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Private Equity Reporting Group

BVCA and PERG response to the Consultation on amendments to the Walker Guidelines on Disclosure and Transparency in Private Equity

December 2024

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Our thanks

The Private Equity Reporting Group (PERG) would like to thank those that took the time to respond to the consultation and engage with the BVCA.

This consultation was administered by the British Private Equity and Venture Capital Association (BVCA). Further comments and any questions can be submitted over email to committees@bvca.co.uk.

All responses were treated as confidential. Feedback shared with PERG has been anonymised.

For any queries or to arrange a meeting to discuss the Feedback Statement and your comments in more detail, please contact Ciaran Harris via email at charris@bvca.co.uk.

1. Executive summary

Background

On 31 July, the BVCA and PERG published a consultation to refresh the Walker Guidelines for Disclosure and Transparency in Private Equity. The consultation ran for two months, closing on 30 September, and followed a period of analysis, benchmarking and engagement with industry and external stakeholders. This feedback statement summarises the feedback received and sets out PERG's response and recommendations. It includes the chosen amendments along with the final amended Part V of the Guidelines.

The review of the Guidelines covered both the scope and specific requirements of the Guidelines, seeking to ensure that the scope appropriately captures large private equity investment activity in the UK and that portfolio companies and private equity firms disclose information that is clear, accessible and valuable to their external stakeholders. PERG's central aim for the review has been to calibrate the Guidelines to today's reporting world and to ensure that the Guidelines remain fit for purpose and provide value to the industry's stakeholders.

The consultation followed a benchmarking exercise, to compare and assess current transparency and disclosure requirements within the Guidelines (as set out in Part V of the Guidelines) with FTSE 250 (our chosen benchmark) and other relevant corporate reporting regimes. As part of the consultation process the BVCA and PERG also engaged widely, with members, portfolio companies, the Government and regulators, and academics.

Review findings

The review revealed that the Guidelines require updates in a number of areas, including on environmental matters, gender and diversity and principal risks and uncertainties, as a result of significant changes in related disclosures in these areas since 2014 and the increasing importance of these types of disclosures to key stakeholders. Respondents to the consultation were in general agreement that these disclosures warranted updating. A summary of respondent feedback and the reason for the proposed amendment is set out in this feedback statement.

Based on BVCA analysis and informed by respondent feedback, this review has concluded that the scope of the Guidelines should be updated better to reflect large private equity activity in the UK and better capture large UK portfolio companies. Analysis has shown that FTSE 250 companies have grown substantially in size since the current thresholds were created. PERG has therefore decided to modify the enterprise value (EV) thresholds and the UK revenue test that are used to determine which companies are in scope of the Guidelines. The consultation document highlighted a potential gap in the scope of the Guidelines - to ensure this gap is closed and large private equity backed UK companies are appropriately brought into scope, PERG supports the principle of introducing an additional annual population review and a new "smoothing mechanism" that will focus on companies that change in size (and therefore in their eligibility for Walker). This is subject to further work on an appropriate methodology, and consideration by PERG. Views and amendments on other areas, including infrastructure assets and private equity website disclosures are also detailed in this statement.

A number of areas will not change as a result of the refresh of these Guidelines. PERG has concluded that disclosures on identity or the private equity firm and board composition should remain the same as the options put forward would result in less transparency for stakeholders and unnecessary burden for portfolio companies. Other areas will be updated to bring them into line with today's reporting requirements and expectations of private companies and firms more widely. This includes disclosure on employee matters and the private equity firm definition and disclosures around conflicts of interest. These proposed updates will increase transparency in important areas, bringing them more in line with what is expected of FTSE 250 companies.

Comparability with other reporting requirements

The benchmarking exercise undertaken at the beginning of this refresh confirmed that Walker requirements had fallen behind those included in the Wates Principles and what is required of listed companies on the FTSE 250. There has been considerable progress in reporting for both listed and large private companies in recent years and PERG has taken this into account. PERG is now of the view that the updated requirements are comparable and consistent with what is required of other types of large businesses and FTSE 250 listed companies. The amendments made do not include updates for Corporate Governance Code or listing rules requirements as PERG, its advisors and respondents agreed that these requirements were not applicable in a private company context. A comparison has been made against the Wates Principles and PERG is of the view that Walker requirements are closely aligned with the majority of Wates requirements.

