



| LEA 02 | Disclosures: Mandatory | Reason for Interaction | Principle: PRI 1, 2, 3 |
|--|---|---|------------------------|
| Individual/ internal staff engagements | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | |
| Collaborative engagements | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | |
| Service provider engagements | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | <p><input checked="" type="checkbox"/> To support investment decision-making in a company's business</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition plan</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> | |

RI TRANSPARENCY REPORT

2017

Hermes GPE

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 | ✓ | Private | | | | | | | ✓ |
| OO 09 | Breakdown of AUM by market | ✓ | Private | | | | | | | ✓ |
| 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 | ✓ | Public | | | | | | | ✓ |
| 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 | | ✓ | Private | | | | | | | ✓ |
| SG 05 | RI goals and objectives | ✓ | Public | | | | | | | ✓ |
| SG 06 | Main goals/objectives this year | ✓ | Private | | | | | | | ✓ |
| SG 07 | RI roles and responsibilities | ✓ | Public | | | | | | | ✓ |
| SG 08 | RI in performance management, reward and/or personal development | ✓ | Private | | | | | | | ✓ |
| SG 09 | Collaborative organisations / initiatives | ✓ | Public | | | | ✓ | ✓ | | |
| SG 10 | Promoting RI independently | ✓ | Public | | | | ✓ | | | |
| SG 11 | Dialogue with public policy makers or standard setters | ✓ | Private | | | | ✓ | ✓ | ✓ | |
| SG 12 | ESG issues in strategic asset allocation | ✓ | Public | ✓ | | | | | | |
| SG 13 | Long term investment risks and opportunity | ✓ | Private | ✓ | | | | | | |
| SG 14 | Allocation of assets to environmental and social themed areas | ✓ | Private | ✓ | | | | | | |
| 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 | - | n/a | | | | | | | ✓ |
| SG End | Module confirmation page | ✓ | - | | | | | | | |

| Indirect – Manager Selection, Appointment and Monitoring | | | | Principle | | | | | | General |
|--|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| SAM 01 | Role of investment consultants/fiduciary managers | ✓ | Public | | | | ✓ | | | |
| SAM 02 | RI factors in selection, appointment and monitoring across asset classes | ✓ | Public | ✓ | | | | | | |
| SAM 03 | Breakdown by passive, quantitative, fundamental and other active strategies | 🔒 | n/a | | | | | | | ✓ |
| SAM 04 | ESG incorporation strategies | 🔒 | n/a | ✓ | ✓ | | | | | |
| SAM 05 | Selection processes (LE and FI) | ✓ | Public | ✓ | | | | | | |
| SAM 06 | Evaluating engagement and voting practices in manager selection (listed equity/fixed income) | 🔒 | n/a | | ✓ | | | | | |
| SAM 07.1 | Appointment processes (listed equity/fixed income) | ✓ | Public | ✓ | | | | | | |
| SAM 07.2-5 | Appointment processes (listed equity/fixed income) | ✓ | Public | ✓ | | | | | | |
| SAM 08 | Monitoring processes (listed equity/fixed income) | ✓ | Public | ✓ | | | | | | |
| SAM 09 | Monitoring on active ownership (listed equity/fixed income) | 🔒 | n/a | ✓ | | | | | | |
| SAM 10 | Percentage of (proxy) votes | 🔒 | n/a | | ✓ | | | | | |
| SAM 11 | Percentage of externally managed assets managed by PRI signatories | ✓ | Private | ✓ | | | | | | |
| SAM 12 | Examples of ESG issues in selection, appointment and monitoring processes | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 13 | Disclosure of RI considerations | ✓ | Public | | | | | | | ✓ |
| SAM 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 | ✓ | Private | | | | | | | ✓ |
| PE 02 | Typical level of ownership | ✓ | Private | | | | | | | ✓ |
| PE 03 | Description of approach to RI | ✓ | Private | ✓ | | | | | | ✓ |
| PE 04 | Investment guidelines and RI | ✓ | Public | | ✓ | | | | | |
| PE 05 | Fund placement documents and RI | ✓ | Public | ✓ | | | ✓ | | ✓ | |
| PE 06 | Formal commitments to RI | ✓ | Private | | | | ✓ | | | |
| 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 | ✓ | Private | ✓ | ✓ | | | | | |
| PE 10 | ESG issues impact in selection process | ✓ | Private | ✓ | | | | | | |
| 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 | ✓ | Private | | ✓ | | | | | |
| PE 14 | Type and frequency of reports received from portfolio companies | ✓ | Private | | ✓ | ✓ | | | | |
| PE 15 | Disclosure of ESG issues in pre-exit | ✓ | Private | | ✓ | | | | | |
| PE 16 | ESG issues affected financial/ESG performance | ✓ | Private | ✓ | ✓ | | | | | |
| PE 17 | Examples of ESG issues that affected your PE investments | ✓ | Private | ✓ | ✓ | | | | | |
| PE 18 | Disclosure of ESG information to public and clients/beneficiaries | ✓ | Public | | | | | | | ✓ |
| PE 19 | Approach to disclosing ESG incidents | ✓ | Private | | | | | | | ✓ |
| PE End | Module confirmation page | ✓ | - | | | | | | | |

