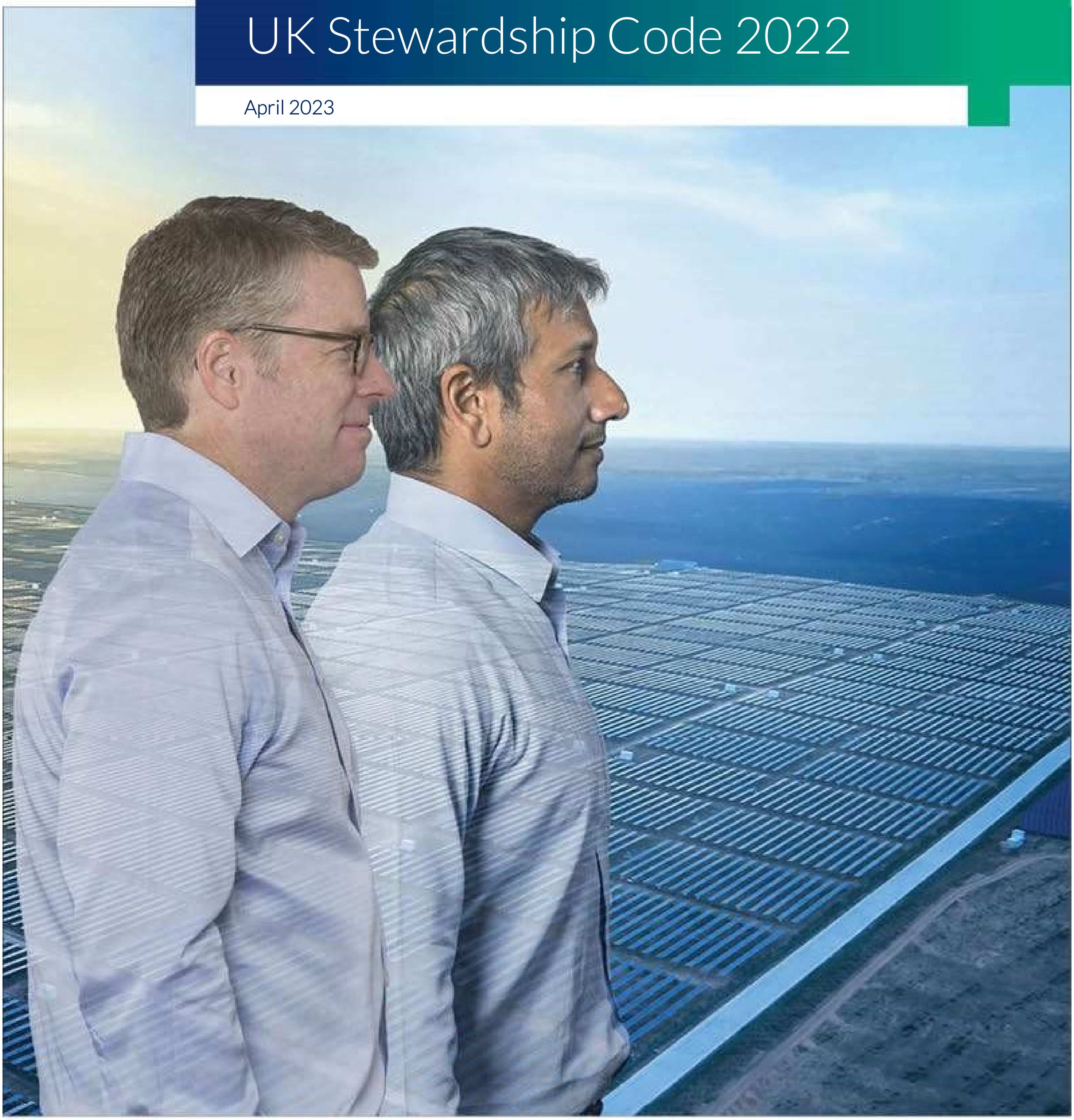
Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

UK Stewardship Code 2022

April 2023



Todd Bright Head Private Infrastructure Americas | **Luv Parikh** Private Infrastructure Asia

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Foreword

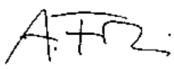
Partners Group has a longstanding commitment to sustainability. In our view, the UK Stewardship Code allows us to measure our ESG & Sustainability approach against a prevalent industry standard. As a private markets firm, active stewardship is at the core of our business. In this report, we will detail Partners Group's approach to responsible investing and illustrate how the 12 Principles of the UK Stewardship Code are reflected in our approach to ESG & Sustainability. This report applies to both our UK regulated entities "Partners Group UK" and "Partners Group UKM", both of which leverage Partners Group resources.

André Frei Chairman of Sustainability

Last year was very active for our sustainability journey. After many years of leading manifold sustainability initiatives at both the corporate and portfolio level, it was the year we consolidated our efforts into one overarching Sustainability Strategy. It combines our existing frameworks around ESG and sustainability with a clear roadmap for the next phase of our firm's sustainable development. With this strategy, we are confident we are in an even better place to achieve our aim of creating lasting development and be recognized as a sustainability leader within our industry.

Covering both our firm and our portfolio of controlled assets, our Sustainability Strategy articulates our vision of building better and more sustainable assets and companies, while also creating value for our stakeholders. To achieve this dual vision, we have defined clear ESG ambitions for both our firm and portfolio. These range from investing in the low carbon economy and leading assets on their path to net zero, to becoming a leader in corporate responsibility to the benefit of our employees, to being a role model in entrepreneurial ownership and governance for our peers and portfolio assets. With this, we believe we can lead by example in creating real ESG progress, both as a firm and in the companies and assets we own. We are well aware that the journey ahead is far from straightforward. True impact does not happen overnight, it is a multi-year effort that takes time and strong commitment. We welcome this challenge as we embark on this journey and are highly motivated to achieve our ambitious sustainability vision.

Shifting our attention to the broader market in which we operate, we continue to monitor closely the increase and tightening of ESG regulation in many parts of the world. Initiatives such as the European Union's Sustainable Finance Disclosure Regulation (SFDR) are aimed at ensuring that capital is directed the right way and that there is alignment on mandatory ESG disclosures among financial market participants. Sustainability is an integral part of our transformational investing strategy, which includes a strong focus on 'strategic ESG' through active ownership for our controlled investments. At the same time, we remain focused on 'traditional ESG' through stewardship for our non-controlled investments.



André Frei
Chairman of Sustainability

PRINCIPLE 1 - Purpose, strategy, and culture

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Who we are

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 195 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. Partners Group is a committed, responsible investor and aims to create broad stakeholder impact through its active ownership and development of growing businesses, attractive real estate, and essential infrastructure. With over USD 135 billion in assets under management as of 31 December 2022, Partners Group serves a broad range of institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,800 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland, Denver, USA, and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN).

Partners Group Holding AG is the parent company of multiple affiliated group companies, including "Partners Group UK" and "Partners Group UKM". This report is created by the affiliated company "Partners Group AG", which manages the majority of Partners Group's products on behalf of the wider group. It covers the approach to sustainable stewardship as practiced by all Partners Group Holding AG's affiliated companies. Consequentially, the two aforementioned UK-regulated entities are not directly signatories to the UK Stewardship Code. However, as subsidiaries to the Partners Group Holding AG, both leverage Partners Group resources and share the approach to stewardship as is illustrated throughout this document.

Our culture

Our purpose

We deliver our clients superior investment performance, realizing the potential of private markets through our integrated platform.

We are responsible for dreams: Our investment results enhance the prosperity of our clients, who ultimately are millions of individual beneficiaries around the globe.

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

We grow personally and professionally: We inspire and energize each other. Partners Group is a place of personal growth. We work hard and deliver outstanding results.

Our vision

We aspire to be a respected and admired leader in our fields and to shape our industry with thought leadership and through innovation.

- We are a unique investment manager: Private markets with a global reach are at the core of our investment platform. We diligently select assets based on their relative value and development potential through economic cycles. We systematically engage with entrepreneurs and corporate leaders to create value in our investments.
- Our clients guide our business: We actively listen to understand their needs. We build trusted, long-term relationships and provide tailored portfolio solutions.
- Our people drive our business: As an employer of choice, we attract talented individuals who are committed to our purpose, and we develop these professionals to perform at their best. Together we create a demanding and rewarding environment throughout our firm.
- Our shareholders support our business: We strive for attractive financial returns and a premium valuation to honour their long-term confidence.

Our values

We believe that our attitude, behaviour, and actions make Partners Group a special place and drive our long-term success. Our core values of Partnership, Entrepreneurship, Leadership, Excellence and Passion define the essence of our firm and reflect who we are and what we do, every day.

Source: Partners Group (2023). For illustrative purposes only.

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

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

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

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

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

Our investment beliefs and business model

Our approach

Partners Group is among the most consistently top performing firms in private markets and seeks to deliver sustainable performance across economic cycles by focusing on three key pillars:

TRANSFORMATIONAL INVESTING

We seek to generate **strong returns** by capitalizing on **thematic growth trends** and **transforming attractive businesses into market leaders**

- Thematic investing
- Entrepreneurship at scale

BESPOKE CLIENT SOLUTIONS

We provide tailored access to private markets and seek to **enhance returns** through our **portfolio management capabilities**

- Tailored access
- Portfolio management and structuring

STAKEHOLDER IMPACT

We **realize potential in private markets** and seek to create **sustainable returns** with **lasting, positive impact** for all of our stakeholders

- Responsible investing
- Stakeholder benefit

1) transformational investing to generate attractive returns by capitalizing on thematic growth trends and transforming businesses and assets into market leaders, 2) bespoke client solutions that provide tailored access to private markets and seek to enhance returns through portfolio management capabilities, and 3) stakeholder impact that aims to realize potential in private markets through responsible investing that creates sustainable returns with lasting progress for all the firm's stakeholders.

Our commitment to sustainability and actions to enable effective stewardship

Partners Group has a longstanding commitment to sustainability. 'Creating lasting positive impact' is one of our core purposes, as described in our charter. It applies to all our activities as a firm: it guides our investment activities, our corporate activities, and our daily interactions with of our stakeholders.

Our Sustainability Journey

Source: Partners Group (2023). For illustrative purposes only.

Our Sustainability Vision

We want to become a sustainability leader in corporate responsibility to the benefit of our employees and societies worldwide. As a firm, our vision is to create positive and lasting development for our stakeholders. As an investment manager, our vision is to build better and more sustainable assets and companies within our portfolio.

Partners Group's corporate vision is to create positive and lasting development for our stakeholders. Given the scope of these targets, some of them cannot be achieved in the short term. For example, the development of a technology-based decarbonization program will require a multi-year effort. We commit to launching the required initiatives and projects to achieve these long-term targets. We will report annually on our performance, highlighting progress made compared to the previous year and challenges met along the way.

Partners Group's vision for its controlled portfolio is to build better and more sustainable businesses through active ownership. For the assets and companies that we own on behalf of our clients and control as majority shareholders, we establish a clear ESG governance structure. We appoint three leaders who are responsible for ESG at asset level: one leader each at board, executive and operational level. We ask these leaders to develop a meaningful ESG Journey for their business and to identify a number of strategic ESG initiatives with meaningful improvements in relation to environmental, social and/or governance aspects. Given that ESG is part of our transformational investing strategy, we expect the strategic ESG initiatives to be on the board agenda just like traditional business initiatives.

The ESG & Sustainability team, in collaboration with the investment teams, provides guidance to our investments, and challenges their ESG ambition and progress on a regular basis. The targets presented above serve as guidance to our assets and companies on the ESG standards we believe should be a part of their ESG Journey. Furthermore, the boards and executives of our assets and companies are responsible for identifying and prioritizing additional ESG initiatives they deem relevant for the long-term success and resilience of their specific businesses. We note that real ESG development does not happen overnight but is a multi-year effort that takes time and resources. We expect our boards and executives to initiate and execute on these ESG initiatives during our ownership period, typically starting in the second year of our ownership.

Source: Partners Group (2023). For illustrative purposes only.

Each of these ambitions has a series of sustainability targets and related projects attached to it to ensure that we make real progress in these areas and are able to track that progress. To drive action, there will be clearly defined responsibilities and governance mechanisms for our sustainability targets and related projects.

Our Sustainability Ambition

To achieve this vision, we have defined ESG ambitions for both our firm and portfolio of controlled assets, which include tackling climate change, realizing employees' potential, and achieving ownership excellence and sustainability at scale.

Partners Group's ESG & Sustainability Directive applies to all financial products and mandates managed and/or advised by Partners Group Holding AG or an affiliate of Partners Group Holding AG constitutes the baseline of our approach to ESG & Sustainability. The ESG & Sustainability Directive explains how Partners Group approaches the integration of ESG & sustainability considerations and risks into its investment decision-making process and risk framework. It also describes, how Partners Group reports on ESG & sustainability risks concerning its investments, internally and externally throughout the investment lifecycle. The ESG & Sustainability Directive[1] has been in implementation since February 2006 and applies to all asset classes, industries, and geographies in which the firm invests. The implementation is tailored to different asset classes (e.g., private equity, infrastructure) and investment types (e.g., direct, secondary, primary) depending on the opportunities for engagement and value creation.

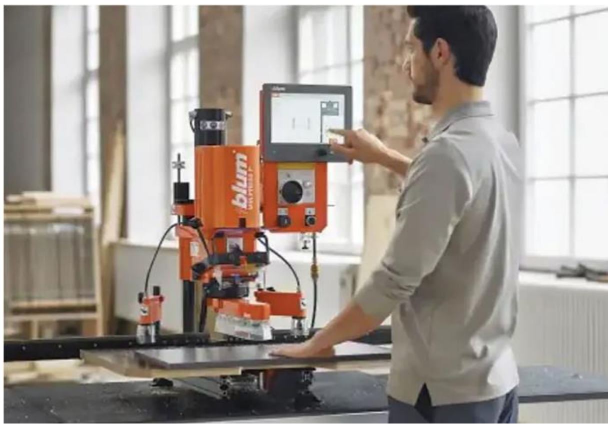
Partners Group's Sustainability Strategy is the second pillar of Partners Group's approach to the ESG & Sustainability. It applies to all controlled private equity and infrastructure investments. To avoid repetition, please consider the detailed discussion of the Sustainability Strategy in Principle 9.

How our beliefs translate into action and decision making

In 2022, our investment process ultimately led to a successful year with USD 26.0 billion invested into companies and assets that we believe are well positioned for future growth. The firm deployed USD 17.7 billion (68% of total investment volume) into direct assets, of which USD 14.5 billion was committed as equity and USD 3.2 billion was committed to corporate direct lending. To complement our direct investments, we invested USD 8.2 billion (32% of total investment volume) into portfolio assets.

Private equity

Throughout the year, we identified niche players across the 40 to 60 specific themes in private equity which we monitor at any given time. We focused on businesses that are well positioned to weather the current macro backdrop. In addition, we made use of our place in the extended middle market, which allows us to use less leverage than in the standard large-cap market, by focusing on smaller transactions at an enterprise value of between USD 500 million to USD 2 billion. While the changing investment environment has created challenges, it has also produced opportunities.



One example is our investment in Cloudflight, a leading digital transformation services provider, in November 2022. We identified Cloudflight early on, within our digital transformation and cloud computing investment theme. In times when automation and operational digitization can mitigate cost inflation, we see an increased demand from mid-sized companies globally for such services. Headquartered in Europe, Cloudflight provides scalable solutions and tailor-made

[1] In its previous form as Responsible Investment Policy until March 2021.

software to help companies digitize their business models, processes, and products. It has more than 1'000 employees and 19 offices across the continent Cloudflight has broad technological capabilities and deep expertise in software development for long-term digital transformation projects. We will leverage our operational expertise in the sector to help build the company for scale and ready it for expansion into other high-growth European markets.

Private infrastructure

For private infrastructure, our preferred approach revolves around platform building strategies in high conviction themes. In the past, private infrastructure was largely characterized as project financing. Today, successful investments require platform expansion and active business building, such as transforming a wind platform from one wind turbine into multiple wind farms spanned pan globally. The assets which best suit platform expansion include those with infrastructure characteristics: hard assets and strong businesses with long-term contracted cash flows, and high barriers to entry. In 2022, we invested USD 5.7 billion into new private infrastructure assets.

One of our 2022 investments was Budderfly, a business that we identified within our long-standing theme, Energy-as-a-Service ("EaaS"). Budderfly helps businesses with cost-effective decarbonization and energy saving solutions and is currently the most comprehensive EaaS provider in North America, serving more than 2'750 customer sites in 49 states. Budderfly provides a holistic outsourced solution for energy management and infrastructure upgrades for underserved small and middle market commercial and industrial businesses such as assisted living facilities and restaurant chains. The company benefits from long-term contracts with customers and earns revenues through a share of the energy savings generated by efficiency upgrades. This investment is underpinned by a value creation plan that will include expanding its service offerings, broadening its customer base, and solidifying its position as an industry leader through scale.

In 2022, we completed our largest ever sale of a renewable energy platform with the realization of CWP Renewables, a major Australian renewable energy platform. Partners Group developed CWP from the ground up and focused on platform expansion to grow it to where it is today: a pan-Australian platform that operates over 1.1 GW of wind assets. Including late-stage construction assets, CWP can create enough energy to power 200'000 homes, employ more than 1'000 people, and avoid 2.1 million tons of emissions through its renewable power generation. In building CWP, we managed projects towards commercial operation dates, installed best-in-class teams to handle daily operations, and arranged long-term power purchase agreements. In addition, we implemented a portfolio debt staple to replace individual specific project finance facilities. Each of these projects was carried out with a view to the long-term sustainability of the platform. Stakeholder impact was also a key consideration for Partners Group throughout our holding period. With CWP we focused on community impact and rolled out a 13-point reconciliation action plan to ensure diversity and inclusion of indigenous groups. One example, increasing integration with local populations, was the launching of a program to give community members the opportunity to participate in local co-investment funds.

Reflection on our effectiveness to serve our clients' best interest

Partners Group has a strong commitment to sustainability. Creating lasting positive impact is one of the core principles of our Charter and one that applies to all our activities as a firm. It guides our investment activities, our corporate activities and our daily interactions with all of our stakeholders. As our firm continues to grow, we remain committed to driving forward our strategy of delivering sustainable returns through a focus on transformational investing, bespoke client solutions, and positive stakeholder impact. Our transformational investing approach aims to deliver sustainable returns through identifying structurally attractive areas of the economy via thematic sourcing and then adopting an entrepreneurial governance approach to building market leaders in those sectors.

Partners Group's investment approach provides returns in line with the client expectations, while following lasting trends and thereby benefitting the environment and society at large. Given the more challenging market environment, we are especially pleased to report a solid set of financial results for 2022 and robust operational performance across the businesses and assets under our stewardship. Throughout the year, we continued to commit to resilient companies and assets that stand to benefit from the transformative trends driving future earnings growth under our entrepreneurial governance framework. We selectively capitalized on the continued demand for our high-quality assets, generating attractive returns for our clients.

Our sustainability activities and achievements in 2022

Key highlights

- Invested **>USD 2 billion** in decarbonization-related assets
- Structured **20 sustainability-linked loans**
- **85%** of Partners Group's controlled portfolio companies had a key ESG data indicator externally assured[1]
- **Developed a 13-year Direct Air Capture (DAC) agreement** with Climeworks, a leading designer, developer, and operator of DAC plants
- **Published first TCFD report**
- **DJSI inclusion for second year running**

How we define sustainability

At Partners Group, we define sustainability as a balanced and long-term focus on:

People

Planet

Prosperity

Refining our ESG data collection

82%

% of questions answered in our annual ESG data collection exercise in 2022

Source: Partners Group (2023). For illustrative purposes only.

