



An investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact

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Investors Group Publishes Guidance on Responsible Investment in Private Equity

(London, UK, 16 July 2009). Today the Principles for Responsible Investment Initiative (PRI) published two documents that will support the integration of environmental, social and governance (ESG) issues into private equity investments. The work was undertaken at the request of the PRI Board, and continues the PRI's efforts to help investors apply the PRI Principles across all asset classes.

The documents were developed by a Steering Committee, whose members included both PRI signatories and non-signatories from some of the world's leading institutional investors, funds of funds and private equity firms.

"Responsible Investment in Private Equity: A Guide for Limited Partners" provides detailed suggestions for how limited partner (LP) investors can work with their General Partners (GPs) to ensure that ESG issues are considered during fundraising, investment, due diligence and ownership.

"Responsible Investment in Private Equity: Case Studies", includes nine case studies that demonstrate how improved management of ESG issues can help deliver superior bottom-line investment returns. Case studies are provided by Abraaj Capital, Actis, Blue Wolf Capital Management, Doughty Hanson, the New Zealand Superannuation Fund, KKR, Permira and Robeco.

PRI Chair Donald MacDonald said: "Through the work of the PRI and others, ESG issues are becoming part of mainstream investments in public equities. But as investors increase their allocations to alternative investments, such as private equity, it becomes more important to integrate ESG issues into these asset classes too. Limited Partners will welcome this Guide, and we hope it will help to increase the number of LPs asking these questions of their GPs. I look forward to hearing the responses from both communities of partners."







PGGM's CEO Investments and PRI Board member, Else Bos, said: "The ownership model of Private Equity gives investors the ability to have a direct influence on the companies they own. By working together to integrate ESG into the investment and ownership processes, LPs and GPs can help ensure that ESG issues are identified and addressed, leading to more sustainable and profitable companies."

David Russell, Co-Head of Responsible Investment at the Universities Superannuation Scheme (USS) said: "We recognised early in the process that private equity was different than public equities. By involving both LPs and GPs in the development of the Guide, we have developed a tool that is useful to both sides of the partnership. This guide will help USS refine its approach to applying the PRI to our Private Equity investments, we hope it will also help inform GPs' approach to ESG."

PRI Executive Director James Gifford said: "In the last 12 months we've seen rapid growth in the interest given to responsible investment by the private equity industry including on both the LP and GP sides. Indicative of this growth is the number of LPs and GPs that have signed up to the PRI. Providing access to best practice examples such as those detailed in these documents is a good example of the kind of support that the PRI provides to help investors take account of ESG issues in all their investments.

The PRI's Special Advisor on Private Equity, Tom Rotherham, said: "When we started talking with the broader PE sector over 12 months ago there was some apprehension about our ultimate motivations - not only within GPs but also from the private equity desks of LPs. The Steering Committee enabled us to have closed-door discussions with some of the key players and helped everyone understand that better ESG management can help to build better companies, which is the whole point of private equity in the first place."

Notes to editor

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• The Principles for Responsible Investment (PRI)

The Principles for Responsible Investment, convened by UNEP FI and the UN Global Compact, was established as a framework to help investors achieve better long-term investment returns and sustainable markets through better analysis of environmental, social and governance issues in investment process and the exercise of responsible ownership practices. The Principles themselves, a full list of signatories and more information can be found at www.unpri.org



The two documents, a list of Private Equity-focused PRI signatories, and more information on the PRI's work on Private Equity are available at www.unpri.org/privateequity.

The members of the PRI Steering Committee were: Actis, AlpInvest, AP2, APG, Blue Wolf Capital Management, CalPERS, CalSTRS, Doughty Hanson, EVCA, La Caisse de dépôt et placement du Québec, La Caisse des Dépôts et Consignations, New Zealand Superannuation Fund, Pantheon, PCG Asset Management, PGGM, Robeco, UN Global Compact, USS, Washington State Investment Board. Apax Partners, The Blackstone Group, The Carlyle Group, Kohlberg, Kravis Roberts & Co, Silver Lake, TPG and Permira represented the Private Equity Council (whose other members are Apollo Global Management, Bain Capital Partners, Hellman & Friedman, Madison Dearborn Partners, Providence Equity Partners and TPG).

UN Global Compact

Launched in 2000, the UN Global Compact brings business together with UN agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, labour, environment and anti-corruption. Through the power of collective action, the Global Compact seeks to mainstream these ten principles in business activities around the world and to catalyze actions in support of broader UN goals. With more than 5200 participating businesses from over 130 countries, it is the world's largest voluntary corporate sustainability initiative.

More at: www.unglobalcompact.org.

• United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique public-private partnership between UNEP and the global financial sector. UNEP works with over 170 banks, insurers and investment firms, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through its comprehensive work programme encompassing research, training, events and regional activities, UNEP FI carries out its mission to identify, promote and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations. More information: www.unepfi.org