



Private Equity
Reporting Group



Sixteenth Annual Report

January 2024

The independent body promoting **enhancements in transparency and disclosure** within the UK private equity industry

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1

Executive Summary



The Private Equity Reporting Group (the “PERG”) has reviewed the private equity industry’s conformity with the Guidelines for Disclosure and Transparency in Private Equity (the “Guidelines”). The Guidelines, recommended by Sir David Walker in 2007, seek to increase transparency through enhanced reporting and disclosure by the largest UK portfolio companies and their private equity owners. The PERG was established in March 2008 to monitor the industry’s compliance with the Guidelines and make periodic recommendations to the British Private Equity and Venture Capital Association (the “BVCA”).

1.1 The requirements of the Guidelines

The Guidelines have four main components – three that apply to portfolio companies and a fourth that applies to the private equity firms managing or advising funds that own the portfolio companies:

Portfolio Companies			Private Equity Firms
Annual report and financial statements should include the additional/enhanced disclosures that normally apply to quoted companies (as set out in the Guidelines). A mid-year update should also be produced.	The reports should be published in a timely and accessible manner on the company website: <ul style="list-style-type: none"> ■ Annual report and financial statements – 6 months after the year end. ■ Mid-year update – 3 months after mid-year. 	Data from the financial statements and other metrics should be provided to EY. The data is presented in an aggregated performance report by EY to illustrate the contribution of private equity to the UK economy.	Private equity firms should publish certain disclosures (as set out in the Guidelines) on their own website.
The Guidelines operate on a 'comply or explain' basis so there is an opportunity to explain instances of non-compliance. The PERG may not always accept these explanations.			

The full Guidelines requirements can be found in Appendix 3. These have been summarised in the compliance checklist in Appendix 6.

1.2 Key findings

- This report covers 81 portfolio companies (2022: 73) that fall within the scope of the Guidelines and the 71 firms (2022: 64) that back them (private equity firms and those operating in a private-equity like manner).
- The uncertain and volatile macroeconomic environment, legacy Covid-19 pandemic issues and the high rate of inflation have had an adverse impact on many businesses both globally and in the UK. The impact on UK companies is brought out in some of the narrative reporting, with increased disclosure on financial position, business strategy and employees. This disclosure is both understandable and encouraging to see as businesses try to navigate the economic climate.
- Each year, a sample of approximately a third of the population of portfolio companies is reviewed for compliance with the disclosure requirements. 96% of the sample of 25 portfolio companies selected for detailed review (2023: 25, 2022: 25) complied with the disclosure requirements in the annual report either by including the additional disclosures in their annual report or by addressing omissions via the use of an addendum following PwC's review (2022: 100%).

- 60% prepared disclosures to at least a good standard which was comparable with the previous year (2022: 60%, 2020: 67%). One company prepared disclosures to an excellent standard across the majority of disclosure requirements (2022: None). Disappointingly, one company was considered non-compliant, having failed to comply with two disclosure requirements (2022: None). It was positive to note that a significant number of companies produced excellent disclosures against individual requirements.
- Unfortunately, we note continued non-compliance with those disclosures that are specific to the Guidelines, particularly social, community and human rights issues, and gender diversity information. We also noted a deterioration this year in the standard of compliance with non-financial key performance and in particular, where companies were not explicitly disclosing their non-financial KPIs and were leaving it up to the readers to deduce what management considers to be 'key'.
- A statement of compliance with the Guidelines is a requirement for portfolio companies. Such a statement is viewed as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code. 60% of companies have included such a statement in their annual report which is an improvement on prior year (2022: 52%).

- The number of instances of addendums required to be added in order for companies to meet all of the disclosure requirements has increased again this year. It is disappointing to note that the majority of addendums required were from companies that have been reviewed in previous years. This trend will be monitored closely. The vast majority of companies (2023: 92%; 2022: 100%) that did not initially comply with all the disclosure requirements provided an addendum, which was uploaded onto the company website. Addendums to accounts should only be used as an exceptional last resort to address areas of omission. Portfolio companies should strive for higher standards of disclosure in their annual report, thus removing the need for such addendums.

We would encourage private equity firms to engage with the BVCA earlier on in the reporting process to ensure timely compliance. Whilst it is noted that nearly all addendums were prepared, approved and uploaded to the company websites in a matter of weeks once omissions were identified, embedding disclosure in the annual report is an essential part of demonstrating a commitment to complying with the Guidelines. Appendix 4 contains further information on the review process and addendums.

- 81% of portfolio companies have published an annual report in a timely manner on their website (2022: 78%). 83% of portfolio companies have published a mid-year update in a timely manner on their website (2022: 86%). Compliance rates have remained broadly comparable to the previous reporting year.
- 83% of portfolio companies provided data, which is presented in aggregate in the EY report on the performance of portfolio companies published alongside this report (2022: 86%).
- 14% of portfolio companies have not complied with any of the three components of the Guidelines that apply to them – enhanced disclosures, publication of reports and provision of data (2022: 11%). All of these portfolio companies are backed by private equity owners who are non-BVCA members, two are new to the population.
- It was positive to note that all BVCA members published sufficient disclosures on their own websites, to meet the requirements of the Guidelines on publishing information about themselves, their portfolio companies and their investors, albeit that there were differences in the standard of reporting as between firms.
- The Guidelines are currently being reviewed. The review will take into account changes in the broader narrative reporting landscape for both private and listed companies and the increased focus on climate change and societal challenges.
- Given the amount of time that has passed since the last review, a key aim of this review is to enhance further the level of disclosure by both portfolio companies and their owners.

1.3 The Private Equity Reporting Group

The members of the PERG are:



Nick Land

Chair & independent member



Baroness Drake

Independent member



Glyn Parry

Independent member



Ralf Gruss

Industry representative (Apax)



Tony Lissaman

Industry representative (3i)

Meetings of the PERG are attended by the BVCA including Michael Moore (BVCA Director General), Sarah Adams and/or Isobel Clarke (Directors of Policy) and Ciarán Harris (Policy Manager). The PERG reports on its review to the BVCA Chair and members of the BVCA Council (board of directors). PwC and EY, both advisers to the PERG and the BVCA, are also invited to attend meetings.

1.4 Portfolio companies required to comply with the Guidelines

The Guidelines apply to the largest private equity-backed companies with a significant presence in the UK. The number of portfolio companies covered by the Guidelines this year is 81 (2022: 73). Since the last report, there have been 2 exits (including IPOs), 1 re-entrant (sales to other private equity funds) and 9 new companies within the scope of the Guidelines.

Further details on the portfolio companies are included in Appendix 2. The definition of a portfolio company is set out in Appendix 3.



1.5 Private equity firms within scope of the Guidelines

Private equity firms managing or advising funds that own portfolio companies (that are within the scope of the Guidelines) are responsible for ensuring compliance with the Guidelines. This includes “private equity-like” firms, being firms that conduct their business in a manner that would be perceived by external stakeholders to be similar to that of other participants in the private equity industry. This may include, but is not limited to, infrastructure funds, sovereign wealth funds, pension funds and credit/debt funds.

71 firms are covered by the Guidelines this year (2022: 64). This number is large as it includes co-investors in the companies. The full definition is set out in Appendix 3, and Appendix 1 explains how minority and other shareholders are monitored.



1.6 Overall compliance with the Guidelines

Based on our detailed review of the sample and our knowledge of the full population, the majority of the population does comply with all of the requirements of the Guidelines set out in section 1.2.

Eleven portfolio companies, however, have not complied in full with any of the core components of the Guidelines. All of these companies are backed by non-BVCA members and some of these companies (marked with a *) are new to the population this year:

- Acacium Group (owned by Onex);
- Amey (owned by One Equity Partners)*;
- Equiniti Group (owned by Siris Capital);
- Energy Assets Group (owned by Asterion Industrial Partners);
- Global Risk Partners (owned by Searchlight Capital Partners);
- Interpath Advisory (owned by H.I.G Capital);
- London City Airport (owned by OMERS Infrastructure, Ontario Teachers' Pension Plan, Alberta Investment Management Corporation and Wren House Infrastructure Management);
- McCarthy & Stone (owned by Lone Star Funds);
- PureGym (owned by Leonard Green & Partners);
- Punch Taverns (owned by Fortress Investment Group); and,
- TES Global (owned by Onex)*.

The Walker refresh process and the continued industry engagement will give the PERG and the BVCA the opportunity to re-engage with their owners in 2024.

1.7 Compliance with the disclosure requirements in the Guidelines

Sample selection

Each year, a sample of approximately a third of the population of portfolio companies is reviewed for compliance with the disclosure requirements. PricewaterhouseCoopers LLP ("PwC") was reappointed as an independent advisory firm to assist the PERG in carrying out this year's review. The members of the PwC team that are appointed to review the sample population are financial reporting specialists who review the annual report and financial statements of FTSE 350 clients or have experience reviewing annual reports for large PE backed businesses.

PwC has reviewed a sample of 25 portfolio companies this year (2022: 25). The sample size is the same as the prior year, and includes companies with accounting years ending up to and including 30 April 2023.

Through annual sampling, the PERG aims to ensure that all portfolio companies are reviewed at least once every three years, and it will continue with its policy of re-reviewing companies where their reporting does not comply with the Guidelines.

Measuring compliance

Compliance is measured by PwC using the following approach agreed by the PERG:

- PwC first checks if portfolio companies have included the disclosures required by the Guidelines.
- Secondly, PwC forms a view on the quality and standard of the disclosures. These are classified as being excellent, good or meeting the level of basic compliance. This is a subjective judgement made by PwC from assessing how many of the expected attributes of good quality reporting are included in the disclosures. This is assessed for each of the Guideline's criteria, utilising expectations set out in the PwC Good Practice Guide.
- To help inform this assessment and determine the level required to obtain a "good" rating, PwC also performs a read across of the portfolio companies' disclosures to the standard typically seen in the financial statements of companies within the FTSE 250. PwC also considers other developments in good corporate reporting.

Companies in the FTSE 100 are not generally considered to be comparable to the portfolio companies covered by the Guidelines due to their size and geographical reach; they are generally multinational whereas the portfolio companies have significant UK operations. Therefore the FTSE 100 does not form part of this assessment. Further detail on how compliance is measured is included in Appendix 4.

Quality of disclosures by portfolio companies in their annual report

96% of portfolio companies reviewed in the sample of 25 companies complied with the disclosure requirements in their annual reports either by including the additional disclosures in their annual report or by addressing omissions via the use of an addendum following PwC's review (2022: 100%). 60% prepared disclosures to at least a good standard (2022: 60%), and, included in that figure, one company prepared excellent disclosures overall (2022: None). It was positive to note that many others did produce excellent individual disclosures.

Unfortunately, one company was non-compliant in two areas and one company used the "comply or explain" basis of the Guidelines this year to explain non-compliance with a number of requirements (2022: None). The explanation provided by the company was not satisfactory to PERG, given that it has been in the population for nearly two years.

The key findings and areas for improvement are summarised below, with more detail included in section 2 of this report. This feedback relates to the sample reviewed in 2023. Comparisons to the prior year's review will relate to two different samples of companies.

The uncertain macroeconomic environment, legacy Covid-19 pandemic issues and the high rate of inflation has impacted the current reporting cycle and understandably has had an effect on the narrative reporting in a large proportion of the annual reports reviewed. There has been increased narrative to provide context on how inflation and other macro challenges have impacted business performance in the period and the wider impact on company stakeholders. Reporting on environmental and employee matters continued to evolve, and clearly the recent public focus on net zero and regulation will drive increased interest and scrutiny in these areas.

Areas with a higher incidence of good quality disclosures:

- **Details of board composition:** The quality of disclosures in this area continued to be high.
- **Strategy:** The quality of disclosures improved this year, which was positive given the importance of a clearly articulated plan to achieve a business's objectives.

Areas where there were significant improvements from prior year:

- **Financial KPIs:** There was a significant improvement in the quality of disclosure this year which was pleasing given the prevalence of only basic disclosures in previous years and the importance of diversity within companies.
- **Financial position:** We have seen improved standards of disclosure compared to the quality reported in previous years' reviews, which is positive given the difficulties businesses are facing.

Areas requiring improvement:

- **Principle risks and uncertainties:** It was disappointing to see the fall in the standard of disclosure this year, given the economic climate and the importance of transparency in this area.
- **Trends and factors affecting future development, performance or position:** It was also disappointing to see the drop in the standard of disclosure and the significant improvement reported in last year's review has not been sustained.

Excellent practice reporting – by Stagecoach and ASDA

Stagecoach (owned by DWS Infra) and ASDA (owned by TDR Capital) both provided excellent levels of disclosure this year. Stagecoach achieved an overall excellent rating while ASDA was one disclosure off the same rating. Both received no basic ratings, a requirement to be considered excellent overall.

Stagecoach received an excellent rating on eight disclosures out of a possible fifteen, meeting the overall excellent rating. Specific examples of disclosure are shown in the PwC Good Practice Guide and on the PERG website.

