

ESG Viewpoint: Permira

RepRisk interviews Adinah Shackleton, Head of ESG at Permira

Permira is a global investment firm that finds and backs successful businesses with ambition. Since 1985, the Permira Funds have secured EUR 32 billion (USD 39 billion) of committed capital from investors for their private equity strategy and have backed more than 200 businesses across five core sectors: Consumer, Healthcare, Financial Services, Industrials and Technology.

Adinah Shackleton joined Permira in 2015 and is responsible for running and further developing Permira's ESG activities. Prior to this, she spent eight years in sustainability consulting, specializing in ESG for private equity clients. Adinah is currently a member of the British Private Equity and Venture Capital Association's Responsible Investment Advisory Group and a member of Invest Europe's Responsible Investment Roundtable (Affiliate Network).



1. RepRisk: Could you please provide some insight into your specific role at Permira and explain the work that you do?

Adinah Shackleton: I am Head of ESG (Environment, Social, and Governance) at Permira. In 2015, I joined the firm as Permira's first full-time resource dedicated to ESG and am part of the Portfolio Group, which works with portfolio companies on value creation initiatives. I work with our investment teams during pre-investment screening and due diligence, and engage with portfolio companies during the investment period on key ESG risks and opportunities for value creation and protection.

2. RR: Permira has been a client of RepRisk since 2015. How do you use RepRisk in your private equity investment processes?

AS: We use RepRisk for private equity investments in a number of ways:

- Undertaking searches as part of our pre-acquisition ESG due diligence for private equity investments. It's useful for us to understand whether the company or its subsidiaries have been subject to any negative ESG issues in the media. Where issues are identified, our investment professionals can follow up on these with the company as part of the due diligence to understand the company perspective on the issue, how the management team has responded to this, and any changes which have been made to mitigate this risk in the future;
- Getting a broader view on current ESG issues affecting a particular sector or peer/competitor companies during due diligence;
- Monitoring portfolio companies during the lifetime of the investment through RepRisk Watchlists and Alerts.

More recently, we have also been using RepRisk for Permira Debt Managers (PDM) and the funds' Private Credit investments. For these investments, RepRisk is a useful tool during due diligence but also for monitoring any emerging ESG issues in portfolio companies. Compared with private equity investments, we typically have less contact with the portfolio companies post-investment so if any issues arise in RepRisk our investment teams can raise these with the company or sponsor.

3. RR: How do you engage with your portfolio companies on integrating ESG issues into their own frameworks and processes?

AS: If material ESG risks or opportunities are identified as part of the due diligence process, these are integrated into the Value Creation Plan or 100-day plans. We also engage with portfolio companies post investment, for example through ESG reviews, site visits to companies facing higher ESG risk (or opportunities), and discussions on the company's current approaches and processes. Through these processes, we can support management teams in identifying key areas of opportunity and share good practice approaches. We also encourage Board dialogue on ESG issues and have annual monitoring and reporting requirements which can provide another touch point with management teams to understand the progress they have made in implementing ESG initiatives and improving their management systems and processes.

4. RR: Pension funds make up more than half of your investor base. In your view, how has the topic of ESG and responsible business conduct evolved on the agenda of pension funds compared to other types of investors? And what do you see as the next step in this evolution?

AS: Pension funds have historically and continue to be leading the dialogue on ESG among our investor base, which is driven in part by the sensitivities of their beneficiaries. Across our investor base we have some investors which are very focused on these issues, and some which ask minimal questions on our ESG approach and performance.

In terms of the evolution, we expect to see increasing interest in ESG from pension funds in Asia. Historically, EU and US pension funds have been more focused on these issues, but we are now seeing interest from other markets.

We are also seeing increasing interest from LPs in the contribution of private equity to the UN Sustainable Development Goals (SDGs) and topics such as climate change in response to the Financial Stability Board (FSB) Taskforce on Climate-related Financial Disclosures (TCFD).

5. RR: What developments are on the horizon for Permira?

AS: Last year we ran our first ESG roundtable for portfolio companies, where three portfolio companies in different sectors and regions shared their experiences and approaches to integrating ESG into their business strategy. We are running further sessions in 2018 to engage with portfolio company management teams on key topics and emerging ESG issues. As the Permira Funds' portfolio continues to evolve, we also continue to engage with new companies in the funds to support their journey on improving ESG performance.