



# ESG Commission: Recommendation to facilitate the dialogue between GPs and LPs

---

October 2019/January 2021- FRANCE INVEST | 23, RUE DE L'ARCADE, 75008 PARIS

## Acknowledgements

France Invest is grateful to all members of the ESG Commission working group, the ongoing efforts of which have enabled this update to the October 2017 recommendation. The group is led by Marc Guyot (LBO France) and Candice Brenet (Ardian), supported by Sylvain Lambert (PwC) and Emilie Bobin (PwC):

---

<b>LPs</b>	<b>GPs</b>
<ul style="list-style-type: none"><li>• Ardian, represented by Candice Brenet, Chair of the ESG Commission,</li><li>• Bpifrance represented by Philippe Kunter, member of the ESG Commission's steering committee</li><li>• Caisse des Dépôts, represented by Olivia Yedikardachian, Chair of the France Invest LP club</li><li>• Idinvest Partners, represented by Sophie Beric, member of the ESG Commission's steering committee</li><li>• SWEN Capital Partners, represented by Renaud Serre-Lapergue, member of the ESG Commission's steering committee</li></ul>	<ul style="list-style-type: none"><li>• Activa Capital, represented by Charles de Lauriston, member of the ESG Commission's steering committee</li><li>• Apax Partners, member of the ESG Commission's steering committee, represented by Sophie Uzan</li><li>• Ardian, represented by Candice Brenet, Chair of the ESG Commission</li><li>• Azulis Capital, member of the ESG Commission's steering committee, represented by Yann Collignon</li><li>• Eurazeo, represented by Noëlla de Birmingham, member of the ESG Commission's steering committee</li><li>• Galiena Capital, represented by Anne-Laure Mougnot, member of the ESG Commission's steering committee</li><li>• LBO France, represented by Marc Guyot, member of the ESG Commission's steering committee</li><li>• PAI Partners, represented by Cornelia Gomez, member of the ESG Commission's steering committee</li></ul>

---

The following document supersedes the version published in October 2017, which had already received international recognition from the PRI in its June 2018 recommendation<sup>1</sup> on ESG monitoring, reporting and dialogue in Private Equity.

---

<sup>1</sup> ESG Monitoring, Reporting and Dialogue in Private Equity, June 2018, Principles for Responsible Investment in partnership with ERM.

## Foreword

In recent years, LPs and GPs have cooperated increasingly closely to implement ESG throughout the private equity ecosystem and value chain, encompassing portfolio companies, management companies, investor relations and civil society as a whole. In order to fulfil their own ESG integration commitments and those of their investors, LPs and GPs must maintain a dialogue and on occasion, make specific requests. However, there is great disparity between requests from LPs: a single GP can have a range of ESG-related questions from LPs going from no requests at all to a detailed questionnaire including individual portfolio company reporting, all with varying timeframes.

This disparity has today given rise to six key issues:

- Availability and quality of information requiring significant work by GPs and their portfolio companies: definition, collection and monitoring of indicators (particularly where information from portfolio companies is concerned);
- Workload for management companies (even more difficult to implement for small companies) as well as for portfolio companies faced with strong, heterogeneous and sometimes hard-to-apply requests;
- Impact on portfolio companies, which may perceive the ESG approach as being an administrative constraint, rather than a genuine opportunity to create value, as well as being potentially contrary to their own approach and that taken in collaboration with management companies;
- Difficulty for LPs to efficiently process all of the requested information and subsequently fully meet their own investors' expectations. This is particularly true when they invest in a large number of funds that are themselves shareholders in multiple underlying companies that face a variety of challenges;
- Homogeneity and comparability of information;
- Homogeneity of data transmission media (Excel, proprietary systems, etc.).

Resolving these issues requires a progressive approach that takes into account the diversity of stakeholders – including internationally – and their expectations. However, LPs and GPs agree on the need to regularly review how ESG information is exchanged between them, in order to improve the transparency of practices and encourage more effective consideration of ESG, as applied to the material issues of funds and companies.

Accordingly, based on the wide range of ESG practices in place for French GPs and LPs, France Invest's ESG Commission has updated its October 2017 recommendation, and would like once again to share it with its international counterparts, including Invest Europe, and with the PRI.

To this end, the working group set up by the ESG Commission with 5 LPs and 7 GPs continued to explore ways to improve their dialogue on ESG issues, with support from PwC.

This new initiative builds on previous publications, such as the 2013 ESG Disclosure Framework and the recommendation issued by France Invest in October 2017, and results more generally from an iterative process.

This work led to the publication of a supplemental ESG framework featuring standardised questionnaires for LPs and GPs wishing to implement a more in-depth approach, while remaining true to the guiding principles established in 2017.

## Contents

1. Guiding principles.....	4
2. Implementing the recommendation .....	5
2.1. Unified approach across the two frameworks.....	6
2.2. Scope of indicators common to both disclosure frameworks .....	6
3. Standard ESG disclosure framework .....	7
3.1. 11 common “management company” ESG indicators.....	7
3.2. 11 common “portfolio company” ESG indicators .....	8
4. Supplemental ESG disclosure framework for LPs and GPs seeking a more in-depth dialogue ...	9
4.1. Background and approach .....	9
4.2. Future approach.....	9
5. Appendices.....	11
5.1. Appendix 1 – Background information: change in LP and GP involvement in implementing ESG criteria .....	11
5.2. Appendix 2 - Proposed definitions for “portfolio companies” ESG performance indicators .....	13
5.3. Appendix 3 - Supplemental Disclosure Framework: 2018 standard management company and portfolio company questionnaires .....	19
5.4. Appendix 4 – LP DDQ .....	34

## 1. Guiding principles

This recommendation proceeds from a shared desire to apply the following principles in the relationship between LPs and GPs with regard to ESG issues:

- Develop more in-depth dialogue between LPs and GPs on the GP's effective implementation of its approach to ESGs:
  - during fundraising; investment due diligence carried out by LPs based on the LP DDQ produced by the PRI (Appendix 4). This in-depth work will enable an assessment of the management company's maturity in the area of ESG.
  - then during subsequent exchanges, or in management reporting.
- Phasing-in by LPs of feedback to their GPs responding to the questionnaires (concerning due diligence, reporting, etc.),
- Focus on material topics for all stakeholders in the chain – LPs, GPs, funds and portfolio companies – to encourage stabilisation and harmonisation, bearing in mind that material topics may differ to some extent among stakeholders;
- Use of one of the two common batteries of ESG performance monitoring indicators applied to the management company (GP) and its portfolio companies. These performance indicator batteries are respectively referred to as:
  - standard ESG disclosure framework (as derived from the October 2017 recommendation drafted by all members of the working group) and,
  - supplemental ESG disclosure framework.
- Indicators may be adjusted for different investment strategies (majority, minority, venture, debt, mezzanine, infrastructure, etc.).