Each company was taken private, either in 2021 or 2022, and it was positive to note that this has not resulted in reduced levels of disclosure in either annual report. Indeed, there is strong compliance where entities were previously listed as their new private equity owners continued the high level of reporting. We applaud these two companies and their private equity owners.

A larger proportion of the portfolio companies reviewed achieved a 'good' overall assessment across the Guidelines again this year. In the prior years this was closer to an even split in the population.

A statement of compliance in the annual report of the portfolio company is a requirement of the Guidelines. 60% of companies have included such a statement in their annual report which is disappointing given that this is a straightforward requirement (2022: 52%). The PERG views this statement as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code. This governance statement and the continuing scrutiny placed on FTSE 250 companies by wider stakeholders (such as the media, investors, regulators and employees) have driven significant improvements to the standard of reporting by FTSE 250 companies. Portfolio companies need to strive to continually improve their reporting each year.

Feedback for private equity firms and portfolio companies

Private equity firms need to spend more time familiarising themselves and their portfolio companies with the requirements of the Guidelines, and should consider including a process whereby relevant individuals are notified when a company may come into scope. This could involve relevant individuals from the legal and accounting professions involved in the transaction and the auditing of accounts.

The various parties should ensure knowledge of the Guidelines' requirements is embedded in the annual reporting cycle, and that companies seek to continuously improve the quality of the disclosures they provide. This is true for both existing and new companies in the population that have to comply with the Guidelines.

We understand that compliance with the requirements might not be the area of expertise for an individual responsible in a private equity firm for reporting. We would encourage engagement with the BVCA earlier in the year.

Portfolio companies should be aware that producing the same disclosures year-on-year will not simply result in the same grading in future years. Listed companies generally improve their disclosures continuously due to shareholder, regulatory and other stakeholder pressure. A disclosure measured as being good three years ago, may now be judged as only being basic when compared to the disclosures made by listed companies. This makes it even more important that where an addendum is required for a private equity firm to be compliant, that the company proceeds in the following year to include the subject matter of the addendum in the annual report.

Following the review, the PERG provides detailed feedback to private equity firms including recommendations for improvements. Alongside this report, PwC has published an update to its Good Practice Guide, based on its findings from this year's review. It sets out expectations for compliance with the Guidelines and shares examples of both good and excellent practice to assist firms and portfolio companies in reaching that standard.

1.8 Compliance with the portfolio company publication requirements

Portfolio companies are subject to two publication requirements:

Requirement	Results of review
<p>Publication of annual reports:</p> <p>Portfolio companies should publish their annual audited reports on their websites no more than 6 months after the company year-end.</p>	<p>81% of portfolio companies published an annual report within 6 months of year-end on their website (2022: 78%).</p>
<p>Mid-year update:</p> <p>Portfolio companies should publish a summary mid-year update giving a brief account of major developments in the company within 3 months of mid-year.</p>	<p>83% of portfolio companies published a mid-year update within 3 months of mid-year on their website (2022: 86%).</p>

1.9 Compliance with the private equity firm disclosure obligations

The PERG reviewed the websites and/or annual reports of private equity firms covered by the Guidelines to assess compliance with their disclosure obligations, including details on their investment approach, UK portfolio companies, and leadership of the firm. The information published varied with some firms opting for succinct and clear statements and others providing extended information on strategy and detailed case studies. All members of the BVCA have met the requirements.

BVCA members have also signed a statement of conformity with the Guidelines confirming their own disclosure and data provision requirements, and those of their portfolio companies are compliant.



1.10 Performance of portfolio companies

Each year the BVCA commissions research into the performance of portfolio companies compared to public benchmarks and a returns attribution analysis in respect of exits. EY LLP was reappointed by PERG in 2023 to undertake this research. PERG has reviewed the findings and the report has been published at <https://www.bvca.co.uk/Research/Business-Performance>. There are 81 portfolio companies in the population with a compliance rate for the provision of data requested of 83% (2022: 86%).

Key findings from the report include:

- The average timeframe of private equity ownership of portfolio companies is 5.9 years and the current portfolio companies have been owned for an average of 4.4 years.
- The equity return from portfolio company exits is 3.0x the public company benchmark when measured over the same period of time; c.59% of the additional gross return can be explained from the higher levels of financial leverage employed, with the balance being private equity strategic and operational improvement.
- Annual employment growth of the portfolio companies is slightly below (i) the private sector benchmark of growth at 0.7% versus 1.0% growth (organic), and (ii) the public company benchmark at 2.0% versus 2.7% growth (reported). At the sector and company level, there is a wide range for growth in organic employment. The Healthcare and Other sectors underperformed the other sectors in terms of year-on-year organic employment growth.
- Average employment cost-per-head in the portfolio companies has increased by 2.7% per annum under PE ownership (2021: 2.1%). This was lower than the UK private sector benchmark (2021: 3.5%).
- 61% of the current portfolio companies have made net bolt-on acquisitions while 12% have made net partial disposals. This continues to support the view that PE companies are focused on growing their portfolio companies, both through acquisition and organically, rather than selling off their component parts.
- Capital productivity growth is 11.9% which exceeds the public company benchmark of 1.0% per annum.
- Labour productivity for portfolio companies has remained consistent vs 2021 at (i) 4.2% (2021: 4.2%) as measured by growth in EBITDA per employee, and (ii) 3.0% (2021: 3.1%) as measured by growth in Gross value added ("GVA") per employee. The portfolio companies outperformed the benchmark comparative labour productivity (measured by GVA per employee), i.e. when comparing FY22 to FY21 across this metric.
- The portfolio companies outperformed the public company benchmarks at a revenue increase of 7.0% versus 5.4%. EBITDA growth of 4.9% underperformed the benchmark of 9.1% per annum. There is a wide range of results in 2022 trading performance in the current portfolio companies at both a sector and company level, with the outperformance partly driven by the Consumer sector achieving higher growth in profitability (EBITDA) than other sectors.
- Data on gender diversity was collected again this year. Female representation is 51% at an overall employee level across the current portfolio companies and 20% at the director level. 40% of FTSE 250 board positions are held by females (source: Hampton-Alexander Review).

The research is based on the data received and further interpretative analysis cannot be easily performed given the number of companies included in the dataset and the sector bias contained therein e.g. if a metric has increased, the specific reasons behind this cannot be inferred simply based on other data received as there may be other internal and external factors to consider, as well as the sector that the company operates in. It is important to note that the year referred to in the key findings relates to the year in which the data relates, as opposed to the other findings in this report which refer to the report year.

1.11 Recommendations and 2024 activities

Over 2024 and 2025, the PERG and the BVCA will continue to undertake a detailed review to update the Guidelines. This will take into consideration current and forthcoming changes to the narrative reporting landscape, as well as increased stakeholder interest in the private equity industry following high-profile transactions involving well-known businesses in the UK.

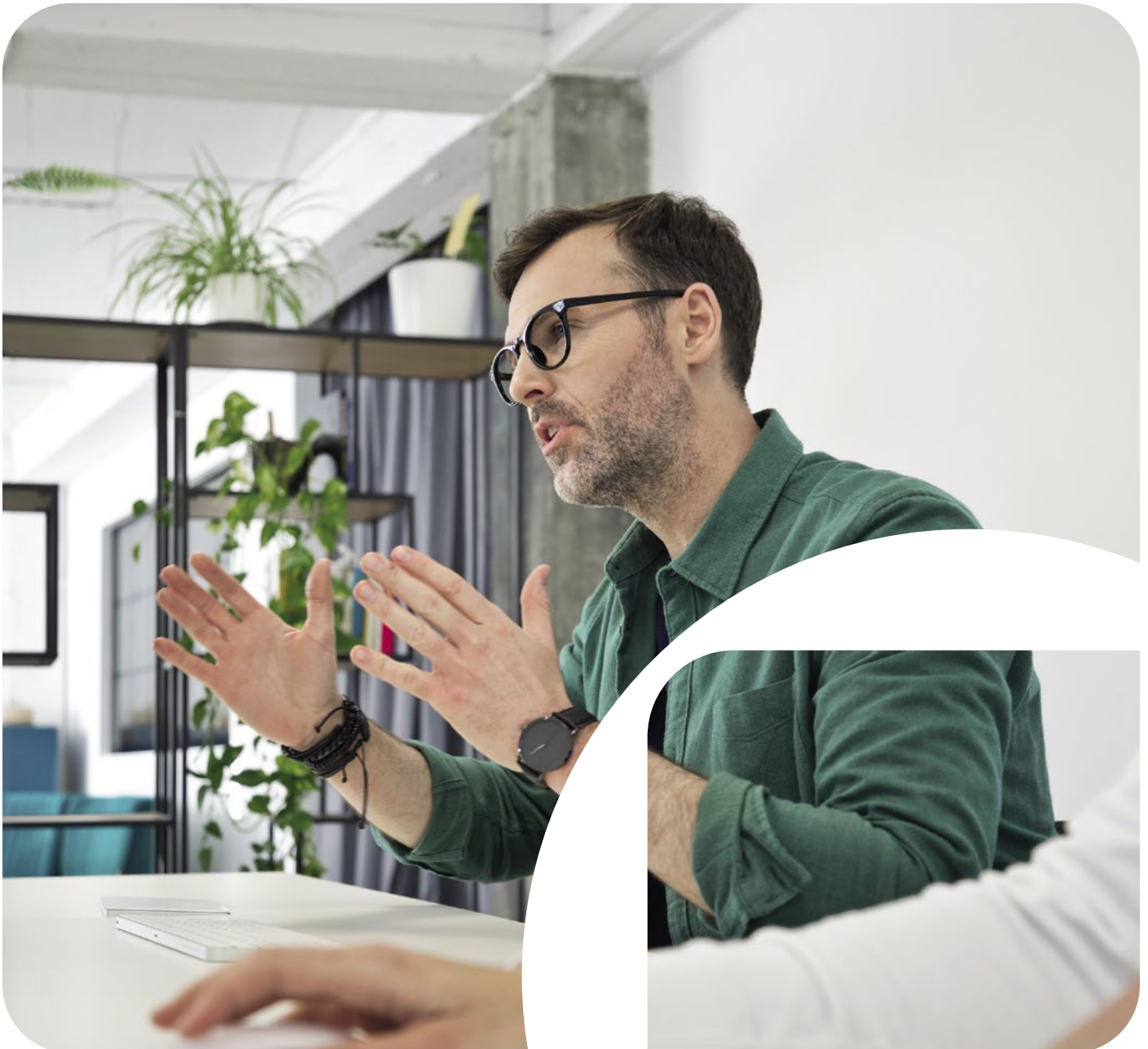
In this report, we have published an updated roadmap for reviewing the Guidelines (section 3):

- This sets out all of the areas impacting corporate reporting in the UK, including the government's proposals set out in its 2021 consultation *Restoring trust in audit and corporate governance*.
- Over 2024/25, the PERG and BVCA will consult with private equity firms and external stakeholders including government departments, regulators, trade unions and the media.

The 2024/25 Walker Guidelines review 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 amongst the leaders on the response to challenges such as climate change and supporting sustainable growth and employment. The PERG was pleased to see improvements in certain areas this year, but the increased scrutiny from high-profile deals shows that higher levels of transparency and the standard of disclosure need to be achieved and sustained. There are a number of areas for improvement and more companies should include a compliance statement in their annual reports. The increased use of addendums is a negative development that will continue to be monitored.

2

Review of conformity with the Guidelines



81 portfolio companies were within the scope of the Guidelines in 2023 (2022: 73). The PERG notes that all BVCA members and some non-members in scope of the Guidelines and their portfolio companies are compliant with the Guidelines or have provided appropriate explanations. Non-BVCA members are the backers all of the companies that are non-compliant this year.

2 Review of conformity with the Guidelines

This section details the findings of the PERG's review of conformity with the Guidelines. It considers compliance across four areas:

Disclosures by portfolio companies	Publication of portfolio company reports	Communication by private equity firms	Other requirements and recommendations
The requirements to include enhanced disclosures in the audited annual report and financial statements, and prepare a mid-year update.	The requirement to publish the audited annual report and financial statements, and a mid-year update in a timely and accessible manner.	The requirement to make information about the firm available in an annual report on, or through regular updating of, the firm's website.	The requirements for firms and companies to provide data to the BVCA, to follow established reporting and valuation guidelines and to ensure timely and effective communication. There are recommendations for the BVCA relating to research, engagement with "private equity-like" entities and fund performance measurement.
This covers portfolio companies with accounting years ending up to and including 30 April 2023.			

The Guidelines operate on a comply or explain basis. Therefore, firms have an opportunity to explain why they have not complied with the Guidelines or an element of the Guidelines. The PERG may not accept these explanations.

