



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

2020

# Tax Transparency Report



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## 1. Introduction



*"We are committed to paying our fair share of taxes and to creating positive stakeholder impact in the communities in which Partners Group does business."*

**Hans Ploos van Amstel, Chief Financial Officer**

### Dear clients, business partners and fellow shareholders,

We create sustainable returns for clients and lasting, positive impact for all our stakeholders. We aspire to be a role model for corporate responsibility and continuously raise environmental, social and governance standards.

We have always been committed to sustainability. Since publishing our first responsible investment policy in 2006 and signing up to the Principles for Responsible Investment, we have strived to continuously develop and improve our approach to sustainability and are now a thought leader in the ESG space.

Governments need sufficient and sustainable revenues from taxation to fund essential public services, including healthcare and education, and to pay for the public infrastructure needed to raise living standards and build functioning economies. We strongly believe that responsible tax behavior is in the long-term interests of corporates as it supports the development of societies in which they can thrive.

We support international tax initiatives like the OECD's Base Erosion and Profit Shifting (BEPS) project, which not only aims to align taxation with value creation but also promotes tax transparency.

We are pleased to issue our first Tax Transparency Report which combines two important sustainability topics for us:

- We are committed to paying our fair share of taxes and to creating positive stakeholder impact

in the communities in which Partners Group does business.

- Being transparent about our practices helps us earn the trust of our stakeholders, including investors, clients, employees, regulators and communities, and hold ourselves accountable for the impact of our own operations.

Partners Group's Tax Transparency Report 2020 is guided by international tax standards and provides an overview of our approach to taxation according to the Global Reporting Initiative Standard (GRI Standard). Section 2 of this report describes our Tax Strategy and explains selected key areas of taxation in more detail. Section 3 gives an overview of our Total Taxes Administered. We hope our first Tax Transparency Report provides deeper insight into our approach to taxation and demonstrates our commitment to transparency, and to being a responsible corporate citizen and taxpayer.

On behalf of Partners Group's Executive Committee and Board of Directors, we would like to thank you for your continued trust and support.

Yours sincerely,

**Hans Ploos van Amstel**

Chief Financial Officer

**Martin Strobel**

Chairman of Risk and Audit Committee

## 2. Partners Group Corporate Tax Strategy

### 2.1. Strategic Principles

In line with Partners Group's Code of Conduct and Charter, our aspiration is to be a role model for corporate responsibility in our industry. Paying a fair share of taxes is an important part of this. We protect shareholder value while being committed to acting as a responsible and trusted taxpayer that pays and collects the correct amount of taxes at the correct time.

Partners Group's Tax Strategy is based on this fundamental principle and applies to all Partners Group consolidated Group entities.

Our strategic priorities are:

- We fully comply with international tax guidelines and all applicable tax laws and obligations in each country in which we operate.
- We maintain an effective tax risk management.
- We do not undertake aggressive tax planning or artificial tax arrangements and only implement supportable and sustainable tax positions based on sound commercial activities.
- We do not use so-called "tax havens" (low or nil rate jurisdictions) in order to avoid taxes.
- We aim to maintain professional relationships with tax authorities, which are based on respect, trust, transparency and cooperation.

### 2.2. Partners Group's Approach to Tax

Partners Group aims to act as a good corporate citizen, paying and collecting the correct amount of tax at the correct time. We aim to do this by ensuring that we manage and report our tax affairs in a manner that safeguards compliance with international tax guidelines and all applicable tax laws and obligations in each country in which we operate. Our tax compliance is timely, efficient and accurate, and in sufficient detail to enable a tax authority to form an accurate view of the tax affairs of the entity in that jurisdiction.

Partners Group seeks efficiency in tax matters, including the prevention of double-taxation and paying only the tax due, which is achieved through following a responsible interpretation and application of tax rules. We do not undertake aggressive tax planning or artificial tax arrangements and we only implement supportable and sustainable tax positions based on sound commercial activities and in line with the letter and the spirit of the law.

We refrain from discretionary tax arrangements. If jurisdictions offer tax incentives that are publicly available and rule-based, for example to promote a country's economic development, and our business activity is within their scope, they are carefully considered. However, whether such tax incentives are eventually claimed depends on the specific needs of our business operations and the overall fit with our investment or business strategy.

Partners Group aims to maintain professional relationships with tax authorities, which are based on respect, trust, transparency and cooperation. We proactively address potential issues with tax authorities to minimize disputes and we respond to any queries in a timely manner. We may seek tax rulings from tax authorities in order to gain upfront certainty on our tax positions. Such rulings will be based on full disclosure of all relevant and required facts.

### 2.3. Transfer Pricing

**Partners Group's transfer pricing approach is based on OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("OECD Transfer Pricing Guidelines") and on the OECD's Base Erosion and Profit Shifting ("BEPS") project deliverables.**

Transfer pricing is the terms and conditions defining the prices at which a multinational enterprise transfers physical goods and intangible property or provides services to associated companies that are resident in different countries. Transfer pricing is important for taxpayers and tax authorities as it largely determines the taxable profits of multinational enterprises in the respective countries that they operate in.

Due to its highly integrated multinational business and the high degree of interdependency of the different functions, assets, risks and economic benefits, Partners Group considers the profit split method outlined in the OECD Transfer Pricing Guidelines as the most appropriate methodology for its transfer pricing approach. Given the ongoing debate around transfer pricing, Partners Group's Group Tax team – supported by external transfer pricing specialists – regularly reviews the firm's transfer pricing approach to ensure compliance with OECD Transfer Pricing Guidelines and local transfer pricing regulations.