| Direct - Infrastructure | | | | Principle | | | | | | General |
|-------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| INF 01 | Breakdown of investments | ✓ | Private | | | | | | | ✓ |
| INF 02 | Breakdown of assets by management | ✓ | Private | | | | | | | ✓ |
| INF 03 | Largest infrastructure | ✓ | Private | | | | | | | ✓ |
| INF 04 | Description of approach to RI | ✓ | Private | ✓ | | | | | | ✓ |
| INF 05 | Responsible investment policy for infrastructure | ✓ | Public | ✓ | | | | | | ✓ |
| INF 06 | Fund placement documents and RI | ✓ | Public | ✓ | | | ✓ | | | ✓ |
| INF 07 | Formal commitments to RI | ✓ | Private | | | | ✓ | | | |
| INF 08 | Incorporating ESG issues when selecting investments | ✓ | Public | ✓ | | | | | | |
| INF 09 | ESG advice and research when selecting investments | ✓ | Private | ✓ | | | ✓ | | | |
| INF 10 | Examples of ESG issues in investment selection process | ✓ | Public | ✓ | | ✓ | | | | |
| INF 11 | Types of ESG information considered in investment selection | ✓ | Private | ✓ | | ✓ | | | | |
| INF 12 | ESG issues impact in selection process | ✓ | Private | ✓ | | | | | | |
| INF 13 | ESG issues in selection, appointment and monitoring of third-party operators | ✓ | Public | | | | ✓ | | | |
| INF 14 | ESG issues in post-investment activities | ✓ | Public | | ✓ | | | | | |
| INF 15 | Proportion of assets with ESG performance targets | ✓ | Public | | ✓ | | | | | |
| INF 16 | Proportion of portfolio companies with ESG/sustainability policy | ✓ | Public | | ✓ | | | | | |
| INF 17 | Type and frequency of reports received from investees | ✓ | Public | | ✓ | ✓ | | | | |
| INF 18 | Proportion of maintenance projects where ESG issues were considered | ✓ | Public | | ✓ | | | | | |
| INF 19 | Proportion of stakeholders that were engaged with on ESG issues | ✓ | Public | | ✓ | | | | | |
| INF 20 | ESG issues affected financial/ESG performance | ✓ | Private | ✓ | ✓ | | | | | |
| INF 21 | Examples of ESG issues that affected your infrastructure investments | ✓ | Private | ✓ | | ✓ | | | | |
| INF 22 | Disclosure of ESG information to public and clients/beneficiaries | ✓ | Public | | | | | | | ✓ |
| INF 23 | Approach to disclosing ESG incidents | ✓ | Private | | | | | | | ✓ |
| INF End | Module confirmation page | ✓ | - | | | | | | | |

Hermes GPE

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

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

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

Hermes GPE provides private equity and infrastructure fund and direct investment management and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United Kingdom

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

46

OO 03 Mandatory Public Descriptive General

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

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 | | 7 | 718 | 000 | 000 |
| Currency | GBP | | | | |
| Assets in USD | | 9 | 826 | 600 | 009 |

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 | 20 | 28 |
| Property | 0 | 0 |
| Infrastructure | 52 | 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].

Gateway asset class implementation indicators

| OO 11 | Mandatory | Public | Gateway | General |
|-------|-----------|--------|---------|---------|
|-------|-----------|--------|---------|---------|

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
- Infrastructure
- None of the above

OO 11.2 Select the externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Private equity
- None of the above

| OO 12 | Mandatory | Public | Gateway | General |
|-------|-----------|--------|---------|---------|
|-------|-----------|--------|---------|---------|

You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.

OO 12.1 Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Private Equity
- Infrastructure

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Private Equity

Closing module

- Closing module

Hermes GPE

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 checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" 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 (1) description

FRC UK Corporate Governance Code, ICGN Global Governance Principles, Walker Guidelines, sector specific governance principles (e.g. OFWAT's principles for UK water companies)

- Other, specify (2)
- Other, specify (3)
- None of the above
- No

| | |
|----------------|--|
| SG 01.6 | Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional] |
|----------------|--|

Hermes GPE has Responsible Investment at the heart of its activities, aiming to deliver exceptional returns for our clients; but not at any cost.

We believe that companies with strong governance and astute management of their environmental and social responsibilities, such as emissions control or labour rights, not only make a more positive contribution than those that do not, but also provide greater long-term value and reduced risk for shareholders.

Central to our ethos is the belief that superior investment performance, for the benefit of all shareholders, begins with best in class governance where transparency of information, clear lines of responsibility, accountability and appropriate management of conflicts are paramount.

Environmental, social and governance ('ESG') considerations are formally integrated into our business, investment and asset management processes. We systemise the assessment and management of ESG risks and opportunities during the investment lifecycle, from due diligence through to exit. We treat the evaluation of ESG considerations as a key part of our risk management framework and seek a culture of awareness, engagement and continuous improvement in both our business, and the businesses in which we invest.