## 2. Implementing the recommendation

We recommend that:

- GPs should share qualitative ESG highlights from their management company and portfolio companies with LPs annually,
- GPs should deploy and monitor ESG actions in portfolio companies and disclose them in an annual ESG report for the fund in which the LP has invested. To ensure a full understanding of the fund's ESG performance, the working group recommends tracking indicators that cover:
  - the management company and inclusion of ESG considerations in the investment process;
  - the underlying investments of the fund(s).
- LPs should notify GPs of their choice between the Standard or Supplemental framework as early as possible before the end of the current year (N), to enable them to reach out to their portfolio companies and include these demands in their own work with managers. This recommendation encourages LPs to use one of the two sets of ESG frameworks produced by the members of the ESG Commission working group:
  - The first set contains a core set of performance indicators already defined and presented in the first version of the recommendation (Standard Framework - Part 3 and Appendix 2). These are presented in sections 3.1 and 3.2 below.
  - The second set also consists of two ESG questionnaires for LPs and GPs wishing to jointly implement an in-depth approach (Supplemental Framework - Part 4 and Appendix 3).

These indicators are intended to form a common baseline, making discussions easier and more effective.

## 2.1. Unified approach across the two frameworks

- For management companies: indicators are divided into two broad, complementary categories:
  - ESG approach as a company; exemplarity of practices;
  - Investor requirements to monitor ESG performance across the fund (investment process and portfolio companies).
- For portfolio companies: a definition of each indicator is provided in Appendix 2, in particular for portfolio companies that have not yet implemented or would like to change their own definition. The existing definition is maintained in all other cases, particularly for companies that are based outside France and may have a different legal framework.
- The purpose of the indicators is to monitor the implementation of good practices and their development over time. Indicator format: quantitative (with space for comments) and text.

## 2.2. Scope of indicators common to both disclosure frameworks

- “Management Company” indicators (see 3.1) relate to the comprehensive approach of the Management Company and to the answers from all portfolio companies for all funds managed – even if the ESG policy differs from one vehicle to another because the GP has changed or improved its processes over time.
- “Portfolio Company” indicators (see 3.2 and 5.3) relate only to the investments of the fund or funds in which the LP has invested.

### 3. Standard ESG disclosure framework

#### 3.1. 11 common “management company” ESG indicators

##### *Business conduct*

- Percentage of independent members of the decision-making body (board of directors, supervisory board or equivalent)
- Percentage of women in the investment team
- Percentage of employees who have received training in their individual rights during the year
- Has the management company been actively involved in committees or working groups in its professional sphere during the year?
- Has the management company been involved in a litigation<sup>2</sup> with one or more of its stakeholders (i.e. investors, employees, subsidiaries, portfolio companies, shareholders of the management company, etc.) or has it been the subject of a controversy likely to adversely impact its image (e.g. administrative or legal sanctions, press article, NGO campaign, etc.) during the year? If so, provide details
- Environmental initiatives launched or continued over the course of the year
- Other initiatives or projects that the management company wishes to highlight

##### *ESG in the investment process*

- Percentage of specific internal or external ESG due diligence carried out for investments made during the reporting year
- Number and percentage of portfolio companies (across all funds) in which annual ESG/sustainability reporting has been implemented
- Number and percentage of portfolio companies (across all funds) in which ESG topics were included on the agenda of the meeting of the supervisory board (or equivalent) at least once during the reporting year
- Number of ESG<sup>2</sup> incidents and percentage of which were specifically disclosed (by email, telephone conference or release) to investors

---

<sup>2</sup> For the purposes of this position paper, a litigation refers to a disagreement between several parties that gives rise to court proceedings, mediation, conciliation or arbitration.



### 3.2. 11 common “portfolio company” ESG indicators

#### *Environment*

- Monitoring of the carbon footprint over the last four years: number and percentage of participating investments;
- Existence of a formal environmental approach: number and percentage of investments

#### *Social*

- Job creation: number of jobs created, excluding build-ups
- Monitoring of accident frequency rates: number and percentage of investments concerned
- Monitoring of absenteeism: number and percentage of investments concerned
- Turnover monitoring: number and percentage of investments concerned
- Sharing value: existence of a system for value sharing beyond legal obligations: number and percentage of investments concerned

#### *Governance*

- Board diversity: number of investments concerned and percentage of women
- Management committee diversity: number of investments concerned and percentage of women
- Board member independence: number of investments concerned and percentage of independent members
- Formalised procurement approach adapted to the ESG risks identified in the value chain: number and percentage of investments concerned.

## 4. Supplemental ESG disclosure framework for LPs and GPs seeking a more in-depth dialogue

### 4.1. Background and approach

This scenario mainly applies to French or foreign LPs that either wish to or have already implemented a more extensive structured approach with the GPs through which they had invested, in keeping with their specific ESG positioning and/or requests from their own investors.

To address these desires without unduly compromising the stated objectives (i.e. materiality, priorities, simplicity, etc.), the working group produced two in-depth questionnaires: one for the indicators of the management companies, the other for those of their portfolio companies.

Some LPs in the working group may use only the “management company” questionnaires, whereas others may also use the “portfolio companies” questionnaires.

The standard “management company” and “portfolio companies” questionnaires (as at 31 December 2018) are included in Appendix 3.

The French LP and GP members of the working group have agreed on the following points relating to the use of these questionnaires:

- certain questions in the portfolio company questionnaires may be left unanswered, particularly if the subject is not material or if the information is difficult to obtain.
- LPs would rather have no answer to a particular question relating to a portfolio company than have an answer consolidated at the level of the relevant fund (as proposed by GPs for certain questions, for confidentiality reasons).

### 4.2. Future approach

- LPs and GPs should continue to work together, via the relevant ESG commission working group, to standardise their reporting requests with the overall aim of stabilising the number of questions, while accommodating:
  - changes (possible addition and/or removal of questions each year, depending on the maturity of legacy issues and the emergence of new issues) and,
  - updates to or removal of any questions to which the answers do not or cannot yield useful insights.
- LPs should, with input from GPs, strive to improve and streamline the overall reporting process. In particular, this can be achieved in the short-term by early communication of the questionnaires that will be used and by closer alignment and communication of their timetables of reporting periods (including the campaign start and end dates), bearing in mind that campaigns launched too early do not allow certain information to be collected.

- Lastly, although LPs have full discretion in their choice of reporting process and tools, we recommend that they allow GPs to respond to questionnaires in a standard, easily adaptable format such as Excel.

