de Pury Pictet Turrettini

Cadmos European Engagement Fund

Financial & Impact Report 2021

- **Invest in the European structural winners**
- **Outperformance since inception in 2006**
- **Positive impacts through expert driven direct engagement**
- **First equity fund co-creating tangible additional social impacts with companies – SDG 17**

Our Achievements

Since 2006 Cadmos represents more than

244
Investments

20 050
Items Voted

1 162
ESG Company Assessments

789
Engagement Meetings

298
Positive Impacts

de Pury Pictet Turrettini

In 1996 David de Pury, Guillaume Pictet, Henri Turrettini joined forces to create their company, de Pury Pictet Turrettini & Cie S.A. (PPT). The firm provides both wealth management and asset management services to offer high value-added strategic advice based on advanced skills and experience to our private and institutional clients.

PPT has always demonstrated a great capacity for innovation, notably as a pioneer of responsible investment. It is the owner of the Buy and Care® strategy, manager of the Cadmos European Engagement Fund, Cadmos Balanced CHF and Cadmos Peace Investment Fund and advisor to the Cadmos Emerging Markets Engagement Fund and the Cadmos Swiss Engagement Fund. PPT ensures the funds' consistency, transparency and distribution. It is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) since 2008.

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The Buy & Care Investment Strategy, applied since 2006, is a cyclical process designed by PPT to better integrate the financially material ESG factors. Through active ownership and direct engagement with companies, we can better select tomorrow's winners and improve our portfolios' risk-reward-impact profile.

The Buy & Care® strategy's three founding principles have proved to be reliable in the long term through changing financial and economic cycles.

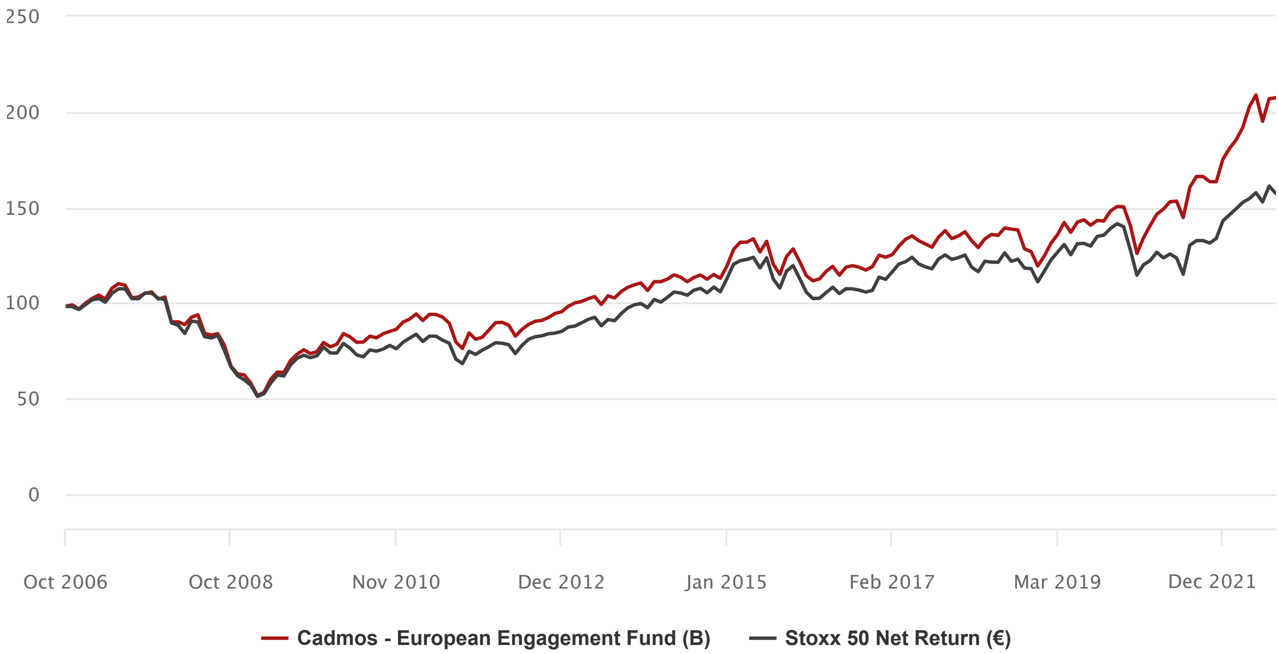
1. **Active Portfolio Management**
2. **Active Voting & Stewardship**
3. **Active Engagement & Impact**

More information on cadmos.ppt.ch

Active
Portfolio Management

We outperform by investing in attractive end-markets with long-term growth prospects

Performance since inception until year-end 2021 of Cadmos European Engagement Fund (B)



Since inception, from October 2006 to December 2021, the Fund (Class B) returned +119.2%, outperforming the reference index which returned +70.1%. In 2021, the Fund generated +29.6% outperforming the reference index by +3.5% (in absolute terms).

The funds invest in companies benefiting from the ongoing paradigm shift driven by digital disruption, demographics and climate change. To deliver better long-term risk adjusted performances to our clients, we actively select the most profitable and resilient market leaders. We believe that companies generating positive externalities and impacts, contributing to solving global challenges will continue to lead the markets and shape the competitive landscape. The five-year average turnover of the Cadmos European Engagement Fund remains very low at 8%, which indicates a true long-term focus from the portfolio managers. It also indicates that we keep the majority of our companies between 5 to 10 years providing us enough time to achieve tangible results through our engagement activities.

In terms of contribution to the fund's relative performance, Orsted, Vestas Wind Systems and Koninklijke Philips were among the main detractors with returns of -32.0%, -30.1% and -23.8% respectively. Conversely, Straumann Holding (+88.7%), ASML Holding (+78.7%) and Hermes (+75.4%) were among the main contributors to the fund's relative performance in fiscal year 2021.

European equities advanced in Q1. Hopes of global economic recovery supported sectors that fared poorly in 2020, such as energy and financials. Consumer discretionary stocks also performed well, notably car makers as Volkswagen announced ambitious electric vehicle targets. Underperformers were defensive areas that are less tied into the economic recovery, such as utilities and real estate. The flash manufacturing purchasing manager's index (PMI) for March reached a record high of 62.4, signaling strong growth. However, rising Covid infection rates in some countries, and new lockdown curbs, cast doubt on the prospects for services, notably tourism).

European equity markets continued to perform well in Q2 supported by a strong corporate earnings season and an acceleration in the pace of vaccine rollout in the region. Many European countries saw Covid-19 infections fall over the quarter and were able to loosen restrictions on social and economic activity. Rotations in the market between growth and value areas saw a mixed group of sectors lead the gains. The top performing sectors included defensive areas such as consumer staples and real estate, which had lagged in Q1 as investors focused on more economically sensitive areas of the market. However, information technology was also among the top gainers in Q2, while utilities and energy were laggards. Quarterly earnings for Q1 were generally very robust across the board, with the exception of the healthcare sector.

As we entered H2, July saw the start of the Q2 earnings season, which has overall been very strong so far, even given the soft comparison of Q2 2020, with around 50% of companies due to report results having done so by the end of July. Meanwhile, the vaccine rollout accelerated with Spain, Italy and Germany all overtaking the US in terms of the share of people fully vaccinated against Covid-19. This boosted hopes that rising cases of the Delta variant would not necessarily lead to further lockdowns and restrictions on economic activity.

In September, the hawkish shift from the Fed and BOE, along with hopes that we may be at a point where most people have either been vaccinated or already infected with Covid, has caused government bonds to sell off, after their rally earlier in the quarter. This triggered a sector rotation that drove investors out of high-growth and quality sectors such as technology and healthcare into economically sensitive and cyclical banking and energy stocks. The other main news in the eurozone was the result of the German election seen as unlikely to be a game-changer for German or European equities. Overall, European equities held up well over the third quarter despite some concerns about a peak in the rate of economic growth, supply disruptions and rising inflation.

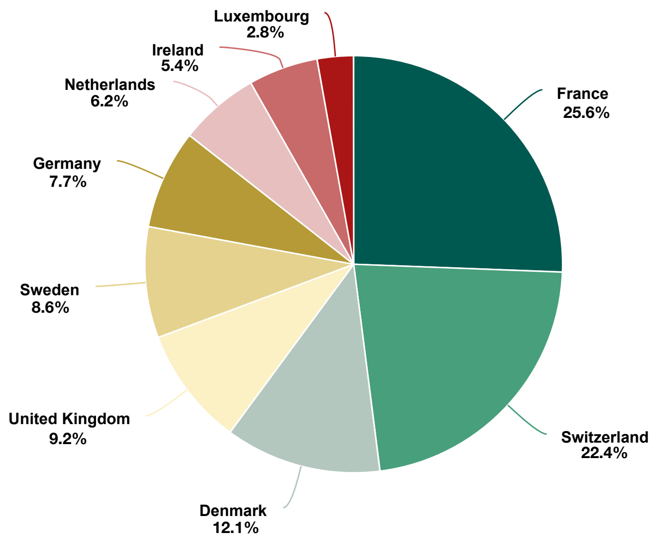
Entering the last quarter of year, European equities gained in October, with Stoxx600 Index (NTR) up +4.7%, supported by encouraging 3Q21 corporate earnings despite notable disappointments from Apple and Amazon in the US, and an easing of fears around China's property sector. China also finished October ahead of the broader global equity index, driven by a pick-up in several internet and e-commerce stocks, which were negatively impacted by regulatory actions earlier in the year. However, markets got increasingly concerned by rising Covid-19 hospitalisations in parts of Europe and the new Omicron variant, resulting in global equities moving sideways over the November – Mid-December period with the MSCI ACWI Net Total Return (USD) Index more or less unchanged. Admittedly, economic data indicated a marked slowdown in activity. In Europe, governments had been struggling to contain Covid infection rates and reintroduced new restrictions to curb the spread of the virus. These measures, together with inflation reaching 4.9% year-over-year in November, weighed on consumer sentiment, still above pre-Covid levels though, increasing the risk of temporary setbacks on the road to economic recovery. Growing fears that inflation persistently above target would force central banks to normalize their expansive monetary policy quicker than expected against a background of slowing economic growth resulted in government bond yield curves flattening quite meaningfully, with short-end yields rising and the very long end of the curve falling. Newly reappointed US Federal Reserve Chairman Jerome Powell performed a U-turn on inflation at the end of November shifting from a reassurance that it would be a "transitory" reflection of the post-lockdowns bounce back to an acceptance that it is more persistent. Not only did Powell later in December successfully pivot the entire FOMC to a much more hawkish stance, doubling the pace of tapering, which brings purchases to zero by March 2022, allowing them to hike at the March meeting, but he also signaled 3 hikes in 2022 and 3 in 2023. Unlike 2013 taper tantrum, equity markets took it stride in 2021. Adding to the positive momentum going into year-end, a major South African study also concluded that Omicron variant was indeed more resistant to vaccine but causes less severe covid with milder symptoms and markedly lower hospitalization risk. Consequently, this combined with still easy financial conditions led to a Santa Claus rally on the back of a favourable seasonality, with Cyclicals/Value notable outperformers to Defensives/Growth.

