

PRI Reporting Framework

PRIVATE EQUITY

2021

WHO DOES THIS MODULE APPLY TO?

The private equity module is designed for general partners (GPs) or limited partners (LPs) who act as direct investors or co-investors in portfolio companies.

Private equity investments made by selecting a GP or through a fund-of-funds should be reported in the external manager selection, appointment and monitoring (SAM) module.

This module seeks information at the organisational level and for private equity investments in aggregate; reporting should be done for all private equity AUM and not focus on one fund or product.

It is mandatory to complete this module for signatories who have **either 10% of their AUM, or US\$10bn or more**, directly invested in private equity in the reporting year.

MODULE HIGHLIGHTS:

- A focus on capturing how an organisation's responsible investment policy covers ESG factors for its private equity investments, with more specific answer options.
- Specific questions on the depth of a signatory's due diligence process and the identification of material ESG factors for each investment during the pre-investment phase.
- More focused questions on:
 - how ESG factors are considered when monitoring the primary ESG KPIs for each portfolio company; and
 - how the management of ESG factors is used to create value during the investment holding period, indicating the proportion of private equity investments for which these activities apply.
- An indicator on ESG-related information shared during the exit process to potential buyers of private equity investments.
- 'Plus' questions to outline best practice or innovative examples for ESG incorporation in the monitoring of private equity investments.

More information on **how to incorporate ESG in private equity**, including practical guides, tools and case studies, can be found on the PRI's dedicated [private equity](#) webpage.

The module's explanatory notes will provide additional guidance and resources at an indicator level.

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RESULTS OF THE REPORTING FRAMEWORK REVIEW

SIMPLER AND MORE CONSISTENT

- There are fewer indicators and sub-indicators than in previous years.
- We removed indicators that were largely descriptive, more relevant on a firm level and/or geared towards what signatories are doing rather than how.
- The private market modules (real estate, infrastructure and private equity) are more aligned, where applicable.

EVOLVED AND MORE CHALLENGING

- The module is still process oriented but has a specific focus on how robust ESG incorporation processes are, by measuring the degree to which signatories have incorporated ESG into investment analysis and decision making.
- Signatories will be required to indicate the depth of activities for some indicators or the AUM coverage for a practice (this has been detailed in the below module overview).
- More indicators in this module will be assessed compared to previous years.

54%
decrease
in number of
indicators

compared to 2020

13 CORE

5 PLUS

MODULE OVERVIEW

The private equity module consists of the following¹ sections and sub-sections:



PLUS 'Plus' indicators included in this sub-section.

¹ While every effort has been made to ensure this overview is a true reflection of the Reporting Framework, elements such as the number of indicators per section or sub-section are subject to change.