## 5. Appendices

### 5.1. Appendix 1 – Background information: change in LP and GP involvement in implementing ESG criteria

#### *LP interest from past to present: a major influence in bringing management companies on board*

With regard to LPs, the original trend towards responsible investment first emerged in religious communities, which were pioneers in incorporating issues of morality, ethics and social inclusion in their investment philosophies. This is notably true of the 17<sup>th</sup>-century Quakers, who were the first to refuse to profit from war and the slave trade. Gradually, starting in the United States and then in Europe, public institutions such as sovereign wealth funds and public and state-owned banks began following suit to ensure more transparent management of public funds.

Over time, as people in economic, public and social spheres started placing increasing importance on sustainable development, principals and clients of institutional investors as well as private equity investors began including ESG criteria in their GP selection and investment policies.

Today, French law (Article 173 of the Energy Transition for Green Growth Act) has provided a clear, official framework for these matters for a large proportion of investment stakeholders. In the absence of specific legislation, other countries in Europe have also made significant progress on this topic, while those in Asia and North America have taken a more disparate, variable approach.

PwC's 2015 international study on LPs<sup>3</sup> clearly shows that ESG issues are now a regular if not essential part of fund raising for certain investors. Some investors even go as far as to provide their future GPs with detailed ESG manuals, which include requirements to implement ESG management systems and specific, dedicated reporting procedures.

While ESG has now been broadly included in the dialogue between LPs and GPs, both during fund raising and throughout the fund's lifespan, the situation varies widely and no clear trend has yet emerged with regard to collecting ESG data. In some cases, LPs simply wait for the GPs to supply information. In others, they have highly structured official requirements that can even include reports from portfolio companies.

Based on the findings of working groups comprising experts, LPs and GPs, the PRI has twice proposed to streamline approaches to due diligence during fund raising (LP DDQs) and monitoring over the fund lifespan (ESG Framework). For its part, in 2012, AFIC's ESG Committee produced an ESG reporting guide including recommendations on ESG disclosure according to different levels of commitment, ranging from "minimum" to "very committed".

---

<sup>3</sup> Bridging the gap: Aligning the Responsible Investment interests of Limited Partners and General Partners, April 2015, PwC.

## *ESG increasingly central to GPs' actions*

Internationally, GPs have gradually structured their response to ESG since 2008 and, from 2010 onwards, have witnessed a growing interest among LPs for ESG matters. France and the United Kingdom are leading the way in the field, with significant groundwork done by industry organisations. Other countries and regions of the world are not far behind, however, as shown by the sustained momentum in Northern and Southern Europe, Asia, the Americas and, more recently, Africa and certain parts of the Middle East.

Gradually, ESG has stopped being merely a response to external expectations and become an issue of risk management and performance for management companies, which are taking an increasingly structured approach to incorporating these aspects into their investment policy, that is, into their acquisition (ESG due diligence) and exit (ESG vendor due diligence) processes. Above all, however, management companies have been won over by ESG's contribution to value creation in portfolio companies and, more generally, its mitigation of environmental, human resources and social impacts, be it in terms of reducing risk, increasing operational efficiency and enhancing innovation or improving brand appeal and even strategic positioning.

The most advanced GPs in the area work jointly with their investments to draw up ESG action plans, focusing on essential and material priorities identified during due diligence or immediately after closing. In this situation, ESG is an operational component in its own right.

For management companies as for listed companies before them, the materiality of ESG issues has become a subject of core interest as they seek to assist their investments in setting priorities with real performance impact during the holding period and at exit. This impact may be financial as well as extra-financial, affecting such areas as brand and reputation, appeal to strategic stakeholders and employee engagement. In line with this emphasis on materiality, most ESG action plans observed in portfolios comprise a maximum of three-to-five focus areas, each with its own quantitative and/or qualitative performance indicators.

In line with the thinking of management companies, it is essential to concentrate ESG criteria on "material" issues in order to promote buy-in among managers and internal teams. Moreover, the most recent PRI LP DDQ identified materiality as a key focus of LP analyses during fund raising.

Focusing on matters with genuine significance is the only approach likely to contribute to sustainable value creation. In practice, this is similar to the approach already taken by many company heads who, spontaneously seeking to implement ESG criteria, concentrate on material priorities for their business as in other areas.

## 5.2. Appendix 2 - Proposed definitions for “portfolio companies” ESG performance indicators

### Environment

- Carbon footprint monitoring over the past four years: number and percentage of investments concerned

#### **Proposed definition**

*Number and percentage of investments having conducted a GHG assessment or an environmental footprint over the last 4 years (Scope 1 & 2 or Scope 1, 2 & 3).*

- Existence of a formalised environmental approach: number and percentage of investments concerned

#### **Proposed definition**

*Number and percentage of investments having formalized an environmental approach or an environmental policy.*

### Social

#### **Proposed definition (general)**

**The permanent salaried workforce** as of December 31, N is made up of all employees having a contract of employment with unspecified duration (indefinite-term contract or "permanent contract") from the company. A permanent contract is a contract for which no job end date is mentioned on it.

*Beware: in countries where the notion of "permanent contract" is not applicable, please consider that the employee belongs to the permanent salaried workforce when at least one of the two following criteria is met:*

- *the contract of employment has a duration equal or greater than 18 months;*
- *the employee has worked without interruption for at least 18 months for the company.*

*Note that an employee whose employment contract ends the last day of the year is considered as still registered within the company.*

*Please include:*

- *employees with an indefinite-term full- or part-time employment contract (part-time employees should be counted as 1);*
- *employees absent due to illness or leave: paid leave, unpaid leave, parental leave, sabbatical leave, leave to start a business, long-term leave;*
- *salaried corporate officers who receive a payslip;*
- *employees with an intermittent work contract, if it is an indefinite-term contract;*
- *employees whose permanent employment contract is suspended, awaiting the resumption of their professional activity (parental leave, sabbatical leave, leave to start a business, etc.);*
- *expatriate employees, when they are still working for the original firm.*

*Please exclude:*

- *employees with a fixed-term full- or part-time employment contract, including specific fixed-term contracts such as professionalization and apprenticeship contracts, replacement contracts, seasonal contracts;*
- *stand-in employees, interns (with an internship agreement) paid or not, VIE (French “Volunteering for International Experience” contract), temporary employees, employees hired by external companies who are working on the company's premises, expatriate employees who are no longer working for the original company.*

***The non-permanent salaried workforce*** as of December 31, N is made up of all employees having a contract of employment with specified duration (fixed-term contract or "non-permanent contract") from the company. A fixed-term contract is a contract for which a job end date is specified on it.