For the full-year, the Cadmos Eurpoean engagement Fund delivered a positive performance of +29.6% vs +26.1% for the benchmark.

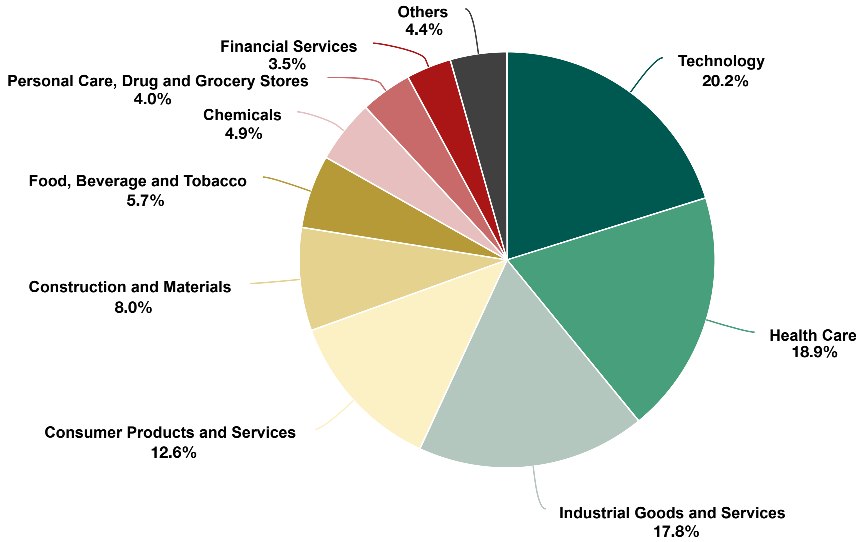
Best positioned and well diversified across industries and regions

The Buy & Care® equity strategy is built on a bottom-up stock selection process. We select only profitable, organically growing, sustainable businesses exposed to attractive end markets or secular trends. We do not take ex-ante regional nor sector bets.

Regions



Sectors



Specific sector or regional overweight or underweight are analyzed ex-post and are adapted only if we feel uncomfortable from a macroeconomic perspective. Most overweighs are a result of our quality-growth bias and our fundamental bottom-up approach.

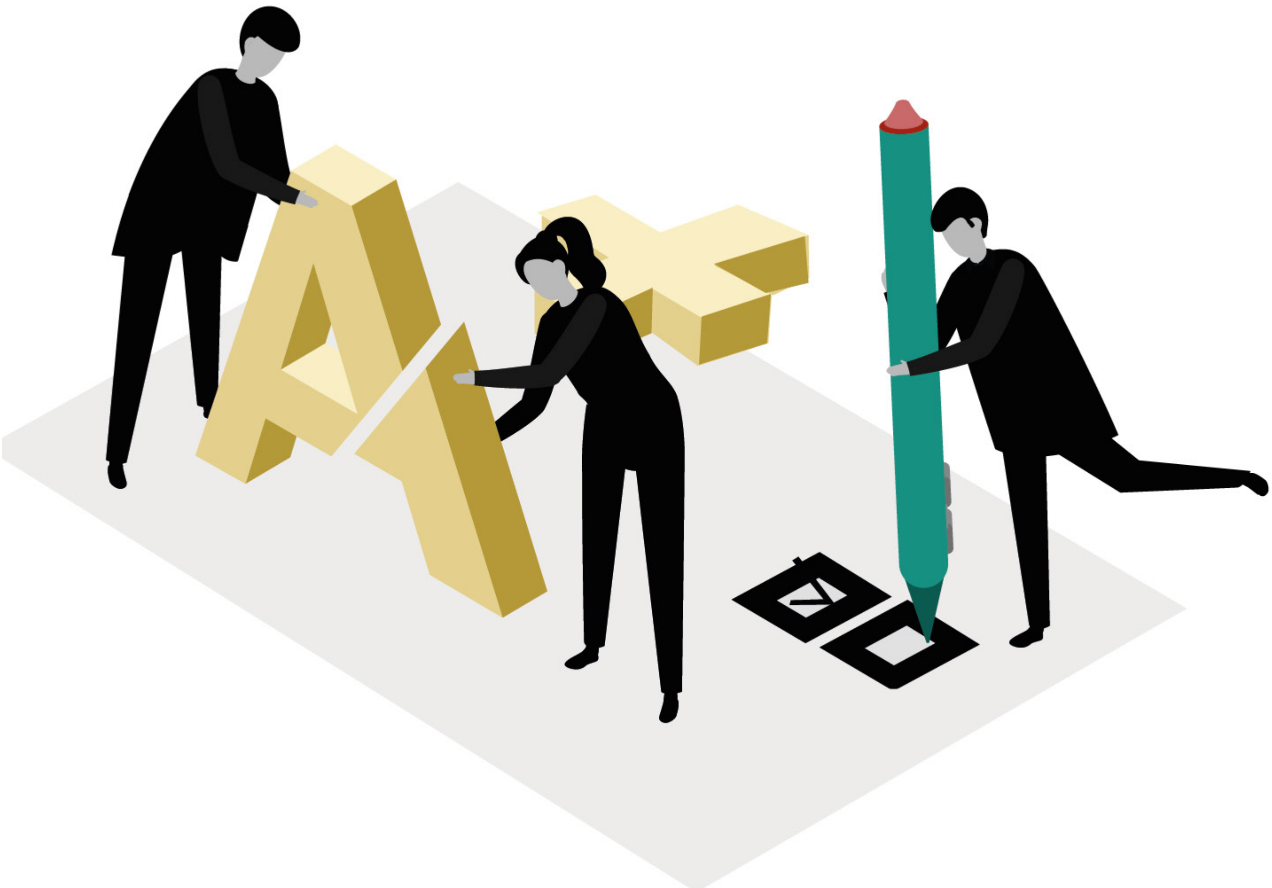
A quality portfolio built to deliver financial and social impact

Summary Table

Portfolio as at 31.12.2021	Country	Sector	Contribution 2021 (in EUR)	In cadmos since
ADIDAS	Germany	Consumer Products and Services	-0,42%	2018
ADYEN (New)	Netherlands	Industrial Goods and Services	0,53%	2021
ANHEUSER-BUSH INBEV (Out)	Belgium	Food, Beverage and Tobacco	-0,21%	2017
ASML HOLDING	Netherlands	Technology	2,57%	2019
ASSA ABLOY	Sweden	Construction and Materials	0,78%	2015
ATLAS COPCO (New)	Sweden	Industrial Goods and Services	1,16%	2018
AXA SA (Out)	France	Insurance	-0,03%	2006
CAPGEMINI	France	Technology	2,25%	2017
CHRISTIAN HANSEN (Out)	Denmark	Health Care	0,06%	2018
COLOPLAST	Denmark	Health Care	0,57%	2014
COMPASS GROUP	United Kingdom	Consumer Products and Services	0,70%	2010
DANONE	France	Food, Beverage and Tobacco	0,09%	2006
DASSAULT SYSTEMES	France	Technology	-1,33%	2016
DEMANT	Denmark	Health Care	1,05%	2019
ESSILOR-LUXOTTICA (New)	France	Health Care	0,24%	2021
EUROFINS SYSTEMES	Luxembourg	Health Care	1,40%	2020
EXPERIAN	Ireland	Industrial Goods and Services	1,23%	2020
GEBERIT	Switzerland	Construction and Materials	0,99%	2009
GIVAUDAN (New)	Switzerland	Chemicals	0,22%	2014
HERMES (New)	France	Consumer Products and Services	0,43%	2021
HEXAGON	Sweden	Technology	1,98%	2018
INFINEON	Germany	Technology	0,98%	2017
KERRY GROUP	Ireland	Food, Beverage and Tobacco	-0,05%	2018
KONINKLIJKE PHILIPS (Out)	Netherlands	Health Care	-0,31%	2017
LEGRAND	France	Industrial Goods and Services	1,12%	2017
LINDE	United Kingdom	Chemicals	1,17%	2008
LONZA (New)	France	Consumer Products and Services	0,92%	2015
L'OREAL	Switzerland	Health Care	0,99%	2006
LVMH	France	Consumer Products and Services	1,26%	2019
NESTLE	Switzerland	Food, Beverage and Tobacco	0,69%	2006
NOVOZYMES	Denmark	Health Care	1,21%	2015
ORSTED (New)	Denmark	Utilities	-0,41%	2021
PARTNERS GROUP	Switzerland	Financial Services	1,70%	2014
RECKITT BENCKISER GROUP	United Kingdom	Personal Care, Drug and Grocery Stores	0,14%	2006
ROCHE HOLDING (Out)	Switzerland	Health Care	-0,06%	2014
SAP	Germany	Technology	0,58%	2009
SCHNEIDER ELECTRIC	France	Industrial Goods and Services	1,60%	2006
SGS	Switzerland	Industrial Goods and Services	0,52%	2006
SIKA (New)	Switzerland	Health Care	1,52%	2014
STRAUMANN HOLDING	United Kingdom	Personal Care, Drug and Grocery Stores	2,71%	2014
UNILEVER	Denmark	Energy	0,00%	2016
VESTAS WIND SYSTEMS	Denmark	Oil & Gas	-0,43%	2018

