discounted fees), respectively.

4) Total compensation of the Executive Committee (like-for-like), excluding LTIs and social security costs represents CHF 7.2 million and lies within the approved compensation budget of CHF 7.5 million at the 2019 AGM of shareholders in May. The additional budget required for the new CFO stems from the firm's "additional budget reserve" for new Executive Committee members according to art. 37 lit. 6 in our articles of association.

Exhibit 10: Executive Committee compensation for the full-year 2019 (audited)

In thousands of Swiss francs							2019
	Cash base salary	Deferred cash payment	Other[1)]	Subtotal cash compensation	EPP	MPP[2)]	Total[3), 4)]
André Frei, Co-Chief Executive Officer	750	750	271	1'771	2'500	1'250	5'521
David Layton, Co-Chief Executive Officer and Head Private Equity	745	745	58	1'548	2'751	1'500	5'799
Total Executive Committee	**3'495**	**3'495**	**1'081**	**8'071**	**10'903**	**5'600**	**24'574**

1) Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

2) Fair value of Management Performance Plan (MPP) as outlined in Appendix A.1.

3) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Executive Committee amounts to CHF 24'584 thousand, including CHF 10 thousand for discounted fees. The total compensation of André Frei and David Layton amounts to CHF 5'526 thousand (including CHF 5 thousand of discounted fees) and CHF 5'799 thousand (including CHF 0 thousand of discounted fees), respectively.

4) Total compensation of the Executive Committee, excluding LTIs and social security costs represents CHF 7.1 million and lies within the approved compensation budget of CHF 7.5 million at the 2019 AGM of shareholders in May.

5. Board compensation

The Board has the goal to build a sustainable, entrepreneurial business over the long term for the benefit of its clients, employees and shareholders. It thereby applies the same approach to the firm's governance as it does to the management of its portfolio companies, valuing a long-term approach when it comes to individual board- and management-led value creation projects.

The Board sets the compensation for its members at a level that reflects individual responsibility and contribution, as well as time allocated to the Board mandate. Beyond their statutory duties and supervisory and risk management tasks, Board members contribute to Partners Group's growth and development by supporting the analysis of investment opportunities, coaching senior leaders of the firm, working alongside client teams on business development and major client relationships, and actively contributing to the firm's corporate and cultural development.

5.1. Review of payout structure for independent Board members

Until the AGM of shareholders in 2020, we followed a private markets approach in a public market context and granted restricted options to independent Board members: in private markets, we expect independent directors on portfolio company Boards to actively participate in developing value-enhancing strategies. Therefore, we typically expect that they invest a meaningful proportion of their own net worth into the portfolio company alongside private equity investors in order to participate in both upside potential and downside risk. In line with this principle, and to encourage engagement in value creation initiatives, incentive schemes for independent Board members may allow for additional upside through options – but only if these Board members materially share the downside risk.

This approach to remunerating independent Board members led to discussions with some of our largest shareholders and proxy advisors and, ultimately, to a comparably low acceptance rate of our Compensation Report over the last few years (2020: 64%, 2019: 69%). We have therefore decided to **replace restricted options with restricted shares** when compensating independent Board members and follow the best practice of public market board compensation.

5.2. Compensation 2020

The compensation of the **executive members of the Board of Directors** was set as follows: the cash base salary is fixed at CHF 0.30 million p.a. For overall LTI allocations, the assessment of the compensation of executive members of the Board of Directors is in line with that of the Executive Committee. The NCC determined the overall LTI pool by looking at quantitative and qualitative criteria. In line with the LTI pool for the Executive Committee, the overall LTI pool for executive members of the Board of Directors decreased by 15% compared to the amount granted in 2019. Individual goals differ depending on a member's function and level of responsibility and are outlined in Exhibit 2. At Board committee-level, each executive member of the Board of Directors has additional responsibilities through his/her membership in the respective sub-committees. Due to their already significant shareholding in the firm, executive members of the Board of Directors were granted their LTI entirely in MPP rights (similar to last year).