*Beware: in countries where the notion of "non-permanent contract" is not applicable, please consider that the employee belongs to the non-permanent salaried workforce when at least one of the two following criteria are met:*

- *the contract of employment has a duration strictly less than 18 months;*
- *the employee has had several successive fixed-term contracts with the company, over a total period of less than 18 months.*

*Please include:*

- *employees with a fixed-term full- or part-time employment contract, including specific fixed-term contracts such as professionalization and apprenticeship contracts, replacement contracts, seasonal contracts;*
- *employees with suspended fixed-term contracts or who are waiting to resume their professional activity (maternity/paternity leave, sabbatical leave, leave to start a business, etc.).*

*Please exclude:*

- *stand-in employees;*
- *interns (with an internship agreement) paid or not;*
- *VIE (French “Volunteering for International Experience” contract);*
- *temporary employees;*
- *employees hired by external companies who are working on the company's premises*

- Job creation: number of jobs created excluding build-ups;

**Proposed definition**

*Total number of jobs created:*

- *Job creation: Total hires – Total departures (headcount)*

*For a financial year ending on 31 December:*

- *Total hires: number of hires in the permanent workforce + number of hires in non-permanent workforce between January 1st and December 31st, N. These are hires outside of the company.*
- *Total departures: number of departures in the permanent workforce + number of departures in non-permanent workforce between January 1st and December 31st, N regardless of the reason – retirement and early retirement, at the employer's initiative, at the employee's initiative, others.*

- Monitoring of accident frequency rates: number and percentage of investments concerned;

**Proposed definition**

*Number and percentage of investments with annual monitoring of accident frequency and severity rates.*

*As a reminder:*

- *The frequency rate is the number of accidents causing a work stoppage equal or greater than a day, occurred during a period of 12 months per million worked hours*
- *Frequency rate (FR) = (number of accidents with lost time/worked hours) x 1,000,000*
- *The severity rate represents the number of compensated leave days per 1000 worked hours, which means the number of days lost due to temporary incapacity per 1,000 worked hours*
- *Severity rate (SR) = (number of lost days due to temporary incapacity / worked hours) x 1,000*

*Please include:*

- *Workplace accidents causing a work stoppage of at least one day;*
- *Accidents occurring during working hours while travelling for work;*
- *Workplace accidents of employees who left the company during year N.*

*Please exclude:*

- *Commuting accidents occurring between the employee's home and the workplace.*



- Monitoring of absenteeism: number and percentage of investments concerned

**Proposed definition**

*Number and percentage of investments with annual monitoring of turnover.*

*As a reminder:*

*Absenteeism rate: Number of paid and unpaid hours of absence in permanent and non-permanent workforce / Number of effective worked hours by permanent and non-permanent workforce.*

*Please include:*

- *Hours of absence of employees who left the company during year N*
- *Hours of absence for ordinary sickness / disease*
- *Hours of absence for occupational disease*
- *Hours of absence following a workplace accident*
- *Hours of absence following a commuting accident*
- *Hours of unexplained / unjustified absence*
- *Hours of absence for strikes and walkouts*
- *Other absences: employee suspension, hours paid but not worked due to dismissal, reclassification leave, etc.*

*Please exclude:*

- *Paid leave*
- *Recovery days*
- *Compensatory time*
- *Maternity/paternity/adoption leave*
- *Parental leave (other than maternity/paternity/adoption leave)*
- *Sabbatical leave*
- *Unpaid leave*
- *Leave to start a business*
- *Absences to attend training*

- Monitoring of turnover: number and percentage of investments concerned

**Proposed definition**

*Number and percentage of investments with annual monitoring of turnover.*

*As a reminder:*

*Turnover: Total departures in permanent workforce during the year N / Permanent salaried workforce as of December 31, N*

*OR: [(total number of hires plus total number of departures during N /2)] / workforce as of December 31, N-1.*

- Sharing value: existence of a mechanism allowing value sharing beyond legal requirements.

**Proposed definition**

*Examples of value sharing mechanisms: employee shareholders (excluding executive committee or equivalent), profit-sharing or collective bonus, besides statutory obligations corresponding to the compensation of a collective performance, etc.*

## Governance

- Board diversity: number of investments concerned and percentage of women

**Proposed definition**

*Percentage of women on average on the Supervisory Board or Board of Directors: arithmetic mean of the percentages of women present on the Supervisory Board of each company.*

*Diversity of Boards = Number of women on the Supervisory Board (SB) or Board of Directors (BD) / number of members the SB or BD. Non-voting Board Members are taken into account for non-listed companies only.*

- Management committee diversity: number of investments concerned and percentage of women

**Proposed definition**

*Percentage of women on average in the first decision-making body.*

*Diversity of the first decision-making body: number of women in the first decision-making body / number of members in the first decision-making body.*

*E.g.: Executive Board, executive committee, etc.*

- Board member independence: number of investments concerned and percentage of independent members

**Proposed definition**

*Percentage of independent members on average on the Supervisory Board or Board of Directors.*

*Independence of Boards = Number of independent members on the Supervisory Board (SB) or Board of Directors (BD) / number of members of the SB or BD. Non-voting Board Members are taken into account for non-listed companies only.*

**AFEP3's definition of independent director**

*A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that may colour his or her judgment. Accordingly, an independent director is understood to be not only a nonexecutive director, i.e. one not performing management duties in the corporation or the group, but also one devoid of any particular bonds of interest (significant shareholder, employee, other) with them.*

- Formalised procurement approach adapted to the ESG risks identified in the value chain: number and percentage of investments concerned

***Proposed definition***

*Number and percentage of investments having formalized an ESG approach on its value chain specially concerning its suppliers and clients (e.g. Responsible Procurement Charter, policy, ESG criteria, audits, etc.).*

5.3. Appendix 3 - Supplemental Disclosure Framework: 2021 standard management company and portfolio company questionnaires

Management company questionnaire

<b>MANAGEMENT COMPANY QUESTIONNAIRE</b>		
<b>CSR &amp; ESG APPROACH OF THE MANAGEMENT COMPANY</b>		
<b>SOCIAL</b>		
<b>EMPLOYMENT</b>		
1	<b>Total management company headcount at the end of the year</b>	<i>Number</i>
1.1	- number of investment team members	<i>Number</i>
2	<b>Number of women employed in the management company at the end of the year</b>	<i>Number</i>
2.1	- within the investment team	<i>Number</i>
3	<b>Please tell us about the initiatives implemented regarding gender equality in the workplace (for instance: identification of barriers to entry, corporate culture and leadership, trainings, analysis of gender pay gap, intervention at universities aimed at inspiring young women, calculation of the professional gender equality index - for French management company, etc.)</b>	<i>text</i>
<b>TRAINING AND COMPENSATION</b>		
4	<b>What is the percentage of employees who have done at least one training program this year? (each employee should only be counted once; blank answers will be considered as no monitoring of this KPI)</b>	<i>%</i>
5	<b>Investment team members only - Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element. Please elaborate in the comments.</b>	
5.1	- Responsible investment included in personal development and/or training plan	<i>Yes / No</i>