For example, within the firm's investment giga theme of decarbonization, Partners Group continues to realize investments, which serve clients financial and environmental interests. The role of next-generation infrastructure in the energy transition is another notable investment theme that we follow. For example, this year we invested in Budderfly, the fastest growing Energy as-a-Service provider in the US, which provides solutions for the measurement, reduction, and management of energy demand and consumption. In addition, we acquired Sunsure Energy, a leading renewable energy and decarbonization solutions platform in India, which we plan to transform into a leading independent power producer. Overall, our transformative approach continued to result in strong underlying asset and portfolio performance in 2022; for example, our direct private equity portfolio saw an EBITDA growth rate of 16% and an EBITDA margin of around 20%.

PRINCIPLE 2 - Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

Oversight and accountability through effective sustainability governance

At Partners Group, oversight of ESG & Sustainability lies with the most senior levels of our organization. The Board of Directors is responsible for the overall strategy and direction, at portfolio and corporate level. It also sets ESG targets. Implementation is then delegated to the Executive Team, led by the Co-Head Investments for portfolio-level and the CFO for corporate-level activities.

The Executive Team mandates the Investment and Group Finance & Corporate Development teams to execute the Sustainability Strategy at portfolio and firm level, with oversight from the Chairman of Sustainability, who acts as a bridge between the Executive Team and the operational teams.

To maintain high levels of risk management, value creation, and reporting standards across the platform, Partners Group's Sustainability governance and control framework integrates ESG into the investment process and our Enterprise Risk Management framework and assures independent monitoring of risks.

Our Sustainability Governance

Partners Group drives ESG progress through a clear and dedicated governance structure

Source: Partners Group (2023). For illustrative purposes only.

As illustrated above, Partners Group has a longstanding commitment to sustainable asset management, and we believe that our current governance setup enables us to deliver on our clients' dual mandate to achieve attractive risk adjusted financial returns alongside measurable and positive impact on a social and environmental scale.

We seek to deliver sustainable performance across economic cycles through three key approaches: transformational investing, bespoke client solutions and stakeholder impact.

- Transformational Investing: We seek to generate strong returns by capitalizing on thematic growth trends and transforming attractive businesses into market leaders.
- Bespoke Client Solutions: We provide tailored access to private markets and seek to enhance returns through our portfolio management capabilities.
- Stakeholder Impact: We realize potential in private markets and seek to create sustainable returns with lasting positive impact for all our stakeholders.

Partners Group integrates ESG into all stages of the investment process. In our ESG & Sustainability Directive, we have defined ESG avoidance criteria, which outline the sectors and business practices we do not invest in. Partners Group has defined Decarbonization & Sustainability, along with New Living and Digitization & Automation, as one of the three giga themes in our thematic investing driving our sourcing efforts. We believe that, just as digitization has driven business transformations over the past two decades, sustainability will shape the industry leaders of tomorrow. This giga theme also forms part of our transformational ownership approach.

Our global human resources for effective stewardship

ESG & Sustainability team

Partners Group has an ESG & Sustainability team consisting of 12 professionals globally fully dedicated to ESG. The team is responsible to ensure the integration of ESG considerations across our asset classes and investment types by creating the necessary tools, frameworks, and processes. The team members have diverse backgrounds in engineering, environmental science, finance, law, audit, and data analysis in order to cover the relevant and essential dimensions of the ESG integration and data collection processes. The ESG & Sustainability team supports the asset class specific investment team in their efforts to engage with the direct investments or the General Partners (for indirect investments) on sustainability-related topics.

In addition to the team tackling ESG & Sustainability for our portfolio investments, we have a team of ESG professionals dedicated to developing our corporate perspective of ESG & Sustainability. This concerns for instance, handling our carbon offsetting, social initiatives we participate in and overall positioning ESG & Sustainability as a cornerstone of our corporate identity.

For example, in 2022 Partners Group dedicated considerable resources on the further development of its ESG data collection process. The ESG & Sustainability team led the creation of the data collection template and the data collection process, while it was responsibility of the individual Investment team members to communicate the new set up with their assets. Within the investment teams, Partners Group has designated “ESG champions”. These ESG champions are investment team members serving as a first points of contact regarding ESG-related topics for the daily interactions with the manager’s portfolio companies. To ensure a successful roll-out of Partners Group’s ESG data collection exercise, the ESG & Sustainability team, and representatives of the portfolio companies held education sessions and follow-up on the correct population on the manager's ESG data questionnaire.

Moreover, Lindsey Luth, Partners Group's Chief Operating Officer is in constant exchange with the ESG & Sustainability about how the firm can integrate sustainability within its wider platform. This chosen organisational structure allows Partners Group to embed ESG & Sustainability initiatives swiftly from firm to the portfolio company level and consequently achieve sustainable stewardship at scale.

The experience of key members of the ESG & Sustainability team ensures effective integration of ESG factors across all asset classes and investment types. Our ESG & Sustainability efforts are led by our Head of ESG & Sustainability along with the Chairman of Sustainability. Carmela Mondino Borromeo, our Head of ESG & Sustainability, has been with the firm since 2017 and has nine years of industry experience. André Frei, our Chairman of Sustainability, joined Partners Group in 2000 and served as Co-Chief Executive Officer between 2013 and 2021. Besides his position as Chairman of Sustainability he is also Chairman of the board of the Swiss-American Chamber of Commerce. André is also Chairman of the Board of Restor Eco AG, a company that provides data on and monitoring tools for the global ecosystem and offers services for the implementation of climate mitigation projects. The team has a global footprint, with the 10 remaining members based in Denver (US), Singapore (SG) and Zug (CH). builds on multiple years of experience in academia, banking, consulting and industrial management.

ESG Training

Partners Group provides training on ESG incorporation and continuously improves its communication of ESG activities within the organization. Partners Group emphasizes communication and openness within and outside of the firm, especially with regards to ESG factors.

On the investment professionals' level, training programs are provided to investment teams on an annual basis and for our new joiners on a 1-1 basis. In addition, ESG Training is provided for legal entities where regulatory requirement applies. Furthermore, Partners Group is constantly reviewing its decision-making process and improving the training of its investment professionals with regards to ESG.

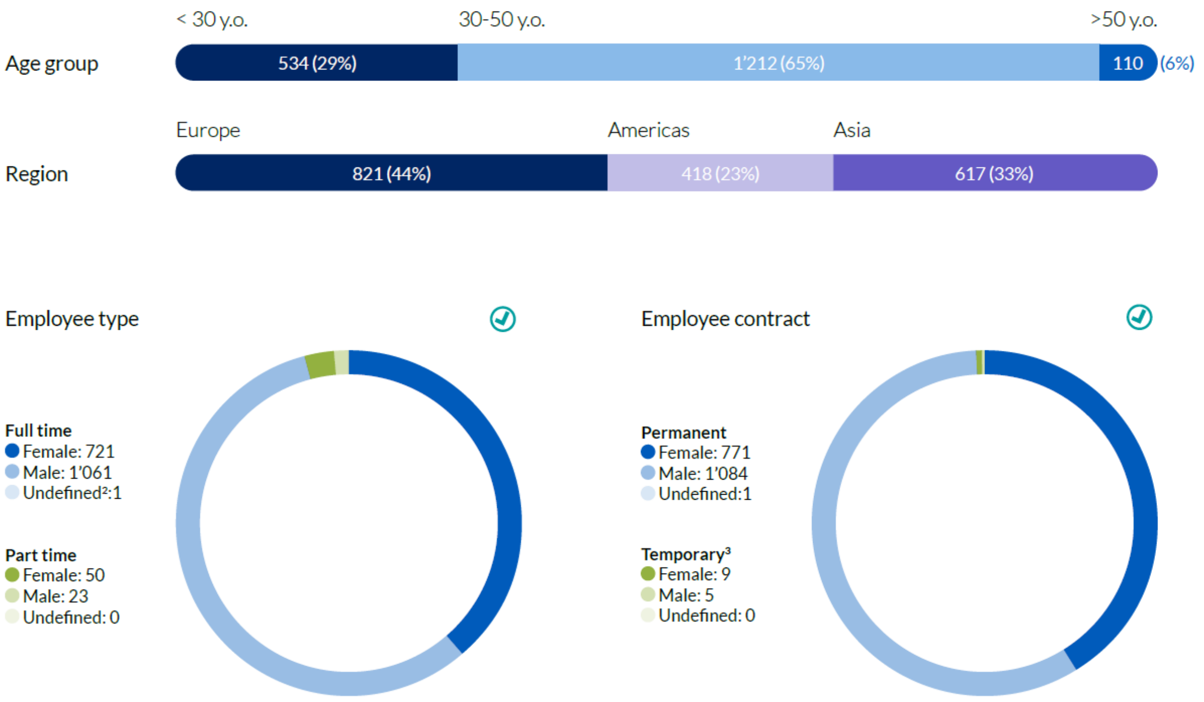
Specifically, for investment-related due diligence documents, the ESG & Sustainability team maintains a rating tool whereby they provide numerical scores for the quality of the output, including how effectively the investment team has addressed ESG-related topics. In the past, Partners Group conducted a comprehensive analysis of the ratings over a certain period of time to see which asset classes, or which regional investment teams, had the poorest quality and then reached out to the relevant investment teams to provide feedback. The average rating for the final submission was 3.26 out of 4.00, representing a 12% increase from the previous submission. Partners Group also conducted a systematic review of the ESG assessments submitted each week. This allowed the ESG & Sustainability team to provide consistent feedback to the investment teams, ensure ESG topics are on the investment team's mind, and provide training on ways to strengthen the assessment. The ESG & Sustainability team continues to be actively engaged during and outside the ESG due diligence process, providing advice and identifying potential ESG topics at the target companies where potential further investigation or engagement is needed.

Diversity & Inclusion at Partners Group

At Partners Group, we recognize that our people are our most important asset. We aim to attract and retain unique and diverse professionals by offering them a great place to work and the opportunity to grow, both professionally and personally. We have a strong conviction in the importance of Diversity & Inclusion (D&I) to our business.

In 2022, we continued to hire talented professionals from across the globe and expanded our platform to 1'856 employees (2021: 1'573). The percentage of female (41.5%) and male (58.5%) employees remained at around the same levels as in 2021[2]. Similarly, the overall age breakdown of our employees globally remained largely in line with the previous year. Today, our professionals represent around 60 different nationalities and speak more than 30 different languages.

2022 employee information by headcount

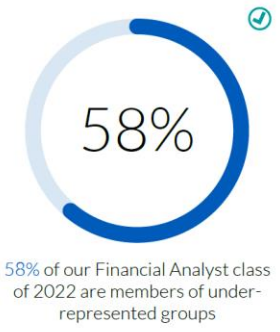


Source: Partners Group (2023). 1 Numbers as at 31 December 2022. 2 Employees who have chosen to declare but not define their gender along the male-female binary. 3 Temporary employees are hired for time-limited requirements (e.g. delivery of projects, for temporary increases in requirements, or requirement of specific skills). We also employ contractors and interns; these are not included in the employee headcount.

[2] For the 12 professionals of the ESG & Sustainability team, the share of female/male is 50%.

We have developed a detailed hiring strategy to attract more female talent. Our hiring process is designed to ensure that all candidates are measured and benchmarked against the same criteria, and to avoid any form of discrimination, with all hiring managers required to take unconscious bias training. We are hoping to successfully attract and hire more female talent by ensuring that women are adequately represented within our initial hiring talent pool. Likewise, during the interview stages, we also ensure that candidates meet with a diverse interview panel.

In summer 2022, we hosted our annual Summer Internship Program in Europe and the US, which aims to build our talent pool, with a high percentage of talent from under-represented groups. After the program, several participants successfully applied to our 2023 Financial Analyst Program. Of the Financial Analysts who started in summer 2022, 58% are from underrepresented groups including women. We continue to work towards our target of substantially increasing the number of female Partners, Managing Directors, and Board Members to at least 25 by 2025. In 2022, by year end, we were at 14.



Source: Partners Group (2023).

Our processes, systems, and service provider management for effective stewardship

We continue to allocate significant resources to keep up with the tightening of ESG regulations globally. We strongly believe that transparency and data are key to reaching our ESG targets.

In particular, we ramped up our ESG data collection for our portfolio of controlled assets in 2022, which also helps us to meet regulatory requirements and increase transparency to our investors. While ESG reporting is not a proxy for progress, data is a prerequisite to measure and manage ESG improvements. For our controlled companies, we work directly with the CFOs of our assets, and we made good progress in terms of ESG data comprehension and quality. Moreover, Partners Group strives to treat ESG data with the same rigor as financial data. Consequentially, the manager implemented ESG data on the same systems it uses for financial data.

For the remainder of our portfolio, we have intensified the collaboration with service providers and General Partners to collect relevant data, as required by regulation such as the SFDR. Partners Group is a leading partner in the eFront ESG Outreach initiative, spearheaded by BlackRock. The initiative streamlines and standardizes ESG reporting for private markets based on the data inputs of over 350 participating GPs. Through the ESG Outreach solution, Partners Group aims to establish a robust reporting framework, including a set of universally relevant questions that align with existing reporting initiatives. It also helps to facilitate compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Finance Disclosure Regulation (SFDR) disclosure regimes. Companies that have aligned to an existing framework can choose to use ESG Outreach as a scalable data aggregation solution.

Partners Groups efforts to further develop its stewardship activities through investments in systems, processes and collaboration with service providers, the manager’s 2022 efforts around ESG data collection serves as an example.

Partners Group has collected ESG indicators from its controlled portfolio companies since 2014 and has continuously built out and extended its ESG data governance to increase the data coverage and quality across our portfolio. In 2022, the firm took another step forward and began to seek external assurance for our portfolio data. In total, 80% of our controlled portfolio companies had five of their key ESG data indicators assured in this reporting year (total GHG emissions for Scope 1 and 2; average board diversity; headcount; direct FTE; and employee turnover). Furthermore, through Partners Group’s contribution to the standardization of the ESG data collection for non-controlled investments, the firm focusses on the needs of the whole ecosystem, including both LPs and GPs and is positioned is positioned to help accelerate the availability of ESG data within private markets and simultaneously create a benchmark of key ESG metrics.

Further details on how Partners Group engages service providers to further improve its stewardship activities are addressed in Principle 8 below.

Integrating sustainability into our compensation framework

Partners Group's compensation framework aims to support the company's sustained success while adhering to its purpose, vision, and values. The Board of Directors is globally responsible for the firm's compensation philosophy and framework, which is governed via a Nomination & Compensation Committee (NCC). The NCC advises and supports the Board of Directors on the nomination and compensation of members of the Board. It also proposes total compensation for the Executive Team for Board approval.

The allocation of long-term incentives to the Board of Directors and Executive Team is linked to weighted annual performance assessments. Quantitative achievements are measured to assess financial performance and investment development. Meanwhile, qualitative assessments consider whether strategic objectives, including the portfolio and firm-level sustainability goals set for the year, were met.

These quantitative and qualitative assessments are each given a 50% weighting in calculating long term incentives, with ESG targets representing 20% of the qualitative share. Our Sustainability Strategy, with portfolio and corporate-level ESG targets, was used as the basis upon which the Executive Team was assessed in 2022. The NCC deemed the Executive Team's progress on ESG to be substantial given the highly ambitious goals, but marginally below target.

PRINCIPLE 3 - Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Our governance of conflicts of interests

Partners Group offers a variety of products and services to its clients and will inevitably find itself in a position where the interests of one part of the business could be in conflict or conflicts with the interests of another part of the business. These may include conflicts arising among the interests of group companies, Partners Group employees and directors, the investment funds Partners Group manages, other clients and portfolio investments.

Where possible, Partners Group seeks to prevent conflicts of interest which are avoidable and effectively manage those which are not with clear instructions and standard operating procedures. The management of conflicts of interest is governed in Partners Group's Conflicts of Interest Directive. In case there are situations where conflicts are not addressed in an instruction or standard operating procedure, escalation processes have been established to ensure the matter is appropriately addressed and resolved.

The Head of the Transaction Services team for investment related conflicts or the General Counsel for corporate related conflicts will determine whether a conflict exists and the appropriate course of action. This may involve applying existing policies and procedures, applying other established conflict management measures or techniques (i.e. measures which have been used in the past and agreed), referring the matter to the relevant Advisory Board or board of directors of the relevant investment fund or disclosing the conflict to the affected clients or boards of directors of the respective local management companies, or referring the matter to the Conflict Resolution Board (a body that is comprised of the Executive Chairman of the Board of Directors, the Chairman of the Risk and Audit Committee of the Board of Directors and the General Counsel).

For example, this will be the case where:

- Partners Group could make a financial gain, or avoid a financial loss, at the expense of a client or portfolio investment,
- Partners Group has an interest in the outcome of a service provided to a client (or of a transaction carried out on behalf of a client) which is distinct from the client's interest in that outcome, or
- Partners Group may face services providers and suppliers, which offer attractive conditions but compromise their on ethical standards

The firm's funds typically have an advisory board or a board of directors. Where appropriate, the Conflict Resolution Board will refer the matter to the relevant board for input. Further, the fund's constituent documents will specify certain situations that must be referred to such boards. In that way, not only are conflicts of interest reported to those boards (which will include investors in the case of an advisory board), those boards will actually decide how to proceed. The firm believes such arrangements are appropriate for its global institutional client base. Partners Group also maintains an Anti-bribery and Gifts Directive which seeks to outline the firm's approach to employee conduct and guidelines relating to bribery and the giving and receiving of gifts as well as the approval procedure.

For example, Partners Group actively seeks to avoid investing in circumstances where its managed or advised investors could have both significant equity interests and blocking debt positions within the capital structure of the same company. To serve this purpose, Partners Group implemented the "Chinese Wall"- Program. If an instance arose where an investor advised by Partners Group held both equity and debt interests and the investment became troubled, the firm's Chinese walls and separate debt and equity investment committees serve to help resolve any conflicts of interest occurring throughout the restructuring deliberations and ensuring that both groups of investors would be fairly and independently represented with each of the debt and equity investment committees making independent decisions. If the investment amount is higher than the relevant specialized investment committee threshold amount then the Global Investment Committee, which stands above the Chinese walls, will receive the independent submissions, and make a decision. The implementation of these Chinese Walls is managed by the Head of the Transaction Services team or the Chief Operating Officer of Partners Group. In the unlikely event that in a specific situation the Head of Transactions Services concludes that the conflict of interest cannot be resolved by the process described above, it would be escalated to the firm's Conflict Resolution Board.

PRINCIPLE 4 - Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Risk governance framework to identify market-wide and systemic risk

Partners Group identifies, assesses, manages, and monitors risks on an aggregate consolidated basis for relevant business activities across the organization. Partners Group has put in place a risk governance structure comprising the following elements and related responsibilities:

1 Specialists include Chief Technology Officer, Chief Information Security Officer etc. 2 Investment Specialists include Chief Investment Officer, Chairman Global Investment Committee etc. Source: Partners Group (2022). For illustrative purposes only.

Board

The Board of Directors of Partner Group Holding AG is responsible to stipulate risk management and governance principles in line with its obligations under applicable laws, as further defined in the Rules of the Organization and of Operations of PGHN (ROOs).