Executive members of the Board of Directors contributed to the firm's **Portfolio Employee Support Fund**. Partners Group matched their contribution. The fund was designed to support the most financially vulnerable employees at our portfolio companies during the crisis by addressing the specific needs of the families and individuals in these workforces, in particular for medical expenses, healthcare and childcare. All four executive members of the Board of Directors forfeited 9 months of their annual base salary, donating CHF 0.9 million altogether to this fund.

For the compensation of **independent Board members**, the NCC continued to apply the existing detailed module-based approach as outlined in the compensation framework in Exhibit 11. The compensation will largely be determined by the business assignments carried out, the time each member allocates to Board committee responsibilities and their additional contribution to the firm's business beyond their committee responsibilities.

Independent Board members are each paid 50% in cash and – newly – 50% in restricted shares delivered in one installment in the current board period. These restricted shares have a five-year selling restriction[2]. Similar to last year, independent Board members did not receive any LTI and pension benefits.

2 Restricted shares have a five-year selling restriction as long as independent Board members serve on the Board of Partners Group Holding AG. Should they not be re-elected the selling restriction will be reduced to one year.

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Exhibit 11: Compensation framework: independent Board members

	Description	Compensation
Board membership	Regular Board work, including offsites; client AGM; and other Board-related work.	**Compensation:** CHF 0.10 million
Chair/member[1] (NCC, IOC, COC) **Member (RAC, SC)**	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	**Compensation:** CHF +0.05 million (for each assignment)
Chair (RAC)	Official RAC meetings and several other - mainly internal - meetings, and traveling.	**Compensation:** CHF +0.10 million
Ad-hoc Board committee work	Value creation and other PG-related initiatives via specially created committees.	**Compensation:** CHF +0.05 to 0.10 million, dependent on time allocation

1) The Strategy Committee (SC) and the Client Oversight Committee (COC) are not expected to be led by Independent Board members.

Consistent with industry standards, Board members may also invest into Partners Group investment programs on a no management fee and no performance fee basis. Any such discounted fees granted to members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs will be disclosed in the Compensation Report (see section 3.3). The respective revenues not generated due to these fee discounts to independent Board members amounted to around CHF 10 thousand and represented <0.001% of total revenues of the firm. Therefore, they are immaterial to influence their independent judgment.

5.3. Executive Chairman of the Board

The Chairman's role requires a substantial commitment concerning time and involvement. Under the leadership of the Executive Chairman **Steffen Meister**, the Board determines, among other things, the strategy of the firm and exercises ultimate supervision over management. The Chairman has a focus on strategic projects and drives forward business and corporate development (through his engagement as chair of the Strategy Committee). Moreover, he is actively involved in the development of client-related initiatives (through his seat on the Client Oversight Committee). He is, together with the Executive Committee, responsible for the development of the next generation of leaders and serves as a coach for the Executive Committee. The Chairman is also a member of the board of directors of the firm's portfolio company Hearthside Food Solutions and takes an active role in representing the firm vis-à-vis regulators, key shareholders, investors, and other important external stakeholders.

The Chairman is paid an annual base Board fee of CHF 0.30 million (2019: CHF 0.30 million). Steffen Meister forfeited 9 months of his annual base salary, donating CHF 0.23 million to the firm's Portfolio Employee Support Fund. He was assessed by the NCC and met his Board-level performance objectives outlined in Exhibit 2. Based on his achievements in 2020, he received the same compensation factor as the Executive Committee (0.85x). The Chairman was therefore granted LTIs amounting to CHF 1.28 million (2019: CHF 1.50 million), entirely granted in MPP. This brings his total compensation to CHF 1.64 million, including pension benefits as outlined in Exhibit 13 (2019: CHF 1.86 million).

5.4. Executive members of the Board

There are an additional three executive members of the Board of Directors, **Dr. Marcel Erni**, **Alfred Gantner** and **Urs Wietlisbach**, who are significant shareholders of the firm. Each is a founding partner of the firm and dedicates a substantial amount of his time to the firm. Each of them also plays an instrumental role in determining the firm's business and corporate strategy (via the Strategy Committee), in assessing the quality and consistency of decision processes, the investment performance achieved, the realization of the projected appreciation on individual investments, and the investment risks incurred (via the Investment Oversight Committee), and/or in driving forward major client relationships (via the Client Oversight Committee). Dr. Marcel Erni and Alfred Gantner hold various boards seats in Partners Group's lead/joint-lead portfolio companies.