Hermes GPE has adopted the Hermes Investment Management responsibility framework and has separate Responsibility Investment Frameworks for both Private Equity and Infrastructure mandates. These set out principle areas for due diligence, monitoring, reporting and engagement and cross-refer to applicable detailed industry standards and guidelines as appropriate. All investment decisions are made with reference to these frameworks and form part of robust discussions around the viability of a potential investment. In addition to this, Hermes GPE operates an environmentally focused fund, the Hermes GPE Environmental Innovation Fund LP. This offers investors exposure to opportunities in the environmental technology sector, notably the low carbon, waste recovery and water sectors, and the environmental innovation sector which seeks to reduce the impact of human activity on the world's resources at all stages of production and consumption.

| | | | | |
|--------------|------------------|---------------|----------------------|--------------|
| SG 02 | Mandatory | Public | Core Assessed | PRI 6 |
|--------------|------------------|---------------|----------------------|--------------|

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. |
|----------------|--|

- Policy setting out your overall approach

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

- URL

| | |
|--|-----|
| | URL |
|--|-----|

<https://www.hermes-investment.com/responsibility/>

- Attachment (will be made public)

[hermes-delivering-holistic-returns.pdf](#)

- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy
- We do not publicly disclose our investment policy documents

SG 02.4

Additional information [Optional].

Hermes GPE's detailed private equity and infrastructure responsible investment policies and guidelines contain confidential commercial information related to Hermes GPE's investment approach and are available to clients on request. Hermes GPE has contributed to a number of industry publications and groups in relation to our responsible investment approach, including on corporate governance in infrastructure: <https://www.hermes-investment.com/ukw/blog/press/hermes-calls-enhanced-corporate-governance-regime-private-infrastructure-assets/>

SG 03

Mandatory

Public

Core Assessed

General

SG 03.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

Potential conflicts of interest are addressed in accordance with the requirements of Hermes GPE's conflicts of interest policy, the FCA rules and applicable client/investment management agreements. Hermes GPE's policies comply with all applicable regulations and seek to lead best industry practice.

No

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2

Additional information. [Optional]

Hermes GPE seeks to ensure that all Hermes GPE investments meet appropriate Environmental, Social and Governance standards, that areas for improvement are identified, plans made and implemented and that generally we encourage a culture of continuous improvement. Hermes GPE aims to be an industry leader in its approach to responsible investment.

Hermes GPE meets on a quarterly basis with Hermes' dedicated Responsibility officers to review progress and share industry best practice.

The infrastructure investment team meets on a monthly basis to consider ESG matters relevant to the infrastructure portfolio

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
- 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
Heads of department

- 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
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)
- Other role, specify (2)

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Hermes GPE investment committees

Hermes GPE has separate investment committees for both private equity and infrastructure, which have oversight responsibility and accountability in relation to the integration of RI into investment and investment management related decisions, along with the heads of the respective departments. The investment committees consider all investment and divestment decisions, as well as key investment management matters.

Heads of Department

The heads of private equity and infrastructure have oversight responsibility and accountability in relation to the incorporation of RI into all business activities in their respective areas.

Investment managers, analysts and other staff

All staff have individual responsibility for the incorporation of responsibility into their day to day activities. In 2015 we created a Pledge of Responsibility and Transparency. This pledge is intended to express the commitment of each staff member individually to act ethically and crucially to put the interests of clients and their beneficiaries at the heart of what they do.

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

0

SG 07.4

Additional information. [Optional]

Within our private equity activities, the ESG assessment of new investment opportunities is guided by the Hermes GPE responsible investment framework and supported by two central 'Responsible Investment Officers' who are also part of the investment team. Hermes has a central, dedicated, responsible investment team with which Hermes GPE investment teams interact at least quarterly.

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

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.

Select all that apply

Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Hermes GPE is a signatory and a member of the PRI/IIGCC working group on the private equity guide on Climate Change.

- 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)

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

- Basic
- Moderate
- Advanced
- 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
BVCA

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

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

| | | | | |
|-------|-----------|--------|---------------|-------|
| SG 10 | Mandatory | Public | Core Assessed | PRI 4 |
|-------|-----------|--------|---------------|-------|

SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- 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]

Hermes GPE has taken action through engagement with current and prospective portfolio managers and management teams and with relevant co-investors.

Hermes GPE was co-sponsor and contributor to the development of an online ESG course overseen by the BVCA.

We participated in working groups run by the IIGCC.

We prepared independent thought pieces on sustainability and governance in infrastructure.

Implementation not in other modules

SG 12**Mandatory****Public****Descriptive****PRI 1**

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
 - Hermes GPE conducts modelling at an asset level on certain ESG trends, including global and local changes in energy mix
- 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

Concentration of risk (including ESG related risks) are considered from a portfolio construction perspective during the investment decision making process

We do not consider ESG issues in strategic asset allocation

Hermes GPE

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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

| | | | | |
|--------|-----------|--------|---------------|-------|
| SAM 01 | Mandatory | Public | Core Assessed | PRI 4 |
|--------|-----------|--------|---------------|-------|

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

SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.
- No, we do not use investment consultants or fiduciary managers.

SAM 01.7 Additional information [Optional].

