

# Compensation Report



**Flora Zhao** member of the Board of Directors and Chairwoman of the Nomination & Compensation Committee

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

We are pleased to present Partners Group's Compensation Report for 2022. In this report, the Nomination & Compensation Committee ("NCC") explains how the compensation for the Executive Team and members of the Board of Directors is aligned to the firm's investment and financial performance as well as key strategy and environmental, social and governance ("ESG") topics.

In 2021 we made significant progress and are proud of the fact that our compensation report received a 92% approval rating. Over the past year, we again engaged with the stewardship teams of our shareholders<sup>1</sup> and proxy advisors to hear their opinions on our compensation structure and its components. We were delighted to hold physical meetings with them for the first time post COVID. These meetings served as a basis for our internal discussions and in 2022, we decided to make further adjustments to our approach towards compensation. I would like to share these with you in this letter.

### Transparency on qualitative factors

The nominal long-term incentive ("LTI") pool granted for the year 2022 continues to be linked to two equally weighted annual performance assessments: quantitative achievements which assess the firm's financial performance and investment development as well as qualitative achievements which consider whether the firm's strategy objectives and ESG targets were met.

While the quantitative assessment remains unchanged, we increased the transparency of our qualitative assessment by providing better guidance on what strategy implementation and ESG targets were used to evaluate the Executive Team. For the strategy implementation component, which continues to account for 80% of the qualitative assessment, we evaluated six key long-term focus areas. These include transformational investing, scale investment activity, differentiate with bespoke client solutions, grow US client base, develop next generation leadership, and organize for scale. Within each of these focus areas certain sub-targets have been identified. The Executive Team's progress on these targets will be disclosed on an annual basis from 2022 onwards.

The ESG targets, which make up the remaining 20% of the qualitative assessment reflect those found in the 2021 Corporate Sustainability Report ("CSR"). By linking the targets to the CSR, shareholders will now have insight into what ESG goals the firm considers to be key and therefore integrated into the Executive Team's compensation. In addition, the CSR provides a more comprehensive overview on the status and progress of each target. By providing more definition to the strategy assessment and ESG criteria we aim to underline the growing importance of transparency to our stakeholders.

### Proportion of performance-based LTI

Once the LTI pool is determined it is then allocated between our two LTI plans. We received positive feedback from shareholders when we increased the proportion of performance-based LTI from 33% to 50% in 2021. In 2022, we continued to ensure that 50% of the LTI was performance-

<sup>1</sup>During 2022 we met with shareholders representing over 15% of our total share capital.

# Compensation Report

based, granted in the form of our Management Performance Plan ("MPP"). MPP continues to have two performance conditions, linked to the firm's financial performance and the generation of potential performance fees which reinforce a strong alignment of interests with clients and stakeholders. Based on the result of both conditions, the value of the MPP can be higher or lower than its grant value.

The remaining 50% of the LTI was again granted via our Share Participation Plan ("SPP"). While MPP focuses on the growth of the company, SPP encourages Executive Team members to maintain an ownership mindset by creating shareholder value through a rising share price.

## Board of Directors gender diversity

Board diversity remains important to both Partners Group and our shareholders. There is an expectation in the market for at least 30% of Board members to be female. We acknowledge that despite female Board members accounting for 50% of our independent Board members they only account for 25% of the total Board, and we have therefore not yet met this threshold. As a firm we continue to be guided by our Board Diversity Policy which, amongst other items, requires that diverse individuals account for at least

50% of newly elected independent directors on a three-year rolling-basis. We are proud to say that in the prior three-year period we have adhered to our policy, specifically with the introduction of two female directors to the Board in 2022. We are also happy to share that, at the 2023 Annual General Meeting ("AGM") in May, the NCC will nominate a new female member, Gaëlle Olivier, to the Board. In taking this step we hope to further align our Board with industry best practice and lead by example.

At the end of my first term as Chairwoman of the NCC, I value the conversations which we shared with you and I look forward to working together to ensure that Partners Group continues to be a trusted counterparty to both our shareholders and stakeholders.

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



**Flora Zhao**

Chairwoman of the Nomination & Compensation Committee

# Compensation Report

## 1. Pay for performance and compensation governance

Our compensation philosophy is based upon our firm's values. We are committed to driving forward our strategy of delivering sustainable returns through a focus on transformational investing, bespoke client solutions, and positive stakeholder impact. At the same time, we strive for attractive financial returns and a premium valuation to honor the long-term trust of our shareholders. In this context, our charter defines our overriding compensation philosophy for the most important asset of our firm, our employees.

### 1.1. 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 related 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, race, nationality, or any other basis that is inconsistent with our guiding values. The firm commits to a "pay for performance" and "fair pay" policy and systematically conducts equal pay analyses across our main departments and regions assured by a third party.
- **Compensation is not a substitute:** 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 in the development of the firm's human capital.

### 1.2. Pay for performance

We fundamentally believe that our compensation system should reflect our emphasis on long-term value creation for clients and shareholders. The NCC follows the general corporate governance principle of "comply or explain" when Partners Group's compensation philosophy and principles deviate from what are considered best practices. As our firm continues to grow, we remain committed to delivering sustainable performance across economic cycles while focusing on what truly sets us apart:

- **Transformational investing:** as an investment firm, we seek to generate strong returns by capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders.
- **Bespoke client solutions:** as a client-centric organization, we provide tailored access to private markets and seek to enhance returns through our portfolio management capabilities.
- **Stakeholder impact:** as a responsible investor, we realize potential in private markets and seek to create sustainable returns with a lasting, positive impact for all of our stakeholders.

In Exhibit 1, we translate our corporate and ESG strategies into specific Group- and Executive Team-level objectives as well as executive Board committee responsibilities.

# Compensation Report

**Exhibit 1: 2022 Group- and Executive Team- level objectives and executive Board committee responsibilities**

## Group-level objectives

<b>Investment platform</b>	<ul style="list-style-type: none"> <li>Achieve sustainable expansion and scale of investment capacity</li> <li>Create long-term value in portfolio assets</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>Focus on continuous growth through client satisfaction and therefore AuM advancement</li> <li>Balancing cost growth vs revenue growth</li> </ul>
<b>Strategy implementation</b>	<ul style="list-style-type: none"> <li>Successfully implement key strategy initiatives – six strategic focus areas</li> <li>Ensure business &amp; ownership excellence across our platform and businesses</li> </ul>
<b>ESG</b>	<ul style="list-style-type: none"> <li>Corporate level - create a positive and lasting impact for all stakeholders</li> <li>Portfolio asset level - build better and more sustainable assets and businesses</li> </ul>

## Executive Team-level objectives

80%	<b>Transformational investing</b>	<ul style="list-style-type: none"> <li>Deepen and expand thematic market insight in future growth sectors and expand pipeline of target assets</li> <li>Drive institutional entrepreneurship at scale with portfolio asset boards at the centre of vision, strategy, and accountability</li> </ul>
	<b>Scale investment activity</b>	<ul style="list-style-type: none"> <li>Scale direct equity investments through growth of platform themes</li> <li>Continue to scale private debt and integrated business platforms by becoming a premium solutions partner for our industry network</li> </ul>
	<b>Differentiate with bespoke solutions</b>	<ul style="list-style-type: none"> <li>Further build out our leading position as a global provider of private market evergreen programs and tailored mandates for institutional investors</li> <li>Expand offering of bespoke evergreen solutions for private wealth clients including small institutional investors and private individuals</li> </ul>
	<b>Grow client base in US</b>	<ul style="list-style-type: none"> <li>Increase brand awareness and footprint in the US to win new clients with our bespoke solutions</li> <li>Grow incremental share of fundraising stemming from the US to be above 30%</li> </ul>
	<b>Develop next generation teams</b>	<ul style="list-style-type: none"> <li>Attract, retain, and develop diverse talent to realize full potential of private markets on behalf of all stakeholders</li> <li>Promote leadership allowing for employee engagement with a culture of innovation</li> </ul>
20%	<b>Organize for scale</b>	<ul style="list-style-type: none"> <li>Better leverage technology to allow for scale and improved efficiency across the platform</li> <li>Grow business while realizing efficiencies of scale in our services platform</li> </ul>
	<b>ESG</b>	<ul style="list-style-type: none"> <li>E: implement the climate strategy</li> <li>S: further stakeholder impact and diversity</li> <li>G: promote a strong and effective governance setup</li> </ul>

## Executive Board-level objectives

<b>Investment Oversight Committee</b>	<ul style="list-style-type: none"> <li>Ensure quality/consistency of decision making processes and investment performance</li> <li>Implement investment-related quality standards and measurement methods</li> </ul>
<b>Client Oversight Committee</b>	<ul style="list-style-type: none"> <li>Drive strategic fundraising initiatives and identify new key product and fundraising themes</li> <li>Lead the coverage of the firm's key client prospects and global consultant network</li> </ul>
<b>Corporate Development Committee</b>	<ul style="list-style-type: none"> <li>Drive the firm via the Board on major business, corporate, and organizational initiatives</li> <li>Guide human capital development, financial planning, and use of financial resources</li> </ul>
<b>Crisis Response Team</b>	<ul style="list-style-type: none"> <li>Ensure appropriate organization, communication and decision-making during a crisis</li> <li>Guide on decisions that are essential to maintain or recover the Group's business operations</li> </ul>

# Compensation Report

## LTI Framework

For Executive Team members, LTI consists of two plans, the Management Performance Plan ("MPP"), a performance-based LTI program, and the Share Participation Plan ("SPP"), which aims to further align the interest of the plan participants with those of shareholders. As in previous years, executive members of the Board of Directors were granted their LTI entirely in MPP due to their significant shareholding in the firm.

