



LEA 02	Discretionary Mandate	Gateway
<p>By default, assets for which we have no responsibility (i.e. unclassified for us) are not subject to our engagement process. However, if our Client engages us to provide advisory services, we may provide advisory services to the Client on the engagement of any of our assets for which we do not have a responsibility.</p> <p>Our engagement process is designed to ensure that we are able to identify and address any ESG issues that may be relevant to the Client's investment objectives. This process is designed to ensure that we are able to identify and address any ESG issues that may be relevant to the Client's investment objectives.</p>	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for Interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in a company's ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional information</p> <p><input type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decision-making in a company's ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional information</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in a company's ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional information</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> To support investment decision-making in a company's ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional information</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> To support investment decision-making in a company's ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional information</p>

RI TRANSPARENCY REPORT

2017

Terra Firma Capital Partners

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Public	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓					✓	
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Public				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 09	Encouraging improvements in investees	✓	Public	✓	✓					
PE 10	ESG issues impact in selection process	✓	Public	✓						
PE 11	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 12	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 13	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 14	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 15	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 16	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 17	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 18	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 19	Approach to disclosing ESG incidents	✓	Public							✓
PE End	Module confirmation page	✓	-							

Terra Firma Capital Partners

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Guernsey

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

85

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		11	400	000	000
Currency	EUR				
Assets in USD		12	200	320	003

OO 06

Mandatory

Public

Descriptive

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	100	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0

Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

OO 06.2 Publish our asset class mix as per attached image [Optional].

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

OO 09.2 Additional information. [Optional]

Terra Firma is one of Europe's leading private equity firms. We create value for our stakeholders by acquiring, transforming and selling businesses. Terra Firma focuses on making investments in Europe and our current portfolio businesses are based in Western Europe, Australia and the US.

Gateway asset class implementation indicators

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Private equity
- None of the above

Terra Firma Capital Partners

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

URL/Attachment

URL

URL

<http://www.terrafirma.com/responsible-investment-policy.html>

Attachment (will be made public)

Screening / exclusions policy

We do not publicly disclose our investment policy documents

SG 02.4	Additional information [Optional].
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Policy unchanged from previous year.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Terra Firma has a clear policy on conflicts of interest, setting out controls to prevent and manage potential personal and corporate conflicts of interest, including those which may arise during the investment process. This is provided to all staff, who reaffirm their compliance with the requirements relating to the prior disclosure and approval of outside interests and personal investment dealings.

Additionally, the contractual agreements for each of Terra Firma's funds establish the processes for preventing and managing potential conflicts, whether between Terra Firma and the Terra Firma funds, or between separate Terra Firma funds. Such conflicts may arise during the investment, ownership or exit phases. For example:

- A potential conflict of interest could arise during a co-investment, especially if such investments were made on a specific case by case basis. Terra Firma avoids such conflict by contractually prohibiting such situations.
- A second conflict which could possibly arise is fund competition. This situation is avoided by providing priority to the earlier fund, as is laid out in contractual documents.

Each fund has an Advisory Board of a selection of its investors, and funds are prohibited from entering into arrangements giving rise to potential conflicts without the approval of their Advisory Board.

No

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
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Yes

No

SG 04.2	Describe your process on managing incidents
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Investee colleagues and management are usually best placed to provide the immediate response to incidents. Where appropriate, Terra Firma will support the business. Terra Firma has a clear policy in place for the escalation of incidents, up to and including the Board of the respective General Partner.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 06	Voluntary	Public	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
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- Provide training on ESG incorporation

	Key performance indicator
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To ensure that all investment and operational staff were provide with current training in the identification and consideration of ESG factors.

Progress achieved

During the year, all staff were enrolled in ESG training programmes.

- Provide training on ESG engagement

Key performance indicator

To ensure that all investment and operational staff were provide with current training in the identification and consideration of ESG factors and implementation

Progress achieved

During the year, all staff were enrolled in ESG training programmes.

- Improved communication of ESG activities within the organisation
- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator

CO2 footprint

Progress achieved

For several years, Terra Firma has been a carbon neutral organisation, measuring the equivalent emissions impact of our activities and offsetting them through carbon credits. Whilst our direct environmental impact is relatively small, we aim to be an example to our investees and to others.

- Improved ESG incorporation into investment decision making processes
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Contributions to industry initiatives promoting ESG consideration

Progress achieved

Over the year, we have continued to engage with our peers, with trade bodies, and with advisors on ESG topics. For instance we supported the creation of an online ESG training tool for private equity staff.

- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.			

