

Measuring and managing impact at PCI Pharma

An ESG engagement case study

Overview

PCI Pharma Services (PCI) is a global provider of outsourced pharmaceutical supply chain solutions supporting biotechnology and pharmaceutical companies throughout the various stages of drug development and commercialization. The company has over 25 Good Manufacturing Practice facilities globally and almost 4'000 employees. Partners Group acquired PCI on behalf of its clients in July 2016.

During our ownership period, we worked with the company on a broad range of value creation initiatives. We also developed and deployed our One PCI strategy to drive value through the implementation of operational and technology transformation initiatives, which resulted in organic growth, enhanced margins, and increased customer satisfaction.



Adding value by reducing waste and energy

A key part of our value creation efforts focused on waste management. PCI manages large amounts of paper and plastic which ultimately turn, in some proportion, to scrap. During our ownership period, PCI reduced its scrap percentage to below 3% and increased its recycling rate to over 75%, with a target to reach 100% in 2021. This had an estimated EBITDA impact of USD 0.9 million, and helped the company improve its EcoVadis sustainability rating to Gold.

PCI also engaged with an external energy management consultant to identify low- and no-cost measures to reduce its energy consumption and related greenhouse gas emissions. In 2019, the company also began holding bi-weekly environmental management system steering team meetings geared towards improving conservation performance across the company. The measures implemented achieved a 15% reduction in energy consumption, with an estimated EBITDA impact of USD 1.6 million.

A lasting impact on health & safety

Ensuring the wellbeing of company employees is another important part of a manufacturing company's operations and, during our ownership, PCI committed to standardizing best practice health & safety initiatives. The company is now working towards continuous improvement in its total

recordable injury rate (TRIR) and lost-time incident rate (LTIR) performance, and has managed to reduce its TRIR from 1.7 in 2019 to 0.7 in 2021 and its LTIR from 2.0 to 0.5 in the same time period. PCI has also implemented a consistent product health risk assessment process.

ESG handover

Although we have exited as a majority shareholder, we still hold a significant minority stake in PCI. As part of our exit and in order to ensure continued commitment to ESG topics, we shared ESG materials and an overview of projects to be completed with the new lead investor Kohlberg.

"During our ownership with PCI, we targeted various ESG factors. We aimed at significantly improving environmental and waste management, as well as health & safety standards in order to improve employee wellbeing. Our initiatives were not only successful in enhancing PCI's ESG standards, but also had a beneficial EBITDA impact."

Sujit John, Managing Director, Private Equity Health and Life

Recycling rate
increased to
over 75%

Energy consumption
reduced by **15%**

Lost-time incident
rate reduced
by **75%**





Disclaimer

There is no assurance that similar investments will be made.
There is no assurance that the stated strategy will materialize.
There is no assurance that similar results will be achieved. Past performance does not guarantee future results. All images are for illustrative purposes only.

This material has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell or solicitation of an offer to buy any security. The information contained herein is proprietary and may not be reproduced or circulated in whole or in part. All information, including performance information, has been prepared in good faith; however, Partners Group makes no representation or warranty, express or implied, as to the accuracy or completeness of the information, and nothing herein shall be relied upon as a promise or representation as to past or future performance. This material may include information that is based, in part or in full, on hypothetical assumptions, models, and/or other analyses of Partners Group or any of its affiliates (which may not necessarily be described herein), and no representation or warranty is made as to the reasonableness of any such assumptions, models, or analyses. The information set forth herein was gathered from various sources that Partners Group believes, but does not guarantee, to be reliable. Unless stated otherwise, any opinions expressed herein are current as of the date hereof and are subject to change at any time. All sources that have not been otherwise credited have derived from Partners Group.

The projections, forecasts, and estimates of Partners Group contained herein are for illustrative purposes only and are based on Partners Group's current views and assumptions, which are subject to change at any time. Such projections, forecasts, and estimates involve known and unknown risks and uncertainties that may cause actual results, performance, or events to differ materially from those anticipated in the summary information.

Partners Group expressly disclaims any obligation or undertaking to update or revise any projections, forecasts, or estimates contained in this material to reflect any change in events, conditions, assumptions, or circumstances on which any such statements are based unless so required by applicable law.

Private markets investments are speculative and involve a substantial degree of risk. Private markets investments are highly illiquid and are not required to provide periodic pricing or valuation information to investors with respect to individual investments. There is no secondary market for the investors' interest, and none is expected to develop. In addition, there may be certain restrictions on transferring interests. Past results are not indicative of future performance, and performance may be volatile.

Whether or not explicitly mentioned in the text, all Partners Group investments mentioned herein were made on behalf of the firm's clients, not on behalf of Partners Group Holding AG or any of its affiliates.

Source: Partners Group, May 2022.

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 170 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients globally. Partners Group seeks to generate superior returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With over USD 127 billion in assets under management as of 31 December 2021, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,500 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN).