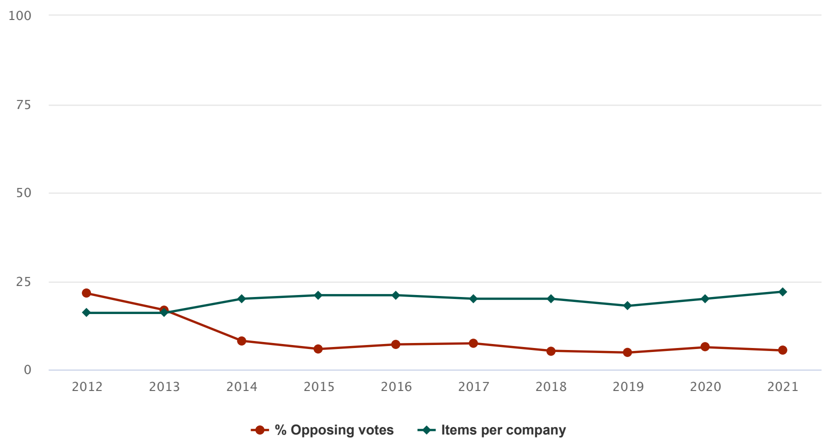
The full detail of any portfolio company is available on cadmos.ppt.ch

Active Voting & Stewardship

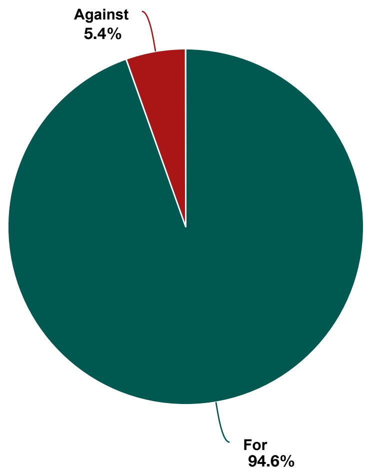


We vote and sharpen our insight into each company

Voting trends



For / Against Management



Of the total 774 votes that we cast in 2021, 5.4% were against management recommendations, in the range of the past 6 years but slightly lower than in 2020.

We opposed at least one item at 39% of our companies which is a mark of how seriously we take our role as active shareholders. The vast majority of our portfolio companies do not however present controversial governance issues. We opposed none or only one item at 78% of our portfolio companies.

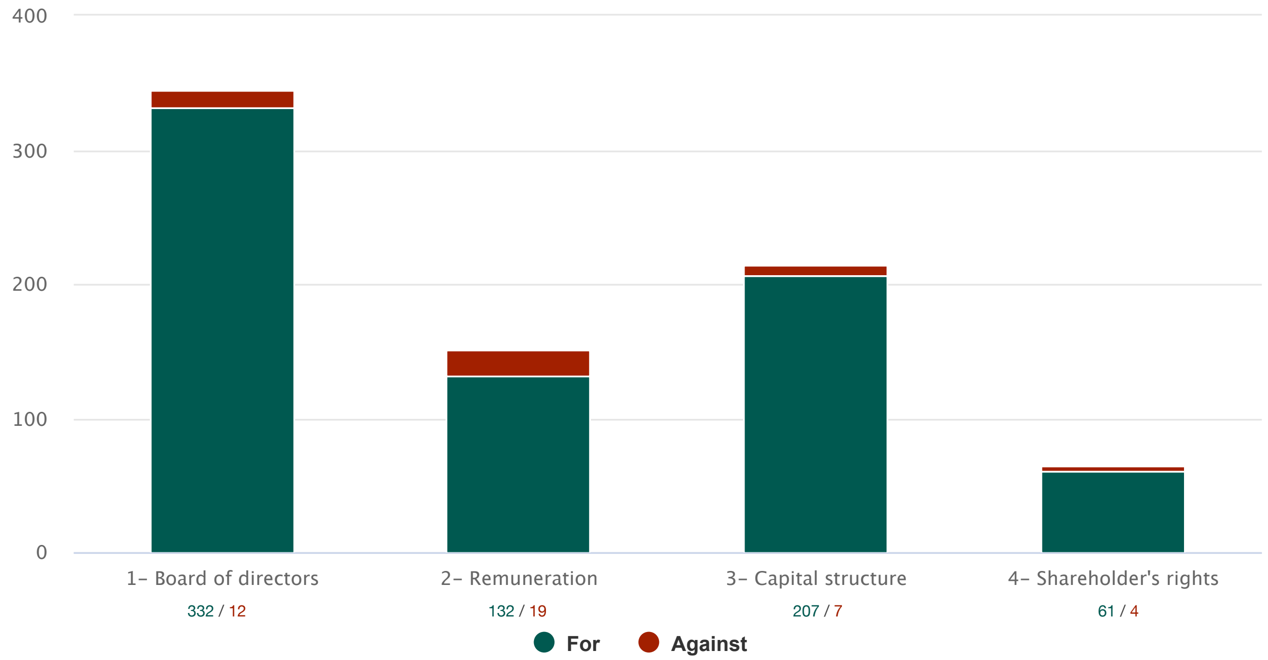
We opposed two or more items to the remaining 22% of companies. We urge Anheuser-Bush and LVMH where a majority of the directors are affiliated with these companies, to improve the independence of their board of directors. We also urge Dassault Systemes and LVMH to improve their remuneration structures. The remuneration policy for the CEO of Dassault Systemes for which we voted against has been rejected by nearly 21% of shareholders.

The portfolio managers define their voting positions by studying the analyses of annual general meetings (AGMs) and the voting recommendations supplied by Glass Lewis. They have the rights and the duty to deviate from the proxy's recommendations, should they find that these do not take full account of the companies' business models and particularities or do not correspond to our internal voting guidelines. When we feel it can accelerate a company's transition, we do not hesitate to collaborate closely with other investors to co-file a shareholder resolution. The information obtained from voting continues to sharpen our insight into the governance, management and financial structure of each company.

In 2021, the voting items per company and the percentage of opposing votes decreased compared to 2020 and continued the downward trend since 2014. We were able to vote on all companies of the voting equity securities that were in the Fund at the time of the AGMs. This means that we actually exercised 100% of our voting rights of our portfolio companies, since the AGMs of EssilorLuxottica, Hermes and Orsted happened before these companies entered the Fund, and since the AGMs of AXA, Christian Hansen and Roche (no voting rights) happened after the companies exited the Fund.

Voting is first and foremost a financial responsibility

Distribution of votes and oppositions by topic



44% of all items submitted to the vote in 2021 concerned the board of directors and 28% concerned the capital structure. The skills, independence and availability of a board of directors and the appropriate capital structure are critical to a company's future.

The board of directors, with 12 oppositions representing 29% of all votes against management, and the remuneration, with 19 oppositions representing 45% of all votes against management, were the most contentious categories in 2021. A lack of board independence and excessive, poorly designed or opaque remuneration structures mostly explain these votes.

The board of directors sets the strategy to follow, appoints executive management that will implement it, and sanctions them if the objectives are not reached. In order to reach those goals, the board of directors must consist of a coherent, available and competent team, which should be able to debate freely and evaluate openly the performance of general management. This applies particularly well for companies without a controlling shareholder. In more tightly held family- or founder-led structures however, the control function of the board of directors is often times lacking or almost inexistent. Even though we knowingly also invest in these companies, it is our duty to promote best practices and reduce this material risk.

Transparent remuneration structure has always been an important topic for the Cadmos funds. For our investors, we need to have the ability to assess the correspondence between the company's performance and the remuneration proposed. With the necessary transparency, our portfolio manager are better equipped to judge whether senior managements' interests are aligned with our own. We encourage the companies to work with two types of capped variable pay. The annual bonus rewards individual performance during the year but must also depend on the company's results. However, we prefer long-term remuneration plans, paid in shares or options, based on demanding performance targets tied to the company's results in the following three years.

It is undeniable that investors like Cadmos have led to improved corporate governance, particularly among companies with a more mixed shareholder base. But much can still be done to ensure the independence and appropriate mix of attributes and expertise of some companies' boards.

We do not delegate – Portfolio managers exercise their voting rights directly

Summary Table

Portfolio as at 31.12.2021	Country	Description	Total Resolutions	Total Against
ADIDAS	Germany	Voted	13	0
ADYEN (New)	Netherlands	Voted	10	0
ANHEUSER-BUSH INBEV (Out)	Belgium	Voted	11	5
ASML HOLDING	Netherlands	Voted	17	1
ASSA ABLOY	Sweden	Voted	23	0
ATLAS COPCO	Sweden	Voted	36	1
AXA SA (Out)	France	Exit before AGM	0	0
CAPGEMINI	France	Voted	21	0
CHRISTIAN HANSEN (Out)	Denmark	Exit before AGM	0	0
COLOPLAST	Denmark	Voted	12	1
COMPASS GROUP	United Kingdom	Voted	23	0
DANONE	France	Voted	28	0
DASSAULT SYSTEMES	France	Voted	24	3
DEMANT	Denmark	Voted	17	2
ESSILOR-LUXOTTICA (New)	France	Entry after AGM	0	0
EUROFINS SYSTEMES	Luxembourg	Voted	20	4
EXPERIAN	Ireland	Voted	20	0
GEBERIT	Switzerland	Voted	18	1
GIVAUDAN (New)	Switzerland	Voted	20	0
HERMES (New)	France	Entry after AGM	0	0
HEXAGON	Sweden	Voted	34	2
INFINEON	Germany	Voted	32	0
KERRY GROUP	Ireland	Voted	25	0
KONINKLIJKE PHILIPS (Out)	Netherlands	Voted	12	1
LEGRAND	France	Voted	17	0
LINDE	United Kingdom	Voted	19	0
LONZA (New)	France	Voted	24	0
L'OREAL	Switzerland	Voted	23	0
LVMH	France	Voted	31	13
NESTLE	Switzerland	Voted	29	4
NOVOZYMES	Denmark	Voted	18	0
ORSTED (New)	Denmark	Entry after AGM	0	0
PARTNERS GROUP	Switzerland	Voted	25	0
RECKITT BENCKISER GROUP	United Kingdom	Voted	24	0
ROCHE HOLDING (Out)	Switzerland	No voting rights	0	0
SAP	Germany	Voted	9	0
SCHNEIDER ELECTRIC	France	Voted	26	0
SGS	Switzerland	Voted	24	1
SIKA (New)	Switzerland	Voted	21	0
STRAUMANN HOLDING	United Kingdom	Voted	21	3
UNILEVER	Denmark	Voted	26	0
VESTAS WIND SYSTEMS	Denmark	Voted	21	0

