

PRESS RELEASE



European Private Equity &
Venture Capital
Association

EVCA Launches Corporate Governance Guidelines for the Management of Privately Held Companies

London, 16 June 2005

The European Private Equity and Venture Capital Association (EVCA) today launched new corporate governance and best practice guidelines for the management of privately held companies. They have been devised to address aspects of corporate governance specific to the industry and its business model.

The guidelines further complete a range of professional standards that have been developed by EVCA for the professional conduct of private equity and venture capital fund managers, both in respect of the management of their activities and in their relationships with investors and portfolio companies¹.

The guidelines were developed by the EVCA Corporate Governance Working Group which involved industry practitioners, advisors and other stakeholders with both European and broader international perspectives. A stakeholder and public consultation period was held from autumn 2004 to spring 2005 to enable comments from a wide range of stakeholders to be taken into consideration.

The Corporate Governance guidelines include recommendations for:

- *Principles of conduct for private equity and venture capital investment*, including the need for confidentiality and the requirement to respect the needs of all stakeholders in a business;
- *Principles of conduct for private equity and venture capital managers as shareholders in portfolio companies*, including consideration of potential conflicts of interest and the need to ensure that portfolio companies have the right tools in place for appropriate decision making.;

¹ These include EVCA's Governing Principles for the management of funds, Reporting Guidelines to ensure best practice in investor relations and the International Private Equity and Venture Capital Valuation Guidelines developed by AFIC, BVCA and EVCA.

- *Principles of conduct as a board member of the portfolio company*, including the importance of all board members identifying and assessing areas of risk for the business;
- *Principles of conduct for the management of portfolio companies*, including ensuring that relevant information is produced accurately and on time and that appropriate measures for monitoring governance are in place.

The guidelines have been drawn up to apply to a range of situations and investment stages (from seed and development capital to buyouts). They are designed to be multi-jurisdictional, while recognising that specific activities will vary in different circumstances.

Announcing the guidelines at EVCA's annual Symposium in London today, EVCA Chairman, Herman Daems said:

"For many years the private equity and venture capital industry has been at the forefront of developing good corporate governance in companies that they are investing in and it has always been a major part of creating value in European growth companies. These guidelines offer a framework to be used by practitioners to ensure best practice in all aspects of investing and supporting companies. They are another example of the ongoing process of self-regulation and professionalism within our industry."

Vincent Neate, Director, KPMG LLP and rapporteur of EVCA's Corporate Governance Working Group added:

"These guidelines address the specific needs of the private equity and venture capital fund investor. The success and growth seen in private equity is predicated on funds being close to the companies they invest in. We hope these guidelines will challenge the market to raise its standards to those of the best. Good governance in the portfolio is good for business, good for general partners and ultimately good for the limited partners. Good governance needs to move up the list of what limited partner due diligence is looking for."

Notes to Editors:

1. The guidelines can be downloaded from:
<http://www.evca.com/html/publications/publications.asp>
2. The European Private Equity and Venture Capital Association (EVCA), established in 1983 and based in Brussels, promotes, facilitates and represents the needs and interests of the private equity and venture capital industry in Europe. EVCA has over 900 members in 49 countries, including the leading fund managers in the European private equity and venture capital industry. In 2003, the private equity industry raised €27.5 billion from institutional investors and invested €36.9 billion in Europe's growth companies.

For further information, please contact:

Amy Spenlove-Brown, Press and Public Relations Officer, EVCA
Tel + 32 2 715 00 33, email: amy.spenlove-brown@evca.com