The NCC assesses their contribution to each Board-level committee throughout the year. Dr. Marcel Erni and Messrs. Alfred Gantner and Urs Wietlisbach were each awarded an annual base Board fee of CHF 0.30 million (2019: CHF 0.30 million). Each founder forfeited 9 months of his annual base salary, donating CHF 0.23 million to the firm's Portfolio Employee Support Fund. With regards to their LTI allocation, each member met the expectations of the NCC on all Board committees and were each awarded an LTI grant of CHF 0.85 million (2019: CHF 1.00 million), entirely granted in MPP. This brings the total compensation of Dr. Marcel Erni to CHF 1.22 million (2019: CHF 1.36 million), Alfred Gantner to CHF 1.23 million (2019: CHF 1.36 million) and Urs Wietlisbach to CHF 1.22 million (2019: CHF 1.36 million), including pension benefits as outlined in Exhibit 13.

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5.5. Independent members of the Board

The independent Board members who focused on Board- and committee-related mandates at Partners Group are **Grace del Rosario-Castaño, Lisa A. Hook, Dr. Martin Strobel** and **Dr. Eric Strutz**. Independent Board members spend a significant amount of time contributing to several strategic board-level initiatives. They have many formal and informal interactions with management and employees across the firm on an extensive range of matters and projects (e.g. key strategic growth projects, key client-related matters, legal, compliance, audit, promotion considerations, leadership development etc.). As of 2020, independent Board members are each paid 50% in cash and 50% in restricted shares. They do not receive any LTIs or pension benefits. Select independent Board members hold boards seats in Partners Group's lead/joint-lead portfolio companies (see detailed overview in Partners Group's Corporate Governance Report 2020).

Lisa A. Hook was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.05 million for being a member of the Investment Oversight Committee, CHF 0.05 million for her contribution in the Risk & Audit Committee and CHF 0.05 million for being a member of the NCC. This brings her total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Grace del Rosario-Castaño was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.05 million for chairing the NCC and CHF 0.05 million for being a member of the Investment Oversight Committee. Furthermore, she was entitled to CHF 0.05 million for her special leadership and corporate development assignments in Asia, in particular in the firm's main offices in Manila and Singapore, and her work on the local board of Partners Group's Manila entity. This brings her total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Dr. Eric Strutz acted as Vice Chairman and Lead Independent Director and was paid an annual base Board fee of CHF 0.10 million. He additionally received CHF 0.10 million for chairing the Risk & Audit Committee. He was also entitled to CHF 0.05 million for his special assignment on the local board of Partners Group's UK entity. This brings his total compensation to CHF 0.27 million (including base fee and other compensation as outlined in Exhibit 13).

Dr. Martin Strobel was paid an annual base Board fee of CHF 0.10 million. He additionally received CHF 0.05 million for being a member of the Strategy Committee, CHF 0.05 million for his contribution in the Risk & Audit Committee and CHF 0.05 million for being a member of the NCC. Furthermore, he devoted additional time to Partners Group, providing guidance on operational excellence matters globally. In this ad-hoc Board committee work, Martin Strobel advises the Technology Steering Committee and the firm's "operational excellence" program, amongst others. He received another CHF 0.10 million for this special assignment. This brings his total compensation to CHF 0.37 million (including base fee and other compensation as outlined in Exhibit 13).

5.6. Loans to the Board (audited)

Members of the Board may apply for loans and fixed advances, subject to an internal review and approval process. Loans are made on substantially the same terms as those granted to other employees. As of 31 December 2020, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member.

5.7. Board contracts (audited)

Contracts with members of the Board have no special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place in case of the departure of a Board member. Partners Group did not make any such payments to current members of the Board in 2019 and 2020.

5.8. AGM 2021: Board compensation approvals

In this section, the NCC proposes changes to the compensation for its independent Board members as of 2021. These proposals are made based on the firm having significantly increased in scope and size over the past few years in its global investment, client and corporate activities. One of the consequences of the firm's growth was its inclusion into the Swiss Market Index (SMI) in September 2020, an index that represents the largest 20 listed companies in Switzerland.