## 2.4. Low or Nil Rate Jurisdictions

Several Partners Group funds are established in jurisdictions where taxes are levied at a low rate (e.g. Guernsey, Cayman). We have two type of group entities being resident in low or nil rate jurisdictions: i) management companies acting as general partner of our Cayman Islands or Guernsey funds in the form of a limited partnership and ii) a regulated company resident in Guernsey. However, these jurisdictions have principally been chosen for regulatory and business purposes. The total profit contribution of those companies amounted to less than 1% of Partners Group's total profit before income taxes in 2020.

Our funds (in most cases set-up as limited partnerships) are predominately tax transparent to avoid double taxation and, as a result, would not be taxpayers even in jurisdictions with higher tax rates. Income from such funds is also subject to further taxation in the country of residence of our investors. The fact that some of our funds are located in a low or nil rate tax jurisdictions does not create a tax advantage either for Partners Group or our investors.

## 2.5. Tax Governance and Tax Risk Management

**The Board of Directors via the Risk and Audit Committee oversees governance of taxes and has the overall responsibility for Partners Group's Tax Strategy.**

The day-to-day responsibility for corporate tax matters rest with the Group Tax team, which is part of the finance function and falls within the responsibility of the Chief Financial Officer of Partners Group. The Group Tax team ensures that our approach to tax is compliant with the Group's Tax Strategy and is responsible for the day-to-day tax matters of our different legal entities. In areas of particular complexity or uncertainty we might seek external advice. Furthermore, the Group Tax team is responsible for the adequate management of corporate tax risks, which is part of Partners Group's Enterprise Risk Management Framework (see Corporate Governance Report in the Annual Report 2020). Based on defined internal processes, the Group Tax function actively identifies, assesses, monitors and manages tax risks resulting from e.g. changes of tax laws or missing of a filing obligation to ensure that they remain in line with our risk framework. Tax considerations are routinely reported to the Executive Committee and the Board of Directors' Risk and Audit Committee.

Any misconduct in tax matters is expected to be reported via our speak-up platform.

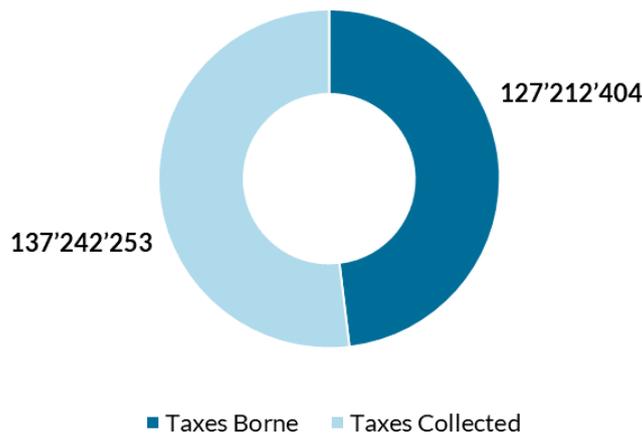
### 3. Partners Group Total Taxes Administrated in 2020

This section intends to provide an overview about our tax position. The following tax numbers are based on the consolidated IFRS financial statements.

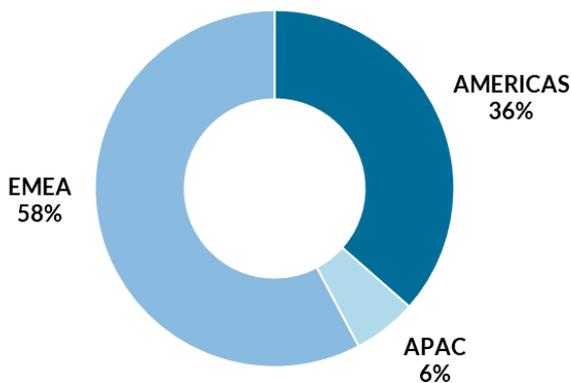
Partners Group's total tax contribution can be split into (i) taxes borne by the group and (ii) taxes collected and passed on to governmental bodies by the group.

- **Taxes Borne** are payments which Partners Group bears itself as a taxpayer. The most relevant of such taxes are the corporate income taxes. Other taxes of this category are the non-recoverable VAT (or other consumption taxes), capital or wealth taxes and stamp taxes.
- **Taxes Collected** are payments which Partners Group is obliged to collect and remit to governmental bodies (e.g. tax authorities). Such taxes are wage taxes (incl. social security contributions) and withholding taxes on payments made to third parties.

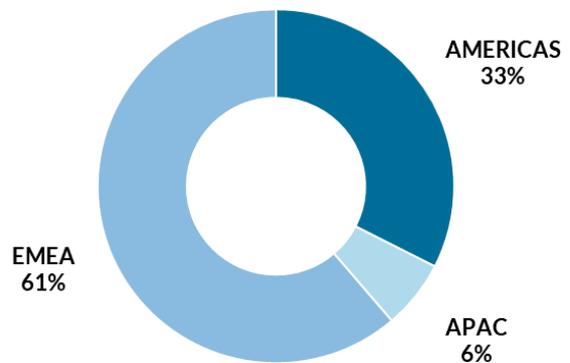
**Chart 1- Taxes Borne and Taxes Collected in CHF**



**Chart 2 - Taxes Borne by Region**



**Chart 3 - Taxes Collected by Region**



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