5.2	- Specific trainings on climate change issues	Yes / No
5.3	- Variable remuneration linked to responsible investment performance	Yes / No
6	<b>Does the training of new employees include systematically a focus on the management company's responsible investment policy and processes?</b>	Yes / No
7	<b>If applicable, what is the percentage of women among the 10 highest-paid profiles of the management company (fixed salary and annual bonus components)?</b>	% / NA
<b>ENVIRONMENT</b>		
8	<b>Has the management company carried out a carbon footprint assessment (in relation to its office activities)?</b>	Yes / No
8.1	- If so, please provide the date of your latest assessment	date
8.2	- If so, please provide the scope of analysis (scope 1, 2 or 3)	Scope 1,2, Scope 1,2 & 3
9	<b>Which environmental initiatives has the management company undertaken or continued over the past year?</b>	Text
<b>GOVERNANCE</b>		
<b>GOVERNING BODIES</b>		
10	<b>How many board members does the management company have? (Board of Directors or equivalent)</b>	Number
11	<b>Number of independent board members on the Board of Directors (or Supervisory Board)</b> (A director is independent when he has no relationship of any kind whatsoever with the company, its group or its management that could compromise his free judgment. In other words, an independent director is understood to be not only a non-executive director, i.e. one not performing management duties in the company or its group, but also one devoid of particular bonds of interest (significant shareholder, employee, other) with them.)	Number
12	<b>Number of women on the Board of Directors (or Supervisory Board)</b>	Number

13	Number of members on the Executive or Management Committee	Number
14	Number of women on the Executive or Management Committee	Number
15	Is the CEO of the management company a woman?	Yes / No
<b>CONTROVERSIES AND LITIGATION</b>		
16	Has the management company faced any litigation with any stakeholder or been subject to any controversy that might have adversely affected its reputation during the period? If yes, please indicate hereinafter the third party involved and explain in the comments:	
16.1	- Shareholders	Yes / No
16.2	- Investors	Yes / No
16.3	- Employees	Yes / No
16.4	- Subsidiaries / other Group entities	Yes / No
16.5	- Portfolio companies	Yes / No
16.6	- Negative press	Yes / No
16.7	- NGO campaign	Yes / No
16.8	- Other	Yes / No
17	(the following question only applies for the funds invested by the questionnaire provider) Has the management company had any requests from its LPs to set up an extraordinary meeting / an advisory board over the past year?	Yes / No
17.1	If so, please describe	Text
<b>RESPONSIBLE INVESTMENT APPROACH</b>		
<b>RESPONSIBLE INVESTMENT POLICY. ORGANISATION AND COMMITMENTS</b>		
<b>POLICY</b>		

18	Has the management company implemented a written policy to integrate ESG criteria in the investment process?	<ul style="list-style-type: none"> <li>- The ESG policy is formalized and publicly available</li> <li>- The ESG policy is formalized but private</li> <li>- The ESG policy is not formalized yet, it is being developed</li> <li>- No ESG policy</li> </ul>
18.1	If <b>the ESG policy is formalized</b> , date of the latest update	<i>date</i>
19	Have you a formalized exclusion policy for some business sectors (tobacco, weapons, etc.) or related with controversial practices (eg.: companies with proven corruption practices or violating human rights)?	Yes / No
19.1	If yes, please detail the exclusions (sectors, practices <b>and thresholds - please attach your exclusion policy if available</b> ).	<i>Text</i>
20	<b>Please describe the recent achievements of your Responsible Investment Policy</b>	<i>Text</i>
21	<b>Does the management company publish an Impact report on Sustainable Development Goals? (in a specific document or within other reports)</b>	<b>Yes / No</b>
21.1	If so, please describe	<i>Text</i>
22	<b>Does the management company manage an environmental or social thematic fund (or manage a fund with specific SDGs-related objectives)?</b>	<b>Yes / No</b>
22.1	If so, please describe	<i>Text</i>
<b>ORGANISATION</b>		
23	Is a particular staff/unit responsible for implementing your ESG/ Responsible Investment process?	<ul style="list-style-type: none"> <li>- Dedicatd ESG team (at least one full time analyst)</li> <li>- Identification of an ESG referent (with other responsibilities) <ul style="list-style-type: none"> <li>- All of the above</li> <li>- other (please specify)</li> <li>- None</li> </ul> </li> </ul>
<b>COMMITMENTS</b>		
24	Has the management company signed on to the Principles for Responsible Investment (PRI)?	Yes / No
24.1	- What is your latest available reporting score on the "Strategy and Governance" module	<b>Text</b>

24.2	- What are your latest available reporting scores on the on the other different modules the management company was asked to report on? (for instance Private Equity, Infrastructure, Fixed Income, etc.)	<i>Text</i>
25	<b>Does the management company actively participate in working groups or other sectoral organisations focused on ESG matters?</b>	Yes / No
25.1	If so, please elaborate	<i>Text</i>
26	<b>Does the management company actively engage with its peers, or through other organisations, in seeking to understand and address climate change risks and opportunities?</b>	Yes / No
26.1	If so, please describe	<i>Text</i>
<b>PRE-INVESTMENT STAGE</b>		
27	<b>Before making an investment, does your management company identify the main ESG issues to be addressed and conduct a risks &amp; opportunities analysis?</b>	Yes / No
27.1	If so, please elaborate	<i>Text</i>
28	<b>Does the management company specifically assess the risks and/or opportunities associated to climate change?</b>	<i>Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No</i>
28.1	<b>If so, please explain if and how your management company assesses business model exposure to transition risks/opportunities, assesses operational exposure to physical impact of climate change, measures the carbon footprint, etc.</b>	<i>Text</i>
29	<b>Does the management company systematically incorporate ESG analysis in its investment memorandum?</b>	Yes / No
30	<b>Does your management company use specific tools or indicators to assess (and monitor) investment opportunity contribution to ecological and energy transition (for instance NEC methodology, EU Taxonomy, Scenario 2°C, in-house methodology, etc.)?</b>	<i>Yes Under consideration No</i>
30.1	<b>If so, please describe</b>	<i>Text</i>



