RI TRANSPARENCY REPORT
2019
Polaris Capital Group Co., Ltd.
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 reporting period specified above. 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.

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.

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OO 01 Mandatory Gateway/Peering General

OO 01.1 Select the services and funds you offer

<table>
<thead>
<tr>
<th>Select the services and funds you offer</th>
<th>% of asset under management (AUM) in ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund management</td>
<td>☑ 0%</td>
</tr>
<tr>
<td></td>
<td>☐ &lt;10%</td>
</tr>
<tr>
<td></td>
<td>☐ 10-50%</td>
</tr>
<tr>
<td></td>
<td>☑ &gt;50%</td>
</tr>
<tr>
<td>Fund of funds, manager of managers, sub-advised products</td>
<td>☑ 0%</td>
</tr>
<tr>
<td></td>
<td>☐ &lt;10%</td>
</tr>
<tr>
<td></td>
<td>☐ 10-50%</td>
</tr>
<tr>
<td></td>
<td>☐ &gt;50%</td>
</tr>
<tr>
<td>Other</td>
<td>☑ 0%</td>
</tr>
<tr>
<td></td>
<td>☐ &lt;10%</td>
</tr>
<tr>
<td></td>
<td>☐ 10-50%</td>
</tr>
<tr>
<td></td>
<td>☐ &gt;50%</td>
</tr>
<tr>
<td>Total 100%</td>
<td></td>
</tr>
</tbody>
</table>

OO 01.2 Additional information. [Optional]

Polaris Capital Group Co., Ltd. (“Polaris”), is a leading Japanese buyout firm focused on investments in Japanese mid-cap companies. Our typically approach is to take controlling positions which reduce risks and allows further value creation. Enterprise value of investments is typically in the range of USD100m to USD500m.

Investment targets are corporate carve-outs from large-cap companies and companies considering private equity investments in their succession strategy. This approach allows Polaris to work towards its mission of contributing to Japanese society through assisting Japanese companies to advance into the global market with their unique technologies and brands.

Polaris believes that companies with high environmental, social and governance standards (“ESG”) are typically better run, have fewer business risks and ultimately deliver better value. We adopt an integrated approach to ESG, customised for each investment with the objective of mitigating risk and enhancing exit premiums.

OO 02 Mandatory Peering General

OO 02.1 Select the location of your organisation’s headquarters.

Japan

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).

40

OO 02.4 Additional information. [Optional]

The head office is located in Japan with a 100% owned subsidiary, Polaris CG Singapore Pte Ltd., located in Singapore.

OO 03 Mandatory 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 Gateway/Peering General

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

<table>
<thead>
<tr>
<th>Total AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>46,000,000,000 JPY</td>
</tr>
<tr>
<td>404,963,676 USD</td>
</tr>
</tbody>
</table>

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.
OO 05 | Mandatory to Report, Voluntary to Disclose | Gateway | General
---|---|---|---
**OO 05.1** | Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies: | | |
| | Internally managed (%) | Externally managed (%) | |
| Listed equity | 0 | 0 |
| Fixed income | 0 | 0 |
| Private equity | 100 | 0 |
| Property | 0 | 0 |
| Infrastructure | 0 | 0 |
| Commodities | 0 | 0 |
| Hedge funds | 0 | 0 |
| Fund of hedge funds | 0 | 0 |
| Forestry | 0 | 0 |
| Farmland | 0 | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 0 | 0 |
| Money market instruments | 0 | 0 |
| Other (1), specify | 0 | 0 |
| Other (2), specify | 0 | 0 |

OO 06 | Mandatory | Descriptive | General
---|---|---|---
**OO 06.1** | Select how you would like to disclose your asset class mix. | | |
| ✓ as percentage breakdown | | |
| ○ as broad ranges | | |

OO 06.5 | Indicate whether your organisation uses fiduciary managers. | | |
| ○ Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets. | | |
| ✓ No, we do not use fiduciary managers. | | |

OO 09 | Mandatory | Peering | General
---|---|---|---
**OO 09.1** | Indicate the breakdown of your organisation’s AUM by market. | | |
| 100 | | |
| | Developed Markets | 0 |
| | Emerging Markets | 0 |
| | Frontier Markets | 0 |
| | Other Markets | 0 |

**OO 09.2** | Additional information. [Optional] | | |
| 100% of investments are in Japan. | | |

OO 11 | Mandatory | 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 | |
We address ESG incorporation.