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The NCC reviewed the existing compensation framework for independent Board members by conducting a benchmark analysis across 20 publicly listed firms, including US, European and Swiss alternatives and asset managers, as well as select members of the SMI. It concluded that certain adjustments should be made to select functions and responsibilities that reflect the growing regulatory complexity in our industry and increasingly global activities of our company (RAC), the increasing human capital management responsibilities with an increasing number of professionals (NCC), as well as the requirement to dedicate more time to other Board sub-committees (IOC, COC, SC).

The proposed amendments are outlined in Exhibit 12 and are expected to become effective as of 2021, subject to the approval by shareholders at the AGM in May 2021. The NCC decided to not fully close the compensation gap to other large listed Swiss financials firms, which show a higher remuneration for independent Board members, and believes that the proposed adjustment to compensation will provide a more competitive compensation package for independent Board members and continue to allow the firm to access best in class candidates.

Exhibit 12: Amended compensation framework for independent Board members as of 2021

	Current framework	New framework
Board membership	CHF 100’000	CHF 100’000
RAC	Chair: CHF 100’000 Member: CHF 50’000	Chair: CHF 150’000 Member: CHF 100’000
NCC	Chair: CHF 50’000 Member: CHF 50’000	Chair: CHF 100’000 Member: CHF 50’000
IOC, COC, SC	Chair: CHF 50’000 Member: CHF 50’000	Chair: chaired by executive member Member: CHF 100’000
Larger subsidiary PG board	Member: CHF 50’000	Member: CHF 50’000
Ad-hoc Board committee work	Dependent on time allocation. Example: for each additional ~10% estimated time allocation CHF +100’000	Dependent on time allocation. Example: for each additional ~10% estimated time allocation CHF +100’000

The final proposals will be outlined in the invitation sent to shareholders for the AGM to be held on 12 May 2021.

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Exhibit 13: Board compensation for the full-year 2020 (audited)

In thousands of Swiss francs						2020
	Cash	Other[1)]	Subtotal cash compensation	Shares	MPP[3)]	Total [4), 6)]
Steffen Meister, Executive Chairman	300	64	364	-	1'275	1'639
Dr. Eric Strutz, Vice Chairman	125	20	145	125	-	270
Dr. Marcel Erni	300	71	371	-	850	1'221
Alfred Gantner	300	75	375	-	850	1'225
Lisa A. Hook	125	19	144	125	-	270
Grace del Rosario-Castaño	125	20	145	125	-	270
Dr. Martin Strobel	175	23	198	175	-	373
Urs Wietlisbach	300	73	373	-	850	1'223
Total Board of Directors	**1'750**	**365**	**2'115**	**551**	**3'825**	**6'491**
Michelle Felman[5)]	46	7	53	46	-	99
Patrick Ward[5)]	60	11	72	46	-	118
Total Board of Directors incl. former members	**1'856**	**383**	**2'239**	**644**	**3'825**	**6'708**

1) Other compensation: other compensation includes payments by Partners Group for pension and other benefits. In particular, the following Board members received pension benefits: Dr. Marcel Erni, Alfred Gantner, Steffen Meister und Urs Wietlisbach. The remaining payments to the following members of the Board exclusively represent social security costs in relation to their compensation: Lisa A. Hook, Grace del Rosario-Castano, Dr. Martin Strobel and Dr. Eric Strutz.

2) Restricted shares were allocated on 18 November 2020 at a share price of CHF 922 per share. Restricted shares have a five-year selling restriction as long as independent Board members serve on the Board of Partners Group Holding AG. Should they not be reelected the selling restriction will be reduced to one year. The number of shares allocated to each Board member is as follows: Lisa A. Hook (136 shares), Grace del Rosario-Castano (136 shares), Dr. Martin Strobel (190 shares) and Dr. Eric Strutz (136 shares).

3) Fair value of Management Performance Plan (MPP) as outlined in section A.1.

4) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 16'777 thousand, including CHF 10'069 thousand for discounted fees. The total fee discounts received by the Board of Directors are listed below:
- Steffen Meister received a technical non-financial income stemming from fee discounts amounting to CHF 96 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from fee discounts amounting to CHF 2'393 thousand
- Alfred Gantner received a technical non-financial income stemming from fee discounts amounting to CHF 3'711 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from fee discounts amounting to CHF 2 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from fee discounts amounting to CHF 8 thousand
- Urs Wietlisbach received a technical non-financial income stemming from fee discounts amounting to CHF 3'857 thousand

5) Board member until the Annual General Meeting of shareholders on 13 May 2020.

6) Total compensation of the Board, excluding LTIs and social security costs represents CHF 2.7 million and lies within the approved compensation budget of CHF 3.0 million at the 2020 AGM of shareholders in May.

Compensation Report

Exhibit 14: Board compensation for the full-year 2019 (audited)

In thousands of Swiss francs						2019
	Cash	Other[1)]	Subtotal cash compensation	Shares / options	MPP[3)]	Total [5), 7)]
Steffen Meister, Executive Chairman	300	55	355	-	1'500	1'855
Dr. Eric Strutz, Vice Chairman	100	8	108	100[4)]	-	208
Dr. Marcel Erni	300	55	355	-	1'000	1'355
Michelle Felman	125	10	135	125[4)]	-	260
Alfred Gantner	300	65	365	-	1'000	1'365
Grace del Rosario-Castaño	125	10	135	125[4)]	-	260
Dr. Martin Strobel	175	14	189	175[4)]	-	364
Patrick Ward	275	20	295	275[4)]	-	570
Urs Wietlisbach	300	61	361	-	1'000	1'361
Total Board of Directors	**2'000**	**298**	**2'298**	**800**	**4'500**	**7'598**
Dr. Charles Dallara, former member[6)]	195	89	284	84[2)]	-	368
Dr. Peter Wuffli, former member[6)]	75	6	81	-	-	81
Total Board of Directors incl. former members	**2'270**	**393**	**2'663**	**884**	**4'500**	**8'047**

1) Other compensation: other compensation includes payments by Partners Group for pension and other benefits. In particular, the following Board members received pension benefits: Dr. Marcel Erni, Alfred Gantner, Steffen Meister und Urs Wietlisbach. Patrick Ward received UK national insurance payments amounting to CHF 7'246. The remaining payments to the following members of the Board exclusively represent social security costs in relation to their compensation: Michelle Felman, Grace del Rosario-Castano, Dr. Martin Strobel, Dr. Eric Strutz and Patrick Ward.

2) Shares: Dr. Charles Dallara was allocated 115 PGH shares in the value of CHF 732 per share on 15 May 2019.

3) Fair value of Management Performance Plan (MPP) as outlined in section A.1.

4) Options: each option has a strike price of CHF 807.60 and vests immediately. The selling restricting is 5 years. The number of options allocated to each Board member is as follows: Michelle Felman (3'264 options), Grace del Rosario-Castano (3'264 options), Eric Strutz (2'611 options) Dr. Martin Strobel (4'570 options) and Patrick Ward (7'181 options). For further information on the fair value of options and shares granted in 2019, please see consolidated financial statement under 4.3.

5) Figures above exclude discounted fees for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program. Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 13'734 thousand, including CHF 5'687 thousand for discounted fees. The total fee discounts received by the Board of Directors are listed below:
- Steffen Meister received a technical non-financial income stemming from fee discounts amounting to CHF 34 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from fee discounts amounting to CHF 1'568 thousand
- Alfred Gantner received a technical non-financial income stemming from fee discounts amounting to CHF 2'511 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from fee discounts amounting to CHF 0.5 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from fee discounts amounting to CHF 2 thousand
- Urs Wietlisbach received a technical non-financial income stemming from fee discounts amounting to CHF 1'555 thousand
- Dr. Peter Wuffli received a technical non-financial income stemming from fee discounts amounting to CHF 16 thousand

6) Board member until the Annual General Meeting of shareholders on 15 May 2019.