Risk & Audit Committee

The Risk & Audit Committee (RAC) advises and supports the Board in the area of audit and risk control, as further defined in the ROOs. The RAC is responsible for developing and monitoring the risk profile of Partners Group and ensure appropriate processes regarding the ongoing risk management and audit are in place. Furthermore, it advises and evaluates the effectiveness of the group-wide financial reporting, the group-wide ICS, and the general monitoring of risks. It ensures continuous communication with external auditors.

Investment Oversight Committee

The Investment Oversight Committee (IOC) provides advice and support to the Board in relation to investment risk management and oversight of the investment and value creation processes, including efforts to prevent severe setbacks to Partners Group's track record and reputation as further defined in the ROOs. It develops a consensus on investment related issues and risks and provides guidance to investment committees.

Executive Team

The ongoing finance, operational, regulatory, legal and conduct risk as well as investment risk management of Partners Group's activities is delegated to the Executive Team of Partners Group, as further defined in the ROOs. The Executive Team reports periodically on the effectiveness of Partners Group's risk management to the Board.

Partners Group's management has established an operational ICS and maintains an internal control structure that monitors compliance with established policies and procedures. The ICS is established and refreshed based on assessment of the risks facing Partners Group. Partners Group selects and develops control activities that contribute to the mitigation of risks.

The ICS consists of the following three pillars:

- First pillar: A risk management culture is embedded in the operational activities of the business teams, with the core responsibility for the implementation, effectiveness and documentation of the controls lying with the respective owners of Group Processes.
- Second pillar: Oversight and monitoring of Group Processes is performed (typically) annually by the department heads as ensured and facilitated by the Head of Operational Risk Management, a risk assessment is performed (typically) annually by the Chief Risk Officer and the Executive Committee, and the Chief Operating Officer and the Head of Global Compliance ensures compliance spot checks.
- Third pillar: Group Internal Audit as a business and operations independent function periodically verifies and assesses the Operational ICS, thus contributing to its improvement.

Overall responsibility for the ICS lies with the senior management of Partners Group. In addition, the Board of Directors carries out its oversight responsibilities by defining, maintaining, and periodically evaluating the skills and expertise needed among its members to enable them to ask probing questions of senior management and take commensurate actions. The Board of Directors retains oversight responsibility for management's design, implementation, and the conduct of internal control with respect to the individual components of internal control: control environment, risk assessment, control activities, information and communication and monitoring activities.

Partners Group has engaged PricewaterhouseCoopers AG (PwC) to report on the suitability of the design of the ICS as well as the operating effectiveness of the control activities related to its investment management services, in accordance with the International Standard on Assurance Engagements 3402 (ISAE 3402) issued by the International Auditing and Assurance Standards Board. In 2020, Partners Group has issued an ISAE 3402 Type II controls report with no qualification relating to its investment management services as of year-end 2019 and thereby confirming the operational effectiveness of the controls.

Chief Risk Officer

To support the risk governance bodies set out above, the Executive Team appoints the Chief Risk Officer (CRO). The CRO's responsibilities are as follows:

- Collecting, consolidating, and assessing risk information from within the organization to enable the RAC to review Partners Group's risk profile
- Overseeing and steering the execution of Partners Group's risk management process by monitoring Partners Group's risk profile, defining, and procuring the implementation of adequate systems and methods for risk supervision, and adjusting such systems and methods to new business lines and products
- Supervising and reporting on the adequacy and effectiveness of Partners Group's risk management setup
- Regularly reporting to the Executive Team and the RAC. The CRO has a direct reporting line to the CEO. The CRO has unrestricted access to information, locations, and documents within the scope of its function.

Classification and management of market and investment risks

Proper risk assessment and effective risk management are critical for successful investing in private markets, which typically lack publicly available and standardized investment information. Partners Group is convinced that its rigorous quantitative and qualitative risk management along with thorough investment due diligence, active monitoring, diligent accounting, and accurate client reporting contribute to investment performance and client satisfaction and help to avoid unnecessary losses.

Partners Group considers itself to be one of the leaders in the private markets industry when it comes to comprehensive risk management of private markets investment programs. The firm believes that potential investment risks, in addition to return potential, are an integral part of private markets investment management and, hence, risk management must be embedded into the overall investment approach. Partners Group has established and maintains a robust quantitative and qualitative risk management framework that is embedded in various processes of the firm taking into account the illiquid nature of its investments, which typically lack publicly available and standardized investment information.

Partners Group has identified the following relevant investments risks:

1. Market risk,
2. Credit risk,
3. Liquidity risk,
4. Foreign exchange rate risk,
5. Counterparty risk, and
6. Sustainability risk.

Market risk

Market risk refers to the risk of loss resulting from fluctuations in the market value of investments attributable to changes in market variables or idiosyncratic events specific to single assets. This risk applies to most investments. Negative developments in portfolio assets can have a negative impact on the Fund performance. Moreover, high exposure to a single investment or market segment typically increases market risk.

Market risk is managed using both bottom-up and top-down approaches. While the bottom-up approach focuses on indicators of risk and performance at asset level, the top-down approach focuses on macro-economic indicators and investment diversification.

Market risks are monitored and controlled by the Risk Team and are reported on a timely basis to the Global Portfolio Committee or Global Investment Committee.

The monitoring performed by the Risk Team serves as a second line of defence for the monitoring performed by the investment teams. If issues arise in relation to an investment, Partners Group actively approaches the investment partner and/or the company and seeks to solve the situation. With a series of robust risk and monitoring processes in place, Partners Group is well-positioned to intervene early and quickly in the case of issues in an investment.

Credit risk

Investments, to the extent they are debt instruments, are subject to credit risk and assessed as part of the due diligence process for a particular transaction. In addition, a Fund with an investor commitment/draw-down model bears the credit risk of its investors. If an investor fails to comply with a drawdown notice, the Fund may be unable to pay its obligations when due.

Similar to market risk, credit risk is managed by means of both bottom-up and top-down approaches respectively focusing on asset-level indicators of risk and performance and diversification. In order to mitigate the credit risk of defaulting investors, the Funds' constituent documents provide for significant adverse legal and commercial consequences for defaulting investors.

Credit risks are monitored and controlled by the Risk Team and are reported on a timely basis to the Global Portfolio Committee or Global Investment Committee. Similar to market risk management, this monitoring supplements the process performed by the investment teams.

Liquidity risk

Partners Group maintains a level of liquidity for each Fund that is appropriate to meet its continuing obligations to investors, counterparties, creditors, and other parties in normal and extraordinary conditions. The main source of liquidity of a private markets Fund is typically the unfunded commitments of its investors, which can be called within a short period of time. In addition, Partners Group establishes credit lines where appropriate to support liquidity management.

Events which may have a significant impact on liquidity risk for a Fund include:

- Delayed or unpaid capital calls of investors,
- FX loss/ margin calls in relation to hedging activities,
- Payments of capital calls of underlying fund investments,
- Payments of fees and cost,
- Redemption of investors (if applicable, see sub-section below), and
- Lower than anticipated distributions from underlying investments.

In assessing liquidity risk, the Risk Team takes into account multiple factors such as existing and planned investments, cash, unfunded commitments from clients and to investments and unsettled gains or losses on hedging instruments.

In case of Funds with investment redemption features, the liquidity risk arising from potential redemptions by investors (typically at net asset value) are of particular concern as private market investments are often illiquid and as such difficult to be sold within a short time. For Funds that hold strategic allocations to liquid or semi-liquid assets, liquidity risk management also focuses on the size and liquidity of these allocations.

Partners Group seeks to implement in the Fund's constituent documents measures to manage liquidity, which may include as deemed appropriate for a Fund:

- allowing borrowing at the Fund level / establish a credit line,
- limiting the types of investors,
- limiting the redemption amounts within certain periods (redemption restrictions/gates),
- levy a redemption fee for the benefit of non-redeeming investors,
- not to accept redemptions requests for a certain period (typically in extraordinary conditions), and
- transacting redemptions at a discount to net asset value (typically in extraordinary conditions).

In order to manage liquidity risk in private markets Funds with redemption features, the Risk Team runs a process of adjusting the investment commitment pace of a Fund, keeping sufficient liquidity reserves, producing cash flow forecasts, and ensuring contractual payment obligations are monitored. Regular reviews, scenario analyses and stress tests are performed to assess the liquidity risk of each Fund. Possible liquidity shortfalls due to investment activity and losses on FX hedging instruments are also investigated on a regular basis. The underlying redemption features of a Fund are generally not subject to change during the lifetime of a Fund.

Foreign exchange risk

Investments in instruments or funds which are denominated in currencies other than the respective Funds' currency expose the Funds to the risk of losses in case foreign currencies depreciate. Depending on the respective currency exposure and the clients' preferences, Partners Group may engage in hedging activities. Partners Group's Global Portfolio Committee defines a suitable hedging strategy to manage foreign exchange risk per Fund. The strategies are then implemented by the Risk Team. Hedging strategies are reviewed on a periodic basis by the Global Portfolio Committee.

Counterparty risks

The Funds may hold cash for liquidity and/or derivate instruments for currency hedging purposes, which exposes the Funds to the risk of a counterparty defaulting. To manage counterparty risk Partners Group employs a combined bottom-up and top-down approach. In the top-down approach, the Counterparty Risk Group (as mentioned in section 4.3) manages concentration risks, by establishing limits on group wide exposure to a single counterparty. In the bottom-up approach the Risk Team measures counterparty risk by the Partners Group Counterparty Rating (PGCR) system. Our counterparties are assessed on a regular basis using PGCR. If there are any significant changes in PGCR, the Risk Team takes remedial actions which may include reducing or liquidating exposure to a counterparty in case of a worsening PGCR.

Sustainability risk

Appropriate consideration of ESG & Sustainability factors in investment activities can be a key enabler of value creation for Partners Group on behalf of its clients and other stakeholders. Value can be created for investors by acting on ESG & Sustainability-related opportunities, as well as by mitigating ESG & Sustainability-related risks. Employees, communities, and the environment may also benefit from these actions. Partners Group's commitment to ESG & Sustainability is demonstrated by its longstanding support of the UN Principles for Responsible Investment.

A Sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Funds generally do not have as their objective sustainable investment but aim to promote environmental and/or social characteristics.

The delegate portfolio manager is responsible for following the ESG & Sustainability process designed by the ESG & Sustainability team of Partners Group in cooperation with the Risk team. The ESG & Sustainability team coordinates the integration of the ESG & Sustainability process across all asset classes and provides advice to the pertinent Investment Committees. Please refer to our ESG & Sustainability Directive (described in principle 5) for further details.

Case study: Responding to inflation as a systemic market risk

Following the COVID pandemic and the Ukraine conflict, the global economy is faced by complex challenges. Labour markets may not be as tight as they were, for example, but many sectors still face worker shortages. It is likely that the savings built up over the pandemic period will be exhausted by late summer as people dip into them to meet higher living costs. Furthermore, monetary policy acts with a lag and so higher rates will continue working their way through the system for some time to come. These could all act as headwinds to near-term real GDP growth and so we are maintaining a cautious stance in our underwriting for the time being.

Especially with regards to inflation, Partners Group sees plenty of uncertainty in a range of areas, which impact inflation on a global scale. It's clear that cyclical inflationary pressures are easing now that energy and goods price rises are cooling. Yet core inflation, which excludes energy and food, and service price inflation, which tends to be stickier, currently show little signs of easing. Many economists are predicting that inflation will follow a straight path down towards central bank targets by 2024. It's unclear where inflation will eventually bottom out over the next 12-24 months.

As described earlier, our risk framework allows Partners Group to systematically tackle challenges in fast-changing environments, which may affect our investment management and our clients. Our investment teams can leverage our in-house research capabilities. Our research team continuously monitors the market environment and supports the investment teams with recommendations in the context of different scenarios.

However, we believe that this deceleration may be less smooth than these predictions suggest. We see this in our portfolio companies. For example, input price pressures are substantially less pronounced than they were just a few months ago, but delivery times are still longer than they have historically been and hiring remains a challenge. Our discussions with portfolio companies indicate that their 2023 financial budgets include planned price increases and wage growth that are inconsistent with central bank inflation targets of 2%. As a result, we continue to believe that inflation over the medium to long-term will trend to a 3-4% range in the US and to a slightly lower range in the Eurozone. These assessments can inform investment sourcing and engagement priorities as investment teams re-assess potential future cash flows.

For example, from a relative value perspective, private debt, with its high single-digit to low double-digit return potential, remains attractive in this environment. Private infrastructure is also attractive because it is well positioned to benefit from the green energy transition, stretched government budgets and because of its inherent inflation link. Within the infrastructure portfolio, 79% of revenues have inflation linkage. The remaining 21% refers to assets that do not have revenues which are directly correlated/ contractually linked to inflation. In most cases though, these assets have been able to passthrough the recent inflationary pressures thanks to their leading market positioning and essential services they provide. A recent example is Telepass, a Pan-European leader in electronic toll collection, that increased its subscription prices by c.45% this year or International Schools Partnership, one of the largest K-12 education platforms globally that every year increases enrolment fees by an average of c 3-4%.

Furthermore, Partners Group's research team publishes economic analysis with a private markets' perspective regularly for clients and on its website.

Case study: Responding to climate change as a systemic market risk

The health of the planet is a dominant global concern and a has been identified as a market-wide systemic risk. The five most critical long-term threats to the world, as well as the most potentially damaging to people and the planet, are all environmental. "Climate action failure", "extreme weather", "biodiversity loss", as well as "livelihood crises" rank as the most severe risks[3]. Unless properly managed, these risks will have costly implications on communities, businesses, and investors.

As a responsible investor, Partners Group has been assessing and managing climate-related risks and opportunities in relation to the investments made on behalf of its clients for many years. To continue acting in the best interest of our clients and in line with our focus on generating long- term sustainable returns and positive impact for all our stakeholders, we have made the following commitments to further mitigate investment risks resulting from climate change: Partners Group is committed to the Paris Agreement[4] as an organization[5] and we are working towards achieving net-zero emissions for our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions by switching to renewable energy for our offices where available, implementing energy reduction measures and by using carbon offsetting as a last resort.

Partners Group is equally committed to managing its investment portfolio[6] towards the Paris Agreement objectives, as we recognize our investment activity can have a positive impact through our transformational investing strategy.

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[3] According to the World Economic Forum: https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf

[4] https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement: reduce anthropogenic impacts to reach a target of limiting global warming to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C,

[5] Partners Group's investment portfolio, which corresponds to "category 15: investments", is excluded at the level of the organization. See the section "Metrics and Targets" for additional explanation.

[6] For our controlled investments we have the governance and active ownership to lead assets on their path to net zero. For our non-controlled investments, climate change considerations can be addressed through the due diligence process and engagement with business partners.

Climate change is a material topic across our portfolio, including from a business risk perspective. Climate-related physical risks, such as extreme weather events, and transition risks resulting from carbon-focused policy making and other regulatory developments, can affect the performance of our investments and our ability to deliver long-term sustainable returns to our clients. To better understand the climate resilience of our investment strategy, we plan to approach and assess the climate-related risks and opportunities in our portfolio in a more systematic manner to make informed risk management decisions.

Portfolio foot-printing (direct portfolio):

We measure and report the carbon intensity of controlled investments annually with our standardized GHG tool, which we use to create transparency at portfolio level. The GHG tool facilitates our assessment of the overall carbon risk and the identification of assets that could benefit from emissions reduction-related engagements. Carbon emissions are estimated based on the direct (Scope 1) and indirect (Scope 2) emissions of a company, and carbon intensity is measured by tCO_2e/sales. We use external service providers to calibrate our calculations where necessary, and we estimate Scope 3 emissions where appropriate. For examples, please consider our collaboration on Greenhouse Gas accounting in Principle 8 below.

As transformational investors, we aim to identify potential opportunities to actively and effectively reduce carbon emissions for our direct lead investments. For the development of such reduction strategies, we will prioritize direct private equity, infrastructure and real estate assets for the mid-term.

Our response to market-wide risks: Resilient strategy and next steps

Scenario Analysis

We acknowledge the importance of scenario analysis as a forward-looking instrument to define risks and opportunities over different pathways. Given the complexity of various methodologies, the broad range of assumptions made, and the data availability to support assumptions during scenario analysis, we will start scenario analysis for our organization in a qualitative manner by first outlining the risks we believe are relevant at a macro-level across our portfolio.

As outlined by our TCFD report, there are two main climate risks to consider when looking to identify risk in our portfolio: physical risk and transition risk.

Physical risks

The next step in our physical risk assessment requires a mapping of our exposures by geography and cross referencing our exposures with potential hot spots for physical climate impacts. While such analyses were only implemented for select assets in the past, we plan to refine our approach to the below risks over the next three years.

Transition risks

We plan to refine our approach to transition risks over the next three years, both 'top down' at portfolio level and 'bottom up' at asset level. We plan to look at these risks both qualitatively and quantitatively, including scenario analyses. We note that data gathering will need to be intensified to increase coverage and robustness across asset classes. See below table for a more detailed overview on how we integrate the climate change risk in the investment process

Climate change is assessed and managed alongside other ESG risks as part of Partners Group's overall investment and risk management framework, which is guided by our ESG & Sustainability Directive. We have developed specific tools and processes to integrate a range of climate change-related factors during the ESG due diligence and ownership phases of investments as shown in the below illustration.

Climate change integration in the investment process

	Sourcing	Due diligence	Ownership
Controlled investments (private equity, private real estate, private infrastructure,	Screening Framework: • Identify climate-related opportunities through thematic sourcing approach • Avoid certain identified carbon-related sectors such as thermal coal	ESG Due Diligence Tool: • Assess climate risk against pre-defined questions • For relevant lead investments, include climate risk analysis in third-party due diligence	Engagements and Monitoring: • Implement climate initiatives, including GHG emission reduction initiatives • Monitor performance via annual ESG KPI survey
Non-controlled investments (private debt, fund investments)	ESG Assessment: • For funds, assess the manager's strategy and capacity to address climate-related risks/opportunities • Review underlying assets against certain identified carbon-related sectors to be avoided	Documentation: • For funds, integrate climate-related considerations in our ESG side letter language • For debt, where feasible, include ESG margin ratchets to encourage work on climate topics	Monitoring • Screen exposure to carbon-intensive assets • Monitor performance using our enhanced monitoring procedure • Engage in case of material risks

Source: Partners Group (2023).

Our advocacy and contribution to industry initiatives

Historically, Partners Group continuously engages with its various stakeholders, such as its clients, regulatory bodies, industry initiatives and others, to improve the functioning of financial markets from a private markets perspective.

In 2018, Partners Group participated in the design and launch of the International Finance Corporation's impact operating principles and became one of the founding signatories in April 2019. In 2020, we publicly disclosed PG LIFE's alignment with the Principles after independent verification[7]. In 2020, Partners Group contributed a case study to a report by the IFC called Growing Impact, which focused on providing new insights into the practice of impact investing and brought together case studies from 32 signatories explaining how they apply different aspects of the IFC's operating principles for impact management in their operations.

In 2022, the firm continued its engagement with the UN PRI and select working groups in the UN PRI network. Our head of ESG & Sustainability, Carmela Mondino, was chosen to join the Private Equity Advisory Committee in 2022 for a 2-year term. Partners Group has served as the chair of the UNPRI's Private Equity Steering committee and as Vice Chairman of the Infrastructure Working Group and has consistently achieved high scores in the UNPRI's annual benchmarking exercise for our overall strategy and governance. In the 2021 assessment Partners Group achieved 4 out of 5 stars for "Investment Stewardship & Policy", UN PRI's overall fund manager score. Additionally, Partners Group contributes to local PRI networks, such as the PRI Japan network. For further details on Partners Groups collaborations with leading industry initiatives, please refer to Principle 10.