We do not do ESG incorporation.

**OO 12**

**Mandatory**

**Gateway**

**General**

**OO 12.1** Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

### Core modules
- Organisational Overview
- Strategy and Governance

### RI implementation directly or via service providers
- Direct - Other asset classes with dedicated modules
  - **Private Equity**

### Closing module
- **Closing module**

**OO PE 01**

**Mandatory**

**Descriptive**

**General**

**OO PE 01.1** Provide a breakdown of your organisation’s internally managed private equity investments by investment strategy.

<table>
<thead>
<tr>
<th>Investment strategy</th>
<th>Percentage of your internally managed private equity holdings (in terms of AUM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture capital</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Growth capital</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>(Leveraged) buy-out</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Distressed/Turnaround/Special Situations</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Secondaries</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Other investment strategy, specify (1)</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Other investment strategy, specify (2)</td>
<td>[ ] &gt;50% [ ] 10-50% [ ] &lt;10% [ ] 0%</td>
</tr>
<tr>
<td>Total 100%</td>
<td></td>
</tr>
</tbody>
</table>

**OO PE 01.2** Additional information [Optional]
Polaris investment strategy targets Japanese mid-cap companies which are carve-outs from large-cap companies or where private equity is considered in succession strategies, typically with a controlling position taken.

Investments are primarily in companies in the following sectors:

1. Manufacturing and Medical related with technologies or patents in demand in the global market place
2. Consumer Goods/Retail/Restaurant/IT/Services/Logistics with strong brands or unique business models which have potential for expansion in Asian markets
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.

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy setting out your overall approach</td>
<td>✔ Applicable policies cover all AUM</td>
</tr>
<tr>
<td>Formalised guidelines on environmental factors</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on social factors</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on corporate governance factors</td>
<td></td>
</tr>
<tr>
<td>Fiduciary (or equivalent) duties</td>
<td></td>
</tr>
<tr>
<td>Asset class-specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Sector specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Screening / exclusions policy</td>
<td></td>
</tr>
<tr>
<td>Other, specify (1)</td>
<td></td>
</tr>
<tr>
<td>Other, specify (2)</td>
<td></td>
</tr>
</tbody>
</table>

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties and how they consider ESG factors and real economy impact.

Polaris is committed to managing its investments to achieve the best financial return for its investors whilst taking into consideration environmental, social and governance (ESG) issues. We take an integrated approach to incorporating ESG considerations into our investment decisions with the goals of mitigating risk and enhancing exit premiums. Polaris recognizes that the nature and scope of applicable ESG issues varies between investments which are reflected in our investment approach.

Polaris mission is to contribute to Japanese society through assisting Japanese companies to advance into the global market with their unique technologies and brands. Our investment strategy is focused on companies in the manufacturing / medical related and consumer sectors whose leading technology and brand recognition will support their growth, thereby contributing to growth in the real economy.

An ESG policy and procedures have been developed which outline our approach to integration of ESG issues in our investment activities. The policy is applicable to all of our investments.

Under Polaris ESG policy and procedures, ESG considerations are integrated into each phase of the investment cycle, including during due diligence, investment decision making / investment agreements, post-investment monitoring and exits.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Polaris acts as a responsible investment manager by paying due considerations to the following environmental factors in its investment decisions, as well as in post investment monitoring:

1. Environment: Air and Water Pollution; Climate Change; Energy Efficiency; Hazardous Materials; Land Degradation; Waste Management
2. Social: Respect of internationally proclaimed human rights; Avoidance of human rights abuses; Recognition of the freedom of association and the right to collective bargaining; Avoidance of any forms of forced labour and child labour; Elimination of discriminatory labour practices; Respect of product safety; Avoidance of involvement in manufacturing, sale or trade of weapons, tobacco products, gambling services, prostitution and illegal drugs; Avoidance of association with anti-social forces, individuals, groups or institutions.
3. Corporate Governance: Corruption and Bribery; Anti-competitive Practices; Board Compositions; Compliance; Internal Controls

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

<table>
<thead>
<tr>
<th>URL/Attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ URL</td>
</tr>
</tbody>
</table>
## Formalised guidelines on environmental factors