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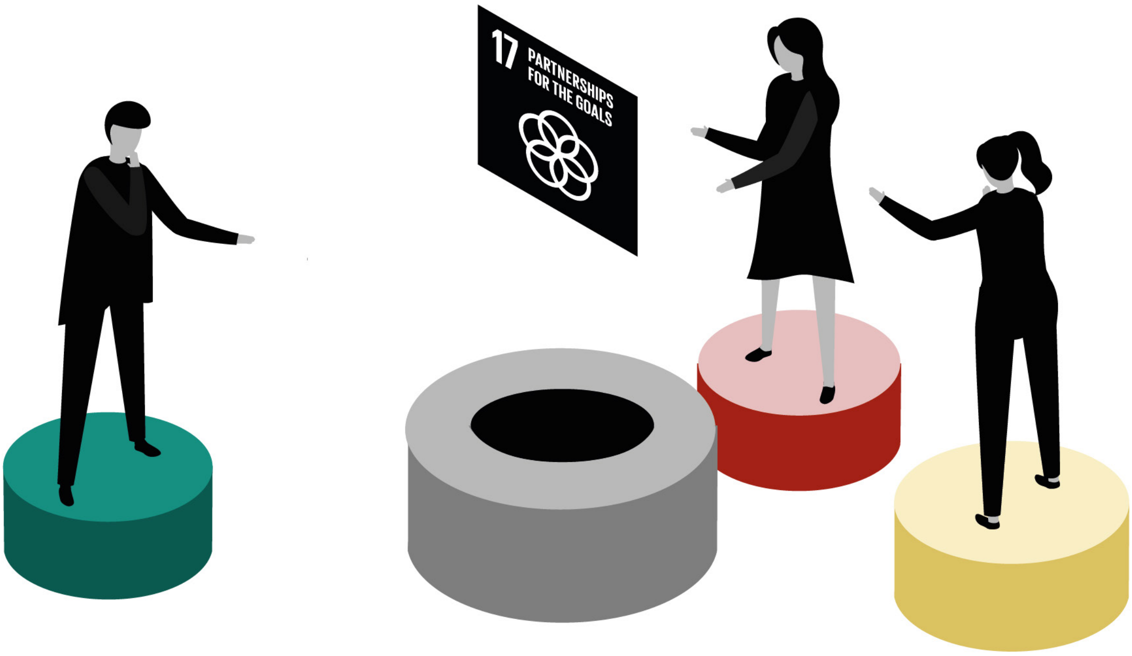
is available on cadmos.ppt.ch

Active
Engagement & Impact



Engagement & Impact Stories

SCHNEIDER ELECTRIC

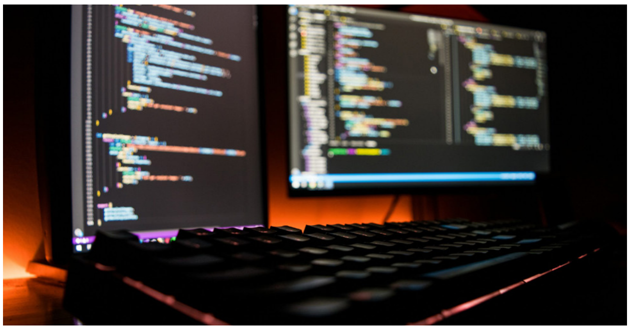
14th consecutive engagement meeting with Schneider Electric

Schneider Electric is in Cadmos portfolios since 2006 and we recurrently held engagement meetings with the company since 2007. A global leader in electrical distribution (medium and low voltages) and automation, Schneider offers products and services for the residential, buildings, industry as well as for the energy and infrastructure markets. A number of Schneider Electric products contribute to sustainable development, namely in the areas of the energy transition, climate change mitigation and sustainable buildings.

Engagement meetings with Schneider Electric were always very constructive and intensive. They have frequently taken into account our feedbacks, evidenced by the fact that the company started acknowledging our recommendations in 2009 (engagement quality level 4). Since then, we navigated between level 4 and level 5 – the company shows improvements based on formulated recommendations. Our cooperation with Schneider Electric was marked by several significant events. In particular, in 2009, Cadmos successfully promoted the adoption of the GRI reporting guidelines. In 2014, as suggested by Cadmos, the first externally assured CSR report was prepared by Ernst & Young, followed by the first integrated report and progress on Human Rights in 2016. In 2018, the company proceeded with the integration of social impact partnerships and peacebuilding elements. Finally, in 2019, the company acknowledged the importance of introducing a monitoring system aimed at measuring the avoided emissions at customers doorstep through its product, while formulating and disclosing objectives for this highly weighted topic. Last year, they have announced that we may expect the inclusion of targets on care labor standards – a point raised by the engagement team previously.

The engagement meeting in 2021, was the 14th engagement cycle. The addressed long-term material topics for Schneider Electric are: Climate Change Impact, Core Labor Standards Compliance and Product Social Impact. Schneider Electric, as always, listened with interest to our feedbacks and recommendations. We are quite positive as the company often made the necessary changes to implement our suggestions. During the last engagement meeting, we raised the point about incorporating peace-related aspects in Schneider Electric's human rights assessments in fragile states. We agreed to continue the discussion in a follow-up call, showing the company's willingness to improve its sustainability practices. Schneider Electric, as always, listened with interest to our feedbacks and recommendations. We are quite positive as the company often made the necessary changes to implement our suggestions

Today, through its eleven targets for 2021-2025, Schneider Electric is dedicated to achieving the 17 Sustainable Development Goals. These targets include among others growing green revenues, reducing CO2 emissions from suppliers' operations to increasing gender diversity in hiring, front-line management and leadership teams and providing access to green electricity to 50M people. Schneider Electric teamed with the Solar Impulse Foundation to form its own foundation, the Schneider Electric Foundation. Schneider Electric still faces risks regarding labor rights violations, as the company operates in more than 200 sites worldwide, including China and Mexico. As a member of the UN Global Compact and the Responsible Business Alliance (RBA), Schneider Electric has however committed itself to high standards regarding labor and human rights as well as environmental standards while requiring similar commitments from their suppliers.



SAP

Continuous and qualitative dialogue since 2010

SAP is in Cadmos European Engagement Fund since 2009 and we held since 2010 each year at least one engagement meeting (except in 2018) with the company. Engagement meetings with SAP were mostly open and constructive, in particular since 2012. In 2011, SAP's sustainability reporting was already innovative in comparison to peers as it allowed users to select their key topics of interest. SAP best covered topics were linked to anti-discrimination, anti-corruption and human rights. The ability to attract good people regardless of their gender and origins was a key factor in the success of an innovative company like SAP and a key argument for remaining invested.

We however raised several gaps and recommendations which were not immediately understood. It is important to note that in 2011, we were among the first asset manager to engage with SAP and they were not yet familiar with our approach. Despite being technology based, the SAP sustainability report was lacking key information such as quantitative long-term objectives on Key Performance Indicators. Moreover, it was difficult to interpret the ESG performances and achievements of the company in relation to its history or its peers. We also highlighted to SAP, that the human rights complicity issues in relation to their value chain and their suppliers could be improved. SAP made little mention of how its Supplier Code of Conduct actually worked in practice.

Since 2013, our cooperation with SAP is characterized by significant improvements over the years with enthusiastic company representatives, keen on improving on the suggested recommendations. Based on our previous recommendation, SAP provided a summary document on corporate social responsibility, independently audited and reviewed their key data, integrated the ESG reporting within the annual report, and started paying more attention to the influence the company has on its business partners. The following year, the company managed to successfully address the issue raised by the engagement team, concerning the fighting of human right abuse along its value chain. In addition, the company had made again significant progress in fighting corruption, by reporting in detail about the company's commitment and strategy, and how it was monitoring and reporting on its achievements.

Since 2014, SAP also managed to improve its environmental reporting. In the following years we started highlighting new gaps and recommendations linked to the materiality matrix or the lack of information regarding data security. SAP appointed a chief security officer in 2016 and our quality of reporting scores reached scores above 90%.

Starting in 2017, as the ESG risks seemed to be well in control with the exception maybe of the environmental issues, we started highlighting SAP that we were also interested to further engage on SAP's impact and externalities with dedicated experts on the various SDG's. In the same year PPT was approached by members of the innovative business solution team of SAP. Our long expertise in sustainable and impact finance was at first useful for discussing the viability of a dedicated new SDG-specific analytics dashboard. We met several times to first confirm the need of such tool for the business and the financial communities. We could not think of a better and more impactful idea for SAP to combine tangible social impacts to their business model. PPT followed-up several times with the team and organized various meetings with key SDG experts to contribute to a successful setup of this SAP initiative. One year later, SAP had already developed a first prototype related to SDG-4 and developed their partnerships with the UNDP and some key companies. We are in regular contact with SAP and can contribute in providing the expertise for specific SDG's, in matchmaking organizations and building coalitions which have a demand for a SDG dashboard and in continuing to advocate for global coordinated impact transparency.

SAP also launched various initiatives and digital learning programs to teach the relevant stakeholders the necessary skills for the 21st century, like digital skills, coding as well as fostering entrepreneurship. These various actions like the "Learning for Life" program involved a €22.8 million investment to train 34,000 teachers and 2.8 million young people over 94 countries. SAP is already partnering on interesting initiatives like the Waterwatch Cooperative aimed at helping smallholder farmers around the world to ward off the crop diseases and increase their yield using SAP Cloud Platform. SAP is also involved in several multi-stakeholders frameworks for the promotion of governance and transparency including the Action Platform on "Decent Work in Global Supply Chains" with the UNGC and the Value Balancing Alliance.

Since 2017, we have also engaged SAP together with the PeaceNexus Foundation on the topic of peace and stability. SAP ranked #24 in the Peacebuilding Business Index in 2020 with a rise of 16 ranks since 2019. Main reasons for this high position are: substantial reporting and media coverage on software solutions supporting inclusive hiring, responsible sourcing and anti-corruption, employee volunteering, youth and women employment, training to foster entrepreneurship and job creation, addressing gender-based violence, digital training. In the 2021 engagement cycle, we continued to focus on client due diligence policies and practices in fragile states. With the further sophistication of SAP software applications, particularly using AI solutions the risk of human rights violations will increase in particular if used by administrations of totalitarian states. PeaceNexus developed a proposal to further advance work on this, which is being considered by SAP.