2.1 Overall compliance

81 portfolio companies were within the scope of the Guidelines in 2023 (2022: 73). The PERG notes that all BVCA members and some non-members in scope of the Guidelines and their portfolio companies are compliant with the Guidelines or have provided appropriate explanations. Non-BVCA members are the backers all of the companies that are non-compliant this year.

Eleven portfolio companies have not complied with any of the three components of the Guidelines this year (enhanced annual report disclosures and preparation of a mid-year update, the publications of these reports, and the provision of data to EY):

- Acacium Group (owned by Onex) – Onex opted not to comply again this year. Note that the minority owners (Towerbrook Capital Partners) do comply with the Guidelines.
- Amey (owned by One Equity Partners)* – the PERG engaged with One Equity Partners and the firm decided not to comply.
- Energy Assets Group (owned by Asterion Industrial Partners) – the PERG has been unable to engage with its owner to date.
- Equiniti Group (owned by Siris Capital) – the PERG has been unable to engage with its owner to date.
- Global Risk Partners (owned by Searchlight Capital Partners) – the PERG was unable to engage with its owner to date.
- Interpath Advisory (owned by H.I.G Capital) – the PERG engaged with H.I.G Capital and the firm decided not to comply.
- London City Airport (owned by OMERS Infrastructure, Ontario Teachers' Pension Plan, Alberta Investment Management Corporation and Wren House Infrastructure Management) – the company continues to not comply, with no single owner having a controlling stake in the company.
- McCarthy & Stone (owned by Lone Star Funds) – the PERG has been unable to engage with its owner to date.
- PureGym (owned by Leonard Green & Partners) – the PERG has been unable to engage with its owner to date.
- Punch Taverns (owned by Fortress Investment Group) – the PERG has been unable to engage with its owner to date.
- TES Global (owned by Onex) – Onex opted not to comply.



2.2 Disclosures by portfolio companies in annual reports

A snapshot of the reporting requirements for portfolio companies is found below, including those required by law.

Guidelines – specific disclosures	
<ul style="list-style-type: none"> ■ Identity of private equity firm ■ Details of board composition ■ Statement of conformity with the Guidelines 	<ul style="list-style-type: none"> ■ Financial review – position ■ Financial review – financial risks
<p>Business review – these are included in the Strategic Report for UK companies and could be included in the Directors' Report or another appropriate report for non-UK companies</p>	
Applicable to all companies ¹	Enhanced disclosures normally applicable to quoted companies that are required by the Guidelines
<ul style="list-style-type: none"> ■ Balanced and comprehensive analysis of development and performance during the year and position at the year-end ■ Principal risks and uncertainties facing the company ■ Key performance indicators – financial ■ Key performance indicators – non-financial 	<ul style="list-style-type: none"> ■ Strategy ■ Business model ■ Trends and factors affecting future development, performance or position ■ Environmental matters ■ Employees ■ Social, community and human rights issues ■ Gender diversity information

2.2.1 Overview of portfolio company disclosure findings

The PERG's objective is to ensure that all companies covered by the Guidelines strive to report to a level equivalent to FTSE 250 companies. To clarify how this review is carried out, the PERG's definitions for measuring compliance are included in Appendix 4.

Overall quality of disclosures	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	4%	56%	36%	4%	0%	60%	40%	0%
(% and number)	1	14	9	1	0	15	10	0

It was positive to see the vast majority of companies reviewed in the sample comply with the disclosure requirements. 60% of the sample reviewed achieved at least a good standard of disclosure, which is the same level as prior year (2022: 60%, 2021: 67%). One company prepared excellent disclosures overall in this year's review (2022: None), while many produced excellent individual disclosures. One company was non-compliant with two disclosure requirements, which was disappointing. The company has committed to complying in future and will be reviewed next year.

¹ This is applicable to all companies (including private companies) except those eligible for the small companies' exemption per Companies Act 2006. Medium-sized companies per Companies Act 2006 are also eligible for an exemption to provide non-financial information.

Private equity firms need to continue to spend further time with their portfolio companies to ensure knowledge of the Guidelines' requirements is embedded in the annual reporting cycle, and that companies seek to continuously improve the quality of the disclosures they provide. To do this, portfolio companies should keep in mind the following:

- The engagement with the portfolio companies in the current year has increased, particularly with companies who had exceptions and required clarification as they prepared their addendums. It was clear that in some instances, their private equity owners had not cascaded the importance of complying or they had not used the Good Practice Guide or other materials to prepare. When exceptions were noted, the BVCA shares commentary and instructions, and offers a call with PwC to discuss. It was positive to note that nearly all addendums were prepared, approved and uploaded to the company websites in a matter of weeks, which demonstrates a commitment to complying with the Guidelines.
- A number of portfolio companies have met most of the Guidelines by not overtly seeking to comply. They achieve this through meeting the increasingly extensive UK Companies Act requirements.
- We note continued non-compliance with those disclosures that are specific to the Guidelines, particularly social, community and human rights issues, and gender diversity information. There was a deterioration this year in compliance with key performance indicators – non-financial and in particular, where companies were not explicitly disclosing their non-financial KPIs and were leaving it up to the readers to deduce what management considers to be 'key'.
- There was strong compliance where entities were previously listed companies. The quality of reporting by listed companies continues to improve given the particular focus on changes in financial and narrative reporting in recent years. Portfolio companies should therefore be aware that producing the same disclosures year-on-year will not simply result in the same grading in future years. For example, a disclosure measured as being good three years ago, may now only be judged as being basic when compared to listed companies.
- A statement of compliance with the Guidelines is a requirement for portfolio companies, as this statement is viewed as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code. This is a straightforward requirement and portfolio companies should ensure that it is included. 60% of companies have done so this year.



Other key findings are summarised below. This feedback relates to the sample reviewed in 2023 and comparisons to the prior year's review therefore relate to a different sample of companies.

Areas with good quality disclosures or significant improvements from previous years	Additional feedback
Financial position	<ul style="list-style-type: none"> We have seen improved standards of disclosure compared to the quality reported in previous years' reviews.
Financial KPIs	<ul style="list-style-type: none"> There was a significant improvement in the quality of disclosure this year which was pleasing given the prevalence of only basic disclosures in previous years and the importance of financial KPIs given the macroeconomic environment.
Details of board composition	<ul style="list-style-type: none"> This requirement continues to be met, with portfolio companies including the additional information around explanations of the industry and other relevant experience that external directors (from the private equity owner) bring to the company.

Areas requiring improvement	Additional feedback
Trends and factors affecting the future development, performance or position	<ul style="list-style-type: none"> There needs to be a greater effort to provide sufficient information on wider the macroeconomic environment as well as quantifiable trend data. Many companies fell short in these areas. Other companies only included high level information on future developments which did not look forward.
Principal risks and uncertainties facing the company	<ul style="list-style-type: none"> Portfolio companies omitted important information on the likelihood of risks and uncertainties occurring and how they have changed in the year. There should be greater disclosure on the impact of each risk versus the likelihood.
Non-financial KPIs	<ul style="list-style-type: none"> The deterioration in compliance with non-financial KPIs was where companies were not explicitly disclosing their non-financial KPIs and were leaving it up to the readers to deduce what management considers to be 'key'. The KPIs included should link to the strategy and include comparative data.

The vast majority of portfolio companies in the sample that did not initially comply with all of the disclosure requirements sought to address their exceptions this year through provision of additional disclosure on their website (2023: 92%; 2022: 100%). This was with the understanding that the additional disclosures would be included in the company's next annual report.

2.2.2 Portfolio companies reviewed

In relation to the disclosures in the annual report, the PERG has established a policy that all portfolio companies within the population will be reviewed:

- at least once within a three-year cycle; and
- more frequently if a company's reporting has been found to not comply with, or only just meets, the requirements in the Guidelines.

25 portfolio companies were selected for review this year (2022: 25), representing approximately a third of the total population. This sample consists of:

- 10 portfolio companies that have not been previously reviewed, being new entrants to the population (2022: 9); and
- 15 portfolio companies that have been previously reviewed and assessed as compliant (2022: 16).



Portfolio companies have differing year-ends and the annual reports with years ending on or after 1 May 2022, and up to and including 30 April 2023 have been reviewed.

Eleven companies listed in section 2.1 were not compliant with all of the requirements in 2023.

Alexander Mann Solutions (OMERS PE) was non-compliant in two of the additional disclosure requirements, while Medivet Group (CVC Capital Partners) provided an explanation for non-compliance, under the “comply or explain” basis of the Guidelines, in five areas of the additional disclosure requirements. Both companies have committed to include these disclosures in future annual reports.

The following companies were given a first-year grace from the review process and have committed to comply fully next year:

- Network Plus Services (OMERS PE) – Due to pressures with resource as the transaction was closing, the company was onboarded in 2023 and will be fully involved in 2024.
- RoadChef Motorways (Macquarie Asset Management) – Due to pressures with timeline, the company was onboarded in 2023 and will be fully involved in 2024.

These companies’ annual reports will be reviewed in 2024.

The following companies have been given a first-year grace for the publication of a mid-year update due to their financial year end. Each year, when the PERG reviews the transactions from the preceding period, there are new portfolio companies where the annual accounts will have been signed or the period of private equity ownership before the company’s financial year end is minimal, meaning that the additional disclosures could not be included to be reviewed by PERG and PwC.

- Davies Group (BC Partners);
- Instavolt (EQT Partners);
- Medivet Group Ltd (CVC Capital Partners); and,
- Stagecoach Group (DWS Infra).

2.2.3 Measuring compliance

The basic requirements are set out in the next section along with a link to the Good Practice Guide. In the first part of its review, PwC checks if portfolio companies have included the disclosures required by the Guidelines.

For the second part of the review, the PERG commissions PwC to form a view on the quality and standard of the disclosures and classify them as excellent, good or as meeting the level of basic compliance. In practice, this is a subjective judgement made by assessing how many of the expected attributes of good quality reporting in each of the guideline’s criteria are included in the disclosures, utilising those expectations set out in the PwC Good Practice Guide.

To inform this assessment and determine the level required to obtain a “good” rating, PwC also performs a read across of the portfolio companies’ disclosures to the standard typically seen in the financial statements of companies within the FTSE 250 and consider other elements of good corporate reporting such as the:

- level of information and the way in which it is disclosed;
- clarity of the narrative;
- cohesiveness and linkage of different disclosure areas;
- use of text and visuals; and
- overall user-friendliness.

The companies in the FTSE 100 are not generally considered to be comparable to the portfolio companies covered by the Guidelines due to their size and geographical reach (the FTSE 100 companies are generally multinational whereas the portfolio companies have significant UK operations) and therefore do not form part of this assessment. Further detail on how compliance is measured is included in Appendix 4.

Fair, balanced and understandable	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed (% and number)	0%	40%	56%	4%	0%	60%	40%	0%
	0	10	14	1	0	15	10	0

The quality and level of disclosure continues to increase with more requirements in narrative reporting in a number of jurisdictions. In particular, non-financial reporting is an increasingly important element of the Annual Report and statutory or regulatory changes are bringing more companies into scope for enhanced disclosure. We expect this to continue with, for example, the new Non-Financial and Sustainability Information Statement and other sustainability reporting requirements.

To assess the quality of compliance more effectively, the PERG is also monitoring how companies are performing in relation to the “fair, balanced and understandable” requirement. Note that there is no requirement in the Guidelines to confirm this, as it is a requirement of the Code. Instead, portfolio companies are required to state compliance with the Guidelines as a proxy. There has been a disappointing change in the quality of “fair, balanced and understandable” disclosures this year with only 40% of companies achieving at least a good standard (2022: 60%) and one company non-compliant. No company reviewed was considered excellent in this area.

2.2.4 Feedback for private equity firms and portfolio companies

The PERG will explain where improvements can be made in feedback letters sent to private equity firms and their portfolio companies. To promote good practice, these will highlight areas where disclosures could be improved beyond the basic requirements, as well as flagging where portfolio companies have not included a statement of conformity in their annual report.

Alongside this report, an updated Good Practice Guide has been published by the PERG and PwC, showcasing examples of good practice based on the findings of this year's review.

The PERG is also looking at other activities to improve the quality of disclosures such as working closely with portfolio companies from an early stage.

2.2.5 Disclosure by a portfolio company – detailed findings

The following section sets out how the sample of portfolio companies reviewed have performed against the individual requirements assessed for compliance and whether the quality of disclosure provided was excellent, good, basic (i.e. the minimum level expected) or non-compliant.

It is important to note that each year the sample that is reviewed, and therefore the quality of the disclosures, differs (as the sample is not directly comparable year on year). As noted in section 1.7, PwC reviews approximately a third of the population, with new companies and companies not reviewed in three years included in the sample.

Guidelines specific disclosures

Identity of the private equity firm	Expectations for compliance
The report should identify the private equity fund or funds that own the company and the senior executives or advisers of the private equity firm in the UK who have oversight of the company on behalf of the fund or funds.	See section 1 of the Good Practice Guide (page 4).