<table>
<thead>
<tr>
<th>URL/Attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf">http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf</a></td>
</tr>
</tbody>
</table>

## Formalised guidelines on social factors

<table>
<thead>
<tr>
<th>URL/Attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf">http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf</a></td>
</tr>
</tbody>
</table>

## Formalised guidelines on corporate governance factors

<table>
<thead>
<tr>
<th>URL/Attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf">http://www.polaris-cg.com/common/pdf/pcg_esg_policy_e.pdf</a></td>
</tr>
</tbody>
</table>

## Asset class-specific RI guidelines

<table>
<thead>
<tr>
<th>URL/Attachment</th>
</tr>
</thead>
</table>

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### SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- **Your organisation's definition of ESG and/or responsible investment and its relation to investments**
  - URL/Attachment

- **Your investment objectives that take ESG factors/real economy influence into account**
  - URL/Attachment

- **Governance structure of organisational ESG responsibilities**
  - URL/Attachment

- **ESG incorporation approaches**
  - URL/Attachment

- **Active ownership approaches**
  - URL/Attachment
SG 03  Mandatory  Core Assessed  General

SG 03.1  Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
- Yes
- No

SG 03.2  Describe your policy on managing potential conflicts of interest in the investment process.

Polaris Compliance Manual establishes procedures for managing potential conflicts of interest including their identification. Potential conflicts are managed on a case-by-case basis with approaches such as management with internal firewalls or transparency through disclosure or obtaining consent from the affected party implemented.

SG 04  Voluntary  Descriptive  General

Private

SG 05  Mandatory  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 set/reviewed

SG 05.2  Additional information. [Optional]
The ESG Officer of Polaris Group reviews the ESG Policy and Procedures at least annually and, if necessary, proposes amendments to reflect changes to the operating business environment.

SG 06  Voluntary  Descriptive  General

Private

SG 07  Mandatory  Core Assessed  General

SG 07.1  Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles**
- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)
- Other Chief-level staff or head of department, specify
- 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
- Investor relations
Oversight/accountability for responsible investment

Implement of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Other role, specify (1)

Other role, specify (2)

External managers or service providers

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

0

SG 08
Voluntary

Additional Assessed

General

Private

SG 09
Mandatory

Core Assessed

PRI 4,5

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.

Principles for Responsible Investment

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

Basic

Asian Corporate Governance Association

Australian Council of Superannuation Investors

AFIC – La Commission ESG

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)

Eumedion

Extractive Industries Transparency Initiative (EITI)

ESG Research Australia

Invest Europe Responsible Investment Roundtable

Global Investors Governance Network (GIGN)

Global Impact Investing Network (GIIN)

Global Real Estate Sustainability Benchmark (GRESB)

Green Bond Principles

Institutional Investors Group on Climate Change (IIGCC)

Interfaith Center on Corporate Responsibility (ICCR)

International Corporate Governance Network (ICGN)

Investor Group on Climate Change, Australia/New Zealand (IGCC)

International Integrated Reporting Council (IIRC)

Investor Network on Climate Risk (INCR)/CERES

Local Authority Pension Fund Forum

Principles for Sustainable Insurance

Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Responsible Finance Principles in Inclusive Finance

Shareholder Association for Research and Education (Share)

United Nations Environmental Program Finance Initiative (UNEP FI)

United Nations Global Compact

Other collaborative organisation/initiative, specify

Japan Private Equity Association (JPEA)

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

Advanced

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

During the reporting period, we involved in the PR/Media committee of Japan Private Equity Association (JPEA), in which we started discussions on how to disseminate informations on ESG activities as JPEA.
<table>
<thead>
<tr>
<th>SG 10.1</th>
<th>Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SG 10.2</th>
<th>Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)</td>
<td></td>
</tr>
<tr>
<td>□ Provided financial support for academic or industry research on responsible investment</td>
<td></td>
</tr>
<tr>
<td>□ Provided input and/or collaborated with academia on RI related work</td>
<td></td>
</tr>
<tr>
<td>□ Encouraged better transparency and disclosure of responsible investment practices across the investment industry</td>
<td></td>
</tr>
<tr>
<td>□ Spoke publicly at events and conferences to promote responsible investment</td>
<td></td>
</tr>
</tbody>
</table>

**Description**

Polaris CEO gives speeches about responsible investment at some universities including Kyoto University, Kinki University and Tama University.