Beyond collaborating with industry initiatives, Partners Group also engaged with other market participants to improve the functioning of financial markets. As illustrated in Principle 2, Partners Group is a leading partner in the eFront ESG Outreach initiative, spearheaded by BlackRock, where over 350 financial services companies pool their ESG data to create a new level of ESG data transparency and thereby improving the functioning of financial markets.

[7] For more details, please refer to this site:
https://www.partnersgroup.com/fileadmin/user_upload/Documents/ESG_and_Corporate_Responsibility_PDFs/Operating_Principles_for_Impact_Management_Partners_Group_Disclosure_Statement_2020.pdf

Aligning our portfolio in response to climate risk

Through our thematic approach and our Decarbonization & Sustainability giga theme, Partners Group invests in the future leaders of the low carbon economy. As part of our transformational ownership, we create long-term value by leading our assets on their path to net zero.

How we lead our assets on their path to net zero

In our Climate Change Strategy, first published in 2020, we committed to managing our controlled investments towards the Paris Agreement objectives and to reaching net zero by 2050. While Partners Group is typically a long-term owner of businesses, it is nonetheless realistic to assume that, by 2050, we will not be the owner of most of the companies currently in our portfolio. It is therefore essential that we contribute to long-term targets through concrete actions and plans for intermediate targets.

During our first year of ownership, as a preliminary step, we expect our companies to start measuring their carbon footprint. We observe that, until recently, many public and private markets companies and assets have not sufficiently focused on gathering and assuring ESG data. This applies in particular to companies in the broader middle-market space. Following the introduction of our Sustainability Strategy, we received consistent feedback from our portfolio assets that carbon.

Leading our assets on their path to net zero

For illustrative purposes only. Source: Partners Group (2023).

How climate risk impacts our sourcing activities

In March 2022, Partners Group invested in Climeworks, a leading Swiss designer, developer, and operator of Direct Air Capture (DAC) plants. Founded in 2009 as a spin-off from ETH Zurich, Climeworks generates revenues through selling carbon dioxide removal services to businesses and individuals. Today, it has 15 DAC plants, including the world's largest DAC and storage plant, which started operations in September 2021 in Iceland. As it does with all portfolio companies, Partners Group is currently working with the Climeworks management team and other investors with a focus on addressing the massive scale-up the industry requires. Given that our belief in this investment is so strong, we signed a separate 13-year partnership with Climeworks to remove more than 7'000 metric tons of CO2 from the atmosphere on Partners Group's behalf and permanently store it underground.

This agreement will make a significant contribution to our goal of achieving net zero corporate GHG emissions by 2030. The removal of CO2 from the air plays a significant role in achieving these goals; its subsequent storage can be achieved through natural methods, such as reforestation, or through technological solutions such as DAC. This partnership is Partners Group's first adoption of a technological decarbonization solution, which will complement our aforementioned portfolio of nature-based solutions.

Climeworks' DAC technology reduces CO2 in the atmosphere in a scalable manner, which can then be permanently stored underground. Its renewable energy-powered plants filter CO2 out of the air, after which it is mixed with water and pumped underground, where, through the Carbfix method, it reacts with basaltic rock formations and mineralizes. Through this accelerated natural process, the CO2 turns into stone and is removed from the air for thousands of years. This multi-year agreement also helps to accelerate the scale-up of carbon dioxide removal (CDR) technologies, such as Climeworks' DAC, and the market as a whole. CDR needs to be scaled to gigaton capacity by 2050 to help the world achieve net zero by neutralizing residual emissions. Today, this much-needed scale-up is mainly driven by the private sector, i.e., multinational companies such as Partners Group, who operate on the voluntary carbon market.

Mapping our management of sustainability risks in our portfolio

Below is an overview of some of our risks associated with sustainability issues and topics, as well as the initiatives we took responding to these risks from a portfolio and corporate perspective.

	Risks	Response
Environmental	• Increasing costs of decarbonization. • Possible implementation of carbon tax / cap and trade system.	• Established an internal carbon price of USD 50/tCO2e at the corporate level and are aiming for net zero by 2030. • For our controlled assets, we aim to develop a tailored GHG reduction strategy within three years of our ownership, to lower carbon equivalents by 50%+ by 2035 on average. • Defined thematic investment approach.
	• Climate risks (i.e., physical and transition risks) and impacts (e.g. to valuations or cash flows) across our firm and investment portfolio.	• Implementation of decarbonization plan and of adaptation and mitigation measures. • Recommended environmental materiality analysis.

	• Misalignment to the Paris Agreement.	• Launch of Sustainability Strategy across corporate and controlled assets in Private Equity and Private Infrastructure, with defined GHG targets.
	• Greenwashing risk.	• Mandatory ESG training to all employees, to raise awareness on greenwashing risks. • Ensure marketing and product materials are regularly reviewed by the Compliance and ESG & Sustainability team.
Social	• Attracting and retaining talent.	• Conduct regular employee engagement surveys, invest in learning and development, offer competitive packages, piloting more flexible working conditions. • Updated Diversity & Inclusion Strategy and pursue targeted recruitment campaigns (across our workforce and Board).
	• Increasing stakeholder focus on diversity and gender equality.	• Implementation of Stakeholder Benefits Program. • Stakeholder engagement to show how our Sustainability Strategy drives Diversity & Inclusion.
Governance	• Misconduct in operations or supply chain.	• Mandatory e-learning for all employees and leaders covering compliance-related topics. • Conducting ESG due diligence using material topics as identified by the SASB.
	• Non-compliance with legal regulations, code of conduct, and policies. • Non-compliance with current or regulatory ESG landscape.	• Ongoing monitoring of evolving regulatory landscape. • Leveraging on regulation as a driver for transparency.

		• Update and introduce policies as needed.
	• Digital security breaches with adverse effect or substantial loss.	• Cyber security training and simulated phishing to increase user awareness at corporate level • For our controlled assets, establish a Risk & Audit Committee and agenda, including cyber security.
	• Breaches in data protection and privacy.	• Establishing a global data protection framework based on internationally recognized principles.
	• Market risk / increasing expectations of the industry by investors and stakeholders.	• Engage with stakeholders, and report in CSR about sustainability performance and progress.

Evaluating Partners Group's effectiveness in responding to the identified market and systemic risks

With a global consensus that man-made greenhouse gas (GHG) emissions are overwhelmingly responsible for climate change, we are witnessing mitigation efforts from both governments and corporates across the world on an unprecedented scale. Acknowledging the significant risks associated with climate change, 'decarbonization' is one of the giga-themes guiding Partners Group's thematic investing across asset classes, in line with the strategic asset allocation described in our Climate Change Strategy.

As a responsible investment firm, we prioritize investing in renewable energy infrastructure to support the transition to a lower carbon economy. Additionally, we recognize the value of select carbon-based assets such as gas pipelines, treatment facilities, and gas-powered plants in supporting this transition and as a bridge to accommodate more renewables in the near term. We may also invest in carbon intensive assets where we identify significant value creation opportunities to reduce their carbon intensity through our ownership, leveraging our experience, and making a positive contribution to the environment. However, our investment decisions are guided by stringent value creation requirements that can only be met with substantial carbon reductions.

In terms of carbon avoidance, we have developed guidelines that enable our investment teams to assess climate risks and facilitate their discussions with business partners. We avoid investments in businesses that support thermal coal extraction, transportation, or use for energy generation, businesses that support crude oil exploration, production, refining, transportation, or storage, service providers to the coal and oil upstream industry, and businesses that require deforestation or the burning of vast natural ecosystems for land clearance. However, we may consider such investments if we can develop a carbon reduction strategy to positively influence them towards a low-carbon transition through our transformational initiatives.

To better understand the climate resilience of our investment strategy, we have developed an approach to systematically assess the climate-related risks and opportunities in our portfolio and to make informed risk management decisions. We measure and report the carbon intensity of all direct lead investments annually with our standardized GHG tool, which we use to create portfolio transparency based on the GHG Protocol. We aim to better understand the carbon footprint of our portfolio and identify potential opportunities to effectively reduce it for our direct lead investments.

Climate change is assessed and managed alongside other ESG risks as part of our overall investment and risk management framework, which is guided by our ESG & Sustainability Directive. We have developed specific tools and processes to ensure thorough integration of a range of climate change-related factors during the ESG due diligence and ownership phases of investments.

PRINCIPLE 5 - Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Ensuring our policies and processes support effective stewardship

Partners Group reviews all its policies on a yearly basis in order to refine its approach and methodology. The ESG & Sustainability team reviews on a continuous basis the most recent industry ESG frameworks and standards, while the Corporate Development team assesses corporate level sustainability initiatives. Partners Group then selects and supports initiatives that they consider as industry-leading and contributing to an increase in know-how of sustainability considerations for their transformational investing approach, or on the corporate level which help Partners Group Holding adhere to the highest sustainability oversight and governance standards. For example, our ESG & Sustainability Directive is updated on an annual basis based on market needs, such as client demands or regulatory requirements. It is then reviewed by Wolf-Henning Schneider as CO-Head Investments and Lindsay Luth as COO before the document is submitted to our Executive Team for approval.

For example, Partners Group's due diligence process not only evaluates asset specific ESG elements, but also those extending further into supply chain and third-party service providers. Outlined below are the key areas we have identified for review and engagement during both due diligence and ownership.

Looking deeper: responsible supply chains & contractor engagement

1 Human rights & environmental risks	**Human rights and environmental risks can exist in supply chains:** • Avoid violations of workers' rights at factories that produce materials and building components • Identify labor, land, and economic risks both at construction sites, and at supplier sites • Avoid poor labor practices of contractors such as installers, maintenance providers, and security services
2 Disruptions to supply chains & business continuity	**Human rights and environmental supply chain risks can disrupt business continuity:** • Regulatory changes and trade restrictions can impact supply chains, increase costs, and tighten the supply of critical inputs • Workers' strikes and environmental violations can impact production timelines and quality
3 Regulator, investor, & public expectations	**Property managers are under increasing pressure to assess and mitigate supply chain risks:** • Reporting on critical ESG risks in supply chains is required under UK Modern Slavery & California Transparency in Supply Chains Acts • Investors expect their investments to align with key standards on business and human rights, which extend to value chains • Recent reports by major media outlets have increased visibility

Partners Group

Source: Partners Group (2023)

Assurance of our policies and processes

On corporate level

KPMG has performed a limited assurance engagement on selected Sustainability Information in our Corporate Sustainability Report for the year ended 31 December 2022. This Corporate Sustainability Report is prepared in accordance with the GRI Sustainability Standards and the PRI Investment and Stewardship Policy. KPMG's assurance is conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

On portfolio level

Partners Group requires its controlled portfolio companies to disclose several ESG indicators and to submit its data collection to external assurance. The managers annual ESG data collection exercise analysis not only these indicators but also asks portfolio companies to submit their external assurance where obtained. For the 2022 ESG data, roughly 80% of firms had five of their key ESG data indicators assured, as is indicated in Principle 2 above.

Ensuring fair and balanced policies, processes, and reporting

Internal Control System (ICS)

To ensure consistent and periodical review of our policies and their effectiveness we have an ICS in place. The ICS is a firm wide inventory of key operational Group Processes and Group Procedures. Group Processes consist of process overview, risk description, risk categorization, control objectives, and defined control activities to mitigate the risks. Group Procedures associated to a Group Process describe individual operational steps, timelines and responsibilities for the control activities including supporting evidence. We rely on a set of policies and directives to guide our approach to ESG & Sustainability at Partners Group. During our day-to-day work, we generate the necessary evidence to document that we have acted in alignment with our policies and directives. Ultimately, we assess that the evidence through internal and / or external audit (see the list of selected disclosures which are externally assured).

Source: Partners Group (2023). For illustrative purposes only.

At Partners Group, we have such ICS procedures in place for (but not limited to) the following ESG & Sustainability-related processes:

- ESG due diligence of our direct, indirect, and listed investments
- ESG Due Diligence Tool
- Reporting methodology of PG LIFE (our dedicated impact fund)
- Annual ESG data collection exercise
- Carbon footprint tool
- CSR Report
- Marketing materials update and education

KPMG assurance process of our CSR reporting provides external assessment and aims to provide balanced view. KPMG has performed a limited assurance engagement on selected Sustainability Information in our Corporate Sustainability Report for the year ended 31 December 2022. This Corporate Sustainability Report is prepared in reference with the GRI Sustainability Standards and the PRI Investment and Stewardship Policy. KPMG's assurance is conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

Corporate Sustainability Report

Partners Group conducts an independent limited assurance on selected disclosures of its annual Corporate Sustainability Report. The scope of the limited assurance according to Global Reporting Initiative (GRI) standards covers the following Partners Group Holding disclosures:

- GRI 201-1: Direct economic value generated and distributed
- GRI 203-1: Infrastructure investments and services supported
- GRI 205-2: Communication and training about anti-corruption policies and procedures
- GRI 205-3: Confirmed incidents of corruption and actions taken
- GRI 207-1: Approach to tax
- GRI 207-2: Tax governance, control, and risk management
- GRI 305-1: Direct (Scope 1) GHG emissions
- GRI 305-2: Energy Indirect (Scope 2) GHG emissions
- GRI 305-3: Other indirect (Scope 3) GHG emissions
- GRI 305-4: GHG emissions intensity
- GRI 401-1: New employee hires and employee turnover
- GRI 404-1: Average hours of training per year per employee

- GRI 404-2: Programs for upgrading employee skills and transition assistance programs
- GRI 404-3: Percentage of employees receiving regular performance and career development reviews
- GRI 405-1: Diversity of governance bodies and employees
- GRI 405-2: Ratio of basic salary and remuneration of women to men
- GRI 406-1: Incidents of discrimination and corrective actions taken
- GRI 415-1: Political contributions
- GRI 417-3: Incidents of non-compliance concerning marketing communications
- GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data
- GRI 419-1: Non-compliance with laws and regulations in the social and economic area
- ISP 1.1: Elements of the responsible investment policy
- ISP 3: Percentage of total AuM covered by policy elements on overall approach to responsible investment and/or guidelines on ESG factors.

Investment process

Specifically, for investment-related due diligence documents, the ESG team maintains a rating tool whereby they provide numerical scores for the quality of the output, including how effectively the investment team has addressed ESG-related topics. In the past, Partners Group conducted a comprehensive analysis of the ratings over a certain period of time to see which asset classes, or which regional investment teams, had the poorest quality and then reached out to the relevant investment teams to provide feedback. The average rating for the final submission was 3.26 out of 4.00, representing a 12% increase from the previous submission. Partners Group also conducted a systematic review of every ESG assessment submitted each week. This allowed the ESG & Sustainability team to provide consistent feedback to the investment teams, ensure ESG topics are on the investment team's mind, and provide training on ways to strengthen the assessment. The ESG & Sustainability team continues to be actively engaged during and outside the ESG due diligence process, providing advice and identifying potential ESG topics at the target companies where potential further investigation or engagement is needed.

Portfolio company monitoring:

Partners Group monitors its portfolio companies' management of ESG factors through three main channels.

Firstly, Partners Group conducts an annual ESG data collection request to monitor key ESG metrics like employment and job growth to understand the collective impact of our portfolio on society and the environment, to assess the overall ESG maturity of each investment, and to identify priority areas for engagement in the coming year.

Secondly, all of Partners Group's investments are monitored on an ongoing basis. PRIMERA Air, a proprietary artificial intelligence-based tool used to scour daily news outlets for ESG-critical incidents in both current and prospective holdings, is used on 100% of Partners Group investments, covering all those held within the portfolio. This tool reviews over 50,000 news articles per day to find ESG-specific news about our companies. Our ESG & Sustainability team reviews the findings and engages with the investment team according to the severity of the incidents.

Thirdly, to capture ad hoc incidents that may impact ESG performance, Partners Group formalized an Incident Reporting framework to ensure prompt reporting of adverse incidents in our direct portfolio, which in turn grants Partners Group and the firm's client's greater visibility into and control over remediation. Partners Group proactively discloses to its clients any ESG incidents that could be of material significance for them. We achieve this through a standard policy at all direct lead and joint-lead investment requiring the CEO and/or CFO to report incidents that surpass certain financial and reputational thresholds. In case a certain materiality threshold has been crossed, we will report to our clients usually using our standard product reporting channels.

Demonstrating Partners Group's continuous improvements of stewardship policies and processes

Ultimately, the improvement of policies and processes must reflect in ESG & Sustainability improvements of the portfolio companies under the manager's stewardship. Partners Group tracks and illustrates its portfolio companies' improvements through its ESG Dashboards[8].

Environmental

On the environmental dimension, we like to create long-term value by both investing in the low carbon economy and leading assets on their path to net zero. We seek to measure, assure, and reduce our portfolio companies' carbon footprint, and address other environmental topics material to their respective business. For this reason, our indicators include GHG emissions, energy usage, and waste.

As of year-end 2022, 92% of the portfolio companies included in our ESG Dashboards[9] had disclosed their carbon footprint (Scope 1 and 2), and 79% had obtained assurance on these figures. This coverage represents a significant data quality and coverage improvement, which is foundational for the development of future carbon reduction plans.

Partners Group established a GHG Accounting Playbook, partnering with EY to guide those companies that needed support in their first GHG accounting in order to drive this improvement

[8] To avoid duplications, please consider Partners Group's ESG Dashboards shown in Principle 7 below.
[9] 'Having assured KPIs' means that Partners Group has obtained an external limited negative assurance report for some or all of the requested indicators. Note that three of the indicators that Partners Group asked companies to assure are displayed in the ESG Dashboard (GHG emissions Scope 1 and 2 (tCO2e), Employee turnover, and Board diversity).

in 2022. We expect more companies to reduce their carbon intensity during our ownership period, as stipulated in our Sustainability Strategy, e.g., by strengthening our dialogue about non-renewable energy consumption and production.

Social

On the social dimension, our goal is to build companies that employees desire to work for and increase returns by having an effective workforce with better culture, cooperation, and retention/loyalty. We encourage our companies to engage with their employees, based on regular engagement surveys and target scores. Relevant measures included in the ESG Dashboards are employee turnover and accident frequency rate, as well as board diversity.

In the context of the 'Great Resignation' that followed the COVID pandemic, we saw increased employee turnover across many industries continue into 2022. We encourage our portfolio companies to pursue their employee-centred efforts, and we expect to see positive effects from our Stakeholder Benefit Programs in the future. At board level, we have an average female representation of 14%. Our aim is to hire 40% of new board members from underrepresented groups, a target which is overseen by our Operating Directors & Entrepreneurial Governance team. In 2022, more than 30% of our board appointments were diverse, and more than 60% of new companies had at least one diverse board appointment.

As our portfolio companies develop their Diversity & Inclusion strategies, we expect them to grow the pipeline of female and underrepresented talent below board level as well. Health & Safety is a strategic priority across our portfolio companies and the avoidance of accidents is of the utmost importance. In 2022, 31% of our portfolio companies reported zero incidents. In this year's dashboard, we present this PAI for the first time. Going forward, we will aim to measure progress over time and start to meaningfully benchmark it to reflect the work and ambition of our portfolio companies, which typically strive to achieve incident rates in line with industry-level benchmarks at a minimum. Partners Group has an incident reporting framework in place so we can stay informed of any incidents at our portfolio companies.