Identity of the private equity firm	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	12%	40%	48%	0%	12%	48%	40%	0%

52% of the sample reviewed achieved at least a good standard (2022: 60%), which is a decrease from last couple of years. Three companies were considered excellent this year.

Weaker examples referenced the private equity firm and failed to give any history of the ownership or the private equity firms' involvement. This resulted in limited references to the private equity firm through the identity of the directors on the board and the controlling party disclosure within the financial statements. The better performers provided some further insight, such as the firm's history, background, an explanation of its role or a more detailed ownership structure including the name of the fund.

Details of board composition	Expectations for compliance
The report should give detail on the composition of the board, identifying separately executives of the company, directors who are executives or representatives of the private equity firm, and directors brought in from outside to add relevant industry or other experience.	See section 2 of the Good Practice Guide (page 5).

Details of board composition	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	20%	52%	28%	0%	8%	64%	28%	0%

This criterion continues to be well adhered to by portfolio companies with all companies compliant, and the quality of disclosure has increased year on year. 72% of the companies reviewed produced good or excellent quality disclosures (2022: 72%), clearly articulating the experience of the board members, and demonstrating why they are appropriate for that role. The weaker examples only listed the directors for the period, which is the Companies Act 2006 requirement, and identified which directors represented the private equity house. They did not elaborate further by adding the role and experience of each director.

20% of companies achieved an excellent disclosure compared to 8% in 2022, which is very positive to note. These included a significant level of additional disclosure, similar to a listed company, covering the wider aspects of governance and committees in place, as well as how the board members form part of this.

Financial review	Expectations for compliance
The financial review should cover risk management objectives and policies in the light of the principal financial risks and uncertainties facing the company, including those relating to leverage, with links to appropriate detail in the footnotes to the balance sheet and cash flow section of the financial statements.	See sections 3 and 4 of the Good Practice Guide (pages 6 and 7).

Compliance with this requirement was measured by reference to two areas: the financial position of the company at the year-end and the identification and analysis of financial risks.

Financial position at year-end	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	12%	64%	24%	0%	8%	48%	44%	0%

It was positive to see the quality of disclosures substantially increase this year, with 76% of companies achieving at least a good standard (2022: 56%). Three companies provided excellent disclosure (2022: Two).

Given the variety of funding structures in place across the portfolio companies reviewed, there was a range of presentations to facilitate the readers' understanding of the financial position. The majority of companies articulated the year-end debt position, providing sufficient disclosure for the user to understand the profile of the debt, the types of covenants in place and performance against these. Financing arrangements along with details on capital structure and the profile of the debt repayments were positive features of some disclosures.

Where portfolio companies only met the basic requirement there was generally a lack of clarity over the financial position, and little or no information on whether covenants were in place and if they had been met. More detailed information was needed on movements in the year and on the terms of the loans, as well as the financial health of the company.

Financial Risks	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	0%	56%	44%	0%	4%	36%	60%	0%

The quality of disclosures improved this year with 56% of companies achieving at least a good standard (2022: 40%). However, no companies provided excellent disclosure (2022: One).

Although portfolio companies will have differences in the specific financial risks linked to their operations, this is a Guidelines criterion that can be easily evaluated across the population on an even basis. Portfolio companies achieved a good level of disclosure by avoiding boiler plate and simplistic disclosures (which would only achieve a basic level of compliance) and by including detail on how risks are addressed as well as quantitative information which enhances the disclosure. More work needs to be put into this section due to the significant fall in good disclosures.

Where portfolio companies went into their mitigation strategies and provided quantitative information to support the risk assessment, this was beneficial for the users of the accounts and provided the appropriate level of insight.

Strategic report disclosures required by UK Companies Act.

Balanced and comprehensive analysis of development and performance during the year and position at the year end	Expectations for compliance
The strategic report must contain a balanced and comprehensive analysis of development and performance of the company's business during the year and position at the end. The purpose of this is to inform the members of the company and help them assess how the directors have performed their duty.	See section 5 of the Good Practice Guide (page 8).

Balanced and comprehensive analysis of development and performance during the year and position at the year-end	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	8%	56%	36%	0%	8%	60%	32%	0%

The quality of disclosures has decreased slightly year on year with 64% of companies achieving at least a good standard this year (2022: 68%).

Good levels of disclosure require a balanced discussion on the development and performance during the year, fairly reflecting the business and its divisions. Some of the stronger performers were able to narrate this succinctly and provide a direct insight into operations in a distinctive and strategic way that is relevant. The annual reports expanded beyond the income statement to give detailed insights.

The minority of companies that achieved a basic level of disclosure did not provide greater insight into their operations, largely summarised the primary financial statements, and did not include detailed comparisons.

Principal risks and uncertainties facing the company	Expectations for compliance
The report must contain a description of the principal risks and uncertainties facing the company.	See section 6 of the Good Practice Guide (page 9).

Principal risks and uncertainties facing the company	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	12%	40%	48%	0%	16%	60%	24%	0%

The quality of disclosures has decreased with only 52% of companies achieving at least a good standard this year (2022: 76%). This is disappointing given the importance of understanding and acting to mitigate any risks or uncertainties facing a company. Basic disclosure presented a limited view on movements in risks and uncertainties in the year and did not include quantitative information to support the risks and magnitude or movement of the risk in the year.

Portfolio companies that performed reasonably well this year produced disclosures on the principal risks and uncertainties they face covering the alignment between the risk and strategy, providing an assessment of their risk profile, as well as management and mitigation processes.

Key performance indicators (KPIs) – financial and non-financial	Expectations for compliance
The report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include analysis using financial key performance indicators, and where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters. "Key performance indicators" means factors by reference to which the development, performance or position of the company's business can be measured effectively.	See sections 7 and 8 of the Good Practice Guide (pages 10 and 11).

Financial KPIs	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	8%	48%	40%	4%	4%	32%	64%	0%

The quality of disclosures has improved, with 56% of companies achieving at least a good standard this year (2022: 36%). There were two companies (2022: One) that were deemed to be excellent, which is positive. It was disappointing to see that one company (2022: None), Medivet Group (CVC), provided an explanation for non-compliance on its website. The company has committed to including the disclosure in its annual report next year.

Measures that generally appear in most reports are revenue, EBITDA and profit before tax, although sophisticated financial measures are reported in a number of reports to analyse the performance of the business in real detail. Basic disclosures would benefit from aligning the KPIs to the strategic objectives and targets, and by explaining why they are key.

A number of companies included quantified current year performance and comparatives, as well as providing an explanation of why the KPI was included. The companies that did achieve an excellent standard defined the KPIs, provided trend data over a number of years, and explained the movements.

Non-financial KPIs	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Explanation for non-compliance
All companies reviewed	8%	20%	64%	8%	4%	28%	68%	0%

The quality of disclosures were mixed and disappointing again this year, with only 28% of companies achieving at least a good standard (2022: 32%). A large number of portfolio companies are still deemed basic. These basic disclosures simply included high level boiler plate information with little detail on why there were selected, how they are calculated and the targets the company has set.

There were two companies (2022: One) that were deemed to be excellent, one company, Medivet Group (CVC) that gave an explanation for non-compliance, and one company, Alexander Mann Solutions (OMERS PE), that was non-compliant. Both have committed to including the disclosure in their annual reports next year.

Where value is well delivered in annual reporting these non-financial KPI measures are linked to key strategic priorities, often relating to delivery of goods and services. They are presented alongside the financial key performance indicators and shown to have a similar level of importance and management focus. Basic disclosures did not include an analysis of performance against the KPIs presented.

Enhanced Business Review

Strategy	Expectations for compliance
The report should clearly articulate how the business intends to achieve its objectives.	See section 9 of the Good Practice Guide (page 12).

Strategy	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	16%	56%	28%	0%	12%	44%	44%	0%

The quality of disclosures has improved with 72% (2022: 56%) producing at least a good standard of disclosure. Four companies (2022: Three) included excellent disclosures, which was very positive to note. Good disclosure included a strategy that ran throughout the narrative, focused on priorities and how to enact them.

Linkage between strategies, risks and KPIs was an important part of a coherent narrative that delivered a fair, balanced and understandable report. This ensures that strategy is focused across all aspects of the business and at all levels in the reporting.

28% of companies disclosed a basic level of disclosure on strategy, presenting a generic and isolated statement, which in many cases lacked focus, clear articulation of targets and timing, and an understanding of how this could be delivered (2022: 44%). The disclosure would be better presented if clearly stated upfront.

Business model	Expectations for compliance
The report must include a description of the business model.	See section 10 of the Good Practice Guide (page 13).

Business Model	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	12%	48%	40%	0%	24%	40%	36%	0%

This requirement continues to be met in a number of ways with the standard of disclosure levels consistent. It was disappointing to see the drop in excellent disclosure (2023: 12%; 2022: 24%).

Good or excellent examples of business models (60% of portfolio companies; 2022: 64%) articulated clearly and simply how the business generates revenue and value, often through a simple diagram, to show where the business sits in the wider market and how this creates value for the end user of the annual report, including the inputs and outputs that are identified as important. Less developed discussions allowed the reader to understand the segments of the business, but left them to extract how value is created.

The weakest companies relied on the narrative of their operations in a wider context. Taking this approach tended to result in a basic level of compliance (2023: 40%; 2022: 36%).

Trends and factors affecting future development, performance or position	Expectations for compliance
The report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include the main trends and factors likely to affect the future development, performance and position of the company's business.	See section 11 of the Good Practice Guide (page 14).

Trends and factors affecting future development, performance or position	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	0%	36%	64%	0%	12%	48%	40%	0%

Only 36% of companies this year achieved at least a good level of compliance and provided analysis and clear disclosure specific to the portfolio company and/or the market in which it operates and provided context to the portfolio company's current and expected performance (2022: 60%). This is a disappointing drop from the prior year and this disclosure will be monitored closely next year, given its importance.

Basic disclosures included statements that were general, did not include quantitative information where relevant and lacked information on internal and external factors driving the growth of the company. The statements provided little additional information for the users of the accounts, although included sufficient appropriate references to comply with the basic guideline requirements. 64% of companies produced such basic disclosures (2022: 40%).

Environmental matters	Expectations for compliance
The report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about environmental matters (including the impact of the company's business on the environment), including information about any policies of the company in relation to those matters and the effectiveness of those policies.	See section 12 of the Good Practice Guide (page 15).

Environmental matters	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	20%	40%	36%	4%	20%	44%	36%	0%

Overall, compliance with this disclosure is similar to prior year, with 40% receiving a good rating, and a further 20% receiving an excellent rating (2022: 44% good / 20% excellent). It was disappointing to see that one company (2022: None), Medivet Group (CVC), provided an explanation for non-compliance on its website. The company has committed to including the disclosure in its annual report next year.

Where portfolio companies have specific policies for measuring their performance in this area and have included these metrics, it significantly assists the user in understanding what has and/or will be achieved. Many reports contained substantial disclosure, with quantified metrics in relation to the environmental impact of the business, and included information on environment committees which focus on addressing the environmental matters of the company. Other companies scored well as they adopted Streamlined Energy and Carbon Reporting requirements. In addition to these, there was discussion on the principal energy efficiency actions that have been undertaken by the company. Basic disclosures included a broad statement not supported by applicable evidence. This disclosure can be improved by including actions, policies and quantifiable measures to support the discussion.

Employees	Expectations for compliance
The report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about the company's employees including information about any policies of the company in relation to those matters and the effectiveness of those policies.	See section 13 of the Good Practice Guide (page 16).

Employees	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	20%	40%	40%	0%	4%	44%	52%	0%

Employees are essential for nearly all businesses, and it is vital that portfolio companies are able to articulate the importance of their employees and comply with the Guidelines in this area. To achieve a good level of compliance in this area, disclosures should set out the clear alignment between overall strategy and employee policies, detailing employee engagement, community, and training and development. 60% of companies reviewed provided at least a good level of disclosure (2022: 48%), which is a significant improvement and positive to note. Even more positive is the five companies (2022: One) that were deemed excellent.

The basic disclosures tended to make blander statements on employee areas without giving details of how the policies were practically put into action. They were generally based off required statutory disclosures within the Directors' and Strategic Reports, and did not include alignment of the information presented to the overall business strategy or targets.

Social, community and human rights issues	Expectations for compliance
The report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies.	See section 14 of the Good Practice Guide (page 17).

Social, community and human rights issues	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	12%	36%	48%	4%	0%	36%	64%	0%

Where the annual report included information about social, community and human rights issues as well as an explanation of the actions taken to address the issues with quantifiable evidence, the company would have produced a good disclosure. There was an improvement this year, with 48% of companies reviewed providing at least a good level of disclosure (2022: 36%). It was positive that three companies provided excellent disclosure (2022: None)

To achieve basic compliance a section in the annual report should include, at a high level, the social, community and human rights issues affecting the business and the company's policies to address them. A compliance led statement is a minimum, identifying what the company does in these areas and confirming, if appropriate, that human rights are not a material issue for the company. It was disappointing to see that one company (2022: None), Medivet Group (CVC), provided an explanation for non-compliance on its website. The company has committed to including the disclosure in its annual report next year.