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Managing Directors**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Dedicated responsible investment staff
 - External managers or service providers
 - Investor relations
 - Other role, specify (1)

Finance, Compliance and Operations Departments

Other description (1)

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

Investor Relations

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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The Boards of the General Partners and Investment Advisory entities have responsibility for the operation of Terra Firma's investment activities and other operations, including those related to responsible investment. All other members of the investment and operational teams have responsibility for the implementation of the firm's Responsible Investment Policy. Members of our Operations, Investor Relations, Compliance and Finance teams have responsibility for implementing our approach to transparency.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
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0

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

- Responsible investment included in personal development and/or training plan
- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Managing Directors

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

Finance and Operations Departments

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role (2) [from SG 07]

Investor Relations

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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In 2016 online ESG training was provided for all Terra Firma colleagues.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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We are proud of our reputation for transparency and strong governance. In 2007 following recommendations from Sir David Walker in his report on Disclosure and Transparency in Private Equity, Terra Firma became one of the first private equity groups to publish an annual review of our business. In addition, the majority of Terra Firma's portfolio companies produce annual reports in line with the Walker guidelines, even when this is not mandatory.

Terra Firma became a signatory to the Global Investor Statement on Climate Change in 2015.

During 2015 and 2016, Terra Firma contributed to the development of an online training programme related to ESG and has rolled that training out across our firm.

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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Yes

No

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 13.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.

- Changing demographics
- Climate change

SG 13.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 13.3 | Indicate which of the following tools you use to manage emissions risks and opportunities

- Carbon footprinting
 - Scenario testing
 - Disclosure on emissions risk to clients/trustees/management/beneficiaries
 - Target setting for emissions risk reduction
 - Encourage internal and/or external portfolio managers to monitor emissions risk
 - Emissions risk monitoring and reporting are formalised into contracts when appointing managers
 - Other, specify
 - None of the above
- Resource scarcity
 - Technology developments
 - Other, specify(1)
 - Other, specify(2)
 - None of the above

SG 14	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 14.1 | Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

SG 14.2 | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Clean technology (including renewable energy)

Asset class invested

- Private equity

% of AUM

15

Brief description of investment

Terra Firma has been a large investor in renewable energy generation, with portfolio businesses in onshore wind, solar PV and landfill gas generation.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

Innovation

SG 17

Voluntary

Public

Descriptive

General

SG 17.1

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

No

Terra Firma Capital Partners

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PE 01	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
PE 01.1	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.			

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total	100%

PE 02	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

PE 02.2 Additional information. [Optional]

Terra Firma typically makes control investments which allow us to deliver strategic and operational change. Subsequent exit routes may lead to reduced ownership levels.

PE 03	Voluntary	Public	Descriptive	PRI 1-6
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PE 03.1 Provide a brief overview of your organisation’s approach to responsible investment in private equity.

Terra Firma seeks to generate value for stakeholders through acquiring and transforming businesses, and believes the best way to achieve this is by creating sustainably improved businesses, and through being aligned and transparent with investors.

Terra Firma are direct investors who take an active management approach and invest significant time in working with each business to improve strategy and operational performance.

Terra Firma views responsible investing as one element of an overall approach to responsible business, with other important elements including being a responsible corporate citizen that makes a positive impact on local communities, and being a responsible employer, developing and supporting a diverse team.

Terra Firma has a specialty in making large scale investments in renewable energy generation businesses across technologies such as onshore wind, solar PV, hydro and landfill gas.

Terra Firma has formalised and published our Responsible Investment Policy, which covers responsible business, responsible investing and responsible portfolio management. We aim to have high levels of transparency for our investors, we structure our funds to ensure our interests and those of our investors are aligned, we consider ESG factors when we make new investments, and we work with existing portfolio companies to improve ESG performance and transparency.

PE 04	Mandatory	Public	Core Assessed	PRI 2
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PE 04.1 Indicate if your organisation’s investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

PE 04.2 Describe how your organisation’s investment guidelines outline your expectations on staff and portfolio companies’ approach towards ESG issues [Optional].

Our staff are informed of our approach towards ESG through the Responsible Investment Policy, which describes our strategy regarding the consideration of ESG factors. This strategy is put into practice through the requirement for investment papers to include ESG assessments at various points in the investment review process.

The process is widely communicated and we have developed in-house tools to assist in the implementation of the policy, and provide training in ESG.

Steps have also been taken to ensure Terra Firma's portfolio businesses approach ESG issues with consideration and due care. All portfolio businesses are sent Terra Firma's Responsible Investment Policy, and each CEO signs an annual affirmation of their commitment to core principles and affirming that they do not engage in certain high ESG risk activities. Terra Firma also collects ESG data annually from portfolio businesses.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Public	Core Assessed	PRI 1,4,6
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PE 05.1 Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes

PE 05.2 Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes

- No
- Not applicable as our organisation does not fundraise

PE 06	Voluntary	Public	Additional Assessed	PRI 4
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PE 06.1 Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment when requested by clients.

