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Dear Michael,

I am writing to you following the successful launch of the 16th PERG Annual Report regarding the Walker Guidelines refresh in 2024. You will recall that at the launch event, I, as chairman of the Private Equity Reporting Group (PERG), announced that in 2024 there will be a root and branch review and refresh of the Walker Guidelines.

As you will be aware, the Guidelines were last updated in July 2014 to incorporate new narrative reporting requirements applying to quoted companies in the Strategic Report, and in 2022 to update the PERG website, set out communications plans and improve understanding of the Guidelines. Given the period of time since the last update of the narrative reporting requirements, the PERG recommended to the BVCA that a fuller review begin in 2023 to update the Guidelines. The PERG had originally wanted this exercise to coincide with government reforms, via Statutory Instrument and primary legislation. Since this legislation was not, in the end, brought forward in Parliament, the PERG has now recommended that the BVCA conduct this refresh in 2024.

The refresh should be accompanied by a broad programme of engagement with interested and relevant stakeholder groups such as government departments, regulators, trade unions and other commentators. Despite the application of the Guidelines to large UK PE-backed companies, and the increased reporting requirements applying to private companies more generally under UK law, the perception that the industry is not transparent in certain areas still persists. The refresh process is therefore well-timed and can re-initiate a dialogue to allay concerns and introduce improvements to the Guidelines to address issues in specific areas.

The Walker Guidelines were created to increase the understanding of the private equity industry in the face of scrutiny, to demonstrate the industry's continued commitment to transparency of its activities and to provide data to support the industry's contribution to the UK economy. A key question that the refresh should seek to answer is: do the Guidelines and the metrics deployed in the attribution analysis continue to achieve these aims?

The desired outcome of the refresh should be a set of requirements that:

- create a valuable and proportionate set of guidelines for the industry and ensure that there is a benefit to complying with them;
- provide for better understanding of how private equity creates public value and its contribution to UK economy;
- create a platform for meaningful disclosures which enhances transparency; and
- address many of the specific concerns about buyout activity that continue to emerge.

The PERG's view is that in order to achieve a successful outcome, the project should review and refresh the scope and thresholds of the Guidelines, including whether the UK nexus tests are catching the UK businesses that should be included, and whether "buy and build" strategies and infrastructure assets should be in scope. There should be a benchmarking

exercise to compare the disclosure requirements with those of FTSE 250 companies and the resulting report should include some forward-looking analysis. Finally, GP website disclosures should be considered, as the vast majority of GPs have websites that include a standard set of information.

The Walker Guidelines refresh provides the private equity industry with an excellent opportunity to engage with stakeholders and articulate its value to society, as well as the economy. As majority owners in major businesses, private equity firms are well-placed to be playing a leading role in responding to challenges such as climate change and supporting sustainable growth and employment.

I have no doubt that that BVCA will be successful with this refresh project and that the Walker Guidelines will remain fit for purpose and have a long-lasting impact.

Yours sincerely,



Nick Land
Chairman, PERG