Governance

Finally, on the governance dimension, our Sustainability Strategy aims to develop our assets with an entrepreneur's mindset and to advance sustainability at scale. The indicators we have included in the ESG Dashboards focus on the management of downside risks (e.g., by implementing a cyber security policy) within our portfolio companies and the companies' ESG transparency and accountability. During the course of 2022, we strategically collaborated with AON (p.24) to systematically extend cyber baselining and assessment across our portfolio. 83% of portfolio companies have adopted a cyber security policy as of year-end 2022.

For our controlled investments, the current focus of our stewardship is to improve the ESG data coverage. The data maturity metric relates to our commitment to improve transparency and accountability within our portfolio companies. On average, 82% of the questions asked in our annual ESG data collection exercise was completed by our portfolio companies, which shows the importance of understanding and collecting data. We believe this showcases our high commitment to working collaboratively with our portfolio companies, to supporting them with tools and ESG expertise in their ESG foot-printing and reporting, and the transparency in our relationship with them.

For our non-controlled investments, we focus on the aforementioned eFront ESG Outreach initiative. For non-controlled investments not in scope of the eFront ESG project, Partners Group seeks other ways to continuously improve its stewardship. One such example is our involvement in the debt space, where we rely on a dedicated Debt ESG Review Committee. The purpose of the ESG Review Committee is (i) to monitor Debt investments found to have a ESG considerations during Due Diligence or for which we have been informed of a serious ESG incident during the ownership period, and (ii) to recommend appropriate actions in the case that sensitivities are not found to be adequately managed during ownership. Consequently, where reliable data is scarce, Partners Group puts processes and policies in place, which ensure a high standard of stewardship.

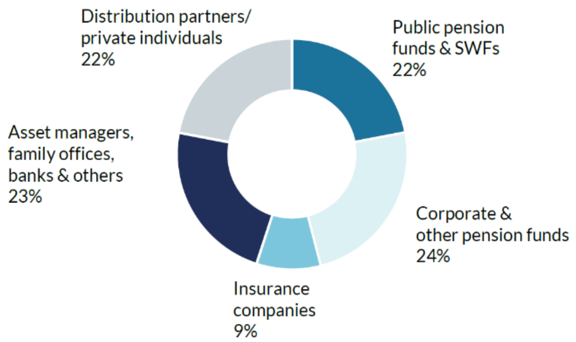
PRINCIPLE 6 - Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

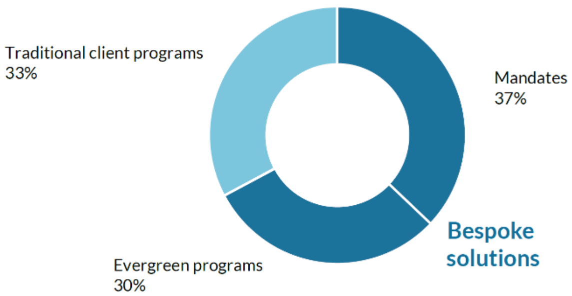
Breakdown of client base

In terms of types of clients, the majority of our AuM stems from institutional clients such as corporate, public, and other pension funds, as well as sovereign wealth funds and insurance companies. These institutional investors often invest via bespoke solutions or traditional long-term closed-ended private markets programs. We continue to see strong interest from distribution partners, which typically accounts for between 20% to 30% of total client demand. They represent private individuals and smaller institutional investors. These client groups increasingly recognize the benefits of private markets and aim to mirror the allocations of larger institutional investors in their own investment portfolios. Usually, they seek to access private markets through open-ended programs with limited liquidity features (evergreen programs).

AuM by type (as of 31 December 2022)



AuM by program structure (as of 31 December 2022)



Source: Partners Group (2023).

Starting with our largest product structure, our mandate business focuses on building up private market's exposure over time, allowing large institutional clients to reach their target allocation size at their own pace. As a result of our unique portfolio management capabilities, we are able to tailor the investment content to the specific objectives and parameters of each client's risk/return profile and pre-defined investment level. This flexibility is particularly attractive to clients given the current environment. For instance, clients concerned about further rising rates tend to prefer private debt allocations with floating rates in their mandates while clients who are more concerned about future inflation levels tend to prefer increased exposure to private infrastructure. 38% (USD 8.4 billion) of our new client commitments stemmed from relationships with clients through mandates.

32% (USD 7.2 billion) of new commitments stemmed from our evergreen programs. Evergreen programs remained a net contributor to AuM growth in both the first and second half of 2022. These open-ended vehicles provide a certain level of liquidity and cater to those clients who are seeking to access the asset class where traditional solutions are not always appropriate.

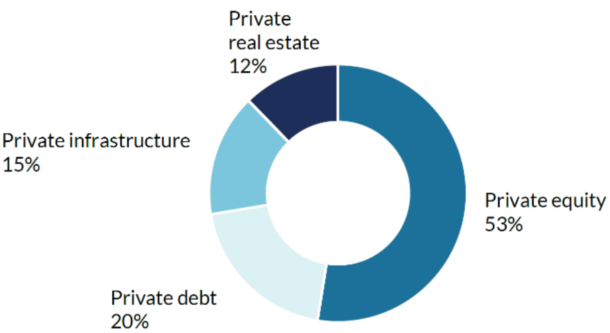
Evergreens cater mostly to high-net-worth clients and small institutional investors and have no contractual end.

Beside these bespoke solutions, we continue to offer traditional programs. In 2022, 30% (USD 6.7 billion) of overall inflows were raised via traditional private markets programs, which are commingled funds with multiple investors. These programs are typically limited partnerships with a pre-defined contractual life and often an initial term of 10-12 years for closed-ended equity offerings and 5-7 years for closed-ended debt offerings. As of 31 December 2022, we manage 33% of our AuM (USD 44.4 billion) in traditional private markets programs.

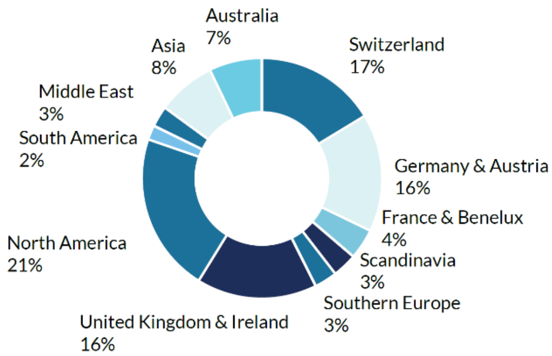
Breakdown of assets under management

The breakdown of total AuM across asset classes as of 31 December 2022 is as follows: USD 71 billion in private equity, USD 27 billion in private debt, USD 21 billion in private infrastructure, and USD 17 billion in private real estate.

AuM by asset class (as of 31 December 2022)



AuM by region (as of 31 December 2022)



Source: Partners Group (2023).

Private equity was the largest contributor to assets raised in 2022, representing 59% (USD 13.2 billion) of all new commitments. Client demand was seen across the entire suite of our traditional and bespoke client solutions offerings. On the bespoke client solutions side, along with our open-ended funds, our mandates were a key contributor to fundraising, recording one of its highest ever inflows during the period.

Private debt also had solid inflows, which represented 20% (USD 4.5 billion) of all new commitments. Demand was spread over several different programs and mandates, including our collateralized loan obligations focused on broadly syndicated loans (34% of assets raised in private debt) which led fundraising in the first half of the year, as well as our direct lending activities, which contributed the other 66% of new private debt commitments.

Client demand for private infrastructure represented 16% (USD 3.5 billion) of all new commitments. Private infrastructure closed its successor direct offering in February 2022 with the majority of capital committed during 2021.

New commitments in private real estate represented 5% (USD 1.0 billion) of overall new client demand, stemming from a diversified range of investment programs and mandates. Private real estate was focused on deploying client commitments from its last flagship program ahead of launching its new real estate strategy in 2023.

Incorporating clients' views on stewardship and managing assets accordingly

As is illustrated above (within Principle 6) Partners Group offers investment programs or tailored mandates to its clients to align with their investment needs and interests across private markets and can weather changing market conditions.

Investment programs

We offer a broad range of comingled investment programs across the private equity, private real estate, private debt and private infrastructure asset classes, using traditional closed-end limited partnership and SICAR structures. These programs typically have a global or pan-regional investment approach and pool several investors into one vehicle.

Partners Group can allow for client-specific needs through side-letter agreements and so-called Product Obligations and Procedures (POPs). These allow the manager to adjust its procedures based on specific client and/or reporting requirements.

POPs are contractual and listing obligations of any Partners Group entity in relation to mandates, products, and platforms that are extracted from agreements such as Limited Partnership Agreements, Side Letters or Articles of Association and it is important that these are being monitored and complied with. These obligations are picked and complied to create an individual Masterplan. These POPs are distributed to 24 different servicing teams such as Product Management, Product Accounting, Treasury and Finance which then serves as a significant control function within the teams. Therefore, these investment POPs ensure that new investments adhere to the contracts and investment guidelines of investing programs. Partners Group has categorized these POPs into three risk categories based on impact and likelihood namely: low, medium, and high risk.

A dedicated professional is assigned to each obligation to ensure that investment guidelines are adhered to. Any breaches that are identified during the POPs procedure are escalated through the "breaches resolution procedure" and resolved prior to executing the investment. The POPs procedure is automated and administered via proprietary in-house software as part of Partners Group's CRM tool – Siebel – called the POPs tool. Any potential exceptions against investment guidelines have to be reviewed and pre-cleared by the respective investment teams. In certain cases, in which a well-documented, established process at Partners Group is in place for a specific obligation, the corresponding POP is covered by the respective group process. Such group processes are controlled by an internal control system framework (ICS). The firm has a sophisticated, proprietary IT application ensuring that relevant fund policies are adhered to, and potential breaches are detected before an investment is made. The process requires that the investment teams confirm compliance of contractual obligations for every investment individually before its completion. The entire POPs process is governed by the POPs policy.

Partners Group has chosen its approach through POPs in order to ensure compliance with contractual obligations clients might require. The monitoring and review of the POPs are done by different teams within Partners Group depending on the risk category and any compliance issues related to individual investment programs are addressed accordingly.

Customized mandates

Larger institutional investors are seeking customized private markets solutions that cater to their individual investment needs. These mandates are tailored to specific requirements and can range from a single asset-class focus in either equity or debt to a multi-asset class investment strategy incorporating both equity and debt instruments.

Our investment time horizon

The average holding period of buyout investments is 5 years. By combining direct, secondary, and primary investments, Partners Group also offers investment strategies to its investors leveraging the integrated platform across direct and fund investments, which may save fees and shorten the average holding period of the portfolio assets, thereby potentially enhancing returns for investors. Partners Group transparently discloses to investors the risks which are inherently linked to long-term investments in the corresponding fund documents. These risks include but are not limited to: illiquidity, interest rates fluctuations, operating, financial, economic and currency risk. This risk can then further differ depending on the asset class.

Receiving and digesting client feedback and communicating about our stewardship activities

Partners Group values the feedback its clients provide and continuously seeks out exchange about their needs and requirements. Especially on the fast-moving topic of ESG and the regulatory changes during 2022, we kept a constant open dialogue with our clients. For one, we hold ESG breakout sessions at our Annual General Meetings, where clients can engage in open discussions. Furthermore, we organize roundtables with select clients who seem concerned about specific topics. For example, in Q2 of 2022, Partners Group held a roundtable on ESG data collection with select UK-based clients, who were concerned about the upcoming regulations. Throughout the year, Partners Group has over 100 ESG & Sustainability update meetings with investors, where we seek out feedback to improve and grow our platform.

Partners Group aims to treat ESG data with the same rigor as financial data, both at portfolio and corporate level. We first established an annual ESG KPI survey for all controlled assets and companies in 2014, before such data was widely collected from private companies. In 2018, we started aggregating the data collected via these annual surveys into an ESG Dashboard to further increase the transparency of ESG reporting across our portfolio. Based on the SASB industry standards and our multi-year experience of implementing ESG projects with our assets, our ESG

Dashboard aimed to show material ESG metrics that were common across our portfolio. It allowed us to have a portfolio wide view of ESG performance, including the relative importance of each metric to each portfolio company.

To communicate our ESG & Sustainability projects, Partners Group relies on multiple channels allowing for stewardship reporting requirements and standards regarding the type of information.

Firstly, Partners Group participates in the UNPRI annual reporting exercise for all asset classes it invests in.

Secondly, Partners Group Holding AG publishes an annual Corporate Sustainability Report detailing the performance of sustainability indicators and progress made in further developing its approach to ESG integration and engagement each year. The annual Corporate Sustainability Report also highlights the key ESG achievements over the year, as well as the innovative development in terms of Partners Group's approach to ESG integration. Select case studies in different asset classes, from rejection examples to ESG projects, are included to showcase our commitment to responsible investment. The most recent ESG dashboards for private equity is also published. Once a year, in our Corporate Sustainability Report, Partners Group aggregates its most important and noteworthy impact on society and the environment across its portfolio. These include the number of total employees at our portfolio companies, our total emission offset, amongst others.

Thirdly, Partners Group provides mandate clients with responsible investment reports as part of its regular client reporting. The reports provide clients with examples from investments that Partners Group has made on its behalf and ensure the firm's framework continues to align itself with the client's responsible investing principles and overall commitment to being an engaged investor. When possible, Partners Group also reports on the link between our investments' products or services or ESG projects and the Sustainable Development Goals, and we report on our contribution to achieving the underlying targets. In addition to the ESG update, for products and mandates in scope of SFDR, Partners Group shall include information required under SFDR in the periodic reports.

Taking client reporting need into consideration in 2022

In 2022, there were two major developments that influenced the type of ESG data we collect from our controlled companies. These were the launch of our Sustainability Strategy, which sets clear ESG milestones for our portfolio assets at different stages of our ownership, and our adoption of new processes and data requirements to meet the regulatory requirements surrounding the EU's Sustainable Finance Disclosure Regulation (SFDR).

The SFDR, which came into effect in March 2021, aims to ensure a systematic and transparent approach to sustainability within financial markets, preventing greenwashing and ensuring comparability. It requires all investment managers to disclose how sustainability risks are integrated into their investment decisions, as well as the likely impact of sustainability risks on returns. In 2022, our focus was on refining our ESG data gathering to capture the new data required by these developments and building a scalable reporting solution to fulfil our revised reporting obligations towards clients and shareholders. We started by creating new ESG survey templates that meet various mandatory and voluntary ESG reporting needs. We included the Principal Adverse Impact (PAI) indicators set out by the SFDR and added other ESG data relevant for our Sustainability Strategy and our clients. In our ESG data collection and reporting, we differentiate between controlled and non-controlled investments, with a goal to increase transparency and data maturity over time. We also utilize external support for non-controlled investments (listed, partnership, debt, and co-investments). For example, we partnered with BlackRock in 2022 to streamline ESG data collection for partnership investments.

What Partners Group's stakeholders can expect in the future

For our controlled portfolio companies, Partners Group provides tools and support where needed. We have set up an effective ESG ownership governance structure under which the asset-level 'ESG Responsible' person works together with our investment team and ESG experts to meet reporting challenges and improve their ESG footprint (e.g., sharing of best practices, guidance for the assurance process).

Consequentially, as a fourth avenue of ESG data reporting we are committed to report on PAI indicators in line with the SFDR Article 8 disclosure for our funds that had a final closing after March 2021 (reporting only for European clients in scope of SFDR). And for all other stakeholders, we include Select ESG Indicators for our Private Equity and Private Infrastructure assets (please consider Principle 5), which reflect the changes in the ESG data collected.

We aim to remain at the forefront of ESG reporting. For this reason, we will continue to refine the annual ESG survey and how we report on these indicators to keep pace with changing regulation. In doing this, we will also ensure that we are efficiently measuring the improvements in the ESG footprints of our controlled assets brought about by the execution of our Sustainability Strategy.

PRINCIPLE 7 - Stewardship, investment, and ESG integration

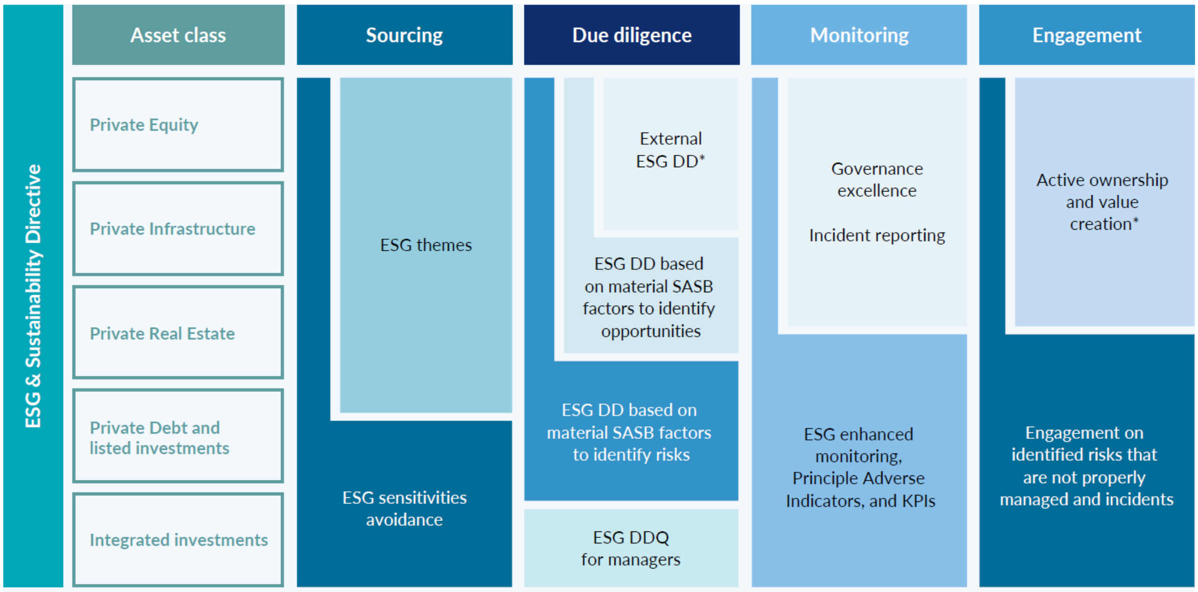
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Our incorporation of ESG factors throughout the investment process

Partners Group aims to realize potential in private markets and create sustainable returns with a lasting, positive progress for our stakeholders, in line with its fiduciary duty and return-generating goals.

Appropriate consideration of environmental, social, governance, and sustainability (ESG & sustainability) factors in investment activities can be a key enabler of value creation for Partners Group on behalf of its clients and other stakeholders. Value can be created for investors by acting on ESG & Sustainability-related opportunities, as well as by mitigating ESG & Sustainability-related risks. Employees, communities, and the environment may also benefit from these actions.

Partners Group's investment decision-making process is divided into two activities: 1) the sourcing of potential investments and 2) due diligence. The ownership period is also divided into two activities: 3) the monitoring of existing investments and 4) engaging as entrepreneurial owners. The graphic below illustrates how ESG & Sustainability factors are integrated across these different activities depending on the asset class.



* Applies only to select controlled investments, where Partners Group would become the majority owner (on behalf of its clients) and therefore have the greatest amount of control and influence over an asset.

Source: Partners Group (2023). For illustrative purposes only.