Gender diversity	Expectations for compliance
<p>The report must include a breakdown at the end of the financial year to show:</p> <ul style="list-style-type: none"> ■ the number of each sex who were directors of the (parent) company; ■ the number of people of each sex who were senior managers of the company (other than those already identified as directors); and ■ the number of people of each sex who were employees of the company. <p>The updated Guidelines allow the portfolio company to apply their own definition for the role of a senior manager.</p>	<p>See section 15 of the Good Practice Guide (page 18).</p>

Gender diversity	Quality of disclosures 2023				Quality of disclosures 2022			
	Excellent	Good	Basic	Non-compliant	Excellent	Good	Basic	Non-compliant
All companies reviewed	0%	40%	56%	4%	8%	40%	52%	0%

The level of compliance on gender diversity disclosures is disappointing this year, with only 40% achieving a good rating (2022: 48%) and one company, Alexander Mann Solutions (OMERS PE), non-compliant. The company has committed to including the disclosure in its annual report next year.

This is an area of increasing focus in the wider corporate reporting environment due to gender pay gap reporting requirements for large companies. Portfolio companies should be aware that the Guidelines requirements differ from the gender pay gap reporting requirements and production of disclosures for one requirement will not be sufficient to be compliant with the other.

Disclosures are considered basic where they provide a summary of the gender split across the various levels of the company, but are not supported by details of the relevance of the diversity statistics, the policies in place and how these link to the overall strategy of the company. It is disappointing to see that the majority of the population reviewed still only achieve basic compliance given the importance of this topic to society more broadly. The PERG continues to recommend that companies pay greater attention to this requirement and go beyond providing just the minimal level of disclosure.

Statement of compliance	Expectations for compliance
<p>The report should include a statement by the directors of the portfolio company confirming compliance with the Guidelines or setting out explanations for areas of non-compliance.</p>	<p>See page 3 of the Good Practice Guide.</p>

Statement of compliance	2023		2022	
	Included	Not included	Included	Not included
All companies reviewed	60%	40%	52%	48%
	15	10	13	12

60% of companies reviewed included a specific statement of compliance with the Guidelines in the annual report (2022: 52%). The PERG believes a statement of compliance with the Guidelines can be incorporated into a company's annual report with relative ease and it should not be contentious to comply with this requirement. It is disappointing that 40% of the sample reviewed did not include a statement.

It should be made clear including a statement with the title 'Guidelines for Disclosure and Transparency in Private Equity' is not fully sufficient. Many companies do not directly make reference to the Walker Guidelines and this should be included in future years.

2.3 Publication of portfolio company reports

The Guidelines require portfolio companies' audited report and accounts to be readily accessible on the company website no more than six months after the company year-end. Additionally, a summary mid-year update giving a brief account of major developments in the company (but not requiring updated accounts) should be placed on the website no more than three months after mid-year.

Publication of annual reports

Portfolio companies should publish their annual audited reports on their websites no more than six months after the company year-end. Annual reviews or similar narrative reports are not acceptable alternatives to a portfolio company's annual report and financial statements within which the Guidelines disclosures should be found in the front half. Additionally, it should be readily accessible on the portfolio company's website, and not behind a login

page. To calculate the compliance rates below, we have not included the eight companies (noted in section 2.1) that are not complying with any aspect of the Guidelines, or those companies given a first-year grace. Further improvements are required on this aspect of the Guidelines as the compliance rates should be higher. 81% of portfolio companies have published an annual report within six months of year-end on their website (2022: 78%):

- A first-year grace was given to:
 - Network Plus Services (OMERS PE)
 - RoadChef Motorways (Macquarie Asset Management)
- The following portfolio companies did not publish their annual reports within six months of year-end, however, did so subsequently:
 - Advanced Computer Systems (BC Partners)
 - Alcumus Group (Apax Partners)
 - Bourne Leisure (Blackstone)
 - Care UK (Bridgepoint)
 - Davies Group (BC Partners)
 - HC-One (Safanad)
 - Hyperoptic (KKR)
 - Parkdean Holidays (Onex)
 - Williams Lea (Advent International)
 - Witherslack (Mubadala Capital)
 - Zellis (Bain Capital)
- Ambassador Theatre Group (Providence Equity) provided an explanation to the PERG as to why the company has been unable to publish its annual report on its website.

Mid-year update

Portfolio companies should publish a summary mid-year update giving a brief account of major developments in the company within three months of mid-year. 83% of portfolio companies published a mid-year update within three months of mid-year on their website (2022: 86%).

- A first-year grace was given to:
 - Davies Group (BC Partners)
 - Instavolt (EQT Partners)
 - Medivet Group (CVC Capital Partners)
 - Network Plus Services (OMERS PE)
 - RoadChef Motorways (Macquarie Asset Management)
 - Stagecoach Group (DWS Infra)
- The following portfolio companies missed the deadline to publish their mid-year updates on their respective websites. However, all companies have subsequently published their mid-year updates.
 - Advanced Computer Systems (BC Partners)
 - Alcumus Group Ltd (Apax Partners)
 - Bourne Leisure (Blackstone)
 - Chime Communications (Providence Equity Partners)
 - Civica (Partners Group)
 - Hyperoptic (KKR)
 - Moto (CVC Capital Partners)
 - Parkdean Holidays (Onex)
 - Williams Lea (Advent International)
- Ambassador Theatre Group (Providence Equity) provided explanations to the PERG as to why the companies have been unable to publish a mid-year update on their respective websites.

2.4 Communication by private equity firms

Communication by private equity firms	Expectations for compliance
A private equity firm should publish an annual review accessible on its website or ensure regular updating of its website to communicate information about itself, its portfolio companies and its investors along with a commitment to the guidelines.	The requirement allows firms to either prepare a separate annual report or include the information generally within the firm's website.

The PERG has reviewed the websites and/or annual reports of all private equity firms covered by the Guidelines to assess if they met the disclosure requirements above. This includes the publication of information covering details on their investment approach, UK portfolio companies, and leadership of the firm (see Appendix 3 for further detail). Private equity firms were also required to sign an annual statement of conformity to the Guidelines.

All members of the BVCA have met the requirements. This is not the case for all non-BVCA member firms covered by the Guidelines. In practice, it is difficult to compel non-members to provide this information even though the PERG and BVCA strongly encourage it

Our review of private equity firms' disclosures considered:

- a) the extent to which firms complied with the separate criteria; and
- b) the accessibility of the information and the clarity of their commitment to the Guidelines

- The detail included in annual reports and/or websites varied with some firms opting for succinct statements to ensure compliance, and others providing extended information on strategy and detailed case studies. Since the Guidelines were first implemented the level of disclosure by firms has generally increased, and with some firms now listed, the detail of some of these disclosures is much higher.

- As in previous years, the disclosures that are most difficult to find are the statement of investment holding periods, and confirmation that arrangements are in place to deal with conflicts of interests. We continue to see “boiler plate” statements which reference the long-term nature of the investments in portfolio companies. The conflicts of interest policy requirement is somewhat outdated as private equity houses are regulated and so this is implicit in their operations.
- More firms are now providing case studies, however this is not a compulsory requirement.
- Firms provided these disclosures through regular updating of the website or an annual report or another publication. Some firms included these disclosures in prior years’ publications still accessible on the website and it is recommended to re-confirm these each year. Other firms provide the same level of commitment; however, the disclosure requirements are spread through a large website (particularly for global firms or those with different investment strategies including private equity) and are less straightforward to locate. Those firms’ websites that dedicate a page or section to state their commitment to the Guidelines and to demonstrate their compliance with the criteria appear to be more accessible and make the process of monitoring compliance much easier.
- Some firms display their commitment to the Guidelines in what might be considered an “unusual” place. For example, international firms may include this information in a “Global reach” section. The expected and common area for these disclosures would be under any of the following headings: transparency, disclosure, governance, ESG or reports. In a minority of examples, the Guidelines are referenced in the small print of the website, alongside links to terms and conditions and the sitemap.

Statement of conformity with the Guidelines

The statement of conformity requests the private equity firm to confirm which companies are within scope of the Guidelines and confirm they are aware of the various disclosure recommendations made in the Guidelines. BVCA members have signed the statement, which is an annual requirement.

Private equity firms are encouraged to share the Guidelines checklist (see appendix 6), which accompanies the statement of conformity, and discuss all of the detailed requirements with their portfolio companies on a regular basis. This, coupled with the PERG’s findings, will ensure compliance levels and the quality of disclosures are maintained and improved.

2.5 Other requirements and recommendations

The Guidelines include additional requirements for private equity firms and portfolio companies regarding the provision of data to the industry association, the adoption of established valuation and reporting guidelines and timely and effective communication at a time of significant strategic change. They also include recommendations for the industry association regarding research capabilities and activities, engagement with “private equity-like” entities and fund performance measurement.

Findings

- The private equity firms apply guidelines published by Invest Europe, the International Private Equity and Venture Capital Valuation Guidelines Board or applicable accounting standards and reporting requirements agreed with their investors.
- The PERG did not identify any instance where a private equity firm had not ensured timely and effective communication of a significant strategic change in a portfolio company.

2.5.1 Performance of portfolio companies

The annual review of the performance of portfolio companies, undertaken by EY at the request of the BVCA, has been published alongside this report. Its purpose is to present an independently prepared report on several measures of performance of the portfolio companies whilst under the ownership of private equity investors, in order to assess the effect of private equity ownership on key areas of stakeholder interest.

The Walker refresh process has seen the EY report restructured to make it more accessible to a general audience. This has not, however, changed the data collection process nor the data collected.

The research states the results based on the data received and further interpretative analysis cannot be easily performed given the number of companies included in the dataset e.g. if a metric has increased, the specific reasons behind this cannot be inferred simply based on other data received as there may be other internal and external factors to consider. It is important to note that the year referred to in the key findings relates to the year in which the data relates, as opposed to the other findings in this report which refer to the report year.

Key findings from the report include:

- The average timeframe of private equity ownership of portfolio companies is 5.9 years and the current portfolio companies have been owned for an average of 4.4 years.
- The equity return from portfolio company exits is 3.0x the public company benchmark when measured over the same period of time; c.59% of the additional gross return can be explained from the higher levels of financial leverage employed, with the balance being private equity strategic and operational improvement.
- Annual employment growth of the portfolio companies is slightly below (i) the private sector benchmark of growth at 0.7% versus 1.0% growth (organic), and (ii) the public company benchmark at 2.0% versus 2.7% growth (reported). At the sector and company level, there is a wide range for growth in organic employment. The Healthcare and Other sectors underperformed the other sectors in terms of year-on-year organic employment growth.
- Average employment cost-per-head in the portfolio companies has increased by 2.7% per annum under PE ownership (2021: 2.1%). This was lower than the UK private sector benchmark (2021: 3.5%).
- 61% of the current portfolio companies have made net bolt-on acquisitions while 12% have made net partial disposals. This continues to support the view that PE companies are focused on growing their portfolio companies, both through acquisition and organically, rather than selling off their component parts.
- Capital productivity growth is 11.9% which exceeds the public company benchmark of 1.0% per annum.
- Labour productivity for portfolio companies has remained consistent vs 2021 at (i) 4.2% (2021: 4.2%) as measured by growth in EBITDA per employee, and (ii) 3.0% (2021: 3.1%) as measured by growth in Gross value added ("GVA") per employee. The portfolio companies outperformed the benchmark comparative labour productivity (measured by GVA per employee), i.e. when comparing FY22 to FY21 across this metric.
- The portfolio companies outperformed the public company benchmarks at a revenue increase of 7.0% versus 5.4%. EBITDA growth of 4.9% underperformed the benchmark of 9.1% per annum. There is a wide range of results in 2022 trading performance in the current portfolio companies at both a sector and company level, with the outperformance partly driven by the Consumer sector achieving higher growth in profitability (EBITDA) than other sectors.
- Data on gender diversity was collected again this year. Female representation is 51% at an overall employee level across the current portfolio companies and 20% at the director level. 40% of FTSE 250 board positions are held by females (source: Hampton-Alexander Review).

The report is available on the BVCA website at <https://www.bvca.co.uk/Research/Business-Performance>.

The majority of companies complied with this requirement to provide data for the purpose of this report (2023: 83%, 2022: 86%). The following companies did not comply with this requirement: Acacium Group (Onex), Amey (One Equity Partners), Camelot (Ontario Teachers' Pension Plan), Energy Assets Group (Asterion Industrial partners), Equiniti Group (Siris Capital), Global Risk Partners (Searchlight Capital Partners), Interpath Advisory (H.I.G Capital), London City Airport (OMERS Infrastructure, Ontario Teachers' Pension Plan, Alberta Investment Management Corporation and Wren House Infrastructure Management), McCarthy & Stone (Lone Star), Punch Taverns (Fortress Investment Group), PureGym (Leonard Green & Partners), TES Global (Onex), Travelodge (Goldman Sachs) and Voyage Care (Wren House Infrastructure).