Flexibility

To enable and improve flexibility around the ways that companies comply with the disclosure requirements, the refreshed Guidelines will formally allow portfolio companies to refer to other publicly available reports on its corporate website. However, portfolio companies will be reminded that Walker disclosure requirements should, for the most part, remain in the annual report, which is reviewed as part of the process. PERG do not envisage seeing the use of more than one or two external reports, and these should mainly reflect environment and diversity reports published by the portfolio company. Additionally, clear instructions and links must be included for the company to be considered compliant, and PERG will monitor and report on the effect on disclosure and transparency each year.

Conclusion

This feedback statement, published alongside the amended Part V of the Guidelines, sets out significant change to the disclosure requirements and scope of the Walker Guidelines, showing commitment from the industry and the BVCA to continue to have a robust, unique and world leading set of transparency Guidelines. The proposed changes will calibrate the Walker Guidelines requirements to today's reporting landscape, and PERG is confident that external stakeholders will continue to see the value of the additional transparency these proposed changes will provide. In making these changes, PERG is of the view that the Guidelines are both fit for purpose and proportionate, better reflecting the current financial reporting requirements and more comparable to FTSE 250 companies. The Guidelines will be kept under review, and PERG will monitor the implementation of the new disclosure requirements and the effects of new aspects of the scope.

PERG and the BVCA would like to thank those that took the time to respond to the consultation and engage on this vital project.

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2. Background & next steps

The Guidelines are being reviewed to ensure their original objectives are still being achieved: to (i) demonstrate a commitment to transparency for the industry by publishing relevant information on its largest UK portfolio companies and (ii) provide data to enable a better understanding of how the private equity industry operates and its contribution to the UK economy. The review therefore covered both the scope and specific requirements of the Guidelines, seeking to ensure that the scope appropriately captures large private equity investment activity in the UK and that portfolio companies and private equity firms disclose information that is clear, accessible and valuable to external stakeholders.

The private equity industry has continued to grow in scale, with over £20bn invested in UK portfolio companies in 2023, nearly double the amount in 2017. This has naturally led to increased interest in, and scrutiny of, the businesses and how the Walker Guidelines are implemented and monitored, as it is important that the Guidelines remain fit for purpose. Over the past 17 years, there has been a great deal more information provided on the industry and portfolio companies, in particular around levels of portfolio company growth, employment and productivity that result from a direct private equity ownership model. However, expectations in relation to transparency continue to grow and the Guidelines should continue to evolve with these expectations.

Since the Guidelines were introduced, there have also been significant changes in reporting requirements and expectations of private companies and firms more widely. Most notably, the 'Wates Principles[1]' have been introduced for large UK-based private companies; there have been a host of developments in reporting around Environmental, Social and Governance issues; and there have been developments in the UK Corporate Governance Code (the Code)[2], issued by the Financial Reporting Council (FRC). Therefore, the Guidelines considered these other reporting requirements to ensure that disclosure and transparency is at the level of the chosen benchmark, the FTSE 250.

The desired goal of the refresh, as set by PERG, is to create a set of requirements that:

- Continue to address stakeholder expectations about the appropriate level of transparency required by the industry and the businesses it backs.
- Update the Guidelines to ensure they remain valuable and proportionate for the industry.
- Maintain an accessible platform providing one location for all reports produced under the Guidelines and by, or commissioned by, PERG.
- Enable better understanding of how private equity investment creates 'public value' and, specifically, demonstrates its contribution to the UK economy.

This feedback statement sets out the amendments being made to revise the Guidelines which will achieve these goals.

Following the publication of this statement and the amended Guidelines (Part V), PERG and the BVCA will work with the industry on the new requirements. PERG will create a guide (similar to the Good Practice Guide) for portfolio companies to review as they prepare their disclosures. On scope, PERG will turn its focus on a new "smoothing mechanism" that will focus on companies that change in size (and therefore in their eligibility for Walker). That work will commence in early 2025 and PERG will report progress during the year.

PERG encourages the industry to continue to engage on the refresh in 2025 as the BVCA works with in scope private equity firms on changes to the Guidelines. PERG will continue to monitor the impact of the Guidelines as well as changes to reporting in the UK and elsewhere.