## Linking LTI pay to performance

	Management Performance Plan	Share Participation Plan
<b>Philosophy</b>	Drive profitable growth and investment performance	Promotes ownership mentality
<b>Performance condition</b>	(1) Minimum growth of Management Fee EBIT over a 5-year period and (2) generation of performance fees	No direct performance condition; indirect via appreciation of share price
<b>Vesting<sup>2</sup></b>	Vests linearly over a 5-year period, subject to a minimum 5-year tenure in the respective committee, prior to which there is a 5-year cliff vesting	Vests in years three (34%), four (33%) and five (33%), contingent on continued employment
<b>Payout</b>	In Partners Group shares, from year 6 through year 14	In Partners Group shares upon vesting
<b>Allocation target<sup>3,4</sup></b>	50% of LTI	50% of LTI

## 1.2.1. Management Performance Plan

**MPP** is the core LTI program for Executive Team and executive Board members as it allows for significant upside and reinforces a strong alignment of interests with clients and stakeholders through its two components. Its first component focuses on achieving Management Fee EBIT growth measured over a five-year period, while the second component focuses on the generation of performance fees, typically over years 6 to 14, which ultimately derives from active value generation and the realization of investment opportunities in underlying client portfolios. Achieving only one condition while not the other results in no payout. For instance, if better than ex ante defined return targets for our client portfolios are achieved then the MPP payout can increase. The reverse holds true: if returns for clients fall below such ex ante defined return targets then the MPP payout will decrease. In the worst-case scenario of insufficient value creation, the payout can be zero.

### Condition 1: Management Fee EBIT component

In order to become eligible for a potential payout, the firm's Management Fee EBIT<sup>5</sup> must grow at a defined minimum rate over a five-year period. This rate is set with both a floor rate, below which the payout will be zero, and a cap rate, thus limiting the upside potential. The floor and cap growth rates will be disclosed each year by the NCC. For the 2022 MPP, the minimum annual growth rate was set at 2% p.a. and the cap was set at an annual growth rate of 15% p.a. over a 5-year period, as shown in Exhibit 2.

As an example, a Management Fee EBIT growth of 10% after a 5-year period results in a multiplier of the initial grant value of 5.9x. If the initial grant value in 2022 was CHF 1.0 million, then the intrinsic value of the MPP would be CHF 5.9 million in 2027.

<sup>2</sup> Vesting rules in case of retirement: at the time of retirement, all LTIs for Executive Team 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: 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 the business and the employee nearing retirement.

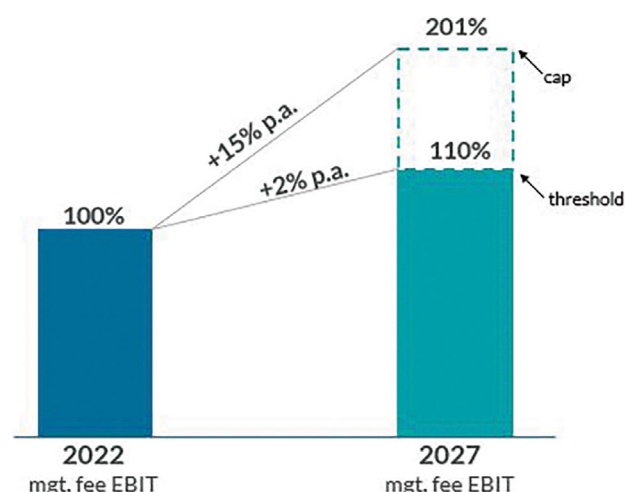
<sup>3</sup> The NCC decides the allocation of MPP grants based on the total performance fee-weighted investment volume generated during the relevant period. The more potential performance fees generated, the larger the potential upside which may lead to a higher MPP allocation. Thereby, the proportion of MPP relative to the overall LTI pool can range from approximately one-third to two-thirds. The remainder will be granted in SPP. In the case that MPP is less than 50%, a performance condition will be attached to SPP in order to ensure that at all times at least 50% of the LTI is granted in the form of a performance-based incentive.

<sup>4</sup> Due to Executive Team rotation actual awards granted in the form of MPP and SPP may deviate from the standard split disclosed in the referenced table. As an example, if a member was to rotate out of the Executive Team or be nearing retirement then their grant could be entirely in the form of SPP. Remaining members would receive the split as disclosed in the above table.

<sup>5</sup> The Management Fee EBIT is an alternative performance metric and is calculated as total EBIT International Financial Reporting Standards (IFRS) less recognized performance fee revenues adding back performance fee related expenses. For a detailed definition please refer to the 'Key definitions and alternative performance metrics' section of the Annual Report 2022. Adjustments to the Management Fee EBIT calculation may occur should accounting or other extraordinary adjustments with an effect on the financials make the comparison between the start and end years inconsistent.

# Compensation Report

**Exhibit 2: Minimum Management Fee EBIT growth of 2% required for MPP value creation**



For the 2022 MPP grant, the intrinsic value of the MPP participation right will be measured five years after the grant date and cannot exceed 10.6x of 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.

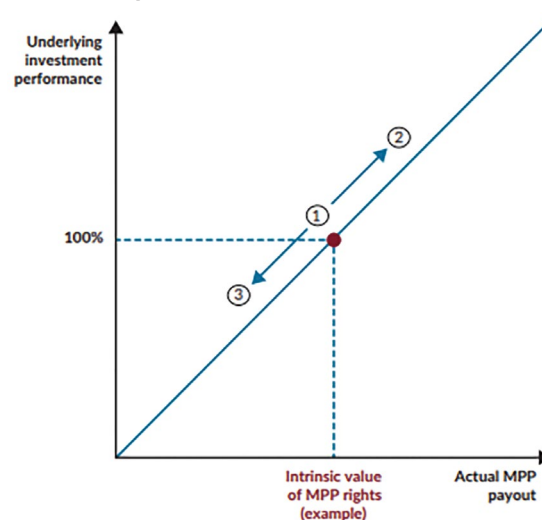
## Condition 2: Performance fee component

While the Management Fee EBIT focuses on the profitable growth of the firm 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 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 participation rights were granted. The full performance fee payouts resulting from the grant year's investment vintage, if any, begin to be generated after five years and will be received by MPP participants from year 6 onwards.

- **Magnitude:** the magnitude depends on the actual performance fees that the firm generates from the investment vintage<sup>6</sup> of the respective year over the next 14 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 14 years (number "1" in Exhibit 3). For example, if the intrinsic

value of MPP participation 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 (number "2" in Exhibit 3), or lower than the originally anticipated nominal amount in the case of lower investment performance (number "3" in Exhibit 3). In the worst-case scenario, the amount can be zero, irrespective of the intrinsic value determined through the Management Fee EBIT component.

**Exhibit 3: 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 4. 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 Partners Group shares. For example, should the 2022 investment year pay out 15% of its target payout in 2027, we would pay out 15% of the intrinsic value of MPP to plan participants in the form of Partners Group shares in 2027<sup>7</sup>.

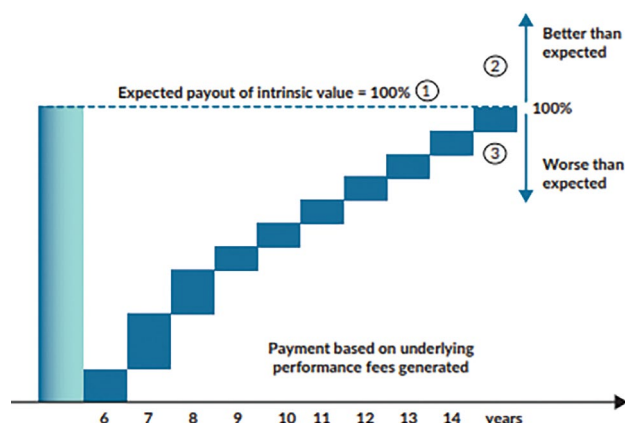
Given the length of this period, we believe the MPP promotes a focus on sustainable value creation and avoids inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients and shareholders.