7) Total compensation of the Board, excluding LTIs and social security costs represents CHF 3.0 million and lies within the approved compensation budget of CHF 3.25 million at the 2019 AGM of shareholders in May.

6. Appendix

A.1. LTIs

The MPP

The MPP consists of a performance right (option-like instrument), which focuses on the firm's share performance, and a performance fee component, which focuses on active value creation in the firm's underlying investment programs. Achieving only one component while not the other results in no payout. Any payout will be in a number of restricted Partners Group shares in the value of the respective payout.

Share price component (year 1 to 5)

As a public firm, we aim to provide superior and sustainable total shareholder return and ensure that senior executives place an emphasis on positive share price development over the mid- to long-term. We therefore link the share price component of the MPP to positive development of the share price of Partners Group Holding AG (i.e. price return on PGHN). A negative development of the share price results in no payout.

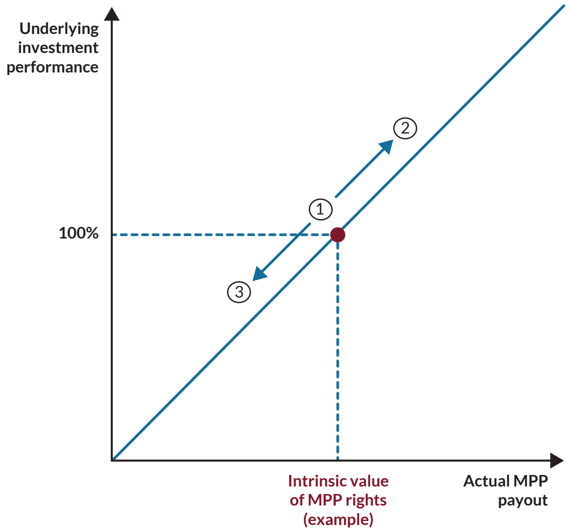
For the 2020 MPP grant, the intrinsic value of these MPP rights will be measured five years after the grant date and cannot exceed 7.6x the grant fair value (2019: 10x the grant fair value). We believe that measuring performance over an extended five-year period is consistent with the long-term orientation of the firm's business.

Performance fee component (year 5 to 14)

While the share price component focuses on the price return of the share in order to determine an intrinsic value, the performance fee component focuses entirely on how the intrinsic value will be paid out in the following years (in the form of restricted Partners Group shares). In other words, the performance fee component can further influence the magnitude and the timing of the payout as both are dependent on the actual performance fees generated from the particular year in which MPP rights were granted.

- **Magnitude:** the magnitude depends on the actual performance fees that the firm is able to generate from its 2019 investment vintage throughout the next 15 years. For that purpose, the firm defines a target that is based on ex ante model returns. This target is set at 100% and needs to be achieved over a time period of 15 years ("1" in Exhibit 14). For example, if the intrinsic value of MPP rights is 100 and 100% of the targeted performance fees are actually paid to the firm, the plan participant receives Partners Group shares in the value of 100. The total payout can be higher than the originally targeted nominal amount in the case of consistent investment performance above underlying assumptions ("2" in Exhibit 15), or lower than the originally anticipated nominal amount in the case of lower investment performance ("3" in Exhibit 15). In the worst-case scenario, the amount can be zero, irrespective of the intrinsic value determined through the share price component.

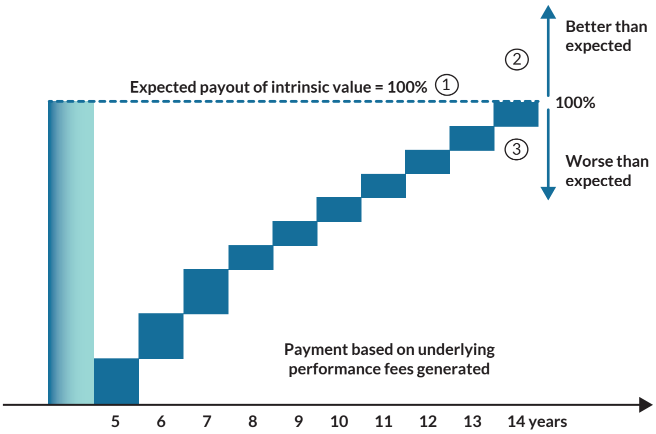
Exhibit 15: Illustration of actual MPP payout based on underlying investment performance