2.5.2 Engagement with "private equity-like" entities

The Guidelines extend to firms that conduct their business in a manner that would be perceived by external stakeholders to be similar to that of other participants in the private equity industry. The PERG and the BVCA continue to engage with "private equity-like" firms, including sovereign wealth funds and pension funds, with the purpose of enlisting their voluntary conformity with the Guidelines.

The PERG will continue to encourage and work with entities that remain in the population and are considered private equity-like. This includes infrastructure fund managers

like Global Infrastructure Partners and Macquarie Asset Management, pension funds such as OMERS Private Equity, and those that operate in the credit opportunities sector. These owners are compliant with the Guidelines and have engaged with the BVCA throughout this year's process.

The full definition of what the PERG considers a private equity firm under the Guidelines can be found on the Q&A page on the PERG's website (www.privateequityreportinggroup.co.uk).

2.5.3 Fund performance measurement

The Guidelines recommended that the BVCA should participate proactively with private equity trade associations beyond the UK and with the limited partner community to develop a consistent methodology for the content and presentation of fund performance information. The BVCA is continuing to hold discussions with other European private equity trade associations covering a number of areas including fund performance measurement.

3

Refreshing the Walker Guidelines



In 2022, the PERG and the BVCA began the process of updating the Guidelines. This has taken into consideration current and forthcoming changes to the narrative reporting landscape, as well as increased stakeholder interest in the private equity industry following high-profile transactions involving well-known businesses in the UK. This work will continue into 2024 as we build on the recent developments and changes to various aspects of the Guidelines.

3.1 Overview

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 website (to make the Guidelines more transparent), communications (to ensure that the results are more widely shared with stakeholders) and understanding of the Guidelines (to ensure that those reading the reports could easily understand).

Given the period of time since the last update of the reporting requirements, the PERG recommended to the BVCA that a fuller review begin in 2023 to update the Guidelines. The PERG had originally wanted to coincide with government reforms, via Statutory Instrument and primary legislation. However, due to the continued delay and the subsequent shelving of legislation by the government in 2023, the PERG has recommend the BVCA begin this review in 2024.

This review is to be accompanied by a broader programme of engagement with interested and relevant stakeholder groups such as government departments, regulators, trade unions and the media. 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 review process is therefore well-timed and can re-initiate a dialogue to allay concerns and introduce improvements to the Guidelines to address issues on specific areas.

2021-22	2023	2024	2025
<p>Publish Roadmap setting out plans and current and incoming areas that will affect private company reporting in the future.</p> <p>Interim enhancements recommended by PERG to enhance the quality of disclosures and transparency of reporting; environmental matters; gender diversity; non-financial KPIs; timeliness of publications and accessibility; and references to FRC guidance and linkage to s172 reporting requirements.</p> <p>The PERG website and brand has been updated, with a new online summary. EY report has been updated.</p>	<p>The PERG recommended that the BVCA, alongside government legislation, update the reporting requirements under the guidelines.</p> <p>This timeframe is dependent on the finalisation of proposals and legislation on corporate reporting in the UK. These have been shelved.</p>	<p>Consultation process with membership. Publish report at end of year.</p>	<p>Revised guidelines come into effect.</p>

The following sections focus on the reporting requirements that apply to portfolio companies. As part the review process, the disclosure obligations that apply to private equity firms themselves should also be reviewed. The disclosure requirements for PE firms are from 2007 edition of the Guidelines. Private equity firms are heavily regulated now compared to how they were when the Guidelines were first created. Some of the Guidelines' disclosure requirements may not seem relevant. Furthermore, private equity firms include much more information on their websites compared to 2007 such as sustainability/ESG reports, case studies and information about the organisations.

Parties interested in participating in the review and providing feedback to the BVCA should contact Ciarán Harris (charris@bvca.co.uk).

3.2 Narrative reporting landscape

Since 2016, there have been several additional mandatory narrative reporting requirements implemented for large private companies that complement the Walker requirements. Further changes are expected in the UK which will align reporting requirements for large private companies with Public Interest Entities (listed companies, banks, insurers).

All of the areas below should be taken into consideration when updating the enhanced disclosure requirements that apply to portfolio companies:

Other legal requirements – currently apply	Future UK legal requirements
<p>The following requirements currently apply to large private companies in the UK – in addition, and often complementary with, the Walker Guidelines.</p> <ul style="list-style-type: none"> ■ Modern Slavery Act 2015 ■ Gender Pay Gap Information Regulations 2017 ■ Reporting on section 172 and engagement with employees, suppliers, customers and others ■ Corporate governance arrangements reporting ■ Streamlined energy and carbon reporting ■ Tax strategy reporting ■ Payment practices and performance ■ Task force on climate-related financial disclosures (TCFD) <p>Although the exact thresholds vary, many requirements will likely cover the companies included in the Walker Guidelines. The placement of the disclosures vary – some are in financial statements, others are on the company’s website (or both).</p> <p>Further detail can be found in a BVCA member briefing from November 2023.</p>	<p>The following areas are being consulted on by the UK government and regulators. With the exception of TCFD, the implementation dates are to be confirmed and further detail on the proposals is included below.</p> <ul style="list-style-type: none"> ■ Task force on climate-related financial disclosures (TCFD) for other entities ■ Sustainability Disclosure Requirements regime (SDR) and UK green taxonomy ■ UK Sustainability Disclosure Standards (UK SDS) <p>Expectations and reporting on diversity on boards also continues to grow.</p>

Summary of future legal requirements

■ Sustainability Disclosure Requirements regime (SDR) and UK green taxonomy:

- UK government's recent roadmap set to align financial system with UK net zero strategy.
- **Scope:** UK registered companies including relevant financial services firms (banks, insurance companies). The definition is yet to be confirmed.
- **Timing:** Consultation occurred in 2022. Implementation 2-3 years after.
- **Impact:** Annual reports disclosures in line with standards set by International Sustainability Standards Board. Also report on the extent to which activities align with UK green taxonomy.

■ UK Sustainability Disclosure Standards (UK SDS)

- UK implementation of the ISSB Sustainability Standards
- **Scope:** UK registered companies including relevant financial services firms (banks, insurance companies). The definitions are yet to be confirmed.

- **Timing:** Consultation occurred in 2023. There will be further consultation in 2024. Implementation from July 2024 but dependant on UK implementation.
- **Impact:** Annual reports disclosures in line with standards set by International Sustainability Standards Board. This will be a substantial change to sustainability for corporates and will require companies to disclose their approach in managing sustainability-related risks and opportunities as well as the resilience of their strategy and business model to the risks.

It is important to note that disclosure around environment, and climate more generally, is becoming increasingly demanding for both publicly quoted companies and their private company equivalents. Many will find this area challenging as new regulations come into force.



3.3 The roadmap for 2024

Each year the PERG monitors developments in narrative reporting for listed and other large companies to assess how they might affect portfolio companies. Where these developments lead to significant improvements in FTSE 250 reporting, it raises the bar for judging the quality of compliance for portfolio companies.

The government previously committed to publishing the long-awaited Corporate Governance and Audit Reform Bill in 2023. The proposals included in this Bill would have set the groundwork for changes in narrative reporting under the Guidelines. The Bill, and a related statutory instrument, have been shelved with no new timeline given. It is reasonable to expect the next Government (both major parties have committed to the reforms) to publish this legislation, but we do not have oversight of when this might be. As such, the PERG has recommended that the BVCA continue to monitor the political landscape for signs of this legislation.

The PERG is now committed to refreshing the portfolio company disclosure requirements, in particular around ESG matters, and reassessing the disclosure requirements for GPs. ESG continues to increase in importance and prominence, and portfolio companies and their owners are in strong position to be able to include more disclosure to stakeholders.

1

Appendix 1: Private equity firms covered by the Guidelines



The following private equity firms and 'private equity-like' firms were in the scope of the Guidelines for 2023, being the period covered by this report.

Where more than one private equity firm is involved in a transaction and they collectively own a controlling stake in a portfolio company, those firms will be jointly and severally responsible for ensuring that the portfolio company applies the Guidelines, and each of those firms will be assessed for compliance with the requirements that apply to them.

Subject to prior approval by the PERG, the Guidelines do not apply to minority shareholders which invest alongside other majority shareholder(s) where both the majority shareholder(s) and the portfolio company comply with the Guidelines. The PERG's approval will depend on the specific facts and circumstances and the extent to which control is exercised.

The first table sets out the firms we have monitored for compliance with the Guidelines.

3i Infrastructure	Leonard Green & Partners ¹
Advent International	Lone Star Funds ^{1,#}
Apax Partners	Macquarie Asset Management [#]
Ardian ³	Mubadala Capital [#]
Asterion Industrial Partners ¹	Nordic Capital ²
Bain Capital	OMERS Private Equity [#] and OMERS Infrastructure ^{3,#}
BC Partners ¹	One Equity Partners ^{1,2}
Blackstone	Onex ¹
Bridgepoint	Ontario Teachers' Pension Plan ^{1,#}
Cinven	PAI Partners
Clayton Dubiler & Rice	Palamon Capital Partners
CVC Capital Partners	Partners Group
DWS Infra ^{1,2,#}	Fortress Investment Group ¹
EQT Partners ²	Providence Equity
Formation Capital ^{1,#}	Safanad ^{1,#}
Fortress Investment Group ^{1,#}	Searchlight Capital Partners ¹
Global Infrastructure Partners [#]	Silver Lake
Goldman Sachs ^{1,#}	Siris Capital ¹
Hg Capital	TDR Capital
H.I.G Capital ¹	Towerbrook Capital Partners
iSquared Capital ^{1,#}	Vista Equity Partners ¹
KKR	Vitruvian
KSL Capital ¹	Wren House Infrastructure Management ^{3,#}

The second table sets out other minority investors in the portfolio companies covered by this report. For this reason, these firms have not been reviewed by the PERG as other larger investors in the portfolio companies have taken responsibility for complying with the Guidelines.

Abu Dhabi Investment Authority ^{1,#}	Intermediate Capital Group
Alberta Investment Management Corporation ^{1,#}	The Issa Brothers ^{1,*}
Antin Infrastructure ^{1,#}	Otto GmbH ^{1,*}
Astorg Partners	Livingbridge Equity Partners ²
Avenue Capital Group ^{1,#}	May Capital LLP ¹
Buckthorn Partners ^{1,2}	Nestlé ^{1,*}
Canada Pension Plan Investment Board (CPPIB) [#]	Pollen Street ¹
The Carlyle Group	PSP Investments ^{1,#}
Charme Capital Partners ^{1,2}	Q Super Fund ^{1,#}
GoldenTree Asset Management ^{1,#}	Walmart ^{1,*}
Future Fund Board of Guardians ^{1,#}	Warburg Pincus ¹
GIC [#]	USS [#]
Kirkbi Invest [#]	

¹ Not a member of the BVCA

² Addition this year

³ Individually not a member of the BVCA although it is an affiliate of one

[#] Private equity-like entity

^{*} Corporate investor

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Appendix 2: Portfolio companies covered by the Guidelines



The following portfolio companies either met the criteria set out in the Guidelines, or have committed to conform to the Guidelines on a voluntary basis during the period under review.

Owners disclosed in brackets do not need to comply with parts of the Guidelines for the reasons set out in Appendix 1.