<sup>6</sup> Investment period is defined as Q4 of the prior year until Q3 of the respective financial year under review.

<sup>7</sup> The plan participants are paid out in a number of Partners Group shares (ticker: PGHN). The exact number is determined by taking the value of the payout divided by the price of one PGHN share. The price of the PGHN share is calculated based on the VWAP (volume-weighted average price) which means the price equal to the average of the volume-weighted average prices of the Share during the month prior to the payment date. VWAP shows the average price of a Share, adjusted for its volume.

# Compensation Report

**Exhibit 4: Actual MPP payout occurs as the performance fees of the underlying investment vintage materialize**

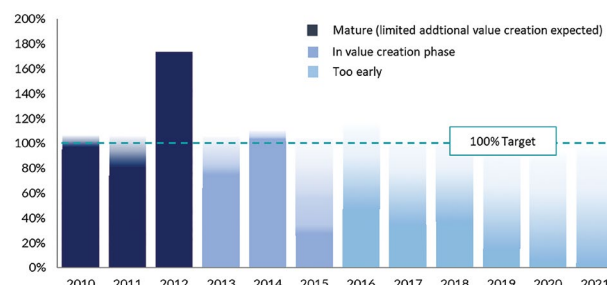


## Historic performance fee payouts versus target

Future potential performance fees will depend on the development of the investments of a reference vintage<sup>8</sup>. 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 of 31 December 2022, the actual performance fees paid from the reference investment vintage can be below or above the target intrinsic value payout of 100%, as displayed in Exhibit 5. To date, over the 12-year period from 2010 to 2022 actual payout of Global Management Carry Pools<sup>9</sup> has exceeded the ex ante defined return target, set at 100%, on one occasion. While all reference investment pools are expected to continue to pay out performance fees over the many years to come, they also demonstrate the rigor of past target setting.

**Exhibit 5: Performance fee payout expectations broadly in-line with target<sup>10</sup>**



## 1.2.2. Share Participation Plan

SPP encourages the Executive Team to create shareholder value through a rising share price. It not only fosters an ownership mentality but also incentivizes Executive Team members to drive the operational performance of the firm and protect its reputation. SPP therefore promotes a long-term vision and vests according to the following schedule: 34%, 33%, and 33% over years 3, 4, and 5, respectively, contingent on continued employment with the firm.

## 1.3. Equal pay analysis

Partners Group is an equal opportunity employer and complies with all applicable fair employment practice laws. In order to provide equal employment and advancement opportunities to all individuals, Partners Group commits to making all employment decisions based on merit, qualifications, and abilities.

On an annual basis, the human resources team performs an equal pay analysis, which has shown no pay inequalities in recent years, including 2022. The 2022 analysis was performed using the assessment methodology of the EDGE Certified Foundation<sup>11</sup>. The analysis, which was independently audited by KPMG<sup>12</sup>, was performed at a global level and confirmed that Partners Group's pay gap is deemed insignificant<sup>13</sup>.

In addition, Partners Group complied with its legal obligation to perform a separate Swiss equal pay analysis under the requirements of the Gender Equality Act and Ordinance and was awarded the "We Pay Fair" certificate from the Center

<sup>8</sup>Investment period is defined as Q4 of the prior year until Q3 of the respective financial year under review.

<sup>9</sup>Refers to one or several pools of Partners Group's carry pool (i.e. performance fee pool) determined by the Company at its own discretion typically by segregating performance fee carrying investments by asset class, transaction type, level of involvement of the Company and its Subsidiaries, region, or a combination thereof.

<sup>10</sup>Any payouts received of a reference investment vintage in the first five years, a time period where performance condition 1 has not been fully assessed, will be accrued and only paid out in year 6 contingent on the performance of the Management Fee EBIT.

<sup>11</sup>EDGE is a leading diversity and inclusion organization, offering a global standard with independent verification.

<sup>12</sup>KPMG performed an audit on Partners Group's equal pay analysis for the five largest offices. In 2022, this included Partners Group offices located in the Philippines, Singapore, Switzerland, the United Kingdom, and the USA.

<sup>13</sup>For a further breakdown please refer to the Corporate Sustainability Report which will be issued on 25 April 2023.



# Compensation Report

of Diversity and Inclusion of the University of St. Gallen last year. Given that the firm performed the analysis in 2021, it was exempt from performing a separate Swiss equal pay analysis again in 2022.

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 the certificate "We Pay Fair."



## 1.4. Non-financial income / benefits disclosed according to the Ordinance against Excessive Compensation ("OaEC")

The OaEC requires board members of listed companies to disclose all benefits directly or indirectly provided to the Executive Team 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 Team 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<sup>14</sup>. This aligns the interests of clients with those of the firm and its employees. For select direct investment programs, in line with the expectations of our institutional clients, the size of such investments increases beyond the typical 1% of the program's size.

Given our strong liquidity position, Partners Group could also fully fund these investments alongside clients from its balance sheet. However, the Board decided to overweight the firm's lean balance sheet approach versus 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 place a higher value on a lean balance sheet strategy.

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 Team and the Board of Directors) similar preferential terms and conditions to invest in its private markets programs, offering such investments at no management fees and no performance fees.

### Waived fees

According to the OaEC, these waived fees are subject to approval by shareholders. The NCC discloses in this report all such waived fees granted to the Executive Team and members of the Board of Directors for investments made alongside investors in the firm's closed-ended investment programs (see Exhibit 12 for the Executive Team and Exhibit 15 for the Board of Directors). The respective revenues not generated due to the fees waived for independent Board members amounted to approximately CHF 8 thousand and represented <0.001% of the firm's total revenue. The waived fees are therefore deemed immaterial to influence their independent judgment.

<sup>14</sup> The firm does not generally earn any revenues on its own investments alongside clients as any fees levied are rebated.



# Compensation Report

## Partners Group's share purchase strategy has led to no share capital dilution since IPO in 2006

Partners Group places a high level of importance on the avoidance of share capital dilution for the protection of all stakeholders. A strict process is followed each year to ensure that the firm holds ample treasury shares to cover existing and future equity incentive programs.

As testament to this process, there has been zero dilution of Partners Group's share capital since the IPO in March 2006. Furthermore, the treasury shares necessary to cover the granted non-vested shares are systematically purchased by the firm in advance. Further information on Partners Group's share-based payment plans can be found in note 4 to the consolidated financial statements included in the 2022 Annual Report.

As of 31 December 2022, the Group had 1'101'870 options and non-vested shares outstanding (2021: 1'167'386). 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 2022 Partners Group held 790'189 treasury shares which is sufficient to fully cover its current and future share-based incentive programs well beyond the year-end share price of CHF 816.80 (2021: CHF 1'512.50).

## 1.5. Bonus-malus system

The Board of Directors (with the board of directors of any of Partners Group's legal subsidiaries, where required) may decide to reduce or fully forfeit unvested parts of the performance entitlements allocated under the global long-term compensation plan, and/or not to (fully) pay amounts for part of the performance entitlements allocated under the global long-term compensation plan that have vested but for which amounts have not been paid yet, and/or may seek to recover all or part of the amounts that have been paid under those performance entitlements allocated under the global long-term compensation plan in the past (claw-back) where Partners Group Holding AG in its own reasonable

discretion determined that the personal conduct of a Participant is fraudulent or in material breach of applicable laws, regulations or internal policies and procedures ("misconduct"). For purposes of this paragraph, material breach is typically given where such conduct resulted or could have resulted in serious damages, including loss of business and reputation damages, suffered by Partners Group. In 2022, no action by the Board was taken in this respect.

## 1.6. Compensation governance

### 1.6.1. 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 Team, 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).

### 1.6.2. 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 closely linked part of a typical compensation. The nomination process ensures that the assessment and nomination of individuals are 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<sup>15</sup>. In particular, the Committee oversees the firm's compensation structure to ensure adherence to Partners Group's strategy and culture and to recognize best practices. The approval authorities are displayed in detail in Exhibit 6.

<sup>15</sup> For the full Articles of Association please see: [www.partnersgroup.com/articlesofassociation](http://www.partnersgroup.com/articlesofassociation).