Approximately 50% of capital deployed by Hermes GPE LLP is in the form of commitments to externally-managed private equity funds, with the remainder allocated to direct co-investments (alongside a lead investor).

| | | | | |
|--------|-----------|--------|---------|-------|
| SAM 02 | Mandatory | Public | Gateway | PRI 1 |
|--------|-----------|--------|---------|-------|

SAM 02.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

| Asset classes | (a) Selection | (b) Appointment | (c) Monitoring |
|----------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Private equity | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Hermes GPE LLP includes a responsible investment scoring analysis in its fund due diligence process which assesses a manager's responsible investment policies, processes and implementation. The initial review process is informed by factors including portfolio company referencing and direct deal team engagement, and is designed to verify that:

- The manager has adopted an effective approach to management of ESG issues and has adequate capabilities to implement these on an ongoing basis
- The approach taken to integrating ESG issues into the wider investment review process is effective in identifying and addressing environmental, social and governance risks and opportunities
- An effective approach to monitoring and reporting on ESG issues among portfolio companies will be adopted

Assessment is made within the context of manager resources, history and focus, and seeks to adopt a 'positive engagement' approach in preference to a policy of 'screening out'. Where our assessment on any of the above factors is not positive, a plan to address concerns must be in place before confirming any investment decisions. The Hermes GPE Responsible Investment Framework includes equivalent provisions for monitoring and engagement at both portfolio and manager level.

Selection

SAM 05

Mandatory

Public

Core Assessed

PRI 1

SAM 05.1

Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

| | | | | | | | | | Private equity | | |
|---|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| Investment strategy and how ESG objectives relate to it | | | | | | | | | <input checked="" type="checkbox"/> | | |
| ESG incorporation requirements | | | | | | | | | <input checked="" type="checkbox"/> | | |
| ESG reporting requirements | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Other | | | | | | | | | <input type="checkbox"/> | | |
| No RI information covered in the RFPs | | | | | | | | | <input type="checkbox"/> | | |

SAM 05.2

Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

| | | | | | | | | | Private equity | | |
|--|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| Assess the time horizon of the investment manager's investment strategy | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Assess the quality of investment policy and its reference to ESG | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific) | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Assess the ESG definitions to be used | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Other | | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | | <input type="checkbox"/> | | |

ESG people/oversight

| | | | | | | | | | | Private equity | | |
|--|--|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| Assess ESG expertise of investment teams | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review the ownership of the ESG implementation | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review how is ESG implementation enforced /ensured | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Other | | | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | | | <input type="checkbox"/> | | |

Process/portfolio construction/investment valuation

| | | | | | | | | | | Private equity | | |
|--|--|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| Review the process ensuring the quality of the ESG data used | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review and agree the investment decision making process (and ESG data use in it) | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review and agree the ESG incorporation strategy impact of ESG analysis on investment decisions | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review and agree how the manager is targeting returns and ESG objectives | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review and agree how the manager identifies, measures and manages ESG risk | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review how ESG materiality is evaluated by the manager in the monitored period | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review process for defining and communicating on ESG incidents | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Other, specify | | | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | | | <input type="checkbox"/> | | |

SAM 05.3 Describe the selection process

- Review responses to RfP, RfI, DDQ etc.
- Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- Review publicly available information
- Review assurance process
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers
- Site visits to potential managers offices
- Other, specify

SAM 05.4 When selecting external managers does your organisation set any of the following:

| | | | | | | Private equity | | |
|----------------------------|--|--|--|--|--|-------------------------------------|--|--|
| ESG score | | | | | | <input checked="" type="checkbox"/> | | |
| ESG weight | | | | | | <input type="checkbox"/> | | |
| Real world economy targets | | | | | | <input type="checkbox"/> | | |
| Other RI considerations | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | <input type="checkbox"/> | | |

Appointment

| | | | | |
|-----------------|------------------|---------------|----------------------|--------------|
| SAM 07.1 | Mandatory | Public | Core Assessed | PRI 1 |
|-----------------|------------------|---------------|----------------------|--------------|

SAM 07.1 Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment

- Sets standard or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the objectives
- Requires reporting on these objectives
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

| | | | | |
|-------------------|------------------|---------------|----------------------|--------------|
| SAM 07.2-5 | Mandatory | Public | Core Assessed | PRI 1 |
|-------------------|------------------|---------------|----------------------|--------------|

SAM 07.2

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

| | |
|--|-------------|
| | Asset class |
|--|-------------|

- Private equity

| | |
|--|-----------|
| | Benchmark |
|--|-----------|

- We do not set benchmarks

| | |
|--|------------|
| | Objectives |
|--|------------|

- Voting, specify
- Engagement, specify
- Integration, specify

The Hermes GPE LLP assessment of prospective fund investments includes a review of formal commitments to ESG policies (e.g. within the LPA), as well as the approach (and capacity) to integrating these into the day-to-day running of the organisation and all investment decisions.

- Investment restrictions, specify

The Hermes GPE LLP assessment of prospective fund investments includes a review of sector exclusion lists. As a minimum, we would look for confirmation that a manager will not invest within certain sectors including arms manufacture and tobacco.