Allowing for implications of investment phases, geography, asset classes and transaction type to the investment process

As illustrated in Principle 1, Partners Group is active in the four asset classes Private Equity, Private Infrastructure, Private Debt and Real Estate. Additionally, Partners Group has limited exposure to the listed equities. Direct investments, where the asset manager strives to obtain controlling stakes in assets, is the favoured transaction type by Partners Group. Additionally, the firm also invests indirectly through funds offered by General Partners, in order to diversify the offering and risk profile for our clients. These may be of a primary or secondary nature. Consequently, the stewardship approach differs by asset class and transaction type, as the image above illustrates. Ultimately, Partners Group also has limited exposure to listed investments, which will be discussed in Principle 12 below.

Pre-investment

Sourcing

Sourcing applicable across all asset classes and transaction types

Our strategic asset allocation includes the thematic sourcing of opportunities: we identify assets that stand to benefit from transformative trends over the long term, and we actively seek to acquire and transform these assets during our holding period. In addition, we avoid sectors that will suffer as a consequence of such trends. For example, decarbonization is one of Partners Group's three giga themes which guides our thematic investing approach across all asset classes. While we do not commit to specific investment targets, decarbonization is the largest ever global energy infrastructure and effectiveness program in history, touching on all economic sectors.

Avoidance Criteria applicable across all asset classes and transaction types

Across our asset classes, Partners Group avoids certain investment opportunities that are not acceptable from an investment risk perspective because of the products or services offered and their use of practices which cannot be remediated or managed through active ownership, or which are not compliant with supranational, regional, or local rules.

Avoidance criteria for products and services:

- Illegal: Businesses involved in any way in landmines and cluster bombs.
- Increased investment risks that cannot be managed responsibly: businesses making any portion of revenue from the direct manufacturing of weapons and munitions, tobacco, and pornography.
- Developing climate change regulations and taxes represent a material investment risk:
  - Businesses whose main product or service supports thermal coal extraction, transportation, or use for energy generation, and have no plans to reduce this prevailing percentage of revenue generated by this stream.

  - Businesses whose main product or service supports crude oil exploration, production, refining, transportation, or storage, or the transportation and storage of refined products (specialist derivatives production is not excluded).
  - Service providers for the coal and oil upstream industry, such as drilling rig operators, fracking sand suppliers and oilfield service providers.
  - Treatment and logistics services for Canadian oil sands.

For the avoidance of doubt, we see natural gas as a means to achieve low-carbon targets, and therefore, it is not subject to any investment restrictions.

Avoidance criteria for practices:

- Illegal or harmful practices that cannot be remediated through responsible ownership.
- Assets engaging in the deforestation or the burning of vast natural ecosystems for the purpose of land clearance

Norms based avoidance criteria:

- We follow both the letter and the spirit of relevant sanctions and laws promulgated by the United Kingdom, United States, United Nations, European Union, and other governments or international bodies in jurisdictions in which Partners Group operates (together the sanctions regimes).
- We avoid investing in the following:
  - Businesses responsible for serious environmental damage or violations to human rights, as defined by the UN Human Rights Declaration, which cannot be remediated by responsible ownership.
  - Businesses that are subject to targeted sanctions.

Due Diligence

An ESG due diligence - adapted to the asset class and investment type - is required before an investment decision is made. During the due diligence process, ESG factors are identified and considered alongside other commercial and financial factors. The firm focuses on the investment and reputational risks from ESG factors, and opportunities to add value to an investment through the improved management of material ESG factors. This may, where available, include obtaining sustainability related data points as well as Principle Adverse Impact (PAI) metrics.

Controlled Investments

Standardized tools are used to facilitate the assessment of ESG risk during the investment due diligence process. For example, Partners Group's investment teams complete an ESG assessment during each investment's due diligence process which will form part of the "Preliminary Investment Recommendation" documents submitted in the initial stage of the due diligence process. This document is updated throughout the due diligence process and is included in the investment recommendation document which is presented to the investment committee for the final investment decision.

- Partners Group aims to identify and assess the economic impacts of any significant harm caused by the investment's products, services, or business practices, and will consider the indicators for PAI – as well as material ESG & Sustainability factors or topics, as these are expected to be indicators of potential investment risks.
- Material sustainability risks and ESG & Sustainability factors will be identified and prioritized according to the industry the potential asset operates in, informed by the Sustainability Accounting Standards Board (SASB) principles
- In case there should be significant harm, which is unlikely to be remediated by way of active value creation by Partners Group and which represents a material investment risk, Partners Group will abstain from investing in such asset.
- Other risks will be monitored and mitigated during the ownership period for those investments where Partners Group is the majority owner on behalf of its clients.

Non-controlled Investments

For non-controlled fund investments (primaries and secondaries) Partners Group will evaluate whether there are underlying assets that match the avoidance criteria. It will, where possible, evaluate the General Partner's (GP) approach to ESG integration and engage in potential mitigation measures, if needed. Funds in which Partners Group is considering investing in are required to complete a "Primary ESG Assessment" to explain how they take ESG & Sustainability factors into account in their investment process. The assessment is based on the UN PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire, designed to assess the strength of a GP's approach to ESG & Sustainability integration and the expected impact on the risks and rewards of the investment.

- If there are concerns regarding the answers provided by the GP, or if any material investment risks are identified, these may be escalated to the ESG & Sustainability team for additional due diligence or to engage with the manager's responsible person for ESG & Sustainability matters.
- Partners Group will engage with the respective majority owners and managers to include the views described ESG & Sustainability Directive and reporting requirements in line with the PAI, in its side-letter documentation on a commercially sensible basis.
- Key findings of discussions with the GP will be included in the documentation shared with the investment committee for it to be considered as part of the investment decision-making process.

Ownership

All asset classes and investment types

During ownership Partners Group monitors ESG risks using its existing governance structure and integrates ESG factors in our financial and risk management models as needed. For investments, Partners Group monitors the underlying holdings on an ongoing basis to ensure any potential ESG issues are quickly identified and communicated to clients.

Partners Group's investments are monitored on an ongoing basis through PRIMERA Air. PRIMERA Air, a proprietary artificial intelligence-based tool used to scour daily news outlets for ESG-critical incidents in both current and prospective holdings. This tool reviews over 50,000 news articles per day to find ESG-specific news about our companies. Our ESG & Sustainability team reviews the findings and engages with the investment team according to the severity of the incidents.

Private Debt Investments

The monitoring process of debt investments includes furthermore

- Requesting issuers to complete our Annual ESG KPI Questionnaire, on a best effort basis, which collects data on the PAIs identified by EU regulation.[10]
- Review of any additional ESG information provided by issuers as part of their regular reporting processes, including reports, emails, Annual General Meetings (AGMs) and investor update calls.

Any material changes to an issuer's ESG performance, positive or negative, may trigger a re-evaluation of the ESG score and result in an update. Material declines in performance are flagged to the ESG & Sustainability team for discussion.

Furthermore, Partners Group has established an ESG Debt Review Committee which monitors high-risk investments more closely. Such high-risk investments are private debt investments with an ESG score below 3.2, as well as BSL investments that had ESG incidents in the past or made it to the news. The ESG Review Committee on the debt team will maintain a global Review List of such high-risk direct debt and BSL investments and discuss these investments on an annual basis to define potential further engagement actions.

Controlled Investments

For its controlled investments in private equity, private infrastructure, private debt, and real estate Partners Group conducts an annual ESG KPI survey to monitor key ESG metrics and to understand the impact of our investment portfolio on society and the environment, to as sess

[10] Note: Data on PAIs must be collected annually (on a best effort basis) so that it can be included in Partners Group's aggregated disclosure under the EU regulation. The disclosure is required in June of 2023 for 2022 data.

the overall ESG maturity of each investment, and to identify priority areas for engagement in the coming year.

For our private equity and private infrastructure controlled portfolio companies, we established an ESG Dashboard to further increase the transparency of ESG reporting across our portfolio. Based on the SASB industry standards and our multi-year experience of implementing ESG projects with our assets, the ESG Dashboard shows material ESG metrics that are common across our portfolio. It allows us to have a portfolio-wide view of ESG performance, including the relative importance of each metric to each portfolio company. In this report, we present two ESG Dashboards for the firm's direct private equity and infrastructure companies and assets.

The ESG Dashboard provides a holistic view across environmental, social and governance topics, covering 9 key metrics, which Partners Group believes to be the most important ones to improve portfolio companies and track progress. These allow Partners Group to track ESG performance and progress made across the portfolio and asset classes. The below illustration shows the private equity and private infrastructure ESG Dashboards for 2021.

- Indicators: We have chosen to report on a set of ESG metrics that are either key performance indicators (KPIs) or Principle Adverse Impact (PAI) indicators. We believe that the selection for 2022 is material and relevant across our portfolio, and includes certain targets outlined in our Sustainability Strategy.[11]
- Performance arrows: Where possible, we like to show our portfolio companies' progress on ESG metrics over time by including performance arrows. These arrows indicate whether an asset's performance on the topic improved, declined, or stayed consistent compared to the previous year. Where there are no arrows, the assets are either in their first year of ownership, or there is not a prior year comparative available.

[11] Although we also collect PAI indicators from our assets in order to fulfil our client reporting obligations under SFDR Article 8; we do not include all of these in our ESG Dashboards.

Private equity and infrastructure dashboards 2022

Company details			Environmental			Social			Governance		
Vertical	Company	Investment year	GHG emissions Scope 1 and 2 (tCO_2e)	Non-renewable energy consumption and production	Recycled waste	Employee turnover	Accident frequency rate ratio	Board diversity	Cyber security policy implemented	Data maturity	CSR published
Goods & Products	A	> 2 years	57,505 ▼ ✓	99%	-	17% ▼	0.04	0% ► ✓	Yes	76%	Yes
Goods & Products	B	> 2 years	2,937 ✓	-	-	16% ✓	0.02	33% ✓	No	72%	No
Goods & Products	C	> 2 years	2,312	-	-	24%	0.03	0%	Yes	76%	No
Goods & Products	D	> 2 years	9,019	100%	0%	37% ▼	0.02	0%	Yes	80%	No
Goods & Products	E	> 2 years	134,397	67%	69%	30%	0.03	0%	Yes	87%	No
Goods & Products	F	> 2 years	12,109 ▼ ✓	100%	67%	17% ▼ ✓	0.07	0% ► ✓	Yes	89%	No
Goods & Products	G	> 2 years	1,851 ✓	25%	-	19% ▲ ✓	0.05	17% ✓	Yes	82%	No
Goods & Products	H	> 2 years	85,775 ✓	100%	-	97% ▼ ✓	0.00	14% ▲ ✓	Yes	65%	No
Health & Life	I	> 2 years	2,210 ✓	98%	-	29% ► ✓	0.02	29% ▼ ✓	Yes	83%	No
Health & Life	J	> 2 years	5,588 ▼	-	17% ▲	41% ▲	0.11	29% ►	No	76%	No
Health & Life	K	> 2 years	7,224 ✓	100%	-	35% ▲	0.01	13% ► ✓	Yes	87%	No
Health & Life	L	> 2 years	16,826 ✓	90%	-	44% ▼	0.01	15% ► ✓	Yes	83%	No
Health & Life	M	< 2 years	5,571 ✓	-	-	37% ✓	0.14	38% ✓	Yes	84%	No
Health & Life	N	< 2 years	13,677 ▼ ✓	94%	56% ▲	10% ✓	0.01	36% ▲ ✓	Yes	93%	No
Health & Life	O	> 2 years	2,054 ▼ ✓	100%	-	35% ▼ ✓	0.11	29% ▼ ✓	Yes	86%	No
Services	P	< 2 years	39 ✓	24%	14%	20% ✓	0.00	10% ✓	Yes	77%	Yes
Services	Q	> 2 years	- ✓	-	-	112% ✓	0.01	27% ✓	Yes	68%	No
Services	R	> 2 years	16,579 ▼	-	-	27%	0.01	0%	Yes	73%	Yes
Services	S	< 2 years	-	-	-	15%	0.01	20%	Yes	72%	No
Services	T	> 2 years	6,659 ▲ ✓	100%	15% ▼	39% ▼ ✓	0.06	17% ► ✓	Yes	82%	No
Services	U	> 2 years	23,027 ✓	82%		27% ▼	0.05	13% ✓	Yes	77%	No
Services	V	> 2 years	185 ▼ ✓	8%	68% ▼	22% ▲ ✓	0.00	14% ► ✓	Yes	87%	Yes
Services	W	> 2 years	67,743 ✓	-	22%	72% ✓	0.06	25% ✓	Yes	78%	No
Services	X	> 2 years	14,738 ✓	99%		35% ✓	0.10	13% ✓	Yes	81%	No
Services	Y	> 2 years	169,198 ▲ ✓	93%	98% ►	15% ▼ ✓	0.01	18% ✓	Yes	90%	Yes
Technology	Z	> 2 years	0 ✓	-	-	19% ▲ ✓	0.00	0% ✓	Yes	89%	No
Technology	AA	> 2 years	-	-	35%	30% ▲	0.00	20% ►	Yes	79%	No
Technology	BB	< 2 years	-	-		16%	0.00	33% ✓	No	79%	Yes

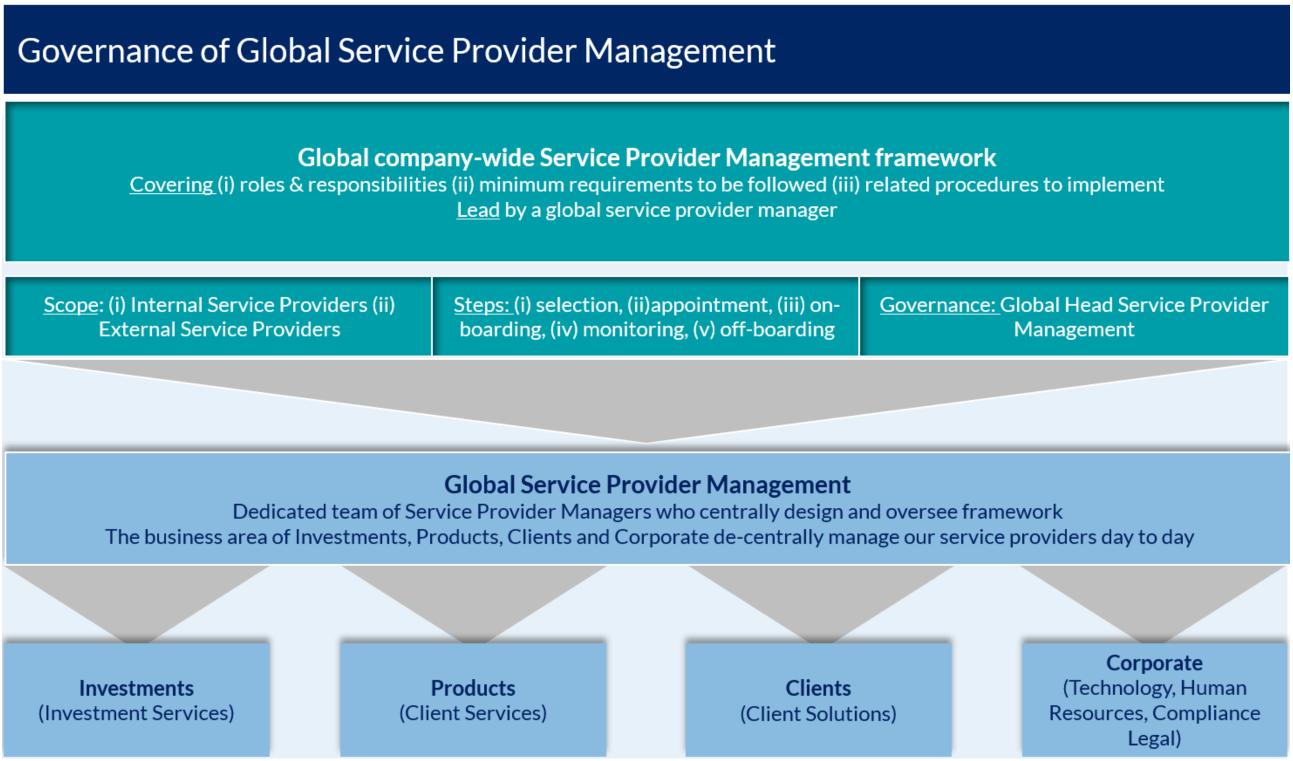
Legend	
✓	Externally assured indicator; limited negative assurance letter obtained from the portfolio company
ESG engagement performance[1]:	
▲	Improvement in performance
►	No change in performance
▼	Decline in performance

[1] An 'Improvement in performance' can mean higher performance (KPI) or lower adverse impact (PAI). No performance indicator signifies there is no YoY comparison available.

PRINCIPLE 8 - Monitoring investments and service providers

Signatories monitor and hold to account managers and/or service providers.

Our approach to service provider management



Source: Partners Group (2023). For illustrative purposes only.

At Partners Group, we continuously foster healthy business relationship with our business partners and service providers, to support changing business needs on a global scale. Partners Group effectively manages relationships with service providers through its Service Provider Management Policy. This Policy sets out the governance and principles for service provider management at Partners Group. It defines roles and responsibilities and lays out certain minimum standards that must be followed to ensure that service providers are managed adequately in line with our claim for Operational Excellence.

Key elements of the framework are

1. A risk management approach at all lifecycle stages,
2. a minimum of defined lifecycle management tasks,
3. full and up-to-date overview of our Service Providers at any time,
4. dedicated Service Provider Account Managers to manage the relationship, and
5. established minimum KPIs and KRIs to measure the Service Providers' performance, risks, and costs

Partners Group has a comprehensive policy and procedure in place for the selection of service providers[12]. When selecting third-party service providers for its client offerings, Partners Group conducts a thorough due diligence process which includes a detailed Risk Assessment with the following risk domains: company, service, data privacy, ESG, regulatory and cybersecurity risks, as well as an on-site visit (if the situation allows). The assessment and selection of a third-party service provider involves domain experts like data privacy officer, the Structuring team, operations teams, accounting, the Global Service Provider Management team, the Service Provider account manager and legal specialists within Partners Group. Partners Group enquires into the service provider's infrastructure and resources, such as their experience and reference projects in private markets administration services, team (experience, organization, skills, staff turnover, etc.), handover processes, as well as the number and location of offices. Partners Group also takes into consideration the accounting and product services, i.e., know-how and systems, customer due diligence process, overall reputation, and track record, as well as the costs of the services to be procured.

In addition to the due diligence process discussed above, the procedure also includes a detailed request for proposal process involving all relevant Partners Group business units, and the evaluation of key criteria followed by a recommendation to the Executive Team and their final approval.

Partners Group monitors service providers on a regular basis by assessing key performance and key risk indicators. The assessment also includes an

- quarterly to annual service provider assessment (risk-based approach),
- conducting on-site monitoring visits to their office and
- engaging in regular discussions with the respective service provider on operational improvements and risk mitigation to their services.

During these visits, the firm's review typically includes, but is not limited to, confirming and reviewing KYC (know your client)/AML (anti-money laundering) processes and manuals, procedures for calculation of the net asset value (NAV), complaints log, report of the most recent audit test, latest annual report, incorrect pricing or error log, general breaches log, relevant ISAE 3402 report, as well as the complete register of holders.

Service providers are monitored on a regular basis depending on the initial risk classification. All relevant Partners Group business units that are involved with the respective service provider provide regular feedback which is centrally stored and reviewed on a quarterly basis by Partners Group's Global Service Provider Management unit. Each service provider is additionally rated on an annual basis based on Key Performance Indicator and Key Risk Indicator to identify those providers with weaknesses and improvement potential. The result is presented to the Executive Team Services Group who ultimately decides whether further corrective action is needed.