# Compensation Report

## Exhibit 6: Approval authorities

Compensation pools	Budget/proposal		Approval	
Board of Directors, Executive Team	NCC	Q4	Shareholders' AGM	May (following year)
Group-level budget	NCC	Q3	Board of Directors ratifies	Q4
Department-level budget	Chairman & CEO	Q3	NCC approves	Q4

Individual compensation	Proposal	Approval		
Chairman of the Board of Directors	Chair of the NCC	Q4	Board of Directors approves	Q4
Members of the Board of Directors <sup>16</sup>	NCC			
CEO				
Executive Team	Chairman & CEO	Q4	NCC approves, Board of Directors ratifies	Q4
Senior Members of Management	Executive Team			
Members of Management & other professionals	Department Heads		Executive Team approves	

### 1.6.3. Committee members

As of 31 December 2022, the members of the NCC were Flora Zhao (Chair), Anne Lester, and Dr. Martin Strobel. According to the independence criteria outlined in our Corporate Governance Report (section 3), Flora Zhao, Anne Lester, 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.

### 1.6.4. Committee meetings & decisions taken

During the year, members of the NCC interact with the Chairman, the CEO, and other members of the Executive Team on a regular basis. Throughout 2022, 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 total cash compensation and LTIs (MPP and SPP). 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 Team and proposes the compensation for the CEO and Board members. Compensation approval authorities are outlined in Exhibit 6. Partner- and Managing Director-level promotions and compensation are ratified individually.

<sup>16</sup> In the case of approving the chairperson'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

## 2. Executive Team

The NCC continues to strive for consistency in the firm's approach to compensation. While the total base compensation is fixed and based on function, the LTI component has a clear link to strategy and tangible targets.

Type of compensation		Instrument	Timing
Total base compensation	Fixed cash base salary & benefits	Cash/fixed	Short-term
	Deferred cash payment <sup>17</sup>		
Long-term incentives	Share Participation Plan	Equity (share-based)/variable	Long-term
	Management Performance Plan		

### 2.1. Total base compensation

The total base compensation is based on function and represents a stable compensation component. It is comprised of the cash base salary and the deferred cash payment. Cash base salaries, and by extension deferred cash payments, for Executive Team members are set dependent on an individual's function. For the CEO, the cash base salary and deferred cash payment are each set at USD 900 thousand, as of 2022.

#### Exhibit 8: Total base compensation for Executive Team members in 2022 (in thousands)

Function	Cash base salary (a)	Deferred cash payment (b)	Total cash compensation
CEO	USD 900	USD 900	USD 1'800
Executive Team	Dependent on function	Equal to cash base salary	(a) + (b)

**Cash base salary and pension benefits:** cash base salaries are paid on a monthly basis and are reviewed annually. The primary purpose of benefits, such as pension and insurance plans, is to establish a level of security for employees and their dependants with regards to the major economic risks of sickness, accident, disability, death, and retirement. The level and scope of pension and insurance benefits provided are country-specific and influenced by local market practice and regulations.

The total cash base salary received by the Executive Team amounted to CHF 4.1 million (2021: CHF 4.0 million). The increase in cash base salary is due to normal salary and inflation adjustments.

**Deferred cash payment:** the fixed deferred cash payment is awarded at year-end to the Executive Team. This is a component of the total base compensation and is not considered a variable short-term incentive. The individual deferred cash payment set by our compensation framework is intended to be stable and predictable and amounts to 100% of the cash base salary. The NCC has the flexibility to adjust the deferred cash payment downwards (not upwards) in the rare case the firm or an individual Executive Team 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. As of 31 December 2022 no adjustments have occurred.

The total deferred cash payments received by the Executive Team amounted to CHF 4.1 million (2021: CHF 3.8 million). The increase in total deferred cash payments was directly linked to the increase in total cash base salaries.

### 2.2. Total long-term incentives

LTI continue to encourage true entrepreneurialism and a long-term perspective. The nominal LTI pool granted for the year 2021 serves as a basis to calculate the LTI pool for the year 2022. Therefore, we linked it to two equally weighted annual performance assessments:

- **Quantitative achievements:** assess the firm's financial performance and investment development.
- **Qualitative achievements:** consider whether the firm's strategy objectives and ESG targets set for 2022, as outlined in Exhibit 1, were met.

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 compensation factor is capped at a maximum of 2.0x the previous year's LTI pool on the upper end, preventing excessive upside for LTI participants, and no floor on the lower end, therefore ensuring no guaranteed level of value or downside protection.

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 (adjusted for the Executive Team's new joiners or leavers). At the same time, in the most severe case,

<sup>17</sup> Deferred cash payment is awarded at year end. It is intended to be stable and predictable and only adjusted downwards in the case of significant underperformance by the firm or on an individual level.

# Compensation Report

a compensation factor of 0.0x means that the nominal LTI pool would be equal to zero<sup>18</sup>.

The performance assessment of the Executive Team in 2022 applied the methodology described above. Each of the six strategy targets and ESG targets were assessed on a scale of 0.0x to 2.0x. The lower-half signifies underachievement while the upper-half represents over-performance.

## 2.2.1. Quantitative measures (50% weighting)

The financial performance of the firm reflects its operational strength and is typically a result of successful past decision-making. The 2022 performance evaluation based on the two quantitative input components resulted in a compensation factor of 1.20x.

### Financial performance (50% weighting)

**Assessment:** we assess financial performance based on the year-on-year change in Management Fee EBIT. The Management Fee EBIT is defined as total IFRS<sup>19</sup> EBIT less recognized performance fee revenues adding back performance fee-related expenses<sup>20</sup>.

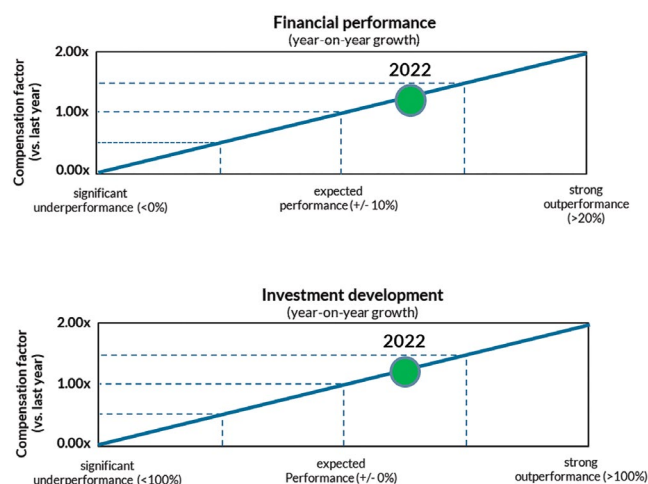
**Result:** the Management Fee EBIT<sup>21</sup> considered at the time by the NCC has risen by 12% (target 10%). The financial performance therefore outperformed expectations and resulted in a compensation factor of 1.20x.

### Investment development (50% weighting)

**Assessment:** successful investments made in the year under review provide the basis for potential future performance fees. We assess investment development based on the year-on-year change in the performance fee-weighted investment volume (based on standardized model return targets as defined on the investment date, adjusted for non-ordinary effects).

**Result:** the performance fee-weighted investment volume increased by more than 23% compared to the prior year (target: equal to prior year). The investment development therefore outperformed expectations and resulted in a compensation factor of 1.20x (rounded).

## Exhibit 9: Quantitative assessment 2022



## 2.2.2. Qualitative measures (50% weighting)

The assessment of the qualitative achievements considers performance metrics such as strategy implementation and ESG targets. The Executive Team performance objectives, as outlined in Exhibit 1, differ depending on a member's function and level of responsibility. At Executive Team-level, each member has additional objectives with a greater focus on either investment-, client-, corporate-, service- or environmental, social, and governance (ESG) as well as corporate social responsibility-related activities. The 2022 performance of the Executive Team, based on qualitative measures, resulted in a performance factor of 1.16x. The details of the assessment are described below.

### Strategy implementation (80% weighting)

**Assessment:** the NCC assessed the implementation of key strategic initiatives as well as continued business and operational excellence across the firm's platform and businesses. In 2022, the focus was on furthering the progress of the firm's six strategic focus areas which make up the strategic roadmap implemented in 2021. These six areas are outlined in Exhibit 1.

**Result:** taken together, the Executive Team exceeded expectations, resulting in a performance factor of 1.25x. The individual result was as follows:

<sup>18</sup> In such cases of significant underperformance, the subsequent year's reference LTI pool would consequently also be zero. Should this occur, the NCC would reference an LTI pool in a year which is most comparable to the year under review, the NCC would disclose the reason and the LTI reference pool chosen.

<sup>19</sup> IFRS is defined as the International Financial Reporting Standards.

<sup>20</sup> Adjustments to the Management Fee EBIT calculation may occur should accounting or other extraordinary adjustments with an effect on the financials make the comparison between the start and end years inconsistent. A full definition can be found in the "Key definitions and alternative performance metrics" section of the Annual Report 2022.

<sup>21</sup> Management Fee EBIT as of latest 2022 forecast available at the time of assessment.

