

# PRIVATE EQUITY, A RESPONSIBLE INVESTOR

BVCA members that are signatories to the UN Principles on Responsible Investment have around **£145bn** of UK funds under management



**90%** of private equity firms have Environmental, Social and Governance policies in place.

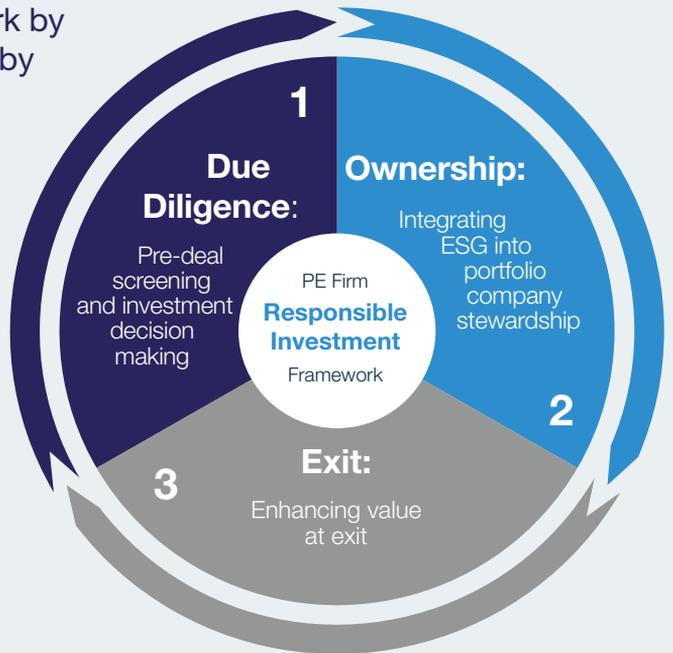


Source: Ioannis Ioannou, Francesca Cornelli, Thomas Zhang (2015) 'ESG moving out of the compliance room and into the heart of the investment process'. The Collier Institute of Private Equity, London Business School.

**Responsible investing** is about actively managing Environmental, Social and Governance (ESG) issues across each stage of the investment cycle.

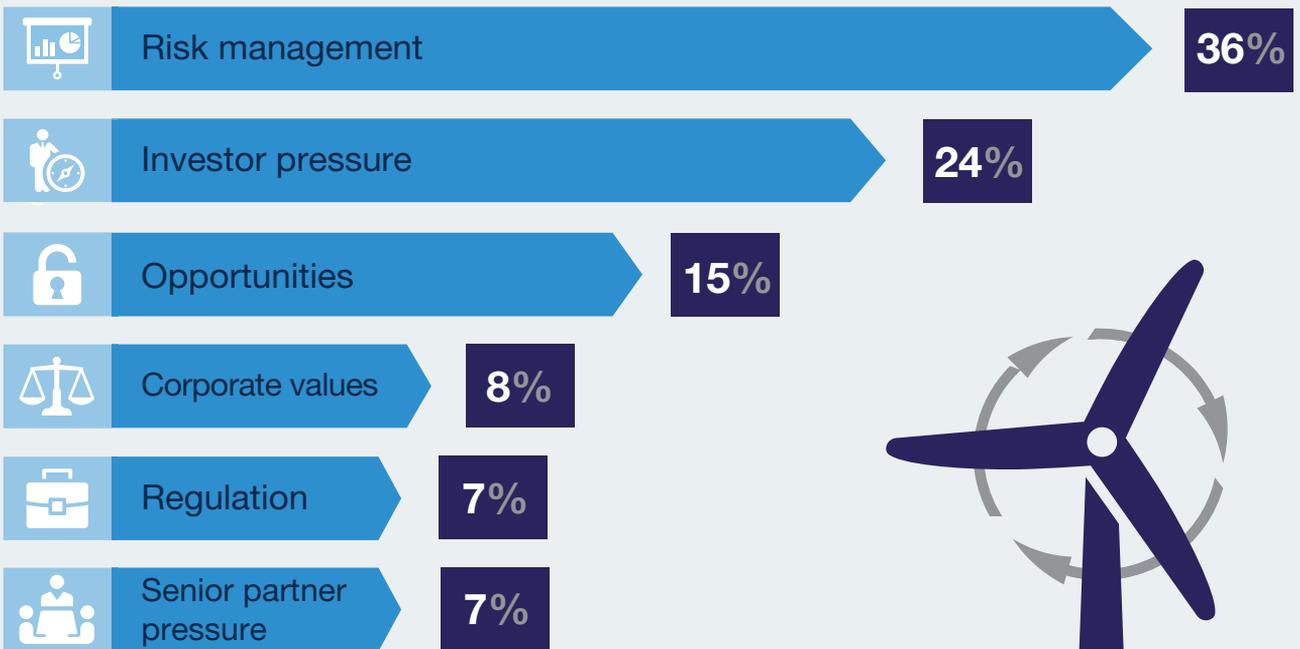
A typical Responsible Investment framework by a private equity house can be summarised by the following graph:

- 90%** of UK private equity houses include ESG management in their due diligence at acquisition.
- 85%** of UK private equity houses regularly include ESG issues in their post-acquisition plans.
- 50%** of UK private equity houses include ESG issues in their programme for exit.



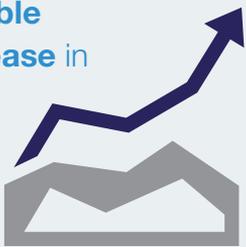
Source: PwC Global PE Responsible Investment Survey 2013

## Drivers for investing responsibly



Source: PwC Global PE Responsible Investment Survey 2013 All respondents

**97%** of investors believe that responsible investment will increase in importance over the next 2 years



PwC Global Private Equity LP Dialogue 2015

**88%** of investors believe there is added value in responsible investment



PwC Global Private Equity LP Dialogue 2015

Taking ESG into account has helped **85%** of GPs to identify risks and opportunities for value creation



UNPRI Report on Progress: PE, 2015

**70%** of PE investors and managers have seen ESG have a material impact on their investments to date, either creating or eroding value



ERM Survey Report, ESG: The multiplier effect, May 2016

**Responsible investment** is essentially about the relationship between investors and society. In the next decade the private equity sector is well placed, due to its inherent corporate governance advantages and long term investment horizon, to make a strong, positive contribution. This will benefit private equity LPs, GPs, and ultimately, society.

Source: Principles for Responsible Investment – Report on Progress: Private Equity, March 2016