From 2010 to 2021, we have recorded six instances when SAP showed improvements on the basis of our recommendations. Our integrated sustainability analysis proved correct and our convictions about the company are stronger than ever. SAP is a global company, which employs over 100k employees, contributing to social growth and economic stability in all the countries in which SAP operates.

Engagement Intensity by Key Material Sustainability Topic

Product Environmental Impact
Companies are expected to promote practices such as environmental responsibility, resource efficiency and pollution prevention across the full life cycle of their products and services.

Supplier Environmental Impact
Companies are expected to apply due diligence in their relationship with suppliers to prevent and mitigate negative environmental impacts and to engage with them to promote and foster positive environmental impacts.

Impact On Communities
Companies are expected to assess the rights and interests of communities, identify potential positive and negative impacts, avoid or mitigate negative impacts, foster positive impacts and establish engagement procedures.

Core Labor Standards Compliance
Companies are expected to exceed core labor standards (freedom of association, collective bargaining, forced or child labor, discrimination, health and safety, etc.) and not contribute to violations through their business relationships.

Business Integrity And Compliance
Companies are expected to maintain compliance and demonstrate their adherence to integrity, governance, and responsible business practices (bribery, money laundering, collusion, tax evasion, fraud, insider trading, etc).

Climate Change Impact
Companies are expected to cut GHG emissions in their own operations and value chains, foster low-carbon solutions, and mitigate and/or adapt to the impacts of climate change.

Product Social Impact
Companies are expected to exercise due care and foresight in their management of products and services to systematically prevent potential negative social impacts or foster positive impacts along the full life cycle.

Supplier Social Impact
Companies are expected to apply due diligence in their relationship with suppliers to prevent and mitigate negative social impacts and to engage with them to promote and foster positive social impacts.

Employee Loyalty and Skills
Companies are expected to foster a loyal and diverse workforce by acknowledging, understanding and proactively using differences among people to strike a balance that benefits the business.

> "Human rights do not appear as a single topic. Instead, particularly in the light of the UN Guiding Principles on Human Rights, they are considered overarching, and are integrated into all nine topics."

Companies from the Fund as of 31.12.2021 as well as companies that exited the Fund but were engaged by Cadmos.

Product Environmental Impact
ASML HOLDING
CAPGEMINI
EXPERIAN
GEBERIT
GIVAUDAN (New)
HEXAGON
INFINEON
LONZA (New)
PARTNERS GROUP
SGS
VESTAS WIND SYSTEMS
ANHEUSER-BUSH INBEV (Out)
EUROFINS SYSTEMES
KONINKLIJKE PHILIPS (Out)
LINDE
L'OREAL
LVMH
UNILEVER
ADIDAS
ATLAS COPCO
RECKITT BENCKISER GROUP
SIKA (New)

Climate Change Impact
LEGRAND
SCHNEIDER ELECTRIC

Supplier Environmental Impact
ANHEUSER-BUSH INBEV (Out)
DASSAULT SYSTEMES
DANONE
KERRY GROUP
NESTLE
COMPASS GROUP
LVMH
ADIDAS

Product Social Impact
EXPERIAN
HEXAGON
LONZA (New)
PARTNERS GROUP
ANHEUSER-BUSH INBEV (Out)
EUROFINS SYSTEMES
KONINKLIJKE PHILIPS (Out)
LINDE
L'OREAL
UNILEVER
RECKITT BENCKISER GROUP
ADYEN (New)
COLOPLAST
DASSAULT SYSTEMES
DEMANT
ROCHE HOLDING (Out)
SAP
STRAUMANN HOLDING
DANONE
KERRY GROUP
NESTLE
ASSA ABLOY
COMPASS GROUP
LEGRAND
SCHNEIDER ELECTRIC

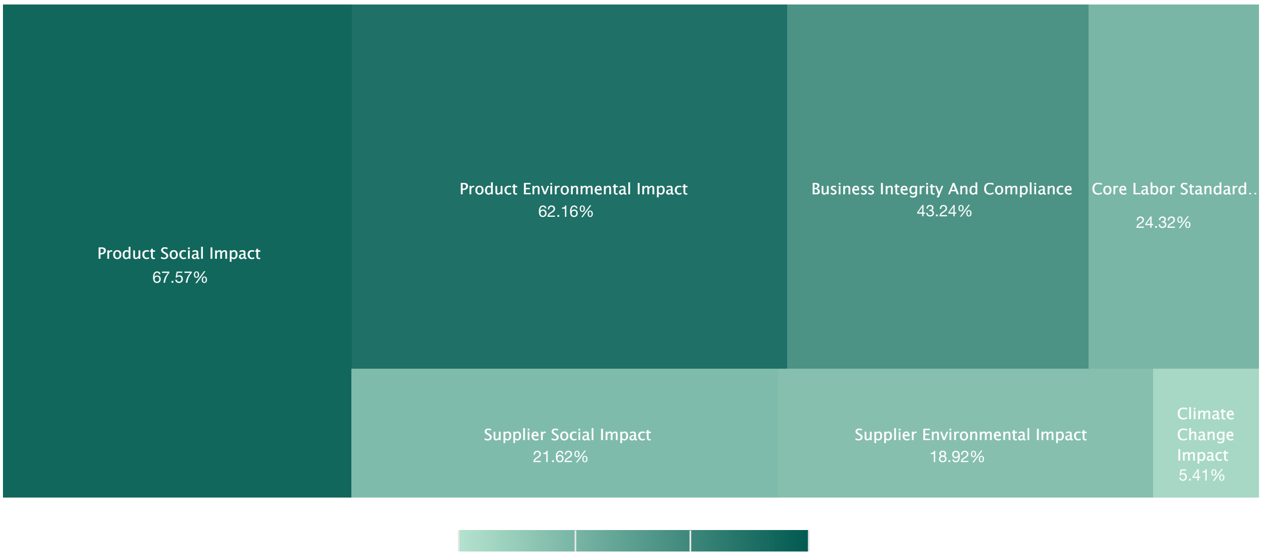
Supplier Social Impact
DANONE
KERRY GROUP
NESTLE
LVMH
L'OREAL
UNILEVER
GIVAUDAN (New)
INFINEON

Core Labor Standards Compliance
ADIDAS
ASSA ABLOY
ATLAS COPCO
COMPASS GROUP
RECKITT BENCKISER GROUP
SIKA (New)
VESTAS WIND SYSTEMS
LEGRAND
SCHNEIDER ELECTRIC

Employee loyalty and skills
ADYEN (New)
ASML HOLDING
CAPGEMINI
COLOPLAST
DASSAULT SYSTEMES
DEMANT
EXPERIAN
GEBERIT
GIVAUDAN (New)
HEXAGON
INFINEON
LONZA (New)
PARTNERS GROUP
ROCHE HOLDING (Out)
SAP
SGS
STRAUMANN HOLDING
VESTAS WIND SYSTEMS

Business Integrity And Compliance
ADYEN (New)
ASML HOLDING
ASSA ABLOY
ATLAS COPCO
CAPGEMINI
COLOPLAST
DEMANT
EUROFINS SYSTEMES
GEBERIT
KONINKLIJKE PHILIPS (Out)
LINDE
ROCHE HOLDING (Out)
SAP
SGS
SIKA (New)
STRAUMANN HOLDING

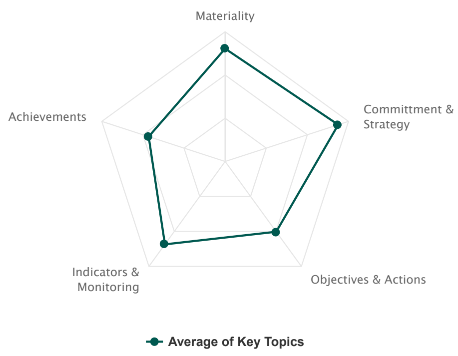
Key sustainability topics



Percentage of companies engaged on this topic.

We conduct a robust sustainability assessment of all portfolio companies

PREPAREDNESS ON THE KEY SUSTAINABILITY TOPICS

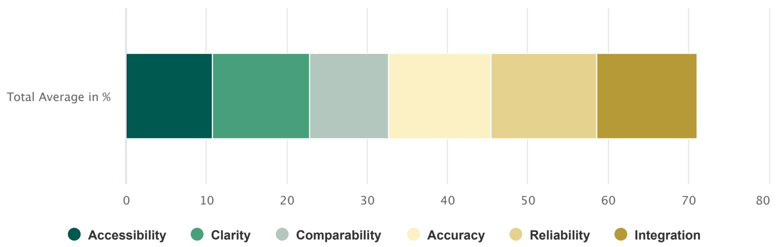


We assess and benchmark a company's preparedness to address its key material sustainability topics. Preparedness is assessed according to five criteria that draw heavily on the UN Guiding Principles.

The portfolio companies' average score for preparedness on key topics is 81%. A score of 100 % reflects absolute best practice by all the companies in the Fund in relation to their respective key topics, for all five indicators (Materiality, Commitment and strategy, Objective and Actions, Indicators and Monitoring, and Achievements).

Most companies are well positioned to manage their key material topics. The key gaps are found in the criteria "Objectives and Actions" and "Achievements". We often engage companies to set tangible short-term and long-term objectives, to develop a comprehensive set of actions and to report on positive and negative achievements.

QUALITY OF REPORTING

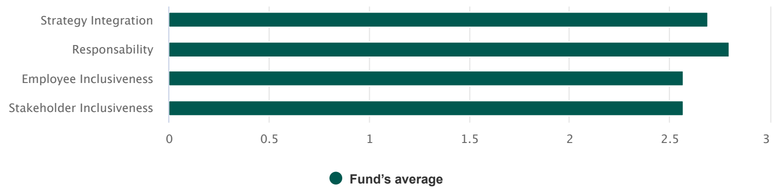


The assessment of reporting quality comprises six criteria: accessibility, clarity, comparability, accuracy, reliability and integration, to determine how well the company's publications address the most material topics.

The portfolio companies' average score for quality of reporting is 76%. A score of 100 % reflects absolute best practice by all the companies that we assessed, for all six indicators.