- Strategy, specify

The Hermes GPE LLP assessment of prospective fund investments includes a review of ESG influence on firm strategy. Where ESG factors are not deemed to be sufficiently addressed, or where specific attributes of the manager (e.g. target markets or location) are deemed to carry specific ESG risks, additional assurances will be sought within fund agreements and / or side letters.

| | |
|--|-------------------------|
| | Incentives and controls |
|--|-------------------------|

- We do not set incentives and controls

| | |
|--|------------------------|
| | Reporting requirements |
|--|------------------------|

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

SAM 07.3

Explain how your organisation evaluates the reporting capacity of the manager to meet your reporting requirements during the selection process

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| | | | | | | | | Private equity | | |
| Agree upon ESG reporting requirements | | | | | | | | <input checked="" type="checkbox"/> | | |
| Review ESG reporting processes and capacity in place | | | | | | | | <input checked="" type="checkbox"/> | | |
| Agree processes for raising ad-hoc ESG issues | | | | | | | | <input checked="" type="checkbox"/> | | |
| Other, specify | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | <input type="checkbox"/> | | |

SAM 07.4 Explain which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Review performance in more detail
- Place investment manager on a “watch list”
- Investigate reason for non-compliance
- Require action plan from the manager
- Negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the requirements are not met

Monitoring

| | | | | |
|---------------|------------------|---------------|----------------------|--------------|
| SAM 08 | Mandatory | Public | Core Assessed | PRI 1 |
|---------------|------------------|---------------|----------------------|--------------|

SAM 08.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates from the investment manager in meetings/calls

| | | | | | | | | | | | Private equity | | |
|---|--|--|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| ESG objectives linked to investment strategy | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Investment restrictions and any controversial investment decisions | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| ESG incorporation objectives (with examples) | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| ESG portfolio characteristics | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| How ESG materiality has been evaluated by the manager in the monitored period | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Information on any ESG incidents | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| Metrics on the real economy influence of the investments | | | | | | | | | | | <input checked="" type="checkbox"/> | | |
| PRI Transparency Reports | | | | | | | | | | | <input type="checkbox"/> | | |
| PRI Assessment Reports | | | | | | | | | | | <input type="checkbox"/> | | |
| Other general RI considerations in investment management agreements; specify | | | | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | | | | <input type="checkbox"/> | | |

SAM 08.2

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

| | | | | | | | | | | Private equity | | |
|----------------------------|--|--|--|--|--|--|--|--|--|-------------------------------------|--|--|
| ESG score | | | | | | | | | | <input type="checkbox"/> | | |
| ESG weight | | | | | | | | | | <input type="checkbox"/> | | |
| Real world economy targets | | | | | | | | | | <input type="checkbox"/> | | |
| Other RI considerations | | | | | | | | | | <input type="checkbox"/> | | |
| None of the above | | | | | | | | | | <input checked="" type="checkbox"/> | | |

SAM 08.3

Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

Hermes GPE actively engages with external managers in an attempt to establish and share best practice approaches to management of ESG issues. In addition, we believe that fully understanding the evolving implications of, as well as management approaches to, material ESG issues within underlying portfolios is essential in the development and execution of our own investment strategies.

Outputs and outcomes

SAM 12**Mandatory****Public****Additional Assessed****PRI 1,6****SAM 12.1**

Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

| | |
|-------------------|---|
| Topic or issue | Review of CEE-focused fund manager with no defined approach to ESG issues |
| Conducted by | <input checked="" type="checkbox"/> Internal staff |
| Asset class | <input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Private equity |
| Scope and process | <p>Initial review of manager revealed an absence of an internal ESG policy and no formal commitments to related initiatives.</p> <p>Further discussions with the team revealed a desire to develop relevant organisational capacity but a lack of expertise / resources.</p> <p>HGPE provided examples of suitable ESG policies and agreed a suggested approach to implementation and monitoring, recognising the constraints within which the firm is operating.</p> |
| Outcomes | The manager in question has adopted an ESG policy and will be implementing this following the initial close of the fund. The manager has also agreed to work towards PRI signatory status in the coming years. |

- Add Example 2
 Add Example 3
 Add Example 4
 Add Example 5
 We are not able to provide examples

Communication

SAM 13**Mandatory****Public****Core Assessed****PRI 6**

SAM 13.1

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- Yes, we disclose information publicly
- Yes, we disclose information to clients/beneficiaries only

SAM 13.3

Indicate what type of information your organisation proactively discloses to clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
 - Details of the responsible investment activities carried out by managers on your behalf
 - E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
 - Other, specify
- We do not proactively disclose information to the public and/or clients/beneficiaries

Hermes GPE

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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Overview

| | | | | |
|-------|-----------|--------|---------------|-------|
| PE 04 | Mandatory | Public | Core Assessed | PRI 2 |
|-------|-----------|--------|---------------|-------|

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 investment guidelines refer to the Hermes GPE Responsible Investment Framework and the due diligence, monitoring and reporting requirements and procedures set out therein. The framework refers to, and incorporates by reference, the UN PRI Responsible Investment in Private Equity LP Guide and the ILPA Private Equity Principles.

In 2016, a new ESG assessment framework was introduced in order to provide further guidance to investment staff in formulating an assessment of ESG risks and opportunities as part of the wider due diligence process. This sets out a six stage approach to ESG assessment, which must be completed satisfactorily before final approval is given to any investment decision.

- 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 |
|-------|-----------|--------|---------------|-----------|

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

PE 05.3 Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

Hermes GPE PPMs contain a dedicated ESG section. This includes:

- A description of the firm's involvement with relevant external organisations; - An outline of the rationale for engaging on ESG issues; - An overview of the firm's Responsible Investment Framework; and - Details of the firm's approach to post-investment monitoring, which includes assisting our GP partners to identify key risks and implement ongoing monitoring programmes to manage these risks at the portfolio company level.

In addition, case studies are included to highlight the practicalities of the approach and the ways in which it can influence the investment decision-making process.