[12] "Service" means a contract to provide recurring services (incl. Software as a Service (SaaS), Platform as a Service (PaaS), Infrastructure as a Service (IaaS)), excluding purchases of goods and software licenses.

Case study of service provider engagement on carbon accounting in 2022

To exemplify how Partners Group collaborates with service providers and holds providers accountable to deliver upon the required needs, the following subsection revisits the Greenhouse Gas (GHG) Accounting Playbook for Partners Group's portfolio companies (previously mentioned in Principle 5).

Following the introduction of our Sustainability Strategy, we received consistent feedback from our portfolio assets that carbon accounting requires significant additional effort. As a result, Partners Group partnered with EY, an industry leader in carbon accounting and services, to support portfolio companies in these efforts and achieve scalability across our platform. A significant share of our controlled assets has used the service, which enabled them to assess their emissions in line with the Greenhouse Gas Protocol. Accurate carbon accounting lays the foundation for our companies and assets to develop and act on their Carbon Reduction Plan. Going forward, systematic collaboration with external service providers, as well as the development of a carbon accounting playbook, will be particularly relevant for portfolio companies that operate across multiple sites in different jurisdictions, and therefore require additional expertise, processes, and tools.

As a second step, Partners Group collaborates with its portfolio companies to develop a decarbonization strategy based on reliable and assured GHG footprint data. Our long-term target is to align with the Paris Agreement objective of net zero by 2050, and we ask our portfolio companies to develop a tailored GHG reduction strategy within three years of our holding period to lower carbon equivalents by 50%+ by 2035 (based on carbon emission intensity with 2019 as a base year, where available).

Thirdly, upon publication of the GHG Accounting Playbook, roughly 40% of Partners Group's controlled private equity and infrastructure investments partnered with EY to consult them on their GHG Accounting. As of the end of the third quarter of 2023, 92% of Partners Group's controlled private equity and infrastructure assets measured their GHG footprint and 80% have their GHG footprint externally assured.

Ultimately, Partners Group collected feedback from its portfolio companies on how the partnership with EY was perceived. Where the manager received negative feedback about the service provider, the firm escalated the topics and discussed potential future improvements with EY after a representative share of the assessments had been concluded.

PRINCIPLE 9 – Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

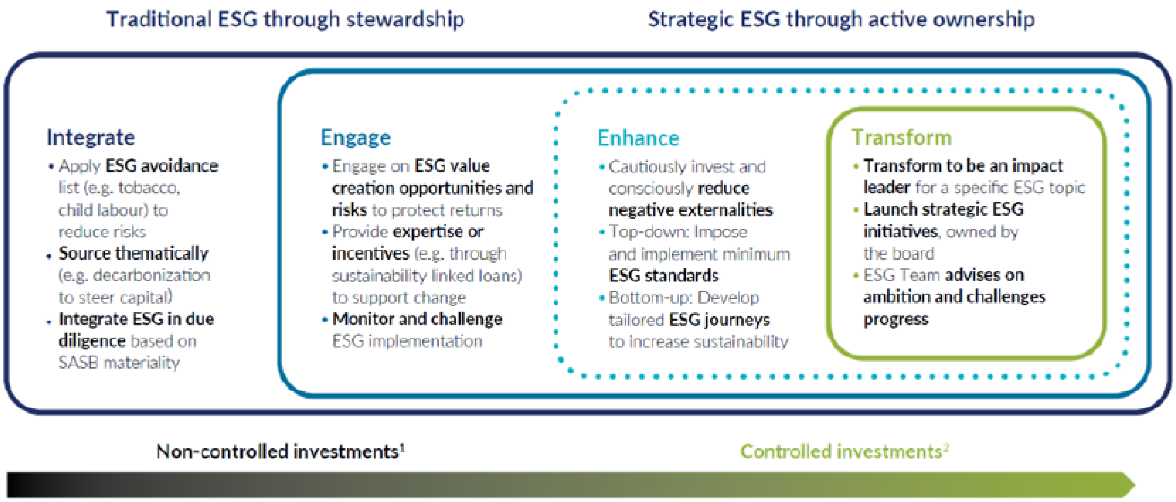
Our ESG Investing Framework

At Partners Group, we aim to hold ourselves to the highest standards of ESG & Sustainability by making them an integral part of our transformational investing strategy. We combine a traditional ESG approach through stewardship for non-controlled investments with a strategic ESG approach through active ownership for controlled investments. For the avoidance of doubt, a controlled investment is an asset in which Partners Group holds a significant stake allowing us to influence the activities of the business on behalf of our clients. Consequentially, this approach is more prevalent in our private equity, infrastructure and real estate asset classes and less so in private debt as the associated governance rights with debt investments are more limited. The aforementioned Sustainability Strategy sets our basic expectations of how we manage our controlled investments. By default, it applies to controlled investments independent of industry and geography. Limitations or opportunities of our active ownership related to the characteristics unique to the industries and businesses we invest in, are taken into consideration through our ESG Journey. The ESG Journey framework takes a tailored approach to the goal setting of our active ownership. Geographic location and jurisdictions also have an impact on our ownership. While the basic expectations remain the same, we sometimes are limited by the jurisdiction the assets are active in. For example, differences in national regulations regarding the statistical tracking of ethnicity data limit our efforts in diversity and inclusion, common to Anglo-American countries are limited in some European countries due to legal restrictions.

To the extent possible, Diversity & Inclusion is a reoccurring theme in the social dimension of the ESG Journeys we design with our controlled investments. For example. together with our portfolio company KinderCare Learning Companies (KLC), a North-American provider of early childhood education and care services, we defined an ESG Journey with a partial focus on D&I and Health & Safety. In 2022, KLC worked with a specialist consultant to develop a three-year D&I strategy focused on KinderCare Education's employees. Since then, the company made two significant D&I hires to support the development and implementation of the strategy. It also launched five employee resource group programs (Black Heritage, Access Ability, Hispanic Organization for Leadership Advancement, LGBTQIA+ and Women) with a combined total of 800 members.

Meanwhile in Europe, where clients increasingly care about biodiversity topics, our portfolio companies Merkur[13] conducted studies on the impact of the construction and operations on migrating birds and noise mitigation to lessen the impact on marine wildlife. Meanwhile, Greenlink Interconnector[14] carried out surveys for birds, bats, badgers, otters, and dormice, shaping the design of the project.

[13] Merkur Offshore is an offshore wind project in the German North Sea.
[14] Greenlink Interconnector is a project to construct a subsea power interconnector between Great Britain and Ireland.



For illustrative purposes only. There is no assurance that the stated strategy will materialize. Source: Partners Group (2023). 1 This description of our 'traditional ESG' approach relates to our ESG investing approach for non-controlled direct investments, as well as fund and debt investments. 2 This description focuses on controlled assets in Partners Group's private equity and infrastructure business.

We integrate sustainability into our sourcing and due diligence process. Our thematic investment approach, which includes a focus on sustainability giga themes such as decarbonization, guides our investment professionals in their sourcing efforts. As a responsible investor, we are committed to investing in companies and assets that are aligned with our values, and we avoid investing in certain sectors as described in our avoidance list in our ESG & Sustainability Directive. Furthermore, we believe that, as an active owner, we have the unique opportunity, and also the responsibility, to go beyond exclusion criteria by driving change within our investments. Our governance rights and our expertise allow us to adopt a strategic ESG approach that enables us to enhance and, in select cases, even transform our controlled portfolio companies. As active owners, we therefore not only mitigate risks to protect value, but also seek to create value by building more sustainable businesses.

Controlled Investments

Enhancing our portfolio companies: Partners Group Sustainability Strategy

Partners Group Sustainability Strategy articulates the vision of building better and more sustainable assets and companies, while also creating positive and lasting growth for our stakeholders. To achieve this, we have defined 12 portfolio-level targets for our portfolio companies during our ownership period. The below illustration highlights these 12 targets as well as the key projects starting in 2022.

Source: Partners Group (2023). For illustrative purposes only.

Transforming our portfolio companies: The ESG Journey addressing materiality

The ESG Journey at Partners Group is a framework that helps our portfolio companies go beyond the 12 targets defined in our Sustainability Strategy and improve on the most material ESG topics. The ESG Journey at Partners Group is informed by due diligence and is applied throughout our ownership. At exit, the ESG Journey allows us to assess our progress on ESG & Sustainability at a given investment, aiming to leave it with a robust approach and strategy for sustainability topics.

Non-controlled Investments

Private debt investments

Due to limited governance rights associated with debt investments, opportunities to engage with borrowers on ESG topics post-issuance are more limited. Given our passive position, we aim to engage about ESG issues on an individual basis as opportunities or needs present themselves. The most common opportunities to engage on ESG topics post-issuance generally include:

- Observer board seats, if available
- Press coverage related to a company's positive/negative ESG performance
- Loan refinancing
- Changes to contractual obligations

Through our observer board seats, we can leverage our experience on managing ESG topics and share best practice with the portfolio. We use loan refinancing and changes in obligations to check in with companies, through calls or meetings, on their performance related to the material ESG topics identified during due diligence, and also bring up press coverage as needed.

Partners Group's Private Debt Team has been a pioneer in the space of ESG in private debt by engaging with companies through Sustainability-linked loans. Sustainability-linked loans are any types of loan instruments which incentivise the borrower's achievement of ambitious, predetermined sustainability performance targets. Sustainability-linked loans look to improve the borrower's sustainability profile by aligning loan terms to the borrower's performance against the relevant predetermined sustainability targets. For example, Sustainability-linked loans will often align the borrower's performance to margin redetermination over the life of the loan. Partners Group has invested in multiple such loans over the past twelve months. Partners Group's Debt Investment Committee has defined and approved "Sustainability-Linked Loans Operating Principles" in February 2022, in which it aims to have Sustainability-linked loans as an integral part of our direct lending strategy, especially in European transactions where we are the majority lender, with at least 50% of future European direct lending investments to be linked to some sustainability target.

Fund investments

When Partners Group invests in funds, it looks to use its influence with the funds in which it invests to increase awareness of the benefits of integrating ESG factors and different approaches to achieve this. Funds in which Partners Group is considering a potential investment are required to complete a "Primary ESG Assessment" to explain how they take account for ESG factors.

The assessment is based on the UNPRI's Limited Partners' Responsible Investment Due Diligence Questionnaire to assess the strength of a manager's approach to ESG integration and the expected impact on the risks and rewards of the investment. It is most recently updated in 2021, as part of our regular improvements, and asks fund managers to articulate whether and how the investment partner considers ESG factors in its investments. Concerns regarding the answers provided may be escalated to the ESG & Sustainability team if needed to provide additional insights or to engage with the GP's responsible person for ESG matters if any material investment risks are identified. Where possible and appropriate, Partners Group agrees to side letters with investment partners to ensure that the responsible investment objectives of Partners Group and its clients can be met. Partners Group strives to invest with GPs that align with the views described in the ESG & Sustainability Directive.

Partners Group also conducts regular engagement with GPs through ESG surveys. The most recent survey was conducted in April 2021 with select GPs in different regions, to assess their readiness to provide SFDR reporting. For broader engagement exercises, GPs are rated by Partners Group in terms of their ESG performance, and the ESG & Sustainability team conducted follow-up calls with the best performers to take advantage of best practices, and with the worst performers to understand their plans for improvement.

Our channels to of engagement

Due to Partners Groups complex private markets investing platform, the methods of engagement depend on the asset class and transaction type and consequentially, the level on governance rights the asset manager holds. Congruent with Partners Groups focus on controlled investments in the private equity and infrastructure space (as illustrated in Principles 1 and 6), the firm prioritizes its engagement where it can have most effect due to extensive governance rights.

For controlled investments in private equity and infrastructure the asset manager engages on a continuous basis. Partners Group's investment teams are in a continuous exchange with their assets to monitor and advise on their journey.

- "Hub day": In order to onboard a new investment into Partners Group's platform, the firm hosts a "Hub Day", where the management of the newly added portfolio company is invited to get to know Partners Group's approach and representatives. Consequentially, the new portfolio companies are introduced to the key concepts and processes of how Partners Group aims to achieve sustainability at scale.
- ESG & Sustainability strategy workshops: In order for assets to meet the Sustainability Strategy targets, the engagement responsibles of Partners Group's ESG & Sustainability team periodically visit the controlled assets to discuss their needs and ultimate goals.
- Representation on the board: Partners Group generally strives to be represented by at least one board member on asset level.
- Company meetings: Partners Group's investment team professionals regularly host meetings with company management teams.
- Investment representation: In an effort to close the link between the manager's investments and the manager's clients, Partners Group invites portfolio companies to present their businesses at the Annual General Meeting (AGM).

Regarding Partners Group's investments in non-controlled assets of all asset classes, the firm focusses on the following channels of engagement:

- Collaboration with General Partners: Before investing, Partners Group thoroughly scrutinizes, the General Partners, which are responsible for Partners Group's fund investments for their approach to ESG & Sustainability. Furthermore, Partners Group engages with select General Partners to pursue ESG initiatives and data collection efforts.
- Sustainability-Linked Loans: As previously illustrated, Partners Group is a market leader in the Sustainability-Linked Loans space and places great emphasis on advancing the model further.

Partners Group's activities are predominantly in the private markets space. Consequently, the asset manager only has limited business in listed investments. Nevertheless, the firm engages with its listed assets.

- Proxy Voting: To exercise engagement with our investments in listed equities for which we have voting authority, Partners Group directs Glass Lewis to conduct proxy voting on its behalf. Further details regarding the proxy voting process are addressed in Principle 12 below.

Select cases of engagement

The below examples of our engagement are selected to represent Partners Group's engagement approach across our four asset classes private equity, infrastructure, debt and real estate. The descriptions focus on our engagement during 2022 but represent the results of multi-year engagement efforts.

Case study 1: KinderCare Education – Private Equity investment

KinderCare Learning Companies, which became part of the Partners Group portfolio in 2018, is the largest for-profit provider of early childhood education and care services in the US. The company offers services through three main channels: KinderCare, which provides early childhood education and care services for children from six weeks to twelve years of age; KCE @ Work, an employer-sponsored early childhood education and back-up care services provider; and Champions, which provides before- and after-school educational and recreational programs in partnership with elementary schools.

We chose KLC for this case study because the company represents one of our promising investments in the education space and it demonstrates our engagement with controlled investments. The long-term oriented stewardship approach of Partners Group as a private equity investor, enables companies to achieve superior sustainable stewardship goals. Since KLC has been part of Partners Group's platform for roughly 4 years, it is consequently representative of the progress our stewardship approach can have over time. The below listed successes have been achieved in 2022 but are the fruit of our multiyear engagement.

Environmental

With the support of EY, our strategic partner for carbon accounting, KinderCare Education has conducted a baseline year GHG emissions assessment for Scope 1 and Scope 2 emissions. Data from the assessment helps to inform the company's broader environmental strategy. Initiatives undertaken to improve energy efficiency include a USD 5.1 million investment in 2022, which updated 161 centres with LED lighting. These enhancements have led to the reduction of 12'229 tons of CO_2 across the updated centres and brought the total number of centres with LED lighting to 315 out of 1'500 (21% of the total).

Meanwhile, following delays to heating, ventilation and air conditioning (HVAC) upgrades in 2022 due to supply chain limitations, older HVAC units will now be replaced with high efficiency units that are up to 40% more efficient. This is significant, as HVAC energy usage is the single largest source of energy consumption within the centres. Following an USD 860'000 investment in 2022, KinderCare Education also installed centralized energy management systems in 114 centres. These enhancements led to the reduction of 13’412 tons of CO_2 annually and increased the total number of centres with energy management systems installed to 315. Together, all these initiatives brought USD 1.8 million in energy savings.

Social

For over a decade, KinderCare Education has conducted an employee engagement survey, which measures the twelve areas most indicative of what employees need to feel successful and engaged at work. The 2022 survey saw 89% of employees sharing their feedback, the highest participation rate in seven years. The company also received the Gallup Exceptional Workplace Award, making it one of only four companies worldwide to win the award six years in a row.

In 2021, Partners Group began working with a specialist consultant to develop a three-year Diversity & Inclusion strategy for KinderCare Education employees. Since then, the company has made two significant hires to support the development and implementation of the strategy. It also launched five employee resource group programs (Black Heritage, Access Ability, Hispanic Organization for Leadership Advancement, LGBTQIA+ and Women), with a combined total of 800 members. Last year, KinderCare Education earned the WELL Health-Safety Rating from the International WELL Building Institute, making it the largest education provider and only national provider of early childhood education and childcare to receive this distinction. The assessment addressed how well KinderCare had dealt with health threats such as COVID-19.

Finally, KinderCare Education launched a living wage program to increase salaries in critical regions. Indeed, in May 2022, the company made the single biggest wage investment in its 52-year history, increasing remuneration for more than 21’000 teachers who have at least one year of tenure at centres across the US. As a result of these investments, total teacher retention exceeded company targets by 20% last year.

Governance

As outlined in our Sustainability Strategy, the first step at KinderCare Education was to appoint ESG responsibles at the board, executive, and operational level.

In 2022, the company conducted an ESG materiality assessment to understand the most salient ESG issues within the business. Results from this assessment identified relevant experts who will serve on the recently launched ESG Steering Committee and shaped its structure.

KinderCare Education assesses enterprise risks annually, the results of which are used to develop a risk-based audit plan. Risk assessment results and the audit plan are shared with management and the Audit Committee for approval. The 2022 audit plan was executed successfully.

Case study 2: CWP Global – Private Infrastructure investment

CWP Global, formerly known as Grassroots Renewable Energy, is a large-scale Australian renewable energy platform combining wind, solar, and storage. Its current projects include Sapphire Wind Farm (270MW total capacity), Crudine Ridge Wind Farm (142MW total capacity) and Bango Wind Farm (a late-stage construction project with a total capacity of 244MW). The platform also has a near-term development pipeline of more than 5GW.

We selected CWP Global to exemplify our engagement approach in the private infrastructure sphere, since the company has been introduced to Partners Group's platform over six years ago and we sold CWP at the end of the year. Consequentially, the below illustrates how Partners Group's management of CWP created numerous ESG & Sustainability initiatives and one of the largest renewable energy platforms in Australia.

Partners Group invested in Sapphire Wind Farm, the first of the CWP assets to be constructed, in 2016. We developed CWP from the ground up in line with our long-term, thematic approach to investing in next-generation infrastructure assets that benefit from decarbonization trends.

In building CWP, Partners Group successfully managed projects towards commercial operation dates, installed best-in-class teams to handle daily operations, arranged long-term power purchase agreements, and implemented a portfolio debt staple to replace individual asset-specific project finance facilities, all with a view to the long-term sustainability of the platform.

Environmental

As a renewable energy asset developer and manager, CWP's vision is to lead Australia's transition to renewable energy for the benefit of current and future generations. The platform is a key contributor to helping corporates and government agencies achieve their net zero emissions targets through the supply of renewable energy by way of long-term power purchase agreements.

In 2022, CWP publicly disclosed its commitment to reduce emissions intensity by 50% by 2030 and to reach net zero emissions intensity by 2040. Going forward, CWP will continue to focus on building its internal capability to track Scope 3 emissions, to define construction emissions intensity and to track performance against its committed targets.

CWP has developed and implemented an ISO 14001-certified Environmental Management System, including an annual audit and inspection program, compliance tracking and reporting system, procedural developments, and scenario training in incident management.

In addition, the company has committed AUD 250'000 to ecological research and AUD 500'000 to scientific research for the conservation of vulnerable species in partnership with the Australian Government.

