News release

|  |  |
| --- | --- |
| *Date* | Embargoed until 00.01 hrs, 1 October 2013  |
| *Contact* | Hilary Downes, PwCTel: +44 207 213 4706 / +44 07718 340113e-mail: hilary.n.downes@uk.pwc.com  |
| *Pages*  | 2 |

**PwC: Missed opportunity for private equity on ESG management**

**London, 1 Oct 2013**‑‑New research from PwC has found that private equity firms are missing an opportunity to put a value on the improvements they’re making within their portfolio companies, from implementing their environmental, social and governance (ESG) management programmes.

The report, *Putting a price on value*, based on the largest ever survey of the private equity industry’s attitude to ESG issues, found that less than 15% of PE houses calculate the value they create through ESG activity. This is despite more than 80% of respondents saying that they monitor ESG activities.

Instead, PE houses are focusing their ESG management activity more towards risk than opportunity: activity levels are high at the acquisition stage with PE houses sensibly keen to identify potential problems. The PwC survey found that 71% include ESG issues in pre-acquisition due diligence. The survey showed that the emphasis is on monitoring rather than valuation and the added value of any performance improvement generated through investing in ESG issues is missed.

Phil Case, Director in the Sustainability & Climate Change practice at PwC said:

“These results show that private equity houses understand the value of ESG management – whether it’s protecting value through managing risk, or generating value by spotting opportunities. But not only could PE houses generate more value through better ESG management, it is also possible for this value to be quantified and communicated to investors, acquirers and wider stakeholders.

“Four-fifths of private equity houses believe that investor interest in ESG issues will increase in the next two years so the imperative to engage with this is clear. But quantifying the benefits of ESG management isn’t always easy. Even the most sophisticated PE houses see the challenge in understanding, calculating and communicating the value that good ESG management can deliver: it needs specialised skills, dedicated resources and new ways of thinking about how companies are managed and where economies and growth are headed.

“With investor interest expected to increase, this is one area in which PE houses can show how they make a real and measurable difference.”

**Notes to Editor:**

**About the Report**

PwC conducted the largest survey yet of attitudes to responsible investment within the PE sector, of existing practices in ESG issue management, and of plans and intentions for the future. We received responses from 103 PE houses to an on-line survey, conducted in May 2013 across 18 countries. Follow-up phone calls and meetings were held with selected respondents. The report summarises the findings of the survey, and sets out our thinking on how better ESG management can create value in private equity.

**About PwC**

PwC helps organisations and individuals create the value they’re looking for. We’re a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com

2013 PricewaterhouseCoopers. All rights reserved.