- No
- Not applicable as our organisation does not fundraise

Pre-investment (selection)

| | | | | |
|-------|-----------|--------|---------|-------|
| PE 07 | Mandatory | Public | Gateway | PRI 1 |
|-------|-----------|--------|---------|-------|

| | |
|---------|---|
| 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. |
|---------|---|

Hermes GPE LLP undertakes a review of all prospective private equity fund and co-investments using a scoring methodology and assessment criteria which are set out in the Hermes GPE Responsible Investment Framework. This includes the review of Environmental, Social and Governance policies, track record, procedures and improvement areas identified and implemented in each case.

From 2016, a new ESG investment framework has been introduced. This is designed to more systematically and comprehensively address ESG issues through assessing the capabilities of the deal sponsor and material issues relating to the target company. The framework outlines six key areas to be addressed in the assessment, namely:

- GP engagement with ESG issues
- GP implementation capability
- Identification of issues and opportunities relating to the target company
- Management of issues and opportunities relating to the target company
- Portfolio engagement and Monitoring
- Ongoing and incident-specific reporting

- No

| | | | | |
|-------|-----------|--------|---------------|---------|
| PE 08 | Mandatory | Public | Core Assessed | PRI 1,3 |
|-------|-----------|--------|---------------|---------|

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.

In processing an investment opportunity, HGPE deal teams will present directly to the Investment Committee (IC) on at least two occasions. On the first of these, during which a general overview of the opportunity under consideration is given, deal teams include a 'red flag' ESG assessment for all opportunities. Where a material ESG issue / opportunity is thought to be present, a more detailed account will be presented (guided by the HGPE ESG assessment framework). Such issues will be discussed during the IC meeting and, where these are not deemed to represent insurmountable barriers to progressing the opportunity, additional steps will be identified in order to gain sufficient comfort before completing the investment. Follow-ups on these are presented during the second IC meeting and, in some cases, further addressed in subsequent update notes or discussions.

In cases where risks are deemed to be relatively low, deal teams will conduct a full ESG review of target companies for inclusion in the final IC review.

Post-investment (monitoring)

PE 11

Mandatory

Public

Gateway/Core Assessed

PRI 2

PE 11.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

- Yes

PE 11.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >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.

ESG issues

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

No

PE 11.4

Additional information. [Optional]

Monitoring includes particular focus on areas of weakness identified in due diligence or review of Board or Fund Report information. Monitoring occurs both in face to face engagement through Board, Advisory Board and AGM attendance and ad hoc meetings with Managers and management teams as well as through the analysis of formal materials provided. Hermes GPE seeks to ensure that site visits take place on a regular basis where appropriate and that it engages with multiple contact points within an organisation in addition to 'Investor Relations' contacts and relationships.

PE 12

Mandatory

Public

Core Assessed

PRI 2

PE 12.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

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 12.3

Additional information. [Optional]

Tracking relates to co-investments completed since adoption of the Responsible Investment Framework in 2011.

Communication

PE 18

Mandatory

Public

Core Assessed

PRI 6

PE 18.1

Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only

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 your clients (LPs)/beneficiaries. [Optional]

A summary of the Hermes GPE ESG assessment is provided to LPs as part of the initial investment briefing note. Where material ESG issues are present, regular updates on these will be provided to LPs, with dedicated communications used in the event of material ESG-related incidents.

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

Hermes GPE

Reported Information

Public version

Direct - Infrastructure

PRI disclaimer

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Overview

| | | | | |
|--------|-----------|--------|---------------|---------|
| INF 05 | Mandatory | Public | Core Assessed | PRI 1-6 |
|--------|-----------|--------|---------------|---------|

INF 05.1 Indicate if your organisation has a responsible investment policy for infrastructure.

Yes

INF 05.2 Provide a URL if your policy is publicly available.

<https://www.hermes-investment.com/ukw/about-us/responsibility/>

No

INF 05.3 Additional information. [Optional]

Hermes Infrastructure has adopted the Hermes Investment Management responsibility framework. Hermes Infrastructure's specific responsible investment framework contains confidential information relevant to Hermes Infrastructure's investment approach and is available to investors on request.

Fundraising of infrastructure funds

| | | | | |
|--------|-----------|--------|---------------|-----------|
| INF 06 | Mandatory | Public | Core Assessed | PRI 1,4,6 |
|--------|-----------|--------|---------------|-----------|

INF 06.1 Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

INF 06.2 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

INF 06.3 Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

Our PPM summarises our overall approach to responsible investment and breaks down the process by which ESG factors are systematically integrated into investment decision making and investment management.

No

Not applicable as our organisation does not fundraise

Pre-investment (selection)

INF 08

Mandatory

Public

Gateway

PRI 1

INF 08.1

Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.

Yes

INF 08.2

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

Hermes Infrastructure's approach to incorporating ESG issues into infrastructure investment decisions is summarised below:

Initial Review

The investment team:

- checks the investment for mandate compliance, which includes compliance with any ethical exclusion policies of specific clients and those adopted by the Hermes business;
- identifies any key potential sector or thematic issues based on Hermes Infrastructure's general ESG considerations, the type of asset in question, its location and any company specific information available; and
- considers whether the scopes of work of due diligence advisers should include an investigation of specific ESG issues (for example, occupational health and safety, environmental track record, climatic change (flood risk or similar) etc.)