- **Timing:** the MPP payout occurs as the performance fees of the underlying investment vintage materialize, as illustrated in Exhibit 16. After each year, we compare the actual proportion of performance fees generated against the defined target. We then pay out the same proportion of the intrinsic value of the MPP grant in the form of restricted shares. For example, should the 2020 investment year pay out 15% of its anticipated total payout (100%) in 2025, we would pay out 15% of the intrinsic value of MPP rights, determined via the share price component, to plan participants in the form of restricted Partners Group shares in 2025.

Compensation Report

Exhibit 16: Actual MPP payout occurs as the performance fees of the underlying investment vintage materialize (illustration)

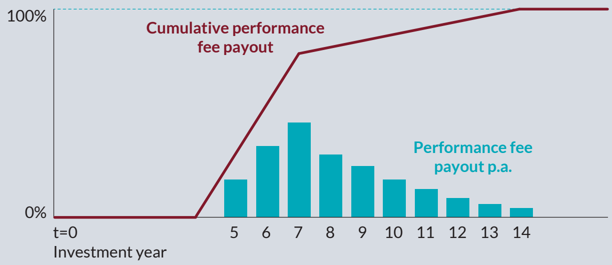


Illustrative example: performance fee payout structure for the 2020 investment year

Future potential performance fees will depend on investments made between Q4 2019 and Q3 2020 ("2020 investment year"). Once profitable investments have been realized, cash is first distributed to the investors in our investment programs.

Only once the hurdle rate that was agreed with the firm's clients has been cleared (i.e. the client has already achieved a certain predefined minimum return, typically 8% p.a.) will a part of the investment profits be distributed to the firm (in the form of performance fees). Depending on the investment outcomes and timing of the investment realizations, it often takes up to 14 years until the full payout of performance fees is received, as illustrated in Exhibit 17.

Exhibit 17: Possible payout pattern of performance fees under MPP



Vesting parameters

The MPP grants vest linearly over a period of five years. For members of the Executive Committee and executive members of the Board of Directors, the linear vesting is subject to a minimum five-year tenure in the respective committee. Before that, it has a five-year cliff vesting attached.

Vesting rules in case of retirement

Given that the firm aims to foster a performance-oriented work environment, senior employees of the firm receive the majority of their compensation in LTIs with long vesting periods. This is also the case for employees nearing their retirement. This can result in senior employees entering their retirement with a meaningful portion of unvested LTIs.

In order to ensure that senior employees continue to contribute to the firm's success until their retirement, the NCC has established special vesting rules for senior employees heading towards their retirement.

At the time of retirement, all LTIs for Executive Committee members and executive members of the Board of Directors shall be deemed to have fully vested and become unrestricted, provided that the employee has reached the age of 55 and has served the firm for ten years or more as a Managing Director/Partner.

The vesting relief is subject to the following conditions: the employee is considered a good leaver, agrees to sign a two-year non-compete agreement and will have no new principal employment in the private markets industry.

The NCC may use its discretion to make further adjustments to the rules outlined above on a case-by-case basis in order to achieve the best result for both the business and the employee coming up to retirement.

Compensation Report

A.2. Compensation governance

Legal framework

The Swiss Code of Obligations as well as the Corporate Governance Guidelines of the SIX Swiss Exchange require listed companies to disclose information about the compensation of members of the Board and Executive Committee, their equity participation in the firm and any loans made to them. This Annual Report fulfills that requirement. In addition, this Annual Report is in line with the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss Business Federation (economiesuisse).

Compensation decision-making authorities

Compensation allocation is an important and challenging governance and leadership task. As such, Partners Group's Board assigns the NCC with the task of carrying out a systematic process on an annual basis. The Committee has combined responsibilities for "nomination" and "compensation" proposals, as both are an integral and a closely linked part of a typical compensation.