- We always make formal commitments to responsible investment in fund formation contracts, LPAs or side letters
- In a majority of cases we make formal commitments to responsible investment in fund formation contracts, LPAs or side letters
- In a minority of cases we make formal commitments to responsible investment in fund formation contracts, LPAs or side letters
- We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters
- We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not request us to do so.

PE 06.2 Additional information.

In fundraising materials, reference is typically made to Terra Firma's active strategic engagement and robust governance regimes, together with elements such as responsible investment themes, risk management, reporting, alignment of interests and our corporate citizenship programme.

Pre-investment (selection)

PE 07	Mandatory	Public	Gateway	PRI 1
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PE 07.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

During the investment selection process, Terra Firma aims to consider all relevant risks and opportunities, including those related to material ESG factors. ESG risks and opportunities are reviewed and assessed alongside the other factors relevant to the specific deal, and ESG assessments are required in investment papers.

Our Responsible Investment Policy requires that ESG factors are identified and assessed when looking at new investment opportunities and we have developed tools to assist in that identification and assessment. It is also common for external experts to be engaged to assess certain areas related to ESG factors.

No

PE 07.3

Additional information. [Optional]

As a specific example of the consideration of ESG issues during deal processes, during 2015 we worked on a significant potential acquisition in the hotel industry. In line with our standard process the opportunity was initially assessed using our ESG toolkit, designed to aid in the identification of ESG factors. No exclusions or 'red flag' risk indicators were identified, and so the opportunity progressed through the investigation and approval processes. As the project progressed into the due diligence phase, areas which were identified for the sector were refined and external advisors were hired to assist evaluation of property, regulatory and employment conditions. As a result of this work on the identification and quantification of potential impacts, we developed a more accurate view of the risks and opportunities available and we were able to make appropriate changes to our valuation.

PE 08	Mandatory	Public	Core Assessed	PRI 1,3
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PE 8.1

Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- We do not track this information

PE 8.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.
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At each stage in the investment consideration process, the team assessing a potential investment will present their findings to the appropriate committee. In early stages, ESG profiling highlights the likely areas of relevance or any indicators of high risk, and those areas which may require external diligence support. As a project progresses, the team presents all the relevant operational, strategic and financial findings and implications, including those related to ESG matters. In advanced stages, more detailed analysis of specific issues may be required, and an update on the relevant ESG factors is presented, in order to allow the fund General Partners to approve a potential investment.

PE 09	Voluntary	Public	Additional Assessed	PRI 1,2
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PE 9.1	During deal structuring, indicate if your organisation typically encourages continuous improvements from potential investees with regard to their management of ESG issues.
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- Yes
 - In writing
 - Verbally/through dialogue
 - Other, specify

PE 9.2	Describe the nature of these improvements and their ESG coverage.
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Within the portfolio, Terra Firma encourages improvements in strategy-setting and in operational areas, by way of both our approach to active management and the standard Terra Firma governance and monitoring regime.

The nature of improvements varies from investment to investment. A range of potential strategic and operational improvements are likely to be developed during the investment process, and these are refined and augmented throughout the ownership period. Areas where the standard Terra Firma governance approach typically results in changes include corporate governance, reporting/ transparency, monitoring and the delegation of authorities to and from boards of directors.

Terra Firma introduces strong corporate governance frameworks to all new investments, creating boards with executive, non-executive and Terra Firma members, with documented delegations of authority. Boards receive regular and in depth performance reports, which include key non-financial metrics, often relating to ESG factors.

Terra Firma's portfolio businesses provide data to Terra Firma directly, and via board representatives. Where ESG factors are particularly relevant for a specific business, these are reported on more frequently. Terra Firma drives high quality reporting from investees. ESG monitoring is also undertaken throughout the portfolio, primarily through the reporting of annual ESG performance indicators relevant to each investment.

No

PE 10	Voluntary	Public	Additional Assessed	PRI 1
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PE 10.1	Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.
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- ESG issues helped identify risks
- ESG issues helped identify opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- We do not track this potential impact

PE 10.2	Indicate how ESG issues impacted your private equity investment deal structuring processes during the reporting year.
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- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- We do not track this potential impact

Post-investment (monitoring)

PE 11	Mandatory	Public	Gateway/Core Assessed	PRI 2
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PE 11.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
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Yes

PE 11.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
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- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 11.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
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ESG issues

- Environmental
- Social
- Governance
- We do not set and/or monitor against targets

No

PE 12	Mandatory	Public	Core Assessed	PRI 2
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PE 12.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
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Yes

PE 12.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

- No

PE 13**Voluntary****Public****Additional Assessed****PRI 2**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PE 13.1

Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise
- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues
- Developing/implementing an environmental/social management system (ESMS) or similar

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information
- Other actions, specify
- None of the above

PE 13.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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Terra Firma contributes to the portfolio's management of ESG in a number of ways. Firstly, Terra Firma actively engages with executive management in matters of governance, strategy and operations. We aim to create high standards of operational excellence and encourage discussion of all material factors, whether those be financial, operational or commercial.