Portfolio company	Owners during 2022
Acacium Group ²	Onex (Towerbrook Capital Partners)
Advanced Computer Systems	Vista Equity Partners, BC Partners
Alexander Mann Solutions	OMERS Private Equity
Ambassador Theatre Group	Providence Equity Partners
Ascot Lloyd ^{^1,2}	Nordic Capital
ASDA ²	TDR Capital (Issa Brothers, Walmart)
Automobile Association (AA) ^{1,2}	Towerbrook Capital Partners (Warburg Pincus)
Bourne Leisure ^{1,2}	Blackstone
Constellation Automotive Group (previously BCA Marketplace)	TDR Capital
Camelot	Ontario Teachers' Pension Plan
Care UK	Bridgepoint
Chime Communications	Providence Equity Partners
Citation Limited (The Citation Group) ¹	KKR (Hg Capital)
CityFibre ¹	Goldman Sachs, (Antin Infrastructure)
Civica	Partners Group
Clarion Events ¹	Blackstone
Cobham Limited	Advent International
David Lloyd Leisure	TDR Capital
Davies Group ²	BC Partners
Domestic and General	CVC Capital Partners, (Abu Dhabi Investment Authority)
Edinburgh Airport ¹	Global Infrastructure Partners (Future Fund Board of Guardians, Q Super Fund)
Energia Group (previously Viridian Group)	iSquared Capital
Energy Assets Group	Asterion Industrial Partners
ESP Utilities ¹	3i Infrastructure
esure Group	Bain Capital
Equiniti Group ²	Siris Capital
Evri (previously Hermes) ^{1,2}	Advent International (Otto GmbH)
Farnborough Airport	Macquarie Asset Management
Froneri	PAI Partners, (Nestlé)
Global Risk Partners	Searchlight Capital Partners
HC-One ¹	Safanad, Formation Capital
Hyperoptic	KKR
Huws Gray ^{1,2}	Blackstone
Infinis ¹	3i Infrastructure
Interpath Advisory ²	H.I.G Capital
IRIS Software Group	Hg Capital, ICG
JLA	Cinven
Kantar	Bain Capital
KCOM	Macquarie Asset Management

Portfolio company	Owners during 2022
LGC	Cinven, (Astorg)
London City Airport	Ontario Teachers' Pension Plan, OMERS Infrastructure, (Alberta Investment Management Corporation, Wren House Infrastructure Management)
M Group Services ¹	PAI Partners
McCarthy & Stone ²	Lone Star Funds
Medivet Group ²	CVC Capital Partners
Merlin Entertainments	Blackstone, (CPPIB, Kirkbi Invest)
Morrisons ²	Clayton Dubiler & Rice
Moto ¹	CVC Capital Partners, (USS)
Motor Fuel Group ¹	Clayton Dubiler & Rice
MyDentist	Palamon Capital Partners
NewDay ¹	CVC Capital Partners, Cinven
Parkdean Resorts	Onex
PIB Group ^{1,2}	Apax Partners
Premium Credit ¹	Cinven
Punch Taverns	Fortress Investment Group (May Capital LLP)
PureGym	Leonard Green & Partners
QA Training ¹	CVC Capital Partners
RAC	CVC Capital Partners, (GIC, USS and PSP Investments)
Rubix	Advent International
Shawbrook Bank ¹	BC Partners, (Pollen Street Capital)
Stonegate Pub Company	TDR Capital
Study Group International ¹	Ardian
Sykes Holiday Cottages ¹	Vitruvian
Travelodge ¹	Goldman Sachs, (GoldenTree Asset Management, Avenue Capital Group)
VetPartners	BC Partners
Village Hotels ¹	KSL Capital
Viridor Limited ¹	KKR
Voyage Care ^{1,2}	Wren House Infrastructure
Vue Cinemas	OMERS Private Equity, (Alberta Investment Management Corporation)
Westbury Street Holdings	Clayton Dubiler & Rice
Williams Lea Tag	Advent International
Witherslack ²	Mubadala Capital
Zellis (previously NGA Human Resources)	Bain Capital
Zenith	Bridgepoint
ZPG	Silver Lake

¹ Accounts reviewed this year

² Additions this year

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Appendix 3: Guidelines requirements for enhanced disclosures



The Guidelines on enhanced disclosure obligations placed upon portfolio companies and private equity, as amended in July 2014, are set out below.

The PERG has published a Q&A on the most frequently asked questions when navigating the Guidelines on the PERG website (www.privateequityreportinggroup.co.uk). The compliance checklist found in appendix 6 summarises the key requirements for private equity firms and their portfolio companies.

1. Conformity with each of the Guidelines should be on a **comply or explain** basis.

Where an explanation is given for “non-compliance”, this should be posted alongside other related relevant disclosures called for under these Guidelines on the website of the private equity firm or portfolio company.

2. Definition of a **private equity firm** for the purpose of the Guidelines:

Private equity firms for the purposes of the Guidelines include private equity and ‘private equity-like’ firms (together “PE firms”). PE firms include those that manage or advise funds that either own or control one or more companies operating in the UK and the company or companies are covered by the enhanced reporting guidelines for companies. PE firms include those that acquire portfolio companies: i) with funds provided by one or more investors; ii) an exit/disposal of the company is envisaged and iii) may play an active management role in the company. This would therefore include, but is not limited to, other types of investment funds including infrastructure funds, pension funds, sovereign wealth funds and credit/debt funds. It also applies to firms that may be headquartered outside of the UK. Banks and credit institutions, other than their asset management operations, are specifically excluded.

3. Definition of a **portfolio company** to be covered by enhanced reporting guidelines (as amended by the Group in April 2010):

A UK company:

- a) acquired by one or more private equity firms in a public to private transaction where the market capitalisation together with the premium for acquisition of control was in excess of £210 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents; or

- b) acquired by one or more private equity firms in a secondary or other non-market transaction where enterprise value at the time of the transaction is in excess of £350 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents.

4. Content of enhanced disclosure by a **portfolio company**

A portfolio company should include as part of its audited annual report and accounts the following enhanced disclosures, none of which call for disclosures beyond those specified for quoted companies in the Companies Act 2006 or other disclosure requirements applicable to quoted companies. Such reporting should throughout focus on substance rather than form and on the economic reality of a company or group rather than its legal structure.

- a) The report should identify the private equity fund or funds that own the company and the senior executives or advisers of the private equity firm in the UK who have oversight of the company on behalf of the fund or funds.
- b) The report should give detail on the composition of the board, identifying separately executives of the company, directors who are executives or representatives of the private equity firm and directors brought in from outside to add relevant industry or other experience.
- c) The report should include a review that, subject to points i and iv below, meets the requirements of Section 414C of the Companies Act 2006 including sub-sections 7 and 8 (which are ordinarily applicable only to quoted companies). Section 414C is reproduced in Annex 1 of this document and replaces Annex D of the Guidelines.

- i. For a UK portfolio company, this review is required to be included in the strategic report under the Companies Act 2006. A non-UK portfolio company may include this review in a directors' report or equivalent in line with applicable legal requirements in the non-UK country.
- ii. When considering the level of detail and nature of information to be included in the review, the portfolio company should have regard to the guidance set out in the Financial Reporting Council's Guidance on the Strategic Report.
- iii. Section 414C(7) provides:

'(7) In the case of a quoted company the strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include –

- a) the main trends and factors likely to affect the future development, performance and position of the company's business, and
- b) information about –
 - (i) environmental matters (including the impact of the company's business on the environment),
 - (ii) the company's employees, and
 - (iii) social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies.

If the report does not contain information of each kind mentioned in paragraphs (b) (i), (ii) and (iii), it must state which of those kinds of information it does not contain.'

When preparing disclosures in respect of environmental matters under section 414C(7)b(i), a portfolio company may, to the extent it is significant, include in the directors' report the disclosures concerning greenhouse gas emissions as set in Part 7 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This is not a mandatory requirement of the Guidelines.

- iv. Section 414C(8) provides:

'(8) In the case of a quoted company the strategic report must include –

- a) a description of the company's strategy,
- b) a description of the company's business model,
- c) a breakdown showing at the end of the financial year –
 - (i) the number of persons of each sex who were directors of the company;
 - (ii) the number of persons of each sex who were senior managers of the company (other than persons falling within sub-paragraph (i)); and
 - (iii) the number of persons of each sex who were employees of the company.'

When preparing disclosures in respect of gender diversity under section 414C(8)c(ii), a portfolio company may apply its own definition of "senior manager" that differs from the definition and requirement provided in sections 414C(9) and (10) as long as it is clearly explained. A reconciliation to the disclosure using the statutory definition will not be required.

- d) The financial review should cover risk management objectives and policies in the light of the principal financial risks and uncertainties facing the company, including those relating to leverage, with links to appropriate detail in the footnotes to the balance sheet and cash flow section of the financial statements.
- e) To the extent that the Guidelines at 4. a) and c) above are met by existing market disclosures in respect of debt or equity issuance on public markets, this should be explained with the relevant material made accessible on the company's website; and where compliance with these Guidelines, in particular in respect of any forward-looking statement, might involve conflict with other regulatory obligations, the reason for non-compliance should similarly be explained on the company website.
- f) The report should include a statement by the directors of the portfolio company confirming compliance with the Guidelines or setting out explanations for areas of non-compliance.

5. Form and timing of public reporting by a portfolio company

- a) The audited report and accounts should be readily accessible on the company website;
- b) The report and accounts should be made available no more than six months after the company year-end; and
- c) A summary mid-year update giving a brief account of major developments in the company (but not requiring updated accounts) to be placed on the website no more than three months after mid-year.

6. Data input by a portfolio company to the industry association

As input for the enhanced role in data collection, processing and analysis is to be undertaken on an industry-wide basis by the BVCA, portfolio companies should provide to the BVCA (or to a professional firm acting on its behalf) data for the previous calendar or company accounting year on:

- trading performance, including revenue and operating earnings;
- employment;
- capital structure;
- investment in working and fixed capital and expenditure on research and development; and
- such other data as may be requested by the BVCA after due consultation and where this can be made available without imposing material further cost on the company.

7. Communication by a private equity firm

A private equity firm should publish an annual review accessible on its website or ensure regular updating of its website to communicate:

- a description of the way in which the FCA-authorized entity fits into the firm of which it is a part with an indication of the firm's history and investment approach, including investment holding periods, where possible illustrated with case studies;
- a commitment to conform to the guidelines on a comply or explain basis and to promote conformity on the part of the portfolio companies owned by its fund or funds;
- an indication of the leadership of the UK element of the firm, identifying the most senior members of the management or advisory team and confirmation that arrangements are in place to deal appropriately with conflicts of interest, in particular where it has a corporate advisory capability alongside its fiduciary responsibility for management of the fund or funds;
- a description of UK portfolio companies in the private equity firm's portfolio; and
- a categorisation of the limited partners in the funds or funds that invest or have a designated capability to invest in companies that would be UK portfolio companies for the purpose of these guidelines, indicating separately a geographic breakdown between UK and overseas sources and a breakdown by type of investor, typically including pension funds, insurance companies, corporate investors, funds of funds, banks, government agencies, endowments of academic and other institutions, private individuals, and others.

8. Reporting to limited partners

In reporting to their limited partners on their interests in existing funds and for incorporation in partnership agreements for new funds, private equity firms should:

- a) follow established guidelines such as those published by Invest Europe (formerly the European Private Equity and Venture Capital Association) (or otherwise provide the coverage set out in such guidelines) for the reporting on and monitoring of existing investments in their funds, as to the frequency and form of reports covering fund reporting, a summary of each investment by the fund, detail of the limited partner's interest in the fund and details of management and other fees attributable to the general partner; and
- b) value investments in their funds using either valuation guidelines published by the International Private Equity and Venture Capital Board or applicable accounting standards.

9. Data input by private equity firms to the industry association

Data to be provided on a confidential basis to an accounting firm (or other independent third party) appointed by the BVCA to cover:

- a) In respect of the previous calendar year:
 - the amounts raised in funds with a designated capability to invest in UK portfolio companies;
 - acquisitions and disposals of portfolio companies and other UK companies by transaction value;
 - estimates of aggregate fee payments to other financial institutions and for legal, accounting, audit and other advisory services associated with the establishment and management of their funds; and
 - such other data as the BVCA may require for the purpose of assessment of performance on an industry-wide basis, for example to capture any material change over time in the terms of trade between general partners and limited partners in their funds.

- b) In respect of exits from UK portfolio companies over at least the previous calendar year to support the preparation on an aggregate industry-wide basis of an attribution analysis designed to indicate the major sources of the returns generated by private equity. In broad terms, these are the ingredients in the total return attributable respectively to leverage and financial structuring, to growth in market multiples and market earnings in the relevant industry sector, and to strategic direction and operational management of the business. The relevant data, which will unavoidably involve important subjective assessment, will involve content and format at the outset as in Annex F to the guidelines, to be reviewed and refined as appropriate in the light of initial experience and discussion between the BVCA, with the third-party professional firm engaged for this and related analysis, and the relevant private equity firms.

10. Responsibility at a time of significant strategic change

A private equity firm should commit to ensure timely and effective communication with employees, either directly or through its portfolio company, in particular at the time of a strategic initiative or a transaction involving a portfolio company as soon as confidentiality constraints cease to be applicable. In the event that a portfolio company encounters difficulties that leave the equity with little or no value, the private equity firm should be attentive not only to full discharge of its fiduciary obligation to the limited partners but also to facilitating the process of transition as far as it is practicable to do so.

11. Interaction with the Alternative Investment Fund Managers Directive

Private equity firms and portfolio companies covered by the Guidelines are not expected to provide disclosure in respect of the applicable additional transparency requirements in the Alternative Investment Fund Managers Directive (the "Directive") if they do not fall within the scope of the Directive. Having performed a gap assessment, the Group was of the view that the Guidelines include the information required under the Directive in respect of disclosure in the annual reports of portfolio companies except for details on transactions in own shares. The Group expects this information to be included in the financial statements of the portfolio company where significant.

The disclosures expected by private equity firms on acquisition of portfolio companies under the Directive are more prescriptive than those set out above. The Group has decided not to amend the Guidelines in respect of these specific requirements as they are still within the spirit of the Guidelines for this particular area. Firms that are covered by the Directive may find the Guidelines and examples of good practice reporting by portfolio companies published by the Group as a useful source of guidance but are responsible for taking appropriate advice to ensure they are fully compliant with their obligations.