31	<b>Does your management company seek to identify priority ESG actions to be implemented post-investment?</b>	Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No
32	<b>Do you typically incorporate ESG clauses within shareholder agreements?</b>	Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No
32.1	<b>If so, does it include climate-related terms?</b>	Yes / No
32.2	<b>If so, please elaborate</b>	Text
<b>OWNERSHIP STAGE</b>		
33	<b>Has your management company put in place a specific process to regularly collect and analyse ESG KPIs?</b>	- Yes, it covers all the underlying portfolio companies - Yes, it covers a majority of portfolio companies - Yes, it covers some portfolio companies - No
34	<b>Does your management company design ESG improvement plans with your underlying portfolio companies?</b>	Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No
35	<b>Do you require your underlying portfolio companies to have follow-ups on ESG related issues during executive board meetings (at least once a year)?</b>	Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No
36	<b>Does the management company engage with or assist portfolio companies, which are exposed to material climate change risks, to ensure that they identify and manage them (for instance financial, operational, commercial, reputational risks)?</b>	Yes / No
36.1	<b>If so, please indicate how does it engage with or assist them on these issues?</b>	Text

37	Does the management company measure the financial contribution of ESG initiatives at the level of underlying assets?	Yes / No
38	Does your management company have a process for identifying, managing and reporting ESG incidents that occur within your underlying portfolio companies?	Yes / No
38.1	If so, please describe	Text
<b>EXIT STAGE</b>		
39	Does the management company include information related to ESG in its exit memos?	Yes, systematically Yes, in the majority of cases Yes, on an ad hoc basis No
40	How does your management company inform potential buyers on ESG performance?	Text
41	Does your management company put in place profit sharing mechanisms that enable employees of portfolio companies to benefit from the value created when the company is to be sold? (to be noted that this question should not be confounded with "management package" agreements)	Yes / No / NA
41.1	If so, please elaborate	Text
<b>COMMUNICATION</b>		
42	How does the management company disclose its ESG information to its investors?	
42.1	Within a dedicated report on ESG	Yes / No
42.2	At least annually within the financial report	Yes / No
42.3	Systematically during Annual General Meetings	Yes / No
42.4	Other (explain)	Yes / No
42.5	Not disclosed	Yes / No
43	Does your management company publicly disclose ESG information through a public report?	Yes / No
43.1	If so, please provide URL	Text

OTHER RELEVANT INITIATIVE OR PROJECT		
44	Are there any other relevant or major initiatives or projects that you want to tell us about?	<i>Text</i>

## CSR PERFORMANCES OF THE COMPANY (Private Equity / Debt ESG questionnaire)

	Please indicate the "NACE" code of the company (if applicable and at the most precise level e.g. "64.30")	number
	To what extent the environmental, social and governance (ESG) information communicated by the company in this questionnaire encompass its activities? All of the companies activities? or only some of the activities?	- The entire company (headquarters, subsidiaries / entities abroad, etc) - Only some of the company's activities
	If all the company activities are not reported in this questionnaire, please indicate the scope of coverage concerned	text
	(optional- applicable only for companies with industrial activities) In which regions does the company or its subsidiaries have production / manufacturing sites? Please indicate the city code (ZIP code).	text
<b>SOCIAL</b>		
<b>EMPLOYMENT</b>		
1	Number of full-time employees (FTE) at the end of the <u>past year</u> (31/12/2019)	number
1.1	in France	number
2	Number of full-time employees (FTE) at the end of <u>this year</u> (31/12/2020), including external growth	number
2.1	in France	number
3	Number of full-time employees (FTE) at the end of <u>this year</u> (31/12/2020), excluding external growth	number
3.1	in France	number
4	Number of permanent FTE hires during the year 2020	number
5	Number of permanent FTE departures during the year (voluntary and involuntary)	number
6	Total non-permanent FTE employee headcount at the end of the period (31/12/2020) (temporary contracts)	number

7	<b>Did the company have to take one of the following measures due to the Covid-19 crisis:</b>	
7,1	- Part-time working	Yes / No
7,2	- Temporary recruitment freeze	Yes / No
7,3	- Redundancies	Yes / No
7,4	- Other measure on employment (please elaborate in comments)	Yes / No
<b>EQUAL OPPORTUNITIES</b>		
8	<b>Total permanent FTE women employees</b>	number
9	<b>Please tell us about the initiatives implemented regarding gender equality in the workplace (for instance: identification of barriers to entry, corporate culture and leadership, trainings, analysis of gender pay gap, intervention at universities aimed at inspiring young women, etc.)</b>	text
10	<b>(only for French companies) Has the company calculated its professional gender equality index?</b>	Yes/No
10,1	If so, please provide the overall score	Number
11	<b>Does the company have specific indicators for monitoring payment gaps?</b>	Yes/No
12	<b>What is the percentage of women among the 10 highest-paid profiles of company?</b>	%
<b>TRAINING AND PROFIT SHARING</b>		
13	<b>Training budget (budget allocated to training sessions organised by the company, with or without the help of an external training organization) expressed as a percentage (%) of total payroll?</b>	%
14	<b>Has the company set up a profit-sharing system for its employees?</b>	
14.1	Access of employees (excluding management) to Capital.	Yes/No
14.1.1	If so, please indicate the % of employee shareholders (as a % of company headcount)	%
14.1.2	If so, please indicate the capital detained by the employees (as a % of share of capital)	%
14.2	Incentive plans	Yes/No
14.3	Profit-sharing scheme	Yes/No
14.4	Other(s) (specify)	Text
14.5	None	Yes/No
<b>HEALTH &amp; SAFETY</b>		
15	<b>What was the Accident Frequency rate in 2020?</b> <i>The Accident Frequency Rate is the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period. Accident Frequency rate = number of accidents (with lost time) X 1 000 000 /number of worked hours</i>	number

16	<b>What was the Accident Severity rate in 2020?</b> <i>Accident Severity Rate = number of work days lost (due to work accidents) x 1,000 / Total Hours Worked</i>	number
17	<b>What was the Absenteeism rate in 2020?</b> <i>Absenteeism Rate = Number of lost days due to sickness or work-related accidents / total number of working hours (permanent and non-permanent employees)</i>	%
18	<b>Have any employees been fatally injured at work in 2020?</b>	Yes/No
18.1	If yes, please specify	Text
<b>LITIGATIONS &amp; CONTROVERSIES</b>		
19	<b>Has the company faced any significant litigation case on social matters over the past year?</b>	
19.1	Harassment / discrimination complaint	Yes/No
19.2	Strike	Yes/No
19.3	Turnaround plans	Yes/No
19.4	Termination of contract / departure of Director(s)	Yes/No
19.5	If you answered "yes" to any previous item from 15.1 to 15.4, please specify	Text
<b>ENVIRONMENT</b>		
<b>ENVIRONMENTAL POLICY AND MANAGING SYSTEM</b>		
20	<b>Does the company have a formalized environmental policy?</b>	Yes/No
20.1	If so, has the company formalised a greenhouse gas reduction policy (commitments and objectives)?	Yes/No
21	Has the company been awarded any environmental certifications (such as ISO, EMAS...)?	Yes/No
21.1	If so, please specify	text
<b>CONTRIBUTION TO CARBON NEUTRALITY</b>		
22	<b>Does the company participate in any activities that implicate the usage of coal (extraction, trading, electricity generation, etc.)?</b>	Yes/No
22.1	If yes, please specify the percentage of revenues of these activities	%