We invest in companies that are among the best at communicating about their ESG challenges and opportunities. ESG communication is however becoming increasingly complex and we often help the companies to streamline their communication and in particular regarding clarity, objectivity, balance, comparability and to better link ESG impacts to the bottom line, top line or risks.

SUSTAINABILITY ORGANISATION

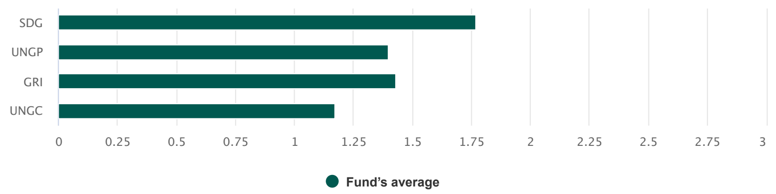


We also assess each company's sustainability organization and governance. Four criteria measure the extent to which sustainability is integrated into the company's organisation and governance.

The portfolio companies' average score for quality of sustainability organization is 2.75 from a maximum of 3, i.e. 92%. A score of 100% would reflect absolute best practice by all the companies that we assessed, for all four indicators (Strategy Integration, Responsibility, Employee Inclusiveness and Stakeholder Inclusiveness).

Most portfolio companies have already well integrated sustainability within their governance structure. The most frequent weaknesses we tend to engage on are linked to the insufficient involvement and engagement with either the employees or the stakeholders.

SUSTAINABILITY FRAMEWORKS



We also assess quantitatively how closely companies adhere to the principal reporting or impact frameworks, such as the UN Guiding Principles, the UN Global Compact, the Global Reporting Initiative and the Sustainable Development Goals.

The portfolio companies' average score for sustainability frameworks is 1.64 from a maximum of 3, i.e. 55%. A score of 100% would reflect absolute best practice by all the companies that we assessed, for all four frameworks.

We engage companies to better integrate the SDGs into their business model. Without surprise, we measured progress on how companies are reporting on the SDGs since 2018. From 2018 to 2021, the score improved from 40% to 55%.

Examples of gaps and recommendations

Unilever

Gaps and recommendations regarding Product Environmental Impact, Product Social Impact, Supplier Social Impact and Quality of Reporting. These are 3 of the 7 gaps and recommendations formulated during our 2021 engagement meeting.

Gap 1

Sustainability information and data is selectively being audited.

Recommendation 1

Either all data is being audited by an independent third party or an external stakeholder panel or expert advisory board is reviewing the non-financial disclosure of Unilever.

Gap 2

Some of the published targets related to product environmental impact and product social impact are “expired” and not any further valid or relevant. In some cases, only short-term objectives are disclosed and therefore the strategic ambition is missing.

Recommendation 2

Unilever should assure that objectives are regularly reviewed and – where required – updated. Further, it should consider formulating long-term goals which would be useful for strategic stakeholders to understand company’s ambition.

Gap 3

It is shown where the strongest connections are, where Unilever is making the biggest contributions. However, the alignment between own targets and the relevant SDGs remains at a relatively general level.

Recommendation 3

Where applicable and useful, the alignment of Unilever’s sustainability targets could be further specified by referring to SDGs underlying sub-targets.

Infineon

Gaps and recommendations regarding Product Environmental Impact, Employee Loyalty and Skills and Supplier Social Impact. These are 3 of the 5 gaps and recommendations formulated during our 2021 engagement meeting.

Gap 1

The company has set targets related to the overall emissions of its own operations as well as waste and water targets for the manufactured wafers. However, emissions at product level are not addressed.

Recommendation 1

Infineon should consider setting emission reduction targets at product level to foster innovation and R&D also on less polluting alternatives to other greenhouse gases (SOx NOx VOC) that are included in their manufacturing.

Gap 2

Considering the geographical span of its production facilities, Infineon provides no insights on the topic of living wages.

Recommendation 2

Infineon should disclose its approach to living wages and fair wages for its own workforce, including temporary workers, as well as in its supply chain.

Gap 3

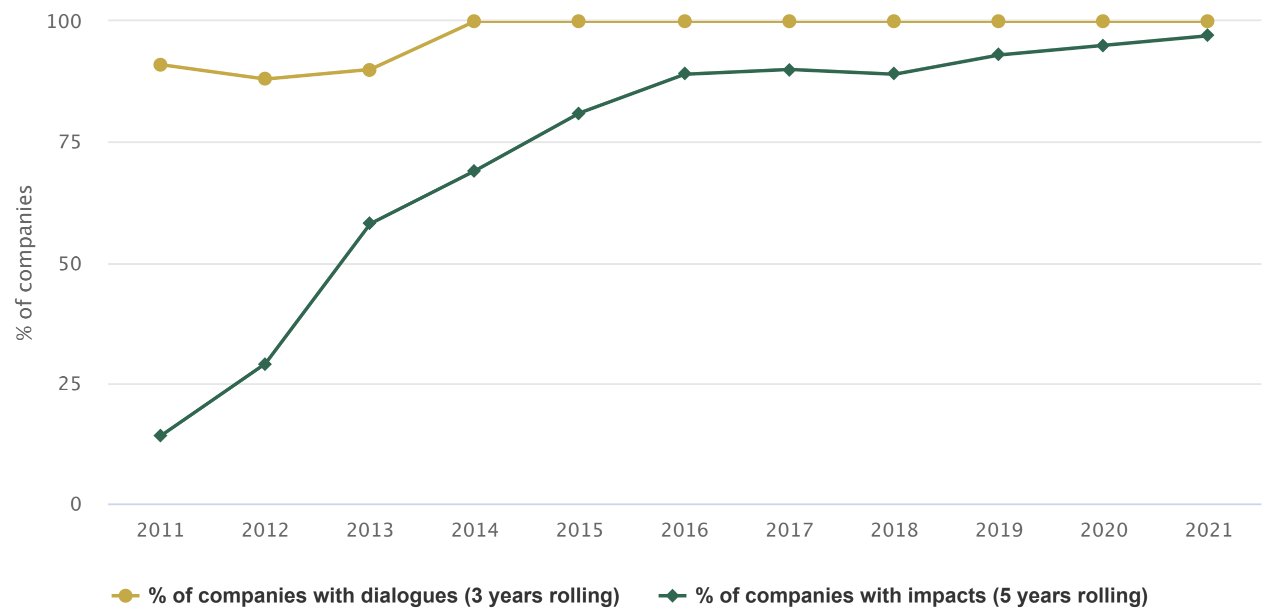
In its disclosures, Infineon shows limited linkage between business strategy and sustainability strategy.

Recommendation 3

Infineon should consider adopting the integrated thinking of the IIRC Framework to better frame its strategy and description of business model and value creation approach.

We actively help companies progress on the strategic integration of their key sustainability topics

Engagement achievements – Strategic Integration of Sustainability



At the end of 2021, we had an open dialogue with 37 or 100% of the engaged portfolio companies. 30 companies or 97% of long-term holdings improved on weak points raised previously and implemented our recommendations linked to the strategic integration of sustainability into their business models.

In 2021, we further increased our outreach and capacity to generate impact at European companies from 93% to 97% of all the portfolio companies we hold since at least 5 years.

Our recommendations are formulated on identified gaps, which become visible through our systematic yearly assessments. Together with our external experts, we assess key material topics for each company according to their core business activities. For the Cadmos European Engagement Fund, three key topics stand out as the most financially material to the universe of companies in the Fund: which are “Product Social Impact”, “Product Environmental Impact” and “Business Integrity and Compliance”.

Our engagement targets for the Cadmos European Engagement Fund are ambitious. The first target is to create a dialogue with each company we engage within three years. We have reached and maintained this objective since more than ten years.

Moreover, to provide a transparent measure of the impact of our engagement with the companies, we measure the engagement level of each company, in order to evaluate our engagement progress. Only when a company reaches level 5 (engagement for the strategic integration of sustainability into the business model – level), signifying that it has acted on one of our recommendations regarding the strategic integration of sustainability, we consider that we have made the desired impact as responsible shareholders. For the Cadmos European Engagement Fund we aim to generate positive impacts within five years at a majority of our portfolio. We have reached this ultimate target in 2013 and maintained it ever since, having in 2021 created a real impact for 97% of companies in the Fund’s long-term holdings. During the period under review, 21 companies acted on our recommendations and improved on at least one weak point raised the year before.

The Cadmos engagement impacts stand-out as they are the results of multiple engagement meetings spreading over multiple years. We want to embed sustainability in the strategic and operational decisions of our portfolio companies. We want to further accelerate the sustainability transition of the companies we invest in and are not looking for a flash in the pan. The more detailed descriptions of our engagement meetings with SAP and Schneider Electric within this report do attest of our long-term oriented impact philosophy. Please also refer to our previous reports highlighting our multi-year engagement impacts at Roche, Nestlé, Standard Chartered, SAP, Straumann or ASML.

In 2021, for instance we noted significant progress from Infineon. They are expanding their environmental focus to the supply chain and setting up compliance related measures to the topic of human rights. In line with one of our recommendations, this year they have disclosed information on their methodology related to the calculation of CO2 savings in the final products, where their technology is used. Infineon is also still working on some other topics raised (e.g., fair wages and sustainability linked variable compensation).

Regarding ASML, the company's management of ESG aspects and its reporting has further improved on an already very advanced level. Last year's recommendation to formulate more specific long-term objectives as well as related achievements for the dimension of product environmental impact was taken up. Both dimensions (objectives and achievements) have become more substantial in the 2020 reporting year.

Finally, the Compass Group has made considerable progress with regard to the comparability of data. In the 2020 reporting year, most data is comparable over 3 years for the first time. In addition, the Group has adjusted its bonus system. The Group hat reinforced the importance of our HSE culture as a core pillar of our strategy with Mr Green's bonus now including a separate HSE element weighted at 10% of the overall bonus; the weighting for the other executive directors increasing from 5% to 10% of the overall bonus.

All the other 8 successful engagement stories can be consulted in our summary table below.

Altogether, since the launch of the Fund in 2006, we have recorded 159 instances of companies' positive engagement based on their improvement upon a specific point in response to the suggestions provided by Cadmos. Detailed assessments and engagement feed-backs on all companies are provided within our Integrated Performance Reports (IPR's), available to all Cadmos investors on request. A sample IPR is available within this report.