# Compensation Report

- **Transformational investing (1.50x):** the firm's thematic sourcing approach contributed to the further build out of the firm's investment pipeline by identifying target assets with superior growth profiles. The investments and themes identified through Partners Group's sourcing approach subsequently received stronger internal ratings which is testament to the robustness of the firm's investment process. Similarly the firm's playbook approach of entrepreneurial governance, a key to transforming portfolio assets, has advanced under the leadership of the Executive Team as well as the Investment Oversight Committee<sup>22</sup>. Together these advancements contributed to the USD 26 billion of attractive investments made during the year, despite a challenging market environment.
- **Scale investment activity (1.00x):** the emphasis on thematic sourcing together with the build out of the investment teams and the firm's external networks led to the further expansion of our investment pipeline and capabilities. In turn, this expansion contributed to a satisfactory scale-up of investment capacity across the firm.
- **Differentiate with bespoke solutions (1.50x):** Partners Group's innovative bespoke client solutions were the largest contributor to fundraising at USD 15.5 billion (record 70% of assets raised). Within the scope of bespoke client solutions, mandates (USD 8.4 billion raised) are separate accounts that allow large institutional investors to achieve their long-term target allocations to private markets. Evergreen programs (USD 7.2 billion raised) in turn have liquidity features that enable individual investors to access private markets. In addition, to maintain our leading position in offering bespoke solutions to our clients, further progress has been made in implementing the framework for new offerings in the defined contribution market and our private debt platform. These strong results were directly driven by the Executive Team's overachievement of its internal targets.
- **Grow client base in US (1.25x):** during the year the US was a key component of the firm's growth

strategy and it will remain a focus in future years. The Executive Team continued to execute on its plan to increase market share and brand awareness across the country. From a fundraising perspective, the US accounted for 29% of total assets raised. This was ahead of the 2022 target and is on-track for the firm's 2025 goal to raise more than 30% of total assets raised from the US.

- **Develop next generation teams (1.25x):** in 2022 a fully fledged review of the business unit leadership was launched. Through this process the Executive Team was able to implement employee development key performance indicators and identify areas of success and improvement across the business departments. In addition, an effort to delegate authority and decision-making power for team building was implemented at the appropriate levels across the firm.
- **Organize for scale (1.00x):** the Executive Team was tasked with two main targets to effectively organize for scale in 2022. The first goal was focused on technology where progress was made on the firm's technology transformation project which aims to create significant operational efficiency gains, and to drive the technology lifecycle. Of note was the successful rollout of the automation and standardization of the business process management. For the second target, the Executive Team launched a firm-wide project focused on effectively scaling the platform. This included several programs to realize efficiencies of scale such as the LEAN<sup>23</sup> training which was completed across the services platform.

Taken together, the Executive Team exceeded expectations across the firm's Group- as well as Executive Team-level objectives.

## ESG targets (20% weighting)

**Assessment:** Partners Group has a strong commitment to sustainability. Creating a lasting positive impact is one of the core principles of the firm's Charter<sup>24</sup> and thus it is crucial for it to be one of the factors in the Executive Team's overall performance assessment. In 2021, the firm defined an ESG strategy at both corporate- and portfolio asset-level. This

<sup>22</sup> The IOC is one of the Board committees and stands for the Investment Oversight Committee. Further information can be found in section 3 of the Corporate Governance Report.

<sup>23</sup> LEAN is an external program which promotes a systematic approach to reduce or eliminate activities that do not add value to the process.

<sup>24</sup> Further information on Partners Group's Charter can be found at: <https://www.partnersgroup.com/en/about/our-charter/>.

# Compensation Report

strategy highlights a set of overarching goals to be achieved in the year of review<sup>25</sup>. The annual targets are set to be challenging and ambitious. In 2022, the Executive Team was assessed on its achievement of the key targets set for 2022 at the corporate level as well as the portfolio asset level. These targets were set to be highly ambitious in order to ensure Partners Group's position as an ESG leader in our industry.

**Result:** the Executive Team worked on projects to meet specific ESG targets throughout the year. The NCC assessed the Executive Team's progress to be substantial given the highly ambitious goals, but marginally below target resulting in a performance factor of 0.80x. Additional details are highlighted below.

## Corporate-level targets

- **Environmental focus:** Partners Group aims to achieve net zero for the firm's Scope 1, Scope 2, and Scope 3<sup>26</sup> greenhouse gas (GHG) emissions by 2030. In order to evaluate whether the firm is on-track to achieve this long-term goal a set of five targets for 2022 was identified:

- Executing the firm's Climate Change Strategy
- Improving the gathering, storing, processing, and assuring of non-financial ESG data
- Defining a staggered approach to measure and assure more than 95% of the firm's Scope 3 emissions
- Developing a technology-based decarbonization program
- Establishing an internal carbon price of USD 50 / tCO<sub>2</sub> to incentivize reductions and fund carbon removal of residual emissions

In 2022, the Executive Team was evaluated as being on-track to achieve the firm's 2030 net zero emissions goal based on its achievement of the above targets.

- **Social focus:** the firm set a long-term, social focus, goal to become an impact leader in corporate responsibility to the benefit of its employees and other stakeholders. In order to achieve this, the Executive Team was charged with:

- Conducting an annual employee engagement survey
- Verifying equal pay for equal work with the aim of no material deviations globally
- Updating the diversity and integration strategy
- Relaunching the PG Stakeholder Impact effort
- Incorporating actions from the survey into the P&D goals of managers<sup>27</sup>

In 2022, the Executive Team largely met expectations on the above targets, for example achieving no material deviations on equal pay for equal work, globally.

- **Governance focus:** Partners Group aims to achieve ownership excellence by becoming a role model in entrepreneurial ownership and governance for its peers and portfolio assets. Last year, the Executive Team had a set of five governance focused targets:

- Formalizing the firm's internal control system for ESG processes
- Advancing the preparation for current and future changes to ESG regulation and reporting standards
- Including ESG and sustainability targets in the P&D goals of employees
- Training all employees on ESG
- Issuing a Remuneration Directive

The Executive Team made progress on the above targets while select objectives, such as the issuance of a Remuneration Directive, were not fully achieved, and will therefore be carried forward into 2023.

<sup>25</sup> A full summary of the ESG targets can be found on pages 22 - 25 of the 2021 Corporate Sustainability Report.

<sup>26</sup> Corporate level Scope 3 emissions exclude Scope 3 emissions from "category 15: investments" (GHG Protocol), which are addressed at the portfolio level.

<sup>27</sup> P&D stands for Performance & Development and refers to Partners Group's annual employee goal setting and assessment process.



# Compensation Report

## Portfolio-level targets

- **Environmental focus:** Partners Group aims to create long-term value by both investing in the low carbon economy and leading assets on their path to net zero. In order to progress towards this goal four targets were set for 2022.

- Supporting portfolio companies on reporting in line with ESG regulation
- Working towards ensuring Scope 1 and 2 emissions are externally assured
- Measuring Scope 3 emissions across the firm's-controlled companies
- Continuing to execute the firm's Climate Change Strategy
- Developing and providing lessons learned, best practices, policies, and playbooks

The NCC determined that expectations were met on the majority of targets, including the measuring of Scope 3 emissions across the firm's controlled companies. Other select projects will continue to be a focus in 2023, including the distribution of best-in-practice playbooks.

- **Social focus:** Partners Group aims to build companies that employees desire to work for by reinvesting into development, and financial or well-being initiatives for staff. In order to achieve this, two goals were set for 2022:

- Developing a program to enable the firm to systematically share social best practices and global minimum standards from its own experience to portfolio assets
- Continuing to develop an institutionalized approach to the firm's Stakeholder Benefits Program, including the launch of several pilot programs across the firm's-controlled assets

While substantial progress was made in 2022, expectations were not fully met. Both targets will therefore continue to be a focus in the next year.

- **Governance focus:** Partners Group aims to ensure sustainability at scale by developing its assets with an entrepreneurial mindset, advancing sustainability and focusing on positive impact for all stakeholders. In 2022, two key projects were initiated in line with this goal:

- Anchoring ESG as a core element of the entrepreneurial ownership approach by defining three ESG responsibilities at asset level and by identifying one to three ESG initiatives to be implemented throughout the firm's ownership period for controlled assets
- Ensuring ownership and accountability for cybersecurity by establishing a cyber baseline and defining a risk-based cyber journey with regular reporting to the portfolio asset's board

The NCC assessed both projects to be successfully launched in 2022: however the completion of the above projects was deferred to 2023. As a result, it was determined that the Executive Team did not fully meet expectations.