23	<b>Has the company assessed its physical vulnerability to climate change (including extreme climate events, global warming, sea level rise, etc.)?</b>	- Yes, the company is exposed to one or more risks - Yes, no significant risk has been identified - No
23.1	If the company is exposed to one or more significant physical climate risks, please specify and indicate what mitigation initiatives have been implemented?	text
24	<b>Has the company assessed its vulnerability to transition risks associated with climate change (regulatory changes, new market trends, technological issues, implications in terms of company reputation)?</b>	- Yes, the company is exposed to one or more risks - Yes, no significant risk has been identified - No
24.1	If the company is exposed to one or more significant climate transition risks, please specify and indicate what mitigation initiatives have been implemented?	Text
25	<b>Has the company ever carried out a carbon footprint assessment?</b>	Yes/No
25.1	Please indicate the date of your latest assessment	Date
25.2	Scope level (1, 2 or 3)	Scope 1 et 2 Scope 1, 2 & 3
26	<b>What environmental initiatives your company has implemented to lower the carbon footprint of <u>its products or services</u> (you can either choose to answer in a descriptive way or by ticking the answers that are proposed to you)</b>	Text
26.1	Lifecycle analysis	Yes/No
26.2	Shorter supply chains	Yes/No
26.3	Recycled Materials	Yes/No
26.4	Materials suitable for recycling / reuse / easy to repair	Yes/No
26.5	Energy-efficient product or services	Yes/No
26.6	Any other relevant initiatives (please describe in comments)	Yes/No
27	<b>What environmental initiatives your company has implemented to lower the carbon footprint <u>of activities related to its operation / offices</u> (you can either choose to answer in a descriptive way or by ticking the answers that are proposed to you)</b>	Text
27.1	Renewable energy supply	Yes/No
27.2	Monitoring and limitation of flight travel	Yes/No
27.3	Monitoring and limitation of car travel	Yes/No
27.4	Recycled electronic devices (phones, laptops etc)	Yes/No

27.5	Recycled paper	Yes/No
27.6	Green cloud	Yes/No
27.7	Carbon offsetting (please describe in comments)	Yes/No
27.8	Any other relevant initiatives (please describe in comments)	Yes/No
<b>ENVIRONMENTAL IMPACT &amp; RISKS</b>		
28	<b>Of the following environmental initiatives, which ones have been implemented by the company?</b>	
28.1	Initiatives to lower water consumption	Yes/No
28.2	Circular production models (cradle to cradle)	Yes/No
28.3	Reduction of raw material consumption	Yes/No
28.4	Reduction in plastic supply and waste	Yes/No
28.5	Reduction in pollutants and hazardous waste	Yes/No
28.6	Preservation of biodiversity	Yes/No
28.7	Impact on deforestation	Yes/No
29	<b>Has the company assessed the sensibility of its activities to raw materials issues (scarcity, prices, procurement hardships, etc.)?</b>	<ul style="list-style-type: none"> <li>- Yes, the company is exposed to one or more risks</li> <li>- Yes, no significant risk has been identified</li> <li>- No</li> </ul>
29.1	If the company is exposed to one or more significant risks, specify and indicate what mitigation initiatives have been implemented?	Text
<b>LITIGATIONS &amp; CONTROVERSIES</b>		
30	<b>Has the company faced any major environmental issue or litigation case during the past year?</b>	Yes/No
30.1	If so, please elaborate	Text
<b>GOVERNANCE</b>		
<b>NON-EXECUTIVE BODY</b>		



31	<b>Number of members on the Supervisory Board / Board of directors</b>	number
32	<b>Number of independent members on the Supervisory Board / Board of directors?</b> <i>(A director is independent when he has no relationship of any kind whatsoever with the company, its group or its management that could compromise his free judgment. In other words, an independent director is understood to be not only a non-executive director, i.e. one not performing management duties in the company or its group, but also one devoid of particular bonds of interest (significant shareholder, employee, other) with them.)</i>	number
33	<b>Number of women on the Supervisory Board / Board of directors</b>	number
<b>EXECUTIVE BODY</b>		
34	<b>Number of members of the executive committee?</b>	number
34,1	<b>Number of women on the executive committee</b>	number
35	<b>Is the CEO of the company a woman?</b>	Yes/No
<b>GOVERNANCE AND BUSINESS ETHICS</b>		
36	<b>Does the company have or is it in the process of obtaining a particular CSR status (e.g. "Benefit Corporation" or French "entreprise à mission")?</b>	Yes / no
36,1	<i>If so, which one?</i>	Text
36,2	<i>If so, has it been certified or is it in the process of being certified (please specify which certification)</i>	Yes / no
36,2,1	<i>If so, please elaborate</i>	Text
37	<b>Have the CSR performances of Company been already assessed by an external third-party agency? (to be noted that specific environmental or social due diligence performed within the framework of any financial operation should not be considered here)</b>	Yes / no
37,1	<b>If so, please elaborate</b>	Text
38	<b>Indicate which of the following CSR initiatives the company has implemented:</b>	
38,1	CSR policy	Yes/No
38,2	CSR officer	Yes/No
38,3	Do the members of the Executive Committee or the Supervisory Board / Board of directors formally review, at least annually, the company's CSR performance?	Yes/No
39	<b>Indicate which of the following initiatives the company has implemented to manage and mitigate its CSR risks:</b>	
39,1	Has the company formalised an ethics policy?	Yes/No
39,2	Has the company formalised an anti-corruption policy?	Yes/No
39,3	Has the company formalised a responsible procurement charter?	Yes/No

39,4	Does the company assess the environmental, social and governance profile and performances of its suppliers during their selection process and/or audits?	Yes/No
40	<b>Has the company put in place specific procedures to protect personal or sensitive data?</b>	Yes/No/NA
41	<b>Has the company defined a security policy for its information system?</b>	Yes/No
42	<b>Has the company identified its positive or negative impacts on the Sustainable Development Goals?</b>	Yes/No
42,1	If so, on which specific Sustainable Development Goal(s)?	Text
43	<b>(optional) If applicable, please elaborate on the most outstanding practice(s), process(es) or particular project(s) set up in terms of CSR within your company</b>	Text
<b>LITIGATIONS &amp; CONTROVERSIES</b>		
44	<b>Has the company faced any litigation related to business ethics over the past year?</b>	Yes/No
44,1	If so, please elaborate	Text

#### 5.4. Appendix 4 – LP DDQ

- *Link to the PRI LP DDQ:* [https://www.unpri.org/download\\_report/6241](https://www.unpri.org/download_report/6241)
- *Link to the PRI LP DDQ with guidelines:* [https://www.unpri.org/download\\_report/6242](https://www.unpri.org/download_report/6242)
- *French version of the LP DDQ, accessible via the link:* [https://www.unpri.org/download\\_report/25248](https://www.unpri.org/download_report/25248)

Continued on next page.