[1] The Wates Corporate Governance Principles for Large Private Companies (frc.org.uk)
[2] UK Corporate Governance Code (frc.org.uk)

3. Scope of the Walker Guidelines

Section 3 of the consultation asked readers six questions in relation to the definitions and scope of the Walker Guidelines. Feedback provided generally touched upon similar points; that the definitions of a private equity firm and portfolio company were sufficient for the Guidelines and should not change significantly. On the inclusion of infrastructure assets, informative amendments were suggested, while on expanding the scope to include companies that grow into scope and exclude companies that reduce in size, a wide range of views on how the Guidelines would incorporate that were included.

The thresholds and tests included in the current scope will change following feedback and analysis by the BVCA, and PERG has set out these changes in the below section.

3.1 Options to change the definition a private equity firm

The consultation document asked whether there was a case to be made for updating the definition of a private equity firm.

We asked:

Questions
Q2. Do you agree that the definition of a private equity firm within the scope of the Guidelines accurately captures private equity firm activity and should remain the same? If not, how might you adjust the definition and why?

Responses/feedback

The majority of respondents agreed that the definition should remain the same. One respondent noted that it would be helpful to amend the private equity firm definition as "many alternative asset managers operate strategies that might acquire controlling stakes by circumstance (e.g. a debt for equity swap) as opposed to acquiring such stakes by virtue of it being the focus of the investment objective or strategy. It should be the strategy of the fund that is used for determining whether a firm is a private equity firm in a particular context".

PERG view

The response noted above on the private equity definition offered helpful clarity on the investment strategy and will be added to the definition, given the wide range of alternative asset managers. PERG agrees with the response and notes that providing clarity will only help private equity firms understand whether they are brought into scope.

Amendment proposal

As such, the definition of a private equity from will be amended slightly to become the following (change in italics). This small amendment adds clarity to the definition for both private equity firms and others and will ensure that only firms operating investment strategies which, as a primary component, include the making of control and/or control- oriented private equity investments in operating companies, will be in scope.

Definition of a private equity firm

The definition of a private equity firm for the purposes of the Guidelines includes private equity and 'private equity-like' firms (together "private equity firms"). Private equity firms include those that manage or advise funds *whose investment strategy includes the making of control and/or control-oriented private equity investments in operating companies as a primary component and ~~have~~* 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. Private equity 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.

3.2 Infrastructure assets in the Walker population

A number of infrastructure companies have been included in the Walker population since the inception of the Guidelines. The original intention was to include infrastructure assets that were treated in a private equity manner by their owners as part of the Walker population.

The consultation document asked respondents to consider whether infrastructure assets should remain in scope and whether the current review criteria (Table 4, page 9) remain applicable.

We asked:

Questions
Q3. Should certain infrastructure assets be included in the Guidelines' scope?
Q4. Do the current review criteria set out in table 4 effectively identify private equity-like ownership of infrastructure assets that should be in scope of the Guidelines?

Responses/feedback

Respondents generally agreed with the existing approach but emphasised that the scope should remain true to its original purpose – focused on private equity not infrastructure. One noted that "these are two separate asset classes with different risk / return profiles and represent different investment strategies for LPs".

Some suggested that the review criteria be adapted to add clarity and ensure that the correct types of assets are included. These responses focused on the investor criteria and not the investee company criteria.

PERG view

On balance, PERG considers that the current approach taken towards infrastructure assets remains appropriate and will instead add further review criteria regarding the owner of the asset and whether they have an infrastructure strategy and team. A question on the fund that invested in the asset and the management of the asset will be added. PERG will also amend one criterion on the investment mandate, as noted below. These amendments will further clarify the process for including certain infrastructure assets in scope.

(Changes in italics and strikethrough)

Investor criteria	Investee company criteria
-Is the owner a BVCA member?	-Does the company generate a stable yield, with predictable long term cash flows (and is less sensitive to economic cycles)?
-What is the investment ~~mandate~~ *objective* of the fund/owner?	-Is the business monopolistic or quasi-monopolistic?
-What is the historical investment hold period of the owner?	-Is the company involved in long-term contracts?
-Does the fund that has purchased the asset have a limited life?	-Is the company subject to regulatory oversight?