## Summary

As a result of the quantitative and qualitative assessment, the overall LTI pool in 2022 increased by 18% to 1.18x last year's pool (the nominal LTI pool granted for the year 2021 serves as a basis to calculate the LTI pool for the year 2022<sup>28</sup>).

The Executive Team was granted nominal LTI amounting to CHF 23.9 million in 2022, adjusted for leavers and new team members (2021: CHF 20.6 million). Half of the value was granted in SPP and half in MPP. Exhibit 12 shows the total full-year compensation of the Executive Team in detail.

Once the top-down allocation for the Executive Team has been completed and the overall LTI pool determined, the individual assessment of each Executive Team member commences. An outline of the CEO's compensation is provided below.

## 2.3. CEO compensation

**David Layton:** receives his total base compensation in USD. For the purpose of the below his compensation is expressed in CHF<sup>29</sup>. His full year 2022 total base compensation amounted to CHF 1.72 million (2021: CHF 1.51 million) and includes the deferred cash payment of CHF 0.86 million. The total base compensation including other compensation, such as pension benefits and social security payments, amounted to CHF 1.83 million (2021: CHF 1.82 million).

David Layton's LTI grant increased by 21% to 1.21x the previous year's LTI grant, thus amounting to CHF 7.25 million in 2022 (2021: CHF 6.00 million), slightly ahead of the average LTI pool increase of 1.18x. The grant amount was based on the qualitative assessment as outlined in Exhibit 1 as well as the quantitative assessment of the firm. During the year, David Layton also acted

<sup>28</sup> Subject to minor rounding at an individual level.

<sup>29</sup> In order to illustrate the USD based compensation in CHF, the compensation was converted into CHF with the average exchange rate USD/CHF for the year 2022. Source: Bloomberg.



# Compensation Report

as Head of Private Equity. In this role he outperformed based on his contribution to the record performance fee potential generated in 2022 as well as the outperformance of the private equity asset class during the period. David Layton received 50% of the LTI value in SPP and 50% in MPP.

## 2.4. Executive Team member

The highest paid Executive Team member in 2022 was the firm's CEO, David Layton.

## 2.5. Compensation caps

The granted nominal value of LTI is not to exceed 5.0x the total base compensation of an Executive Team member (cash base salary + deferred cash payment). For 2022, the ratio between the committee members' LTIs compared to their total base compensation ranged from 0.75 x to 4.22x. This range therefore falls below the compensation cap for the LTI and does not exceed 5.0x the total base compensation of an Executive Team member (cash base salary + deferred cash payment). 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.

## 2.6. Minimum shareholding guidelines

In 2021, the NCC implemented minimum shareholding guidelines for all Executive Team members as of 2022. These guidelines further accentuate the alignment between shareholders and the Executive Team. The minimum shareholding requirement is based on a multiple of the Executive Team member's respective cash base salary. The CEO must hold a minimum of 6.0x his cash base salary and Executive Team members must hold a minimum of 3.0x their respective cash base salary in Partners Group shares.

Members have a 5-year period to become compliant with this requirement, starting from 2021 or the year of their appointment, whichever is later. Once achieved, the shares must be held throughout their tenure on the Executive Team. The minimum shareholding requirement encompass shares granted under the firm's LTI plans as well as shares privately purchased by Executive Team members outside of these plans.

Of the Executive Team's eight members, seven members were found to be compliant with the new minimum shareholding guidelines. Members who do not currently comply with the minimum shareholding threshold have four years remaining to become compliant. Compliance with the minimum shareholding guidelines will be evaluated and reported on an annual basis. The shareholdings of Executive

Team members as of 31 December 2022 are shown in note 15 to the financial statement of Partners Group Holding AG.

## Exhibit 10: 2022 Minimum Shareholding Guidelines

Function	Multiple of base salary	Cash base salary (in thousands)	Minimum shareholding requirement (in thousands)
CEO	6.0x	USD 900	USD 5'400
Executive Team	3.0x	Example: CHF 500	Example: CHF 1'500

## 2.7. Executive Team loans (audited)

Executive Team members may apply for loans and fixed advances, subject to an internal review and approval process. As of 31 December 2022, no loans were outstanding to either current or former Executive Team members or to a related party of a current or former Executive Team member.

## 2.8. Employee contracts (audited)

In the event of the departure of an Executive Team member, employee contracts do not have special provisions such as severance payments, "golden parachutes", reduced stock and/or options and MPP vesting periods etc. in place. 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 Team members in 2021 or 2022.

## 2.9. Approved budgets of predecessor compensation programs and their payouts (2014-2017)

In 2010, Partners Group launched a dedicated performance fee-related compensation program, the Management Carry Plan ("MCP"), whereby a percentage of the potential future performance fees from investments is allocated to senior professionals as well as the Executive Team. The MCP was designed as a long-term incentive plan which aligns the rewards for the firm's professionals with investment performance and the firm's overall financial success.

For the years 2014 until 2017, under the Ordinance against Excessive Compensation in listed joint stock companies ("OaEC") issued by the Swiss Federal council, shareholders expressed a binding vote on the MCP budgets of the Board of Directors and Executive Team. As of 31 December 2022, the actual payout to current and former Executive Team members or to executive members of the Board of Directors has not exceeded the approved budgets for the years 2014 through 2017.

# Compensation Report

## Exhibit 11: Composition of the 2022 Executive Team and function of its members

Name	Joined Partners Group in	Nationality	Age	Position
David Layton	2005	American	41	Chief Executive Officer, Head Private Equity
Kirsta Anderson	2020	American	43	Chief People Officer
Sarah Brewer	2008	British	39	Global Co-Head Clients Solutions
Roberto Cagnati	2004	Swiss/Italian	44	Chief Risk Officer, Head Portfolio Solutions
Juri Jenkner	2004	German	47	Head Private Infrastructure
Andreas Knecht	2009	Swiss	53	Chief Operating Officer, General Counsel, and Head of Corporate Operations
Marlis Morin	2003	Swiss/Italian	52	Head Client Services
Hans Ploos van Amstel	2020	Dutch	57	Chief Financial Officer, Head Group Finance & Corporate Development

## Exhibit 12: Executive Team compensation for the full year 2022 (audited)

In thousands of Swiss francs							2022
	Cash base salary	Deferred cash payment	Other <sup>30</sup>	Subtotal cash compensation	LTI (SPP)	LTI (MPP) <sup>31</sup>	Total <sup>32,33</sup>
David Layton, Chief Executive Officer and Head Private Equity	859	859	116	1'834	3'625	3'625	9'084
<b>Total Executive Team</b>	<b>4'141</b>	<b>4'142</b>	<b>1'343</b>	<b>9'627</b>	<b>12'328</b>	<b>11'575</b>	<b>33'530</b>

<sup>30</sup>Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

<sup>31</sup>The valuation of MPP is outlined in the notes to the consolidated financial statement for the year 2022 (note 4.3.2. to the consolidated financial statements).

<sup>32</sup>Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Executive Team amounts to CHF 33'621 thousand, including CHF 91 thousand of waived fees. The total compensation of David Layton amounts to CHF 9'113 thousand, including CHF 29 thousand of waived fees.

<sup>33</sup>At the AGM in May 2021, shareholders approved a revised maximum total short-term cash compensation budget of CHF 9.00 million for the Executive Team for the fiscal year 2022. The budget includes cash base salary, pensions, other benefits and a deferred cash payment and excluded social security payments. The actual compensation, excluding social security in the amount of CHF 991 thousand, received in 2022 was in aggregate below the approved compensation budget.

# Compensation Report

## Exhibit 13: Executive Team compensation for the full-year 2021 (audited)

In thousands of Swiss francs							2021	
	Cash base salary	Deferred cash payment	Other <sup>34</sup>	Subtotal cash compensation	LTI (SPP)	LTI (MPP) <sup>35</sup>	MCP <sup>36</sup>	Total <sup>37,38</sup>
David Layton, Chief Executive Officer and Head Private Equity	754	754	312	1'820	3'000	3'000		7'820
<b>Total Executive Team</b>	<b>3'397</b>	<b>3'381</b>	<b>1'154</b>	<b>7'933</b>	<b>10'179</b>	<b>10'175</b>	<b>-</b>	<b>28'286</b>
<b>Former members of the Executive Team<sup>39</sup></b>	<b>625</b>	<b>455</b>	<b>116</b>	<b>1'196</b>	<b>197</b>	<b>-</b>	<b>8'685</b>	<b>10'077</b>
<b>Total Executive Team, incl. former members</b>	<b>4'022</b>	<b>3'836</b>	<b>1'270</b>	<b>9'129</b>	<b>10'375</b>	<b>10'175</b>	<b>8'685</b>	<b>38'363</b>

<sup>34</sup> Other compensation includes payments by Partners Group for pension and other benefits such as social security payments.