Detailed Due Diligence

- The investment team conducts deep dive due diligence into any potentially financially material ESG issues. Information sources for such due diligence may include (but are not limited to) company disclosures, discussions with management, external advice, industry standards, certifications and other publically available information sources.
- Areas for deep dive due diligence are determined on an asset by asset basis. Prior to acquisition, the investment governance structure is of particular importance to Hermes Infrastructure as a basis for engagement and transparency going forward.
- However, deep dive areas may also include potential for environmental related liabilities, any legal or regulatory breaches, climate related business strategy (e.g. stranded assets, over-reliance on fossil fuels) and significant opportunities to improve performance in key areas (e.g. health and safety or energy efficiency).
- The investment team gathers and records the information available regarding non-financially material ESG issues and the wider environmental, social and governance context. This exercise includes identifying relevant individuals within the target business, co shareholders and key stakeholders.
- The output of deep dive due diligence is included in the investment valuation process and the negotiation of acquisition documentation where appropriate.

Investment Approvals

- ESG due diligence considerations are included in the investment preview and investment recommendation papers which are presented to the Infrastructure Investment Committee.
- Hermes Infrastructure selects investments which comply with strict investment criteria and restrictions. We do not apply active inclusion or exclusion policies unless expressly required by clients, but take an active ownership approach to ESG integration, seeking to both improve performance and mitigate identified risks through engagement with companies via board and shareholder interactions.

Transition

- The investment team records areas for engagement and ongoing monitoring into Hermes Infrastructure's 100 Day Plan for the relevant asset, engaging with the asset management team throughout the investment acquisition process.
- Hermes Infrastructure is of the view that responsible investment and ESG engagement is an ever evolving area, with unending scope for improvement over time and in response to changing circumstances.

No

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|--------|-----------|--------|---------------|---------|
| INF 10 | Mandatory | Public | Core Assessed | PRI 1,3 |
|--------|-----------|--------|---------------|---------|

| | |
|----------|--|
| INF 10.1 | Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue. |
|----------|--|

ESG issues

Environmental

| | |
|--|---|
| | List up to three typical examples of environmental issues |
|--|---|

Land contamination and environmental pollution

Resource and energy usage and efficiency

Approach and resilience to changing climatic conditions, including commitment to monitoring and reducing GhG emissions, dependence on fossil fuels, exposure to flood risk etc.

Social

| | |
|--|--|
| | List up to three typical examples of social issues |
|--|--|

Occupational health and safety.

Staff wages, benefits, freedom of association and collective bargaining.

Community impact, engagement and relations.

Governance

| | |
|--|--|
| | List up to three typical examples of governance issues |
|--|--|

Board composition, skills and diversity.

Independence and role of chairperson, including independence from executive management and shareholders.

Appropriate rights of minority shareholders, including information rights and reserved matters.

Selection, appointment and monitoring of third-party operators

| | | | | |
|--------|-----------|--------|---------------|-------|
| INF 13 | Mandatory | Public | Core Assessed | PRI 4 |
|--------|-----------|--------|---------------|-------|

INF 13.1

Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

Yes

INF 13.2

Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

- Selection process of third-party operators incorporates ESG issues
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators
- Contractual requirements when appointing third-party operators includes ESG issues
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators
- Monitoring of third-party operators covers ESG responsibilities and implementation
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators

No

Post-investment (monitoring and active ownership)

Overview

INF 14

Mandatory

Public

Gateway

PRI 2

INF 14.1

Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.

Yes

INF 14.2

Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- We consider ESG issues in the monitoring and operation of infrastructure
- We consider ESG issues in infrastructure maintenance
- We consider ESG issues in stakeholder engagements related to our infrastructure
- We consider ESG issues in other post-investment activities, specify

INF 14.3

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

After the completion of an investment, engagement on ESG issues is a continuing commitment and responsibility for Hermes Infrastructure. Our activities take three principal forms, engagement with management and monitoring, and reviewing and reporting and are summarised below;

100 Day Plan

- Immediate areas of focus, recorded as part of the transition planning process, are identified and a strategy is developed (together with key stakeholders where possible) to address them.
- Strategic engagement objectives are set and formal reviews are undertaken, including the use of external advisors where desirable.
- KPIs, review dates and information/transparency requirements are agreed in relation to any areas of concern.

Engagement and Monitoring

- Hermes infrastructure undertakes active engagement on identified areas, monitoring progress via board seats, shareholder meetings and/or reviews of management information (as relevant depending on the size of Hermes Infrastructure's investment and the associated rights).
- ESG matters are included in the strategic asset management reviews conducted by the Hermes Infrastructure asset management team and the Infrastructure Investment Committee.

Review and Reporting

- Portfolio level reviews are undertaken in relation to certain ESG topics, including governance and GhG emissions
- Financially material ESG matters are included in the business update sections of Hermes Infrastructure's periodic investor reports.

Policy and Industry Engagement

Hermes Infrastructure staff members:

- engage with regulators and industry groups on matters relevant to our investments, including OFWAT, DECC, the EC, GRESB, the PRI and the IIGCC;
- attend industry conferences, events and remain up to date on best practice and knowledge; and
- input into industry thought pieces.