## LIMITED PARTNERS' RESPONSIBLE INVESTMENT DUE DILIGENCE QUESTIONNAIRE

### 1. WHAT ARE YOUR ESG-RELATED POLICIES AND HOW DO ESG FACTORS INFLUENCE YOUR INVESTMENT BELIEFS?

- i. Do you have a policy that describes your approach to identifying and managing ESG factors within the investment and portfolio management processes? If so, please provide us with a copy. If not, please indicate whether you would consider adopting a responsible investment policy.
- ii. What is the current implementation status of your responsible investment policy? Do you have any firm plans to develop your approach towards the management of ESG factors?
- iii. Do you commit to any international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices?
- iv. Do you make formal commitments relating to ESG integration in fund formation contracts, Limited Partnership Agreements or in side letters when requested by your investors?

### 2. HOW DO YOU IDENTIFY AND MANAGE MATERIAL ESG-RELATED RISKS AND USE ESG FACTORS TO CREATE VALUE?

#### PROCESS

- i. How do you define the materiality of ESG factors? Please give 2-3 examples of ESG factors that you have identified as material to portfolio companies in your most recent fund.
- ii. Describe your process for identifying and understanding (i) potentially material ESG risks, and (ii) ESG-related opportunities during due diligence.
- iii. Once identified, how can material ESG risks and opportunities influence the investment decision process?
- iv. During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?

#### RESOURCES

- v. Please describe how oversight responsibilities, and implementation responsibilities for ESG integration are structured within your organisation. Please also list the persons involved and describe their role, position within the organisation and how they are qualified for this role. Please also describe any external resources you may use.
- vi. Do you provide training, assistance and/or external resources to your staff to help them understand and identify the relevance and importance of ESG factors in investment activities? If so, please describe the type of support provided.

### 3. HOW DO YOU CONTRIBUTE TO PORTFOLIO COMPANIES' MANAGEMENT OF ESG-RELATED RISKS AND OPPORTUNITIES?

#### PROCESS

- i. When investing in a company, do you introduce ESG or business ethics elements into the review of existing compliance systems?
- ii. What monitoring processes would you have in place to assess portfolio companies' management of ESG factors?
- iii. Give 2-3 examples of how you have contributed to portfolio companies' management of ESG factors. Specify which initiative(s) you worked with management to identify and instigate, which you supported your portfolio company to achieve (and how) and/or what the portfolio company was already doing that you identified as existing good practice.

#### RESOURCES

- iv. How do you assess that adequate ESG-related competence exists at the portfolio company level? How do you ensure that portfolio company management devotes sufficient resources to manage ESG factors that have been identified?
- v. How do you use your interaction with the board to influence the portfolio company's management of ESG factors?

#### IMPACT

- vi. Do you systematically incorporate ESG considerations into preparations for exit? If yes, please describe your approach. If not, please explain why.
- vii. Do you measure whether your approach to ESG factors has affected the financial and/or ESG performance of your investments? If yes, please describe how you are able to determine these outcomes.

### 4. HOW CAN LPS MONITOR AND, WHERE NECESSARY, ENSURE THAT THE FUND IS OPERATING CONSISTENTLY WITH AGREED-UPON ESG-RELATED POLICIES AND PRACTICES, INCLUDING DISCLOSURE OF ESG-RELATED INCIDENTS?

#### PROCESS\*

- i. Which channels do you use to communicate ESG-related information to LPS? Can you provide examples of ESG-related disclosures from earlier funds? If not, please indicate whether you would consider introducing ESG-related disclosures.
- ii. Is the management of ESG factors included on the agenda of the *Limited Partners Advisory Committee and/or the Annual General Meeting*?
- iii. Describe your approach to disclosing and following up on material ESG incidents to your LPs.

# LIMITED PARTNERS' RESPONSIBLE INVESTMENT DUE DILIGENCE QUESTIONNAIRE

## ABOUT THIS DUE DILIGENCE QUESTIONNAIRE

The LP Responsible Investment DDQ aims to understand and evaluate a General Partner's (GP) processes for integrating material environmental, social and governance (ESG) factors into their investment practices and to understand where responsibility for doing so lies.

It builds upon Section 1 of the *ESG Disclosure Framework for Private Equity (Disclosure Framework)*: where the *Disclosure Framework* provides high-level guidance and explains the rationale behind asking ESG-related questions, the *LP responsible investment DDQ* provides a detailed list of such questions that LPs can ask GPs pre-commitment

The LP Responsible Investment DDQ acknowledges the core premise of the *Disclosure Framework*, that "Due to both the diverse nature of the private equity asset class and differing LP and GP approaches to ESG management and disclosure, what constitutes effective and relevant disclosure can be defined only through discussions between a GP and its LPs".

The PRI encourages all LPs to use the *LP Responsible Investment DDQ* as a starting point for these discussions, to build a consistent industry approach from LPs on ESG due diligence and to facilitate more effective disclosure from GPs.

- The *LP Responsible Investment DDQ* is not intended to be used as a check-list, but as a tool to establish dialogue
- Any opportunities for improvement that the LP identifies may form a basis for engagement, either pre- or post-commitment
- LPs may consider tailoring the *LP Responsible Investment DDQ* according to the GP's strategy, size, experience and resources
- LPs may want to supplement the LP Responsible Investment DDQ with additional questions that meet their own requirements (although an LP should only ask for information that is required for its due diligence)

Section 1 aims to establish the GP's approach towards ESG integration; Sections 2 and 3 aim to establish the GP's processes for ESG integration; Section 4 aims to establish the GP's communication practices on managing ESG factors.

The *LP Responsible Investment DDQ* is accompanied by a guidance document, [The Limited Partners' Responsible Investment Due Diligence Questionnaire and How To Use It](#), which guides both LPs and GPs on how to enhance discussions during due diligence.

---