The nomination process ensures the assessment and nomination of individuals is based on their contribution to the firm's success and on their potential for development, while the compensation process ensures the respective adjustments to compensation based on functions, responsibilities and performance. Giving one committee responsibility for both the nomination and compensation processes should ensure a seamless transition between a professional's development and compensation.

The NCC fulfills the duties set out for it in the firm's articles of association. In particular, the committee oversees the firm's compensation structure to ensure adherence to Partners Group's strategy and culture and to recognized best practices:

- It reviews compensation proposals by the Executive Committee to ensure they comply with determined principles and performance criteria and evaluates the proposals' consistency with the firm's values, such as "fair pay" and "pay for performance."
- It advises and supports the Board and the Executive Committee with regard to firm-wide promotions, leadership development measures and succession planning.
- It submits nomination and compensation motions and recommendations to the Board and is also responsible for the preparation of this Compensation Report.

Committee members

As of 31 December 2020, the members of the NCC were Grace del Rosario-Castaño (Chair), Lisa A. Hook and Dr. Martin Strobel. According to the independence criteria outlined in our Corporate Governance Report (section 3), Grace del Rosario-Castaño, Lisa A. Hook and Dr. Martin Strobel are independent Board members. The members were elected by shareholders for a one-year term with the possibility of re-election.

Committee meetings & decisions taken

Throughout the year, members of the NCC interact with the Chairman, the Co-CEOs and other members of the Executive Committee on a regular basis. Throughout 2020, formal and informal meetings were held with a large group of the firm's senior leaders to discuss compensation budgets, department bonus allocation plans, promotion criteria and other compensation-related topics.

Typically, the NCC interacts via several informal meetings throughout the year and holds two decision meetings in the second half of the year:

- In its first decision meeting (Q3), the NCC confirms the budget allocations for short term cash payments and LTIs (MPP and EPP). During the meeting, the committee defines guidelines for the allocation of the various compensation pools.
- In its second decision meeting (Q4), the NCC approves the compensation proposal for the Executive Committee and Global Executive Board members and proposes the compensation for the Co-CEOs and Board members. Compensation authorities are outlined in Exhibit 18. Partner- and Managing Director-level promotions and compensation are ratified individually.

A.3. Review: binding budgets 2014-2018 vs. actual payouts

With the introduction of the Ordinance against Excessive Compensation in listed joint stock companies ("OaEC") of the Swiss Federal council, shareholders can express a binding vote on the compensation of the Board of Directors and Executive Committee as of the financial year 2014 onwards. As of 31 December 2020, the actual payout to current and former Executive Committee member or to executive members of the Board of Directors has never exceeded the approved budgets between 2014 and 2018.

Compensation Report

Exhibit 18: Approval authorities

Compensation pools	Budget/proposal		Approval	
Board of Directors, Executive Committee	NCC	Q4	Shareholders' AGM	May
Group-level budget	NCC	Q3	Board of Directors ratifies	Q4
Department-level budget	Chairman & Co-CEOs	Q3	NCC approves	Q4

Individual compensation	Budget/proposal		Approval	
Chairman of the Board of Directors	Chair of the NCC	Q4	Board of Directors approve	Q4
Members of the Board of Directors	NCC			
Co-CEOs				
Executive Committee, Global Executive Board	Chairman & Co-CEOs	Q4	NCC approves, Board of Directors ratifies	Q4
Senior Members of Management	Executive Committee			
Members of Management and Professionals	Business Department Heads			

Note: in the case of approving the Chairman's compensation and the additional fees for the Nomination & Compensation Committee (NCC) members, the Board member concerned does not participate in the recommendation involving his or her own compensation.

Compensation Report

Statutory Auditor's Report

To the General Meeting of Partners Group Holding AG, Baar

Report on the Audit of the Compensation Report

We have audited the accompanying compensation report of Partners Group Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in sections 4.6 to 4.7 and exhibits 9 to 10 on pages 130 and 131 as well as sections 5.6 to 5.7 and exhibits 13 and 14 on pages 134, 136 and 137 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 December 2020 of Partners Group Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Christoph Hochuli
Licensed Audit Expert

Zurich, 15 March 2021

KPMG AG, Räffelstrasse 28, PO Box, CH-8045 Zurich