The voice of long-term investment

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5th July 2011

Dear Sirs

Measuring and Reporting of Greenhouse Gas Emissions by UK Companies

The British Private Equity and Venture Capital Association ("BVCA") is the industry body for the UK private equity and venture capital industry. With a membership of over 450 firms, the BVCA represents the vast majority of all UK-based private equity and venture capital firms and their advisers. This submission has been prepared by the BVCA's Legal & Technical Committee, which represents the interests of BVCA members in legal, accounting and technical matters relevant to the private equity and venture capital industry.

The BVCA welcomes the opportunity to respond to the Consultation Paper 'Measuring and Reporting of Greenhouse Gas Emissions by UK Companies' on behalf of our members.

Whilst we support the Government's goal of increasing the quality of emissions reporting we consider that any development in reporting frameworks should balance the information requirements of stakeholders with the cost and benefits of developing and verifying the published information.

We recognise that more detailed analysis of emissions measurement and reporting would be of value to many stakeholders and to the reportee companies; however we do not believe it would be appropriate to compel all companies to include such detailed reporting within their annual report and accounts. At this stage we support Option 1 within the Consultation Paper and believe that the **reporting** of specific GHG information by companies should remain on a voluntary basis and that the determination of whether to include such information could be made based upon the characteristics of the reporting company and the specific requirements of stakeholders.

We note that Option 4 might apply a similar assessment of a "reporting group" to that contemplated by the CRC reporting regime. We consider that an aggregation of the GHG emissions data of all investments backed by a Private Equity house would not represent relevant or meaningful information, because private equity portfolio companies do not operate in a co-ordinated way with each other, have separate and independent management and are generally operating a wide range of diverse and unconnected businesses. In addition, this would be costly and time consuming for the Private Equity house to compile and a difficult scheme for the Government to implement (as is evident from the CRC delays). Our members would not support Option 4 for the same reasons they did not support the current "reporting group" for the CRC reporting regime.

The British Private Equity and Venture Capital Association
Company number: 01697461
Company incorporated in England and Wales

We believe that the “Business Review” section of a company’s annual report is the appropriate place to make additional disclosures and consider that the Accounting Standards Board’s 2005 Reporting Statement Operating and Financial Review could be developed to introduce more specific guidance on what GHG information should be disclosed.

Please do not hesitate to contact me should you wish to discuss the BVCA response in further detail.

Yours faithfully

Simon Witney
Chairman, Legal and Technical Committee, BVCA