Our SDG engagement is leading to tangible impacts

Level of Engagement for tangible SDG Impacts – SDG 17

We selected 27 portfolio companies to engage on tangible SDG impact. All of them expressed interest in identifying together with our social impact partners, how they can best progress on the SDG journey. We are already developing a partnership with 6 companies (Nestlé, Roche, SAP, L'Oréal, SGS and Standard Chartered) to create additional social impact and make the SDG's a source of business value.

6	**SDG Impact Partnership in development** **Level 4**
14	**In-depth SDG Impact partnership assessment conducted** **Level 3**
22	**Participated to follow-up meetings dedicated to the SDGs** **Level 2**
27	**Expressed interest for a SDG dedicated follow-up meeting** **Level 1**

We encourage all portfolio companies to create superior value by embedding the SDG's in their business models; social, environmental and business value. Creating real value from the SDGs take deep commitments that only few companies have truly achieved. Together with our social impact partners, we developed a healthy pipeline of 22 interested companies (83% of the engaged companies) which we met one or several times to discuss issues around the SDGs. These are the companies with an engagement level on SDG 17 for tangible SDG Impacts of 2 and above. This high number illustrates the interest companies have in making the Goals a driver of growth and embed the SDGs into their business, making them a key driver of decision-making and an integral part of strategy and operations.

Since 2017, we engage with SGS's management on the importance of the SDG's and how social impacts through partnerships (SDG 17) in particular can contribute to the quality of the company's business model. In early 2017, the did set up a pilot training program for unemployed youth in South Africa through its SGS Academy business line. Half of the trainees were employed in other companies after 6 months. In 2018, we followed-up with SGS in order to scale this first pilot project. We initiated a meeting with the Swiss Development Cooperation and SGS to present the project, potentially to join forces and discuss on how to structure a build-up. Other meetings were held with SGS in 2019 and 2020 on how to scale up this powerful project to reach a significant social and economic impact. In 2021, the company signed-up to the workshop we organised together with the Swiss development agency in relation to blended finance instruments for initiatives supporting the SDGs. We are currently following-up with SGS on a potentially new vocational training project.

Since 2017, we engage with L'Oréal's management on the importance of the SDG's and how social impacts through partnerships (SDG 17) in particular can contribute to the quality of the company's business model. Members of KiKLab are engaged with the Fondation L'Oréal, supporting the research and advocacy of the For Women in Science initiative. They supported the release of a major survey of FWIS alumnae in early 2020. In this engagement, we also focused on joint efforts to advance business contribution to SDG 16, among others, via the UN Global Compact Action Platform on SDG 16, as well as their challenges related to their due diligence of distributors in fragile states. Our discussions in the 2021 engagement cycle with L'Oréal focused on distributor oversight in fragile states and setting ambitious, quantifiable social targets.

Since 2017, we engage with Nestlé's management on the importance of the SDG's and how social impacts through partnerships (SDG 17) in particular can contribute to the quality of the company's business model. Nestlé seemed particularly interested in the mechanisms to finance various positive externalities linked to some ongoing projects. Several meetings were held with the Earthworm Foundation on the topic of regenerative agriculture and with the Peacenexus Foundation on conflict-sensitive human rights impact assessment and responsible sourcing from conflict-affected countries. Nespresso already highlighted their contribution to peace at the launch event of the Peace Investment Fund in November 2018. Nestlé and PeaceNexus joined forces to advance the United Nations Global Compact Action Platform to increase company contribution to achieve SDG 16. In 2020 PeaceNexus continues its collaboration with Nestle in the UN Global Compact Action Platform on SDG 16 and co-hosted a Swiss country consultation that will inform the outcome document of this action plan. A PeaceNexus-Nespresso partnership on conflict-sensitive coffee sourcing is ongoing.

Insights on the SDG engagement activities for the other 3 companies which are at level 4 (SAP, Roche and Straumann) can be consulted in our summary table below.

Anheurser-Bush Inbev, Axa, Capgemini, Compass Group, Givaudan, Koninklijke Philips, L'Oréal, Nestlé, Reckitt Benckiser, Roche, SAP, Schneider Electric, SGS and Straumann are the 14 companies with an engagement level for tangible SDG Impacts of 3 or more. With all these companies, we have either defined a clear impact target linked to specific SDG's or are fine-tuning our in-depth assessment to identify a specific topic or geographical area of focus. Our experts assess publicly available information and sometimes conducted additional interviews. We produced and presented to all these companies our assessment and our first areas of interest. Further follow-ups with our social impact network of experts may result in tangible and additional SDG impacts with these companies.

Only Hexagon did not wish to follow-up with us on the SDG topics at this stage, as it is not a top priority for the company at this stage.

We measure the level of impact of our engagement

Summary Table

Portfolio as at 31.12.2021	Type of Meeting*	Dialogue within 5Y*	Impact within 5Y*	SDG 17** Type of Meeting	SDG 17** Level
ADIDAS	Conference call	Yes (2021)	Yes (2021)	Conference Call	2
ADYEN (New)	Conference call	Yes (2021)	In progress	New	New
ANHEUSER-BUSH INBEV (Out)	Conference call	Yes (2021)	Yes (2021)	Conference Call	3
ASML HOLDING	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
ASSA ABLOY	Conference call	Yes (2021)	Yes (2021)	Conference Call	1
ATLAS COPCO	Conference call	Yes (2021)	Yes (2021)	Conference Call	1
AXA SA (Out)	Exit	Exit	Exit	Conference Call	3
CAPGEMINI	Conference call	Yes (2021)	Yes (2021)	Conference Call	3
CHRISTIAN HANSEN (Out)	Exit	Exit	Exit	Exit	Exit
COLOPLAST	Conference call	Yes (2021)	Yes (2018)	Conference Call	2
COMPASS GROUP	Conference call	Yes (2021)	Yes (2021)	Conference Call	3
DANONE	Conference call	Yes (2021)	Yes (2019)	On-Site Meeting	2
DASSAULT SYSTEMES	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
DEMANT	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
ESSILOR-LUXOTTICA (New)	New	New	New	New	New
EUROFINS SYSTEMES	Conference call	Yes (2021)	In progress	Not Selected	N/R
EXPERIAN	Conference call	Yes (2021)	In progress	Not Selected	N/R
GEBERIT	Conference call	Yes (2021)	Yes (2019)	Not Selected	N/R
GIVAUDAN (New)	Conference call	Yes (2021)	In progress	In Person Meeting	3
HERMES (New)	New	New	New	New	New
HEXAGON	Conference call	Yes (2021)	Yes (2021)	Conference Call	1
INFINEON	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
KERRY GROUP	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
KONINKLIJKE PHILIPS (Out)	Conference call	Yes (2021)	In progress	Conference Call	4
LEGRAND	Conference call	Yes (2021)	Yes (2021)	Conference Call	2
LINDE	Conference call	Yes (2021)	No impact	Conference Call	1
LONZA (New)	Conference call	Yes (2021)	In progress	Conference Call	1
L'OREAL	Conference call	Yes (2021)	Yes (2021)	On-Site Meeting	4
LVMH	Conference call	Yes (2021)	Yes (2020)	Conference Call	2
NESTLE	Conference call	Yes (2021)	Yes (2018)	On-Site Meeting	4
NOVOZYMES	N/R	Yes (2020)	Yes (2020)	Not Selected	N/R
ORSTED (New)	New	New	New	New	New
PARTNERS GROUP	Conference call	Yes (2021)	Yes (2021)	Not Selected	N/R
RECKITT BENCKISER GROUP	Conference call	Yes (2021)	Yes (2021)	Conference Call	3
ROCHE HOLDING (Out)	Conference call	Yes (2021)	Yes (2017)	On-Site Meeting	3
SAP	Conference call	Yes (2021)	Yes (2021)	Conference Call	4
SCHNEIDER ELECTRIC	Conference call	Yes (2021)	Yes (2018)	Conference Call	3
SGS	Conference call	Yes (2021)	Yes (2018)	On-Site Meeting	4
SIKA (New)	Conference call	Yes (2021)	Yes (2021)	Conference Call	2
STRAUMANN HOLDING	Conference call	Yes (2021)	Yes (2021)	On-Site Meeting	4
UNILEVER	Conference call	Yes (2021)	Yes (2021)	Conference Call	2
VESTAS WIND SYSTEMS	Conference call	Yes (2021)	Yes (2021)	Conference Call	2

* Engagement for the Strategic Integration of Sustainability into the Business Model

** ENGAGEMENT LEVEL FOR TANGIBLE SDG IMPACTS — SDG 17 SOCIAL IMPACT PARTNERSHIPS

Level 5 Implementation of tangible SDG impact partnership
Level 4 SDG Impact Partnership in development
Level 3 In-depth SDG Impact partnership assessment conducted
Level 2 Participated to follow-up meetings dedicated to the SDGs
Level 1 Expressed interest for a SDG dedicated follow-up meeting
Level 0 No meeting or no interest to follow-up on SDG impacts

The full detail of any portfolio company is available on cadmos.ppt.ch

Integrated Performance Report Sample (2021)

Partners Group

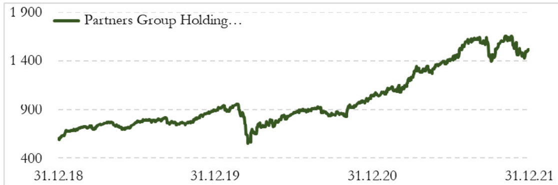
Partners Group

Integrated Performance Report
2021

Active Portfolio Management

Sector:	Financial Services
Industry:	Capital Markets
Country:	Switzerland
ISIN:	CH0024608827

Performance
1Y: 48.60%
3Y: 176.40%
5Y: 262.80%

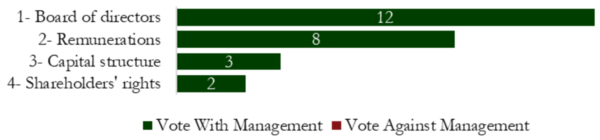


Partners Group is a globally active financial holding company engaged in the private markets, including private equity, private debt, private real estate and private infrastructure, using a range of investment instruments: primary, secondary and direct investments. The group manages a range of funds, structured products and customized portfolios for an international clientele of institutional investors, private banks and distribution partners. Partners Group increased its AUM regularly well diversified across regions and client types. This development translates into significant future performance fees potential. Management fees remains the main source of revenues and performance fees should represent between 20-30% of total revenues.