<sup>35</sup> The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2021 (note 4.3.2. to the consolidated financial statements).

<sup>36</sup> Figures above are presented for illustrative purposes only to increase transparency. Actual values depend on the future performance of the investments attributable to the financial year 2021. For the table above, for each 1% of carry pool allocation the Group assumed an expected payout range from CHF 0 to CHF 34'665 thousand and used CHF 23'110 thousand as a base scenario for illustrative purposes. Amounts disclosed use average daily foreign exchange rates (i.e. CHF/USD). In 2010, Partners Group launched a dedicated performance fee-related compensation program, the Management Carry Plan (MCP), whereby a percentage of the potential future performance fees from investments is allocated to senior professionals (non-Executive Team members). The MCP was designed as a long-term incentive plan which aligns the rewards for the firm's professionals with investment performance and the firm's overall financial success. It is not a share-based incentive plan.

<sup>37</sup> Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Executive Team amounts to CHF 38'446 thousand, including CHF 83 thousand of waived fees. The total compensation of David Layton amounts to CHF 7'868 thousand, including CHF 48 thousand of waived fees.

<sup>38</sup> At the AGM in May 2021, shareholders approved a revised maximum total short-term cash compensation budget of CHF 9.00 million for the Executive Team for the fiscal year 2021. The budget includes cash base salary, pensions, other benefits and a deferred cash payment and excluded social security payments. The actual compensation, excluding social security in the amount of CHF 1'105 thousand, received in 2021 was in aggregate below the approved compensation budget.

<sup>39</sup> André Frei, Co-CEO and Dr. Michael Studer, CRO: members until 30 June 2021.

# Compensation Report

## 3. Board of Directors

Partners Group's Board of Directors is entrusted with the ultimate responsibility for Partners Group's strategy and development. The Board applies the same "entrepreneurial governance" approach to its own firm as Partners Group applies to its portfolio companies.

The Board consists of four executive Board members - the Executive Chairman and the three founders - and four independent Board members. None of the directors of the Board have line management functions. Through the Board's committees, Board members contribute to investment as well as client-related activities and corporate development initiatives. The Chairman also oversees the Executive Team in leading the operations and execution of the strategy.

The Executive Chairman typically invests 3-5 days a week towards his mandate. The founders dedicate approximately 2-3 days a week to Partners Group's Board activities. Independent Board members usually devote 1-2 days a week to their Board mandates. The substantial time commitment of Partners Group's Board is the foundation of a successful governance geared towards enabling proactive value creation. The Board sets the compensation for its members at a level that reflects individual responsibility, contribution, and time allocated to their Board mandates.

### 3.1. Compensation guidelines

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. LTI allocation changes for the executive members of the Board follow those of the Executive Team and increased by 18% to 1.18x the amount granted in 2021. Individual goals are dependent on a member's individual function and level of responsibility as outlined in Exhibit 1 in addition to their achievement of the stated quantitative factors. 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. Due to their significant shareholding in the firm, executive members of the Board were granted 100% of their LTI in MPP.

For the compensation of independent Board members, the NCC applied the module-based compensation framework as outlined below in Exhibit 14. The compensation is fundamentally determined by the delegated individual mandates and committee appointments, the time allocation a Board member dedicates to their respective duties, and any additional contribution made by the members to the firm's business through their committee mandates. Independent Board members are each paid 50% in cash and 50% in restricted shares<sup>40</sup> delivered in one installment during the current board period. Independent Board members do not receive LTI or pension benefits.

<sup>40</sup> 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.

# Compensation Report

## Exhibit 14: Compensation framework of independent Board members

	Description	Compensation
<b>Board membership</b>	Regular Board work, including offsites; client AGM and other Board-related work	CHF 100'000
<b>RAC</b>	<p><b>Chair:</b> official RAC meetings and several other, mainly internal meetings and travel, including the preparation of meeting materials; regular calls; and Partners Group team interaction</p> <p><b>Member:</b> additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.</p>	<p><b>Chair:</b> CHF +150'000</p> <p><b>Member:</b> CHF +100'000</p>
<b>NCC</b>	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	<p><b>Chair:</b> CHF +100'000</p> <p><b>Member:</b> CHF +50'000</p>
<b>IOC, COC, CDC<sup>41</sup></b>	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	<p><b>Chair:</b> chaired by executive member</p> <p><b>Member:</b> CHF +100'000</p>
<b>CRT<sup>42</sup></b>	Additional Board meetings, including the preparation of meeting materials; other additional meetings; regular calls; and team interaction.	<p><b>Chair:</b> chaired by executive member</p> <p><b>Member:</b> CHF +50'000</p>
<b>Larger subsidiary PG board</b>	Board meetings, including standard board work, offsites; client AGM; and other Board related work.	<b>Member:</b> CHF +50'000
<b>Ad-hoc Board committee work</b>	As required, additional Board committee work may be performed on an ad-hoc basis. These specially created committees focus on value creation and other PG-related initiatives. These ad-hoc committees will be disclosed in the Corporate Governance Report should they be formed in the year under review <sup>43</sup> .	Dependent on time allocation. Guideline: for each additional ~10% estimated time allocation CHF +100'000
<b>Waived fees</b>	Consistent with industry standards, independent Board members may also invest into Partners Group's investment programs on a no management fee and no performance fee basis. Waived fees claimed are shown in Exhibit 15.	

## 3.2. Executive Chairman of the Board

The Chairman's role requires a substantial time commitment and significant involvement. Under the leadership of the Executive Chairman, **Steffen Meister**, the Board shapes the strategy of the firm and exercises ultimate supervision over management, amongst other duties. As chair of the Investment Oversight Committee the Executive Chairman drives forward investment strategy and oversight. He is also actively involved in the advancement of client-related projects as a member of the Client Oversight Committee. Mr. Meister is also chair of the Corporate Development Committee, where he steers strategic projects, business development, and corporate development initiatives. At the core, he is responsible for the growth of the next generation of leaders, together with the Executive Team, to whom he acts as a coach and sounding board. The Executive Chairman takes an active role in representing the firm vis-à-vis regulators, key shareholders, investors, and other important external stakeholders.

The Executive Chairman is paid an annual base Board fee of CHF 0.30 million (2021: CHF 0.30 million). He received the same LTI compensation factor as the overall Executive Team (1.18x) and was granted LTIs amounting to CHF 2.25 million (2021: CHF 1.91 million). This brings his total compensation to CHF 2.61 million (2021: CHF 2.27 million), including pension benefits as outlined in Exhibit 15.

## 3.3. Executive members of the Board

There are three additional executive members of the Board of Directors, **Dr. Marcel Erni**, **Alfred Gantner**, and **Urs Wietlisbach**, who are the founding partners of the firm. Each of them plays an important role in supporting the firm's business and corporate strategy via their respective Board committees (see Corporate Governance report). None of the executive members of the Board mentioned above have line management functions.

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 (2021: CHF 0.30 million). With regards to their LTI allocation, each member was awarded an LTI grant of CHF 1.50 million (2021: CHF 1.28 million), entirely granted in MPP. This represents the same compensation factor (1.18x) as the overall Executive

<sup>41</sup> The Investment Oversight Committee (IOC), Client Oversight Committee (COC) and Corporate Development Committee (CDC) are not expected to be led by independent Board members.

<sup>42</sup> The Crisis Response Team (CRT) is not expected to be led by Independent Board members.

<sup>43</sup> The Corporate Governance Report can be found in the 2022 Annual Report.

# Compensation Report

Team and the Executive Chairman of the Board and brings the total compensation of Dr. Marcel Erni to CHF 1.86 million (2021: CHF 1.64 million), Alfred Gantner to CHF 1.86 million (2021: CHF 1.64 million) and Urs Wietlisbach to CHF 1.86 million (2021: CHF 1.64 million), including pension benefits, as outlined in Exhibit 15.

## 3.4. Independent members of the Board

The independent Board members who focused on Board- and committee-related mandates at Partners Group are **Joseph P. Landy**, **Anne Lester**, **Dr. Martin Strobel**, and **Flora Zhao**.

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. vital strategic growth projects, key client-related matters, legal, compliance, audit, promotion considerations, leadership development, operational excellence, etc.). Select independent Board members hold board seats in Partners Group's lead/ joint-lead portfolio companies (see detailed overview in Partners Group's Corporate Governance Report 2022).

In 2022 there were three notable changes to the roster of independent members of the Board. Grace del Rosario-Castaño retired from the Board after serving for a period of 8 years; her retirement was made effective on 25 May 2022. In addition, Flora Zhao and Anne Lester were appointed to the Board at the Annual General Meeting of Shareholders on 25 May 2022. At the Annual General Meeting of Shareholders on 24 May 2023, an additional female Board member will be nominated for appointment to the Board.

