

History of the PRI private equity work stream

Phase 1 (May 2008- August 2009)

At the request of the PRI Advisory Council, the PRI Secretariat formally began its work on private equity in May 2008, when it gathered roughly 50 LPs and GPs from around the world to discuss current practice and future trends in responsible investment and private equity. This meeting called for forming a steering committee to define and oversee a work plan for PRI on private equity, which included 30 LPs and GPs from within and outside the PRI signatory base.

The steering committee met in September 2008, with subsequent email and conference calls. The main outputs of the steering committee were:

- Responsible Investment in Private Equity: A Guide for Limited Partners (July 2009)
- A compendium of case studies (July 2009; updated December 2009)
- Input developing US Private Equity Council's Guidelines for Responsible Investment (February 2009)

Phase 2 (September 2009- November 2010)

In September 2009, a second steering committee was created, again with equal representation from GPs and LPs, but this time drawn only from within the PRI signatory base. This steering committee was mandated to oversee implementing Phase 2 of PRI's work on private equity, outlined below:

- **GP survey:** Recognising the need for more support for general partner signatories, the Secretariat and GP working group, with input from the Australian and British private equity associations, designed a survey that was sent to GPs, both within and outside the PRI family. The survey was open from September-December 2010. The results of the survey will inform the PE work stream going forward.

- **Exits research:** While many GPs understand that ESG is needed for fund-raising, there is less certainty around incorporating ESG analysis into investment decisions on returns. We initiated a research project, supported by a working group, on exits, focusing first on trade buyers of PE-owned portfolio companies. A survey was developed with KPMG's diligence services team and Doughty Hanson. Our objective is to complete the research by May 2011. This will be followed by research on IPOs, which the ICGN has expressed interest in contributing to.
- **RI in PE conference:** PRI worked with Private Equity International to host the first private equity-focused conference on responsible investment in 2010, bringing together over 200 private equity professionals. A follow-up conference is planned for New York City in June 2011.
- **Outreach:** We have adopted a strategy to integrate ESG into the work plans and documents of private equity associations, including LP and GP associations.
 - LP associations: Institutional Limited Partners Association included ESG in the revision of their PE principles, released in January 2011. This was thanks in large part to the combined efforts of AlInvest, BTPS, CDC-France, FRR, PGGM and USS.
 - GP associations: Supporting PE networks working on ESG (which includes eight national associations and the European regional association), and the ESG/RI working groups of AFIC, AVCAL, BVCA and EVCA.

Phase 3 (December 2010- December 2011)

To align with PRI's new governance guidelines, steering committees and working groups have been restructured. The third private equity steering committee, which includes equal participation from LPs, GPs and Fund-of-Funds, will convene in early December, and work will be conducted through the various working groups, which will be open to all signatories. The 2011 action plan for the PE work stream plans to focus on:

- Exits research
- Revision of the LP guide
- Providing support to GPs, particularly small to mid-caps
- PE in emerging markets
- Feedback on the PRI Reporting and Assessment survey