The tables below set out examples of how the Guidelines interact with the AIFMD's transparency requirements in respect of the annual reports of portfolio companies and the disclosure expected on acquisition of control. The requirements apply to non-listed companies with registered offices in the EU.



a) Annual report disclosures

AIFMD requirements – annual report disclosures	Guidelines requirements
<p><i>Regulation 42 of the AIFM Regulations (Annual report of AIFs exercising control of non-listed companies)</i></p>	<p><i>Part V Sections 4 and 5 of the Guidelines (Guidelines for enhanced disclosure by portfolio companies and private equity firms)</i></p>
<p>The following disclosures are required about each non-listed company over which an AIF individually or jointly has control. They can be included in the annual report of the AIF and/or the non-listed company.</p>	<p>The following disclosures are required to be included in the annual report of the portfolio company and not the private equity fund.</p>
<ul style="list-style-type: none"> ■ A fair review of the development of the company's business representing the situation at the end of the period covered by the annual report; 	<p>Part V section 4 requires portfolio companies to prepare a strategic report which includes provisions in the Companies Act 2006 normally applicable to quoted companies. The strategic report requirements set out in s414C(2) and s414C(3) of the Companies Act 2006 will assist firms to comply with this requirement. They require "a fair review of the company's business" and a "balanced and comprehensive analysis of the development and performance of the company's business" during the financial year and the position at the end of that year. s414C(4) also requires the disclosure of financial and non-financial key performance indicators to support the analysis.</p>
<ul style="list-style-type: none"> ■ Any important events that have occurred since the end of the financial year; 	<p>The Group expects this information to be included to comply with the requirements of the strategic report as the report should have forward looking orientation. Further, this information is expected to be disclosed under UK and international accounting standards.</p>
<ul style="list-style-type: none"> ■ The company's likely future development; and 	<p>The strategic report requirements set out in s414C(7) of the Companies Act 2006 will assist firms to comply with this requirement. It requires information on "the main trends and factors likely to affect the future development, performance and position of the company's business."</p>
<ul style="list-style-type: none"> ■ Details of any acquisitions or disposals of own shares. 	<p>The Group expects this information to be included in the financial statements of the portfolio company where significant and has chosen not to incorporate this disclosure requirement as it was removed by the government from the directors' report as it was not considered a significant disclosure. This approach is in line with Guidelines which do not prescribe disclosures that go beyond those required of quoted companies.</p>
<p>The disclosures must be made within six months of the year-end of the AIF.</p>	<p>Part V, section 5b) of the Guidelines requires the annual report of the portfolio company to be made available no more than 6 months after the company year end. Where the year end of the portfolio company and the AIF are the same then the AIFMD requirement is likely to be fulfilled. Where the year end of the portfolio company differs to that of the AIF then firms may need to amend the timing of reporting of the portfolio company accordingly.</p>
<p>If the information is included in the AIF's annual report, then the AIFM must use best efforts to ensure the board of the company makes the information available to all employee representatives or (where there are none) to the company's employees directly.</p>	<p>Part V, section 5a) of the Guidelines requires the annual report of the portfolio company to be readily accessible on the company website. This ensures that employees and other stakeholders are able to access this information publicly.</p>

b) Disclosures required on acquisition of control

AIFMD requirements – disclosures on acquisition of control	Guidelines requirements
<i>Regulation 39 of the AIFM Regulations (Disclosure in case of acquisition of control)</i>	<i>Part V Sections 4, 5, 7 and 10 of the Guidelines (Guidelines for enhanced disclosure by portfolio companies and private equity firms)</i>
When control is acquired, the AIFM must disclose its intentions to the regulator, the company and its shareholders about the future of the business and likely repercussions on employment by the company and material change in the conditions of employment.	Part V section 10 of the Guidelines sets out the responsibilities of the private equity firm at a time of significant strategic change. It requires a commitment to ensure "timely and effective communication with employees, either directly or through its portfolio company, in particular at the time of a strategic initiative or a transaction involving a portfolio company." Although the precise wording is not the same, the AIFMD requirements are in the spirit of what is intended by the Guidelines. The Guidelines, however, do not include the obligation to disclose information to regulators.
Other areas where disclosure is required:	
<ul style="list-style-type: none"> ■ The identity of the AIFM(s) with control. 	Part V sections 4a) and 4b) of the Guidelines require disclosure of the fund(s) that own the company, details on executives or advisers of the private equity firm that have oversight of the company and details on board composition, identifying those directors from the private equity firm.
<ul style="list-style-type: none"> ■ The policy for preventing and managing conflicts of interest and information about the safeguards established to ensure any agreement between the AIFMs or the AIFs and the company is at arm's length. 	<p>Part V section 7 requires the private equity firm to disclose on its website (through an annual review or regular updates) a "confirmation that arrangements are in place to deal appropriately with conflicts of interest, in particular where it has a corporate advisory capability alongside" its fund management business.</p> <p>Details of the policy and applicable safeguards may be disclosed by the private equity firm although the Guidelines do not explicitly require this.</p>
<ul style="list-style-type: none"> ■ The policy for external and internal communication relating to the company, in particular as regards employees. 	Part V section 4 requires portfolio companies to prepare a strategic report which includes provisions in the Companies Act 2006 normally applicable to quoted companies. Portfolio companies therefore include extended information about the company, and this occurs throughout the year. Section 5c) of the Guidelines requires the portfolio company to publish "a summary mid-year update giving a brief account of major developments in the company...no more than 3 months after mid-year." s414C(7) of the Companies Act 2006 requires information to be disclosed on the company's employees and the Group expects this to include policies related to employees. Further, Part V section 10 sets out the responsibilities of private equity firms in times of strategic change, including to employees.

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Appendix 4: Assessing the quality of disclosures by portfolio companies



The PERG's objective is to ensure that all companies covered by the Guidelines report to at least a good level. In the first part of its review, PwC checks if portfolio companies have included the disclosures required by the Guidelines.

For the second part of the review, the PERG commissions PwC to form a view on the quality and standard of the disclosures and classify them as excellent, good or as meeting the level of basic compliance. In practice, this is a subjective judgement made by assessing how many of the expected attributes of good quality reporting in each of the guidelines criteria are included in the disclosures, utilising those expectations set out in the PwC Good Practice Guide.

To inform this assessment and determine the level required to obtain a “good” rating, PwC also performs a read across of the portfolio companies’ disclosures to the standard typically seen in the financial statements of companies within the FTSE 250 and consider other elements of good corporate reporting such as the:

- level of information and the way in which it is disclosed;
- clarity of the narrative;
- cohesiveness and linkage of different disclosure areas;
- use of text and visuals; and
- overall user-friendliness.

The companies in the FTSE 100 are not generally considered to be comparable to the portfolio companies covered by the Guidelines due to their size and geographical reach (the FTSE 100 companies are generally multinational whereas the portfolio companies have significant UK operations) and therefore do not form part of this assessment. The PERG’s definitions for measuring compliance is included below.



Quality of disclosure	Explanation of how assessment is reached
Excellent	An assessment against any criterion as excellent confirms this disclosure stands out over and above the requirements of the Guidelines, akin to examples of transparency and disclosure in the higher end of the listed reporting space. A company would be expected to include all relevant attributes of the Guidelines requirements as covered in the PwC Good Practice Guide and go beyond this in order to achieve this classification. We would typically only expect to see one or two examples achieve this categorisation in any one category.
Good	A company would include most of the relevant attributes of each of the relevant Guidelines requirements as covered in the PwC Good Practice Guide. We would expect the narrative to be fair, balanced and understandable throughout.
Basic but compliant	A company would include many attributes of each of the relevant Guidelines requirements as covered in the PwC Good Practice Guide. However, there would be room for improvement, especially in including more areas that could be considered applicable for the business. However, there would be clear and sufficient disclosure in the key areas to be considered compliant. Although the report will be fair, balanced and understandable there is likely to be areas where improvements could be made in this area.
Non-compliant	Either a company would not have sufficient disclosure in one or more areas of the Guidelines, or when taken as a whole the report is not considered fair, balanced and understandable and therefore fails to be sufficiently transparent to comply with the standards.
Comply or explain	The Guidelines provide the portfolio companies with an option to comply, or explain the rationale for non-compliance in a certain area. Where a company has explicitly taken this approach and confirmed this in their annual report we have identified this.

These classifications are inherently judgemental and considered in the context of the detailed review of the annual report of the portfolio company taken as a whole. The review has found that portfolio companies do prepare disclosures for the individual requirements to an excellent standard, but there have been few examples over the years where the portfolio company achieved an excellent standard overall.

The PERG will ask portfolio companies to remedy exceptions noted prior to the publication of this report via the drafting of an addendum, and therefore considers disclosures subsequently uploaded to a company's website when determining the final level of compliance. In order to remedy exceptions, a portfolio company is required to take the feedback from PwC and prepare an addendum to the accounts, which is subsequently reviewed by PwC before being uploaded to the company website, to sit alongside the annual report. This is in line with the principle of transparency as this additional information is available to supplement the disclosures in the accounts.

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Appendix 5: Recommendations for the industry association



The original recommendations for initiative by the BVCA cover:

- the BVCA's industry-wide reporting and intelligence function;
- the establishment of a guidelines review and monitoring capability;
- for engagement with major investors and their associated entities or affiliates which, though "private equity-like", do not require authorisation by the FCA; and
- for engagement in discussion with relevant private equity groupings outside the UK in the development of common standards, in particular in respect of fund performance.

These recommendations have been implemented by commissioning the EY report on the performance of portfolio companies and other BVCA activities. Further information is available on both the BVCA and PERG websites.

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Appendix 6: Compliance checklist for private equity firms and their portfolio companies



For the benefit of those in scope of the Guidelines, a checklist of requirements for private equity firms and their portfolio companies is found below.

Private Equity firm requirements

Requirement	Completed?
Have the following disclosures been published in an annual review accessible on your website or disclosed via regular updating of your website?	
<input checked="" type="checkbox"/> A description of the way in which the FCA-authorized entity fits into the firm of which it is a part	
<input checked="" type="checkbox"/> An indication of the firm's history	
<input checked="" type="checkbox"/> An indication of the firm's investment approach	
<input checked="" type="checkbox"/> An indication of the firm's investment holding periods	
<input checked="" type="checkbox"/> Case study illustrations (optional)	
<input checked="" type="checkbox"/> A commitment to conform to the Guidelines on a comply or explain basis and to promote conformity on the part of the portfolio companies owned by your fund(s)	
<input checked="" type="checkbox"/> An indication of leadership of the UK element of the firm, identifying the most senior members of the management or advisory team	
<input checked="" type="checkbox"/> Confirmation that arrangements are in place to deal appropriately with conflicts of interest	
<input checked="" type="checkbox"/> A description of UK portfolio companies in the portfolio	
<input checked="" type="checkbox"/> A categorisation of the limited partners in your fund(s) that invest, or are capable of investing, in companies that would be considered UK portfolio companies for the purpose of the Walker Guidelines, indicating separately:	
<input type="checkbox"/> - A geographic breakdown between UK and overseas sources, and	
<input type="checkbox"/> A breakdown by type of investor e.g. pension funds, insurance companies, corporate investors, fund of funds, banks, government agencies, endowments of academic and other institutions, private individuals	
Has the statement of conformity been completed, signed and returned to the BVCA?	

Portfolio company requirements

Disclosure requirements	Completed?
<p>Have the following disclosures been included in the company's audited annual report and accounts (or an explanation provided where they have been omitted)?</p> <p><i>Companies should refer to the PERG and PwC good practice guide, which illustrates basic compliance and examples of good practice</i></p>	
1. Identity of the private equity firm owner	
2. Details on board composition	
3. Financial review of the company's position	
4. Financial review of the company's financial risks	
5. Balanced and comprehensive analysis of development and performance during the year and position at the year end	
6. Principal risks and uncertainties facing the company	
7. Financial key performance indicators	
8. Non-financial key performance indicators, including environmental matters and employees	
9. The company's strategy	
10. The company's business model	
11. Trends and factors affecting the company's future development, performance or position	
12. Environmental matters	
13. Employee matters	
14. Social, community and human rights issues	
15. Gender diversity information	
16. A statement by the directors of the company confirming compliance with the Guidelines or setting out explanations for areas of non-compliance.	

Transparency requirements	Completed?
1.a) The company should publish its annual audited report on its website within 6 months of year end	
1.b) The Walker disclosures should be produced in the front half of the annual audited report, not in an annual review or similar.	
1.c) The annual audited report should be readily accessible on the company website, and not behind a log-in or similar.	
2. The company should publish a summary mid-year update on its website giving a brief account of major developments in the company within three months of mid-year.	



Private Equity
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