**Frequency of contribution**

- Quarterly or more frequently
- Biannually
- □ Annually
- □ Less frequently than annually
- □ Ad hoc
- □ Other

**Wrote and published in-house research papers on responsible investment**

- □ Encouraged the adoption of the PRI

**Description**

Following our decision to join PRI and the integration of ESG into our investment activities, we recommended that our ASEAN / Growth Funds GPs should also considering becoming a PRI signatory.

**Frequency of contribution**

- Quarterly or more frequently
- □ Biannually
- □ Annually
- □ Less frequently than annually
- □ Ad hoc
- □ Other

**Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)**

**Description**

Polaris signed 2018 Global Investor Statement to Governments on Climate Change

**Frequency of contribution**

- Quarterly or more frequently
- □ Biannually
- □ Annually
- □ Less frequently than annually
- □ Ad hoc
- □ Other

**Wrote and published articles on responsible investment in the media**

- □ A member of PRI advisory committees/ working groups, specify
- □ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- □ Other, specify
<table>
<thead>
<tr>
<th>SG 11</th>
<th>Voluntary</th>
<th>Additional Assessed</th>
<th>PRI 4,5,6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SG 12**  
**Mandatory**  
**Core Assessed**  
**PRI 4**  

<table>
<thead>
<tr>
<th>SG 12.1</th>
<th>Indicate whether your organisation uses investment consultants.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, we use investment consultants.</td>
<td>☑ No, we do not use investment consultants.</td>
</tr>
</tbody>
</table>

**SG 13**  
**Mandatory**  
**Descriptive**  
**PRI 1**  

<table>
<thead>
<tr>
<th>SG 13.1</th>
<th>Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, to assess future ESG factors.</td>
<td>☐ Yes, to assess future climate-related risks and opportunities.</td>
</tr>
<tr>
<td>☑ No, not to assess future ESG/climate-related issues.</td>
<td></td>
</tr>
</tbody>
</table>

**SG 14**  
**Mandatory to Report, Voluntary to Disclose**  
**Additional Assessed**  
**PRI 1**  

**SG 15**  
**Mandatory to Report, Voluntary to Disclose**  
**Descriptive**  
**PRI 1**  

**SG 18**  
**Voluntary**  
**Descriptive**  
**General**  

**SG 19**  
**Mandatory**  
**Core Assessed**  
**PRI 2, 6**  

<table>
<thead>
<tr>
<th>SG 19.1</th>
<th>Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>Do you disclose?</td>
</tr>
<tr>
<td>☐ We do not disclose to either clients/beneficiaries or the public.</td>
<td>☑ We disclose to clients/beneficiaries only.</td>
</tr>
<tr>
<td>☑ Yes</td>
<td>☑ No</td>
</tr>
</tbody>
</table>

### Disclosure to public and URL

- ☐ ESG information in relationship to our pre-investment activities
- ☐ ESG information in relationship to our post-investment monitoring and ownership activities
- ☑ Information on our portfolio companies' ESG performance
- ☑ Other

**Specify**  
- Post our PRI report on website

### Disclosure to clients/beneficiaries

- ☐ ESG information in relationship to our pre-investment activities
- ☑ ESG information in relationship to our post-investment monitoring and ownership activities
- ☑ Information on our portfolio companies' ESG performance
- ☑ Other

**Specify**  
- Annually
- Quarterly or more frequently
## PE 02 Mandatory Core Assessed PRI 2

**PE 02.1** Indicate whether your organisation’s investment activities are guided by a responsible investment policy / follow responsible investment guidelines.

- ✔ Our investment activities are guided by a responsible investment policy

**PE 02.2** Describe how your organisation outlines expectations on staff and portfolio companies’ approach towards ESG issues in investment activities.

- Expectations on staff and portfolio companies are clearly defined in Polaris ESG policy and procedures. All staffs are to consider ESG relevant to their activities and address any questions or issues relating to ESG to the ESG officer. As we adopt an approach which integrates ESG considerations into all stages of the investment cycle, portfolio companies are required to manage the ESG issues relevant to their activities as agreed for example as specified in investment agreements, action plans and regular monitoring.

- ✔ Our investment activities are not guided by a responsible investment policy
- ☐ We do not have a responsible investment policy

## PE 03 Mandatory Core Assessed PRI 1, 4, 6

**PE 03.1** Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.

- ✔ Yes

**PE 03.2** Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:

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

**PE 03.3** Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

- Polaris has adopted the recommendations of PRI regarding integration of ESG into its fund placement documentation.