Active Stewardship & Voting

2021: 25 votes total, 0 opposing

Cadmos approved or voted with management on all items presented for vote to shareholders in 2021. All items were approved by shareholders with a large majority.



Active Engagement & Impact

Notes on last engagement

Sustainability integration was further enhanced by the creation of the position of Chairman of Sustainability, held by the former Co-CEO, who has now participated in an engagement meeting for the 3rd year in a row. The recommendations made earlier, namely to systematically show in the Sustainability Report the methods used to collect and evaluate data, were now implemented. Likewise, on the advice of the Engagement Team PG has had the 2020 Report verified by an independent third party. With regard to the two material topics Product Environmental and Social Impact, PG has both formulated the strategy more explicitly and communicates in a balanced way about goal attainments and also non-achievements.

Level of engagement

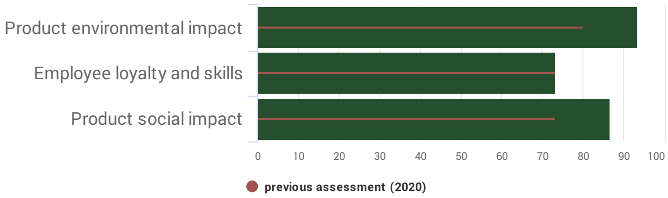
8th engagement cycle and 8th discussion round.
Type of meeting: Conference call.

5	**Shows improvements on recommedations**
4	Acknowledges recommendations
3	Accepts the principle of regular dialog
2	Agrees to discuss assessment results
1	Acknowledges receipt of assessment
0	No meeting conducted

Preparedness on key topics

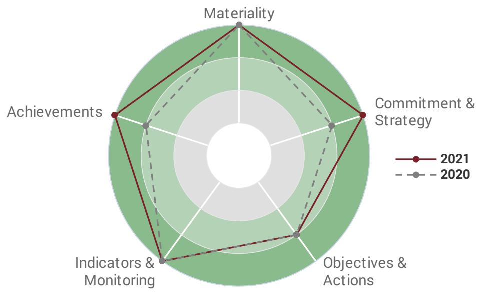
Sustainability focus

As a global private markets investment manager with more than 1'400 employees, Partners Group's main sustainability topics are related to climate change and its social impact considering its substantial investments in private equity, real estates and infrastructure. Taking into account aspects such as energy efficiency, GHG emissions, biodiversity as well as preventing harmful products and assuring data privacy & information security in investment decisions and asset management are increasingly relevant. Due to its field of operations, maintaining and strengthening employee loyalty and skills.



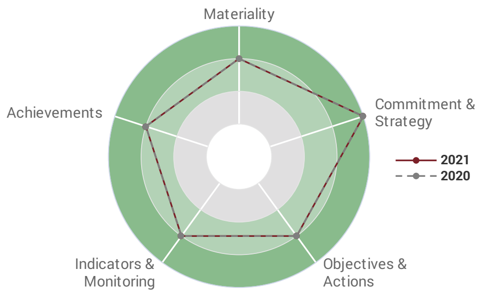
Product environmental impact

PG's reporting on product environmental impact, covering ESG integration, GHG emissions and biodiversity, is very advanced and its relevance is reasonably explained. Commitments are outlined in specific policies e.g. Responsible Investment Policy, the updated ESG & Sustainability Directive and the new Climate Change Strategy. PG works towards improving its footprint by defining some objectives and taking corresponding actions. It provides a detailed description of monitoring, e.g. through PRIMERA Insight, PG's AI based news screening tool. Positive and negative achievements are disclosed.



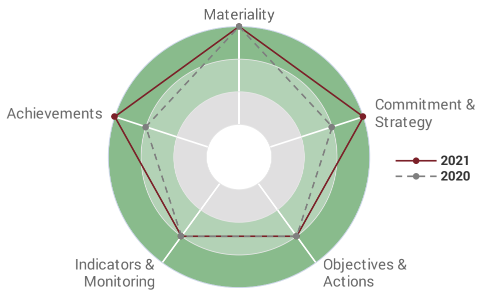
Employee loyalty and skills

PG's reporting on employee loyalty and skills is at an advanced level. The respective specific aspects are part of company's materiality assessment. PG convinces with a clear approach, well-designed practices, and a consistent governance structure aimed at managing employee development and diversity in a systematic and transparent way. Related commitments are anchored in strategy documents such as the PG Charter and Code of Conduct. Actions, monitoring mechanisms are well described. Information on objectives and indicators are rather limited. Finally, a few positive achievements are disclosed.



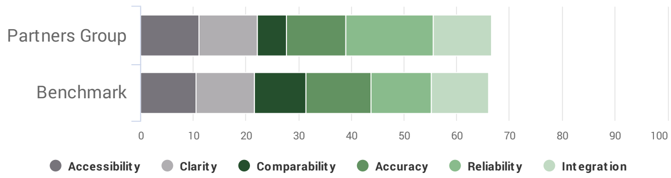
Product social impact

PG's preparedness to manage its product social impact (PSI), comprising integration of social criteria in the investment process as well as assuring data privacy & information security, has improved. Its own materiality assessment addresses Cadmos' identified sector specific aspects from a risk and opportunity perspective. Although the management approach and specific measures are comprehensively explained related tangible and measurable objectives are not disclosed. Monitoring processes are integrated, e.g. via data privacy review process, and improvements and deteriorations are reported.



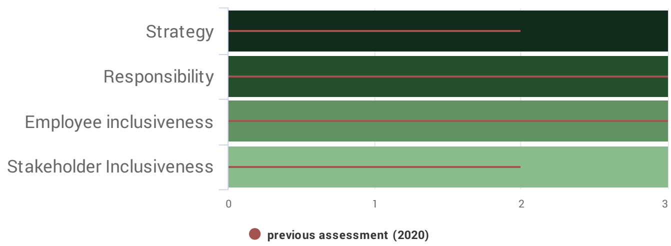
Quality of reporting

PG's quality of reporting has significantly improved. Accessibility of information is good and the provided GRI and SASB indexes provide good guidance. All four clarity requirements - objectivity, completeness, balance and understandability - are met again. However, comparability of annual performance remains at a basic level. Data management and applied methodologies are now well explained and sustainability information is externally verified. Finally, financial and sustainability information are interlinked within PG's reporting.



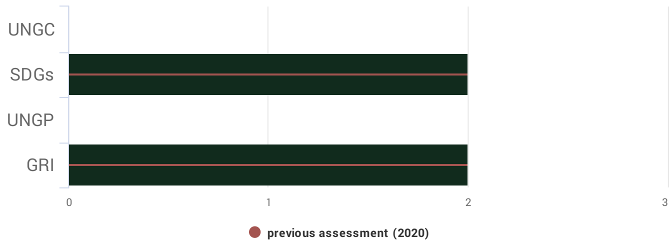
Sustainability organization

At Partners Group, sustainability is an integral part of the business model. The supervision for ESG integration lies with the most senior levels of organization, the Investment Oversight Committee of the BoD. The company involves its employees to develop a responsible and sustainable business culture via employee survey, volunteering programs, sustainability related training and compensation linked to company's sustainability goals. Finally, stakeholder inclusiveness is advanced and implemented via regular stakeholder dialogs. PG has also formal partnerships with various stakeholders aimed at jointly implementing sustainability related projects. In 2020, Partners Group became also a supporter of TCFD.



Reference to sustainability frameworks

UNGC: In 2006, Partners Group implemented the UN Global Compact guidelines into its investment processes for all assets; however PG is not a signatory to the UN Global Compact.
SDG: Encouraging sourcing of assets that support the achievement of the UN SDGs is one of the investing pillars of Partners Group. Company also reports impact investing case studies and how they contribute to specific SDGs.
UNGP: Partners Group does not refer to the UN Guiding Principles in its sustainability reporting. Human Rights are not mentioned in CSR Report at all.
GRI: Partners Group's report has been prepared in accordance with the GRI Standards: Core option.



Gaps and Recommendations

Gap 1: PG is committed to the Paris Agreement and announces in its Climate Strategy (2021) towards achieving net-zero emissions for its Scope 1, Scope 2 and key Scope 3 GHG emissions by switching to renewable energy for its offices where available, implementing energy reduction measures and by using carbon offsetting as a last resort. But the company does not disclose time-bound measurable short- or long-term targets except one output/process related objective.
Recommendation 1: For reducing the GHG and generally ecological footprint of its own operations, PG should be in a position as a service company to formulate tangible short-term as well as long-term outcome or even impact related objectives.

Gap 2: PG publishes some aggregated ESG performance figures of its direct investment portfolio such as on energy and water consumption, produced waste and CO2 emissions and created jobs. However, it is hardly possible to appraise the degree of the achievements because baseline data are not provided.
Recommendation 2: Instead of converting the impact achievements in tangible equivalents such as liters of gasoline (in the case of e.g. reduced energy consumption) it is suggested to disclose in future related baseline figures including information on the applied monitoring and calculation methodology which would help to strengthen credibility of PG's disclosure.

Gap 3: Most of the disclosed Goals related to the three analysed material topics are neither time-bound nor measurable and in some cases only of short-term nature.
Recommendation 3: PG is collecting from its portfolio company regularly (at least annually) quantitative ESG data comprising - among others - KPIs for GHG emissions, water usage, health & safety, and non-compliance incidents. Therefore, it could be possible to formulate realistic and meaningful measurable targets at least at portfolio level aimed at improving the positive ESG impacts of its holdings (or reducing the negative footprint).

Gap 4: PG is disclosing for the 2nd year the ESG dashboards for three of its four asset classes (private equity, private real estates and private infrastructure) accounting 77% of its AuM of total CHF 98 bn. Where possible, relative improvements or deteriorations related to a set of material sustainability target KPIs are disclosed at a (anonymized) company or asset level, combined with absolute performance figures. Though the company is obviously keen to be transparent it is rather difficult to derive useful conclusions from these dashboards.
Recommendation 4: It would be useful to provide in future some aggregated interpretations of the dashboard analysis in particular to get a better understanding on portfolio companies'/assets' abilities, achievements and challenges to improve their ESG impacts.

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