Terra Firma staff take seats on investee Boards and share good practices between investee businesses. All of Terra Firma's businesses fall under our standard governance and reporting framework. This requires high levels of corporate governance and transparency, which is a fundamental aspect of our highly active investment management approach.

Secondly, Terra Firma requires its portfolio businesses to report on ESG matters. Each business confirms its compliance with the firm's ESG principles annually and reports ESG metrics relevant to its operations. In addition, where ESG issues are particularly relevant these are reported on more frequently.

PE 14	Voluntary	Public	Descriptive	PRI 2,3
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PE 14.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

Other, specify

Weekly reporting to include ESG issues by exception.

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

No reporting on ESG issues requested and/or provided by portfolio companies

PE 14.2	Additional information.
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The information Terra Firma requests from portfolio businesses varies from business to business. However, in general Terra Firma asks to be informed about key operational metrics, initiatives and any ESG incidents which have taken place.

PE 15	Voluntary	Public	Additional Assessed	PRI 2
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PE 15.1	Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.
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- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- N/A, we did not have any exits in the reporting year

PE 15.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
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Where performance in an ESG-related topic is relevant to understanding the performance and resilience of the business we will typically use that in marketing the business to potential buyers.

Outputs and outcomes

PE 16	Voluntary	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PE 16.1	Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts the financial performance of investments
- We measure whether our approach to ESG issues impacts the ESG performance of investments
- None of the above

PE 16.2	Describe how you are able to determine these outcomes.
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Terra Firma does not isolate the financial impact of its ESG policies on ESG performance or on investment values although there is an active measurement of benefits from specific projects, most commonly cost savings. Annual ESG KPI data collected from the portfolio allows us to assess the impacts of activities undertaken across the portfolio. The four areas in which data is typically collected include workplace, community, environment and governance. Terra Firma works with businesses to improve performance and reporting or fully realise any opportunities for improvement.

PE 17	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PE 17.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
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- Add Example 1

Investment Stage	<input checked="" type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">ESG issues</div> <input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social We have identified sales practices which may be unsustainable <input type="checkbox"/> Governance
Sector(s)	Services
Impact (or potential impact) on the investment	This led to this investment being viewed as high risk
Activities undertaken to influence the investment and its response	In response to this assessment, additional legal diligence was undertaken.

Add Example 2

Investment Stage	<input type="checkbox"/> Initial screening <input checked="" type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 2px;">ESG issues</div> <input checked="" type="checkbox"/> Environmental We identified properties with risk of flooding <input type="checkbox"/> Social <input type="checkbox"/> Governance
Sector(s)	Service
Impact (or potential impact) on investment	This highlighted the potential for increased operating or capital costs in future.
Activities undertaken to influence the investment and its response	Further expert diligence was required in order to better ascertain the risk and potential impact

- Add Example 3
- Add Example 4
- Add Example 5

PE 17.2 Describe how you define and evaluate the materiality of ESG factors.

Each investment opportunity, and the relevance of factors associated with it, is assessed individually. Any factor which could have a significant, or long term, impact on the business or its stakeholders, or on a potential investment, is considered to be material.

Communication

PE 18	Mandatory	Public	Core Assessed	PRI 6
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PE 18.1 Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- Ⓞ Disclose publicly

provide URL

<http://www.terrafirma.com/responsibility.html>

provide URL

<http://www.terrafirma.com/responsible-investment-policy.html>

PE 18.2

Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries.

- Yes
- No

PE 18.3

Indicate the type of ESG information that your organisation proactively discloses to the public.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 18.4

Indicate your organisation's typical frequency of disclosing ESG information to the public.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

PE 18.5

Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 18.6

Indicate your organisation's typical frequency of disclosing ESG information to your clients (LPs)/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

PE 18.7	Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]
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Terra Firma discloses a variety of ESG information. With regards to our investments, this includes new ESG initiatives, notable projects in the portfolio and any significant improvements made by the business. This information is disclosed in a number of publications including the Terra Firma Annual Report, portfolio CSR reports and portfolio company Annual Reports.

ESG information is disclosed in LP reporting in order to clearly demonstrate the different initiatives taking place across the portfolio. Quarterly fund reports to Limited Partners include updates on topics such as community engagement, employee diversity and training and our approach to transparency, in addition to updates on Terra Firma's broader ESG programme.

- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries

PE 19	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 6
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PE 19.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
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Terra Firma's approach to disclosing ESG incidents to LPs is set out in our Adverse Incident Communication Policy. This sets out the chain of communication for news of significant incidents, relating to ESG or other factors, and sets out where responsibility lies for deciding how to communicate, internally and with LPs and other stakeholders. The policy gives examples of matters which may be significant, although the treatment is fact-specific.