



Edward Greatrex  
Business Environment Directorate  
Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET

27 September 2013

Dear Sirs,

**Re: BVCA response to BIS call for views on Corporate Responsibility**

The British Private Equity and Venture Capital Association ("BVCA") is the industry body and public policy advocate for the private equity and venture capital industry in the UK. With a membership of over 500 firms, the BVCA represents the vast majority of all UK based private equity and venture capital firms, as well as their professional advisers.

Our members have invested £33 billion in over 4,500 UK companies over the last five years. Companies backed by UK-based private equity and venture capital firms employ over half a million people and 90% of UK investments in 2012 were directed at small and medium-sized businesses. As major investors in private companies, and some public companies, our members have an interest in financial reporting and regulatory matters, the conduct of and information presented by such companies, and the burdens placed on the management of such companies.

The BVCA is supportive of the need to promote corporate responsibility in UK business. We have taken substantial steps to encourage disclosure and transparency in the private equity industry to demonstrate our commitment to transparency to all stakeholders including investors, employees, suppliers, customers and the public more widely. This response sets out further background on initiatives in the private equity industry and our high level views on factors that should be considered in the development of a framework on corporate responsibility.

The BVCA produces a Guide to Responsible Investment which aims to improve firms' understanding of environmental, social and governance (ESG) risks and opportunities, showing how these can be managed within a structured investment framework. The development of investor and market expectations and regulatory requirements has meant that our members are increasingly integrating ESG considerations into their businesses.

In February 2007, the BVCA asked Sir David Walker to undertake an independent review of the adequacy of disclosure and transparency in private equity, with a view to recommending a set of guidelines for conformity by the industry on a voluntary basis. This review resulted in the publication of the Guidelines for Disclosure and Transparency in Private Equity (the "Walker Guidelines") in November 2007 which is monitored by an independent body. The Walker Guidelines require additional disclosure and communication by private equity firms and their portfolio companies (investee companies) when certain criteria are met. At a portfolio company level this includes requirements to report to at least the standard seen in the FTSE 350 and covers disclosure on strategy, financial and non-financial key performance indicators, environmental matters, employees and social and community issues. The Walker Guidelines have been kept under review to ensure they remain relevant and fit for purpose in light of corporate governance



and regulatory developments. As a consequence, the criteria for inclusion within the scope of the Walker Guidelines were widened in 2010 to capture more companies.

While we recognise the importance of enhancing corporate responsibility, the framework developed will need to be flexible so firms can adapt it for their industry sector, stakeholder and investor base, and indeed their own ambition and vision with respect to corporate responsibility. Emphasising that principles, guidelines and disclosure regimes should be adopted on a voluntary basis would be more beneficial to firms as they adapt and grow in line with their corporate responsibility strategy, particularly for SMEs. This will allow firms to consider the elements of the corporate responsibility framework that are relevant for them and practical to implement given other potential constraints. It will also enable them to incorporate other industry-wide initiatives, such as those referred to above for the private equity and venture capital industry. In addition to this, the recent changes to narrative reporting requirements, such as the introduction of a strategic report (which applies to all companies), are already encouraging disclosure to be more focused and present information relating to environmental and employee matters. The framework should incorporate and integrate other Government initiatives that are ongoing and allow for time to assess the impact of these.

We look forward to reviewing the detailed proposals for the framework later this year. Please do not hesitate to contact me or Gurpreet Manku at the BVCA for further information.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tim Hames', with a horizontal line underneath.

Tim Hames  
Director General