No

Infrastructure monitoring and operations

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|--------|-----------|--------|---------------|-------|
| INF 15 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

| | |
|-----------------|--|
| INF 15.1 | Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year. |
|-----------------|--|

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

| | |
|-----------------|--|
| INF 15.2 | Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue. |
|-----------------|--|

Environmental

| | |
|--|--|
| | List up to three example targets per issue |
|--|--|

Emissions reduction
Pollution incidents

Social

| | |
|--|--|
| | List up to three example targets per issue |
|--|--|

Health and safety incidents

Governance

| | |
|--|--|
| | List up to three example targets per issue |
|--|--|

Executive behaviour

We do not set and/or monitor against targets

| | |
|-----------------|------------------------------------|
| INF 15.3 | Additional information. [Optional] |
|-----------------|------------------------------------|

KPIs (if applicable) are typically set by, or through consultation with, the company's management, operator and in some cases the relevant regulator. Monitoring occurs via (i) face to face engagement through board, advisory board and shareholder meetings and ad hoc meetings with managers and management teams, as well as (ii) through the analysis of formal materials provided. Hermes Infrastructure seeks to ensure that site visits take place on a regular basis and that we engage with multiple contact points within an organisation as part of business as usual monitoring activities.

| | | | | |
|---------------|------------------|---------------|----------------------------|--------------|
| INF 16 | Mandatory | Public | Additional Assessed | PRI 2 |
|---------------|------------------|---------------|----------------------------|--------------|

| | |
|-----------------|---|
| INF 16.1 | Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines). |
|-----------------|---|

Yes

| | |
|-----------------|--|
| INF 16.2 | Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines). |
|-----------------|--|

- >90% of infrastructure investees
- 51-90% of infrastructure investees
- 10-50% of infrastructure investees
- <10% of infrastructure investees
- 0% of infrastructure investees

(in terms of number of infrastructure investees)

| | |
|-----------------|---|
| INF 16.3 | Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional] |
|-----------------|---|

In addition to the engagement and monitoring activities described above, Hermes Infrastructure seeks to share best practice information on matters such as governance with investee companies and co-shareholders and encourages active discussion and debate on such issues.

No

| | | | | |
|---------------|------------------|---------------|--------------------|----------------|
| INF 17 | Voluntary | Public | Descriptive | PRI 2,3 |
|---------------|------------------|---------------|--------------------|----------------|

| | |
|-----------------|--|
| INF 17.1 | Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues. |
|-----------------|--|

Type of Reporting

- Overarching portfolio asset/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

Ad-hoc, in connection with areas which are the subject of particular issue or engagement

- Other, specify
- No reporting on ESG issues requested and/or provided by infrastructure investees

Infrastructure maintenance

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|---------------|------------------|---------------|----------------------|--------------|
| INF 18 | Mandatory | Public | Core Assessed | PRI 2 |
|---------------|------------------|---------------|----------------------|--------------|

| | |
|-----------------|--|
| INF 18.1 | Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered. |
|-----------------|--|

- >90% of active maintenance projects
- 51-90% of active maintenance projects
- 10-50% of active maintenance projects
- <10% of active maintenance projects
- N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

Stakeholder engagement

| | | | | |
|---------------|------------------|---------------|----------------------------|--------------|
| INF 19 | Voluntary | Public | Additional Assessed | PRI 2 |
|---------------|------------------|---------------|----------------------------|--------------|

| | |
|-----------------|--|
| INF 19.1 | Indicate which stakeholders your organisation, and/or operators, engaged with on ESG issues in relation to your infrastructure assets during the reporting year and what proportion of your investments they apply to. |
|-----------------|--|

| | |
|--|----------------------|
| | Stakeholders engaged |
|--|----------------------|

- Regulators

| | |
|--|--|
| | Percentage of infrastructure assets these apply to |
|--|--|

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

- Communities
- Other stakeholder, specify

Co-shareholders

| | |
|--|--|
| | Percentage of infrastructure assets these apply to |
|--|--|

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

Other stakeholder, specify

| | |
|-----------------|--|
| INF 19.2 | Describe your approach to stakeholder engagements in relation to your infrastructure assets. |
|-----------------|--|

Hermes infrastructure works with co-shareholders, regulators and policy makers in relation to issues specific to investments in the infrastructure portfolio. Topics on which we have engaged include (but are not limited to) health and safety performance, governance, remuneration and climate change.

Communication

| | | | | |
|---------------|------------------|---------------|----------------------|--------------|
| INF 22 | Mandatory | Public | Core Assessed | PRI 6 |
|---------------|------------------|---------------|----------------------|--------------|

| | |
|-----------------|---|
| INF 22.1 | Indicate if your organisation proactively discloses ESG information on your infrastructure investments. |
|-----------------|---|

- Disclose publicly
- Disclose to clients/beneficiaries only

| | |
|-----------------|--|
| INF 22.5 | Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries. |
|-----------------|--|

- ESG information on how you select infrastructure investments
- ESG information on how you monitor and manage infrastructure investments
- Information on your infrastructure investments' ESG performance
- Other;specify

| | |
|-----------------|---|
| INF 22.6 | Indicate your organisation's typical frequency of disclosing ESG information to the your clients/beneficiaries. |
|-----------------|---|

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

INF 22.7

Describe the ESG information and how your organisation proactively discloses it to your clients/beneficiaries. [Optional]

Material ESG information is included in the integrated quarterly reports provided to Hermes Infrastructure investors

- No proactive disclosure to the public or to clients/beneficiaries