Social

To support its target of zero Lost Time Injury Frequency Rate (LTIFR), CWP has a comprehensive set of internal procedures and KPIs in place for preventing, tracking, and reducing accidents. Last year, the company was awarded an ISO 45001 accreditation for its Health & Safety management system. All employees must undertake an annual defensive driver and first aid training session.

Due to the amount of driving employees are required to undertake to reach the remote locations of existing and planned projects, CWP implemented a company-wide, in-vehicle monitoring system in 2022.

Community impact is also central to CWP's ESG strategy. In particular, the company has demonstrated its commitment to Diversity & Inclusion of indigenous groups with a 13-point reconciliation action plan. These actions are led by the CFO, with a dedicated working group responsible for execution. Key actions include improving supplier diversity by prioritizing procurement from businesses owned by indigenous people; reviewing HR policies and procedures to execute anti-discrimination strategies; and providing scholarships for the professional development of indigenous people.

Local communities also continue to benefit financially from participation in a community co investment fund established for the projects. This is structured as a sub-fund loan to Grassroots Trust with a guaranteed return of 6% per annum. Finally, funds are set aside annually for Community Benefit Funds, sponsorships to improve education and training initiatives, community development programs, health and wellbeing, and environmental initiatives.

Governance

As part of our ESG governance and stakeholder transparency efforts, we encourage our portfolio companies to publish their own Corporate Sustainability Report. CWP published its first ESG Report in 2022, highlighting its ESG commitments and progress. Additionally, CWP published its first reconciliation action plan in February 2022 to demonstrate its commitment to Diversity & Inclusion.

Case study 3: Warsaw Green – Private Real Estate investment

In 2022, Partners Group invested in Warsaw Green, a 180'000 sqm logistics portfolio in Warsaw, Poland. City Point Targówek, a logistics park built between the 1970s and 2000s in a prime industrial location in Warsaw's district of Targówek, represents around 70% of the portfolio. As the assets in this industrial estate reach the end of their lifecycle, Partners Group plans to redevelop the site to provide new A-grade sustainable logistics space, which will be designed to offer last-mile cross dock buildings, small business units, and big box warehouses. The decision to invest in the project was based on the undersupply of well-located, A-grade last-mile logistics space in the area. Partners Group plans to strengthen the project's ESG credentials by addressing the cost and efficiency of on-site energy production, utilizing modular structures and carbon footprint reporting tools, and optimizing the ReSOLVE framework in the context of circularity and materials management, thereby improving its appeal to both tenants and future investors.

Warsaw Green is a very recent addition to Partners Group's platform. It features as an example of our approach to ESG & Sustainability in the Real Estate space because given its nature as a logistics hub it can go beyond the typical activities associated with residential or commercial real estate investments (minimizing energy and water consumption, etc.).

Environmental

At City Point Targówek, Partners Group is installing LED lighting, smart building management and energy-saving control systems, high-quality insulation, heat-recovery measures, and daylight sensors. A rooftop photovoltaic (PV) array will be installed on site aiming to cover the majority of the asset's electric needs, linked to EV charging stations and an energy-storage solution to decrease reliance on the local grid and improve energy efficiency. In addition, Partners Group will improve waste reduction, harvest rainwater, and promote biodiversity.

Designing green, future-proof logistics has been key to the project's leasing success at Partners Group. The high demand for last-mile logistics allows for the prioritization of best-quality tenants and enables the implementation of a strategy that focuses on organic leasing. The first phase aims to develop a build-to-suit cross-dock building for DPD Polska, a leading courier service provider. The future-friendly characteristics of the logistics space have been a deciding factor in securing DPD and other tenants. There are challenges. In an EU context, the Polish energy mix remains heavily dominated by coal, and the reliance is only slowly decreasing. On-site renewable generation remains challenging to implement due to licensing difficulties – only a limited number of parties have the know-how and capacity to install a large photovoltaic plant. However, this creates an opportunity to be an industry leader in this area. Partnering with Techem, a market leading portfolio company in the provision of energy sub-metering services and involving other local and pan-European advisors helped us to identify the best partners for the implementation of green features.

Social

At Warsaw Green, there is a strong focus on providing a healthy workplace with user-orientated facilities. Priorities include good links to public transport, bike shelters, green areas, and a recreational zone complete with an outdoor gym. The redeveloped buildings will secure BREEAM (Building Research Establishment Environmental Assessment Method) Excellent and LEED (Leadership in Energy and Environmental Design) Gold ratings, as well as WELL Building Standards Health and Safety certification.

In March 2022, some 2'400 sqm of warehouse space was made available for use on a temporary basis by the Polish Red Cross in response to the need for humanitarian aid in Ukraine. The space allowed the Red Cross to accept large amounts of products, which provided long-term assistance to refugees in Warsaw and were also transported to Ukraine.

Governance

For Warsaw Green, governance initiatives aim to address the challenges associated with investing in a country that has no formal commitment to reduce GHG emissions in line with the Paris Agreement. This includes projects to mitigate the risks associated with the limited local know-how for the installation of large PV plants.

Case study 4: Ligentia – Private Debt investment

When it comes to sustainability-linked loans (SLLs), setting meaningful KPIs can be a challenge. Our ongoing work with Ligentia, a UK-based provider of tech-enabled supply chain management services to a range of industries, exemplifies how we overcame this hurdle. In 2022, Partners Group structured an SLL with Ligentia providing a discount of up to ten basis points on their financing depending on their progress on sustainability performance targets (SPTs) that we set. In line with Partners Group's SLL Operating Principles (see box), we established SPTs that were linked to materiality and the company's core business activity, as well as standard carbon and Diversity & Inclusion targets that we aim to set across our SLLs.

Our engagement with Ligentia, was selected to represent our involvement with sustainability in the private debt space, since sustainability-linked loans are our core strategy to stewardship with debt assets during our involvement with the investment.

Environmental

From a business materiality perspective, Partners Group found that Ligentia can contribute to reducing its customers' GHG footprint by increasing the utilization rate of its containers. We focused across the company's top 25 customers and asked Ligentia to consistently, i.e. across the life of the loan, improve these metrics by a set percentage each year. On the carbon side, given this was also an area of focus for the Ligentia, we asked the company to achieve the targets set out in its recently established carbon reduction plan.

Social

Where possible, we also aim to include Diversity & Inclusion targets in our SLLs. In Ligentia's case, we are negotiating targets to improve representation of minorities in management positions across the company.

Case Study 5: Gong Cha – Non-controlled investment

Beyond the sphere of our controlled investments, Partners Group also engages with its assets albeit to a lesser degree as the limited governance rights make us focus our efforts on the sourcing and due diligence prior to investing and the monitoring of the assets during ownership.

For example, our engagement with Gong Cha, a global chain of specialty tea stores, in which we invested debt and an equity kicker on behalf of our clients. Founded in Southern Taiwan, Gong Cha has grown to more than 1,000 outlets in 17 countries worldwide. Globally, consumers are rallying against the proliferation of single-use plastics, and governments are responding through regulation. A large portion of Gong Cha's revenue is derived from Korea, where the Ministry of Environment has made a commitment to curb single-use plastic consumption. Japan, another important growth market for Gong Cha, unveiled its Resource Circulation Policy for Plastics, which aims to reduce 25% of single-use plastic waste by 2030 and reuse or recycle 100% of plastic waste by 2035. Both Partners Group and Gong Cha recognize the risks and opportunities these trends present, as Gong Cha's primary products rely heavily on plastic packaging. Our ESG & Sustainability team therefore undertook a research project to understand global regulations, consumer preferences and F&B competitor initiatives, and put together strategy recommendations for Gong Cha's management team with a range of more sustainable options. Our framework informs Gong Cha of potential paths towards reducing, replacing and/or recycling plastics, through design changes, sourcing alternatives, or consumer education efforts. We will continue working with Gong Cha, as well as other stakeholders, to contribute to global plastic solutions.

PRINCIPLE 10 – Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our approach to collaborative engagement

Partners Group aims to realize potential in private markets and create sustainable returns with a lasting, positive impact for all its stakeholders, in line with its fiduciary duty and return-generating goals. Appropriate consideration of environmental, social, governance, and sustainability ("ESG & sustainability") factors in investment activities can be a key enabler of value creation for Partners Group on behalf of its clients and other stakeholders.

Case studies

Partners Group supports several initiatives and adopted recognized frameworks within the ESG and impact investment space

For illustrative purposes only. Source: Partners Group (2023).

Partners Group's key Responsible Investment collaborations and memberships are as follows:

Corporate Level

Global Reporting Initiative (GRI) & Sustainability Accounting Standards Board (SASB): In developing our annual Corporate Sustainability Report, Partners Group adopted the GRI Reporting Principles Economic, Environmental and Social Standards and SASB Standards as guiding frameworks for developing the report content and quality. Our Corporate Sustainability Report includes a full list of material topics relevant for our firm in a GRI and SASB Content Index.

Dow Jones Sustainability Index (DJSI): In 2021, Partners Group has become the only global private markets firm to be included in the Dow Jones Sustainability Indices (DJSI). The DJSI are a family of best-in-class benchmarks for investors, which assess the performance of companies against a defined set of economic, environmental, and social criteria. Partners Group's inclusion in the DJSI is an important recognition of the firm's position as a corporate sustainability leader in private markets. It also spurs us on our journey to achieve even higher standards on material ESG factors. Partners Group's corporate sustainability leadership is essential for its ESG approach of "leading by example" for its portfolio companies, as we believe that we cannot expect and work on sustainability objectives with our investments, if we ourselves do not adhere to the highest ESG standards. Being among the most sustainable global firms allows Partners Group to be a role model and share best practices with its portfolio companies.

Corporate & Portfolio Level

Carbon Disclosure Project (CDP): As Partners Group considers the firm and its individual employees directly responsible for protecting the environment, it has voluntarily participated in the Carbon Disclosure Project ("CDP") since 2008. The CDP is an independent, not-for-profit organization which holds the largest database of corporate climate change information in the world. CDP has today become the leading standard for carbon methodology and process while providing comprehensive climate change data to the global marketplace. Today, our corporate compensation portfolio comprises a mix of global afforestation, reforestation, forest protection and water infrastructure projects. Over time, we will also explore other CO2 compensation options, such as sponsoring and collaborating with other leading organizations on research projects and finding additional entrepreneurial projects that have a high CO2 compensation multiplier.

Taskforce on Climate-related Financial Disclosure (TCFD): In 2020, Partners Group launched its platform-wide Climate Change Strategy which aligns with the TCFD recommended disclosures. As a firm, we are committed to working towards net zero carbon emissions across our entire organization and managing our investment portfolio towards the Paris Agreement goals. Our group-wide Climate Change Strategy outlines our approach towards achieving these goals, highlighting how we manage climate risks and impacts across our firm and our investment portfolio. We have embedded this strategy into the key stages of our investment and ownership process from sourcing and due diligence through ownership to exit. We are also a public supporter of the TCFD initiative.

Portfolio Level

UN PRI: Partners Group has been a signatory of the UN PRI since 2008 and is proud to have been awarded A+ ratings for its overall approach of the UN PRI's annual ESG benchmarking assessment for governance between 2015 and 2020. Concomitant with the recent changes to UN PRI's underlying methodology for their 2021 assessment, Partners Group has scored 4 out of 5 stars for "Investment Stewardship & Policy", UN PRI's overall fund manager score. In further categories, Partners Group achieved 5 out of 5 stars in Direct Private Equity, 4 out of 5 stars in Direct Private

Debt and Direct Private Infrastructure and 3 out of 5 in Direct Real Estate. Please see attached the full set of scores achieved for 2021.

Additionally, Partners Group has contributed to local PRI networks, such as the UN PRI's Plastics Working Group which consists of 29 global institutions working to define an approach on how investors can engage with companies on the topic of plastics. The firm is also part of PRI Japan network, formerly as Vice Chairman of the Infrastructure Working Group and a chair of the Private Equity Working Group, and our head of ESG & Sustainability, Carmela Mondino, was chosen to join the Private Equity Advisory Committee in 2022 for a 2-year term.

Global Impact Investing Network (GIIN) & International Finance Corporation (IFC):In 2018, Partners Group collaborated with the Global Impact Investing Network through a case study on the impact methodology we apply to our impact-at-scale private markets fund, PG LIFE. The fund closed in October 2020 with approximately $500m in commitments, and seed investments across renewable energy, healthcare and energy efficiency.15 PG's ESG & Sustainability team presented in a GIIN webinar and spoke at their annual event in Paris in 2018.

To avoid repetition, please consult the discussion of Partners Group’s collaboration with the IFC in Principle 4.

Sustainability Accounting Standards Board (SASB): Partners Group has integrated the SASB standards within its investment process by developing a proprietary ESG due diligence tool. This tool guides our investment professionals in their assessment of material ESG factors within investment opportunities. Furthermore, Partners Group partnered with the SASB to author a case study on innovation in ESG integration, which was published in the first edition of SASB's ESG Integration Insights. The case study describes how Partners Group incorporated the SASB standards on ESG materiality by industry, based on a multi-year research effort into its own ESG analysis, both during due diligence and ownership.

Swiss Sustainable Finance (SSF): In 2020, Partners Group participated in a report published by Swiss Sustainable Finance (SSF) exploring the broad range of finance solutions at hand to support the transition to a climate-friendly economy. In this report, we elaborated on how active ownership is an opportunity to implement low-carbon initiatives for clean energy and energy efficiency.

Initiative Climate International (iCI): In line with our commitment to delivering positive stakeholder impact, in 2021 Partners Group has joined the Initiative Climat International (iCI), a landmark global climate initiative for the private equity industry that is supported by the Principles for Responsible Investment. Members of the iCI commit to recognizing the risks that climate change presents to their investments, contributing to the Paris Agreement's objectives, and engaging with portfolio companies to reduce greenhouse gas emissions.

Impact Management Project (IMP): In 2019, Partners Group collaborated with the Impact Management Project (IMP) to publish a case study on PG LIFE's impact methodology. As an

15 It already closed in October for ~$500m

investment strategy with a dual mandate of achieving financial returns and generating positive impact, PG LIFE's impact assessment methodology adopts the IMP framework.[16]

In summary, Partners Group is part of the following list of organizations & indices globally:

1. Global Reporting Initiative (GRI)
2. Sustainable Accounting Standards Board (SASB)
3. Dow Jones Sustainability Index (DJSI)
4. CDP (Carbon Disclosure Project)
5. Taskforce on Climate-related Financial Disclosure (TCFD)
6. UNPRI
7. Swiss Sustainable Finance Group (SSF)
8. Initiative Climat International (iCI)

[16] For the full case study, please refer to this site: https://impactmanagementproject.com/wp-content/uploads/Investors-Perspective-Partners-Group-report.pdf

PRINCIPLE 11 – Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

Escalation policy in the context of private markets

Material, adverse incidents can create reputational and financial risks for portfolio companies, Partners Group, and its clients. Appropriate incident reporting to senior management, boards, and investors enables better corporate governance and incident management.

As we are active in the private markets space, the majority of our ESG & Sustainability engagement is done with controlled assets rather than non-controlled or listed equities. Consequentially, typical shareholder engagement mechanisms (voting on shareholder proposals etc.) may apply to some of our activities but is not core to our approach. In case one of our engagements requires escalation from our side, the issues we focus on are guided by and managed through the same channels as our engagements illustrated in principle 7 and 9. In unison, our approach to escalation is applicable across geographies asset classes and transaction types.

Incident reporting framework

To capture ad hoc incidents that may impact ESG performance, Partners Group formalized an Incident Reporting Framework to ensure prompt reporting of adverse incidents in our direct portfolio, which in turn grants Partners Group and the firm's client's greater visibility into and control over remediation. Partners Group proactively discloses to its clients any ESG incidents that could be of material significance for them. We achieve this through a standard policy at controlled investments requiring the CEO and/or CFO to report incidents that surpass certain financial and reputational thresholds. In case a certain materiality threshold has been crossed, we report to our clients usually using our standard product reporting channels.

We categorize types of reportable incidents according to

- Their potential financial impact
- the potential/actual reputational impact

The former may be a probability-weighted estimate of impact on % of EBITDA or a potential financial penalty in excess of USD 5m. The latter (reputational impact) may be negative media coverage, health & safety incidents leading to permanent disability, work-related fatalities, allegations of fraud etc.

PRINCIPLE 12 - Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Exercising our rights and responsibilities in the context of private markets

Partners Group will generally seek to hold majority positions with significant control rights and board representation for the Fund's portfolio companies, in order to be actively involved in key business decisions to implement value creation initiatives.

For our partnership investments, we can actively engage with the General Partners we invest in through our more than 150 board seats at its portfolio companies, including both full board seats and observer seats.

Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts. The following proxy voting principles (the "Principles") are intended to outline Partners Group's general approach to proxy voting considerations that frequently arise for its Liquid Private Markets investments.

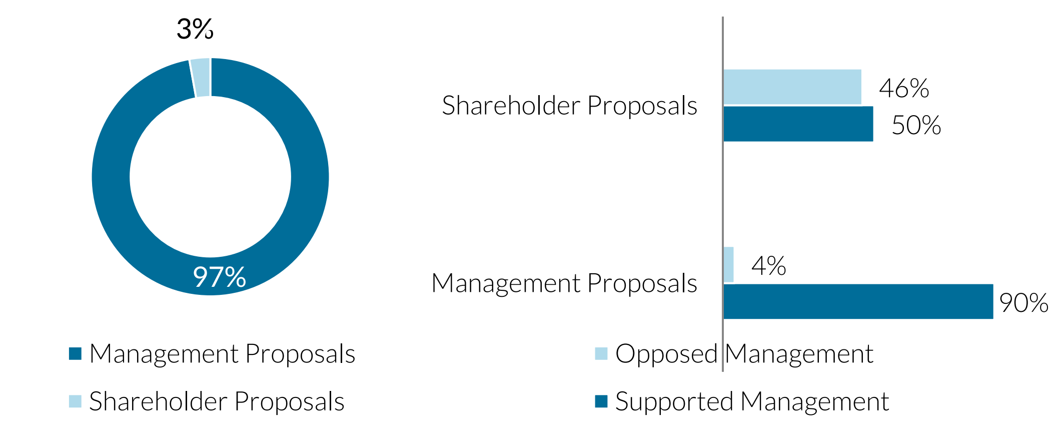
Please see the full Glass Lewis voting assessment for FY 2022 below:

Voting activity statistics

Meetings Voted by Region for 2022

Source: Partners Group (2023). For illustrative purposes only.

Management and Shareholder Proposal Distribution voted for 2022



Source: Partners Group (2023). For illustrative purposes only.

Overview of Proposals by Category

Proposal Category Type	Supported Management		Opposed Management	
Totals	**2371**	**94%**	**158**	**6%**
Audit/Financials	349	**99%**	2	**1%**
Board Related	1393	**96%**	60	**4%**
Capital Management	157	**96%**	7	**4%**
Changes to Company Statutes	78	**99%**	1	**1%**
Compensation	300	**86%**	47	**14%**
M&A	16	**100%**	0	**0%**
Meeting Administration	22	**96%**	1	**4%**
Other	18	**78%**	5	**22%**
SHP: Compensation	3	**50%**	3	**50%**
SHP: Environment	1	**25%**	3	**75%**
SHP: Governance	16	**64%**	9	**36%**
SHP: Misc	1	**50%**	1	**50%**
SHP: Social	17	**47%**	19	**53%**

Source: Partners Group (2023). For illustrative purposes only.