- ☐ No
- ☐ Not applicable as our organisation does not fundraise

## PE 04 Voluntary Additional Assessed PRI 4

**PE 05 Mandatory Gateway PRI 1**

**PE 05.1** During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- ✔ Yes

**PE 05.2** Describe your organisation’s approach to incorporating ESG issues in private equity investment selection.

- ESG issues are incorporated into the due diligence stage of investment selection following a standard process as defined in our ESG policy and procedures. Polaris has developed an ESG checklist which is used to identify potential risk and opportunities for investments being considered with third party specialists used, as appropriate, provide specialist advice. Information is collected through various methods including accessing public information and data provided by investment targets.

- ✔ No

## PE 06 Mandatory Core Assessed PRI 1, 3

**PE 06.1** 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 06.2** Describe how this information is reported, considered and documented by the Investment Committee or similar.

Under Polaris ESG policy and procedures, the Investment Committee is required to consider ESG issues relevant to an investment and implement the relevant actions e.g. risk mitigation measures to be included as part of documented action plans. The findings of the ESG assessment, as contained in the ESG Checklist, are included in the documentation submitted to the Investment Committee.

ESG issues considered by the Investment Committee follow those established in our ESG policy and procedures. These include environmental issues (e.g. air and water pollution, waste management etc.), social issues (e.g. avoidance of human rights abuses, prevention of labour discrimination etc.) and...
<table>
<thead>
<tr>
<th>PE 07</th>
<th>Voluntary</th>
<th>Additional Assessed</th>
<th>PRI 1,2</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE 08</td>
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<td>Additional Assessed</td>
<td>PRI 1</td>
</tr>
<tr>
<td>PE 09</td>
<td>Mandatory</td>
<td>Gateway/Core Assessed</td>
<td>PRI 2</td>
</tr>
<tr>
<td>PE 09.1</td>
<td>Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.</td>
<td></td>
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</tr>
<tr>
<td>PE 09.2</td>
<td>Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.</td>
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<tr>
<td>PE 09.3</td>
<td>Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.</td>
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<tr>
<td>PE 10</td>
<td>Mandatory</td>
<td>Core Assessed</td>
<td>PRI 2</td>
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<tr>
<td>PE 11</td>
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<td>Additional Assessed</td>
<td>PRI 2</td>
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<tr>
<td>PE 12</td>
<td>Voluntary</td>
<td>Descriptive</td>
<td>PRI 2,3</td>
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<tr>
<td>PE 13</td>
<td>Voluntary</td>
<td>Additional Assessed</td>
<td>PRI 2</td>
</tr>
<tr>
<td>PE 14</td>
<td>Voluntary</td>
<td>Additional Assessed</td>
<td>PRI 1,2</td>
</tr>
</tbody>
</table>

**Environmental**
- Example 1
  - Energy consumption

- Example 2 (optional)
  - Waste management related performance

**Social**
- Example 1
  - Employee turnover rate

- Example 2 (optional)
  - Overtime work hours

**Governance**
- Example 1
  - Board structure (Number of external directors)
  - We do not set and/or monitor against targets
<table>
<thead>
<tr>
<th>PE 15</th>
<th>Mandatory to Report, Voluntary to Disclose</th>
<th>Descriptive</th>
<th>PRI 1,2</th>
</tr>
</thead>
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<tr>
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<td></td>
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<tr>
<td>PE 16</td>
<td>Mandatory to Report, Voluntary to Disclose</td>
<td>Descriptive</td>
<td>PRI 6</td>
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<tr>
<td>Private</td>
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</tbody>
</table>
CM1 01

Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year’s PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - Whole PRI Transparency Report has been internally verified
  - Selected data has been internally verified
  - Other, specify
  - None of the above

CM1 02

We undertook third party assurance on last year’s PRI Transparency Report:

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year’s PRI Transparency Report
- We did not assure last year’s PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03

We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year’s PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 04

Do you plan to conduct third party assurance of this year’s PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year’s PRI Transparency report

CM1 07

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report, and if this applies to selected data please specify what data was reviewed

- CEO or other Chief-Level staff
- Sign-off or review of responses
  - Sign-off
  - Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)