Independent Board members were compensated in accordance with their Board roles and time commitment to their respective mandates.

**Joseph P. Landy** was paid a base Board fee of CHF 0.10 million. He additionally received a compensation of CHF 0.10 million for being a member of the Risk & Audit Committee and CHF 0.10 million for being a member of the Investment Oversight Committee. This brings his total compensation to CHF 0.30 million, including other compensation.

**Anne Lester** was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.10 million for being a member of the Risk & Audit Committee, CHF 0.10 million for being a member of the Client Oversight Committee and CHF 0.05 million for being a member of the NCC. This brings

her total compensation to CHF 0.35 million, including other compensation.

**Dr. Martin Strobel** acted as Vice Chairman and Lead Independent Director and was paid an annual base Board fee of CHF 0.10 million. Martin Strobel chaired the Risk & Audit Committee and received a fee of CHF 0.15 million. He additionally received CHF 0.10 million for being a member of the Corporate Development Committee, CHF 0.05 million for being a member of the NCC, and CHF 0.05 million for his work on the local board of Partners Group's UK entity. In addition to his committee work, Martin Strobel received CHF 0.05 million for his time on the Crisis Response Team. This brings his total compensation to CHF 0.53 million, including other compensation.

**Flora Zhao** was paid an annual base Board fee of CHF 0.10 million. She additionally received CHF 0.10 million for chairing the NCC and CHF 0.10 million for being a member of the Investment Oversight Committee. This brings her total compensation to CHF 0.32 million, including other compensation.

## 3.5. 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 2022, no loans were outstanding to either current or former Board members or to a related party of a current or former Board member (31 December 2021: no loans were outstanding).

## 3.6. Board contracts (audited)

Contracts with members of the Board do not have 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 2021 and 2022.

# Compensation Report

## Exhibit 15: Board compensation for the full-year 2022 (audited)

In thousands of Swiss francs						2022
	Cash	Shares	Other <sup>44</sup>	Subtotal cash and share compensation	MPP <sup>45</sup>	Total <sup>46,47</sup>
Steffen Meister, Executive Chairman	300	—	56	356	2'250	2'606
Dr. Martin Strobel, Vice Chairman	250	251	34	535		535
Dr. Marcel Erni	300	—	62	362	1'500	1'862
Alfred Gantner	300	—	59	359	1'500	1'859
Joseph P. Landy	150	151	—	301		301
Anne Lester	175	176	—	351		351
Urs Wietlisbach	300	—	63	363	1'500	1'863
Flora Zhao	150	151	20	321		321
<b>Total Board of Directors</b>	<b>1'925</b>	<b>728</b>	<b>295</b>	<b>2'948</b>	<b>6'750</b>	<b>9'698</b>
Grace del Rosario-Castaño <sup>48</sup>	50	50	8	108		108
<b>Total Board of Directors incl. former members</b>	<b>1'975</b>	<b>778</b>	<b>304</b>	<b>3'056</b>	<b>6'750</b>	<b>9'806</b>

<sup>44</sup> 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 other compensation: Grace del Rosario-Castano, Joseph P. Landy, Anne Lester, Dr. Martin Strobel and Flora Zhao.

<sup>45</sup> The valuation of MPP is outlined in the notes to the consolidated financial statement for the year 2022 (note 4.3.2. to the consolidated financial statements).

<sup>46</sup> Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 23'076 thousand, including CHF 13'270 thousand for waived fees. For those who had waived fees, the total technical non-financial income stemming from waived fees received by the Board of Directors are listed below:

- Steffen Meister: CHF 97 thousand
- Dr. Marcel Erni: CHF 4'118 thousand
- Alfred Gantner: CHF 4'569 thousand
- Anne Lester: CHF 1 thousand
- Grace del Rosario-Castaño: CHF 1 thousand
- Dr. Martin Strobel: CHF 6 thousand
- Urs Wietlisbach: CHF 4'478 thousand

<sup>47</sup> At the AGM in May 2022, shareholders approved the maximum total short-term cash compensation budget of CHF 3.50 million for the Board of Directors until the next ordinary annual shareholders' meeting in 2023. The budget includes cash base salary, shares in the value of the respective fees, pensions and other benefits and excludes social security payments. The actual compensation, excluding social security in the amount of CHF 157 thousand, received in 2022 was in aggregate below the approved compensation budget.

<sup>48</sup> Board member until the Annual General Meeting of shareholders on 25 May 2022.



# Compensation Report

## Exhibit 16: Board compensation for the full-year 2021 (audited)

In thousands of Swiss francs						2021
	Cash	Other <sup>49</sup>	Subtotal cash compensation	Shares <sup>50</sup>	MPP <sup>51</sup>	Total <sup>52,53</sup>
Steffen Meister, Executive Chairman	300	56	356		1'913	2'269
Dr. Martin Strobel, Vice Chairman	275	22	297	277		573
Dr. Marcel Erni	300	61	361		1'275	1'636
Alfred Gantner	300	61	361		1'275	1'636
Joseph P. Landy <sup>54</sup>	175	27	202	176		378
Grace del Rosario-Castaño	175	27	202	176		378
Urs Wietlisbach	300	63	363		1'275	1'638
<b>Total Board of Directors</b>	<b>1'825</b>	<b>317</b>	<b>2'142</b>	<b>628</b>	<b>5'738</b>	<b>8'507</b>
Lisa A. Hook <sup>55</sup>	109	9	118	111		229
Dr. Eric Strutz <sup>56</sup>	54	4	59	55		114
<b>Total Board of Directors incl. former members</b>	<b>1'988</b>	<b>331</b>	<b>2'319</b>	<b>794</b>	<b>5'738</b>	<b>8'851</b>

<sup>49</sup> 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 other compensation: Lisa A. Hook, Grace del Rosario-Castano, Joseph P. Landy, Dr. Martin Strobel and Dr. Eric Strutz.

<sup>50</sup> Restricted shares were allocated on 18 November 2021 at a share price of CHF 1'627 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 (68 shares), Grace del Rosario-Castano (108 shares), Joseph P. Landy (108 shares), Dr. Martin Strobel (170 shares) and Dr. Eric Strutz (34 shares).

<sup>51</sup> The valuation of Management Performance Plan (MPP) is outlined in the notes to the consolidated financial statement for the year 2021 (note 4.3.2. to the consolidated financial statements).

<sup>52</sup> Figures above exclude non-financial income (waived fees) for investments made alongside investors in Partners Group's investment programs under the firm's Employee Commitment Program (see section 1.4 of this report). Including these accrued but not yet paid items the total compensation for the entire Board of Directors amounts to CHF 25'792 thousand, including CHF 16'941 thousand for waived fees. The total waived fees received by the Board of Directors are listed below:

- Steffen Meister received a technical non-financial income stemming from waived fees amounting to CHF 64 thousand
- Dr. Marcel Erni received a technical non-financial income stemming from waived fees amounting to CHF 1'809 thousand
- Alfred Gantner received a technical non-financial income stemming from waived fees amounting to CHF 7'486 thousand
- Grace del Rosario-Castaño received a technical non-financial income stemming from waived fees amounting to CHF 1 thousand
- Dr. Martin Strobel received a technical non-financial income stemming from waived fees amounting to CHF 6 thousand
- Urs Wietlisbach received a technical non-financial income stemming from waived fees amounting to CHF 7'575 thousand

<sup>53</sup> At the AGM in May 2021, shareholders approved the maximum total short-term cash compensation budget of CHF 3.00 million for the Board of Directors until the next ordinary annual shareholders' meeting in 2022. The budget includes cash base salary, shares in the value of the respective fees, pensions and other benefits and excludes social security payments. The actual compensation, excluding social security in the amount of CHF 185 thousand, received in 2021 was in aggregate below the approved compensation budget.

<sup>54</sup> Board member effective from the Annual General Meeting of shareholders on 12 May 2021.

<sup>55</sup> Board member until 3 September 2021.

<sup>56</sup> Board member until the Annual General Meeting of shareholders on 12 May 2021.

# Compensation Report



## Report of the Statutory Auditor

To the General Meeting of Partners Group Holding AG, Baar

### Report on the Audit of the Compensation Report

#### Opinion

We have audited the compensation report of Partners Group Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in sections 2.7 to 2.8 and exhibits 12 to 13 on pages 145 to 147 as well as sections 3.5 to 3.6 and exhibits 15 to 16 on pages 150 to 152 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and Art. 14-16 VegüV.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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EXPERTTausche Certified Company

# Compensation Report



## Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Thomas Dorst  
Licensed Audit Expert  
Auditor in Charge

Malea Bourquin  
Licensed Audit Expert

Zurich, 17 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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