-How has the media referred to the transaction and the owner?	-Does the investee company require material ongoing Capital Expenditures (CAPEX)?
-Is the investment made by one or a few owners with a controlling stake, or is it a consortium of owners with no controlling investors?	-Is the debt used to fund the acquisition / business more like infrastructure-style debt than buyout debt?
-Has the original/lead investor in a consortium reduced its stake over time?	
-Does the owner have a clearly delineated infrastructure strategy and team (separate from its Private Equity strategy and team)	
-Has the investment into the investee company been made by a dedicated infrastructure fund / by the dedicated infrastructure team?	
-Is the investment managed by the infrastructure team?	

3.3 Scope of a portfolio company (including definition of a portfolio company)

The Guidelines were created with the intention of including "the largest UK portfolio companies in the scope". However, at present, the Guidelines do not apply to a portfolio company when it exceeds the thresholds due to growth, because the threshold for inclusion only relates to the initial transaction by the private equity firm. The consultation document set out the proposal that all relevant sizeable portfolio companies in private equity ownership, no matter how they meet the thresholds, should be in scope and voluntarily comply with the Guidelines.

During and following the consultation, the BVCA conducted further analysis, with assistance from advisors, on whether the current EV thresholds and UK nexus tests were fit for purpose. This section contains a summary of findings from that analysis that fed into PERG's consideration of amendments to the scope.

This section includes sub sections 3.3, 3.5 and 3.6 from the consultation document as these sections were treated as one section by respondents.

We asked:

Questions
Q1. Does the current definition of a portfolio company appropriately capture large private equity investment activity? If not, would it be appropriate to continue using enterprise value or should other metrics (such as a revenue threshold) be considered in order to accurately capture relevant investment activity?
Q5. As there is a strong case for including companies that have grown into the current thresholds (for example, via buy and build growth strategies), should there be a mechanism to include those companies in the scope of the Guidelines? If so, how might the scope criteria change?
Q6. Should there be a mechanism to include those companies that have reduced in size? If so, how might the criteria change?

Responses/feedback

Responses generally agreed that the definition of a portfolio company was "broadly appropriate" and that the main driver behind the scope was to capture companies that would, if listed, qualify for admission to the FTSE 250. The majority of feedback emphasised the need for the Walker Guidelines to focus on large private equity backed companies as they have the widest impact on the UK economy and UK employment. Responses on which portfolio companies should be included in scope and how those companies should be included in scope were comprehensive. A large number of the

respondents suggested some form of changes to the definition of a portfolio company, including the thresholds and tests used.

One response suggested that the scope "tends to skew the portfolio companies included to those that are either very UK centric or have significant employee numbers in the UK – and therefore can exclude UK Headquartered assets with more international exposure", and suggested consideration of other metrics that might address this.

Some responses noted that there might be a gap in the scope meaning large private equity owned UK portfolio companies were not being caught appropriately. However, some suggested that including a mechanism that did not contain a transaction event may prove very difficult in practice. Others suggested that the inclusion of the definition of "high turnover companies" in certain regulations would be straightforward "to ascertain whether a company subsequently comes in scope, whether organically or through a buy and build growth strategy. It is "key", according to one response that "reassessment should only be triggered by material M&A activity, i.e. to capture buy and build strategies but not companies which have grown organically over time. Given the gradual nature of organic growth, continual or periodic reassessment would be disproportionately burdensome".

BVCA analysis

Analysis completed by the BVCA has shown that the current thresholds and tests are no longer supporting the aim of the Guidelines for the following reasons:

- The scope currently does not include portfolio companies that grow to become large companies (as defined by the Guidelines), and also does not exclude portfolio companies that reduce in size (e.g. as a result of divestment of part(s) of the business, or due to weak financial performance due to market and/or business-related reasons) during the period of Walker compliance.
- The current tests applied to check whether companies should be in scope are resulting in some companies being excluded or included that arguably should not be e.g. because they may reasonably be understood not to be "large".
- Analysis shows that companies on the FTSE 250 are much bigger than Walker portfolio companies (see figure 1 and 2 below) and that the current 50% UK revenue threshold test may be skewing the Walker population by including small companies that PERG would not expect to see in scope (high EV, low employee numbers, low revenue but >50% UK generated). For example, there are currently four portfolio companies that do not meet the Companies Act definition of a large company (250 employees, £36m revenue) and are considerably smaller than companies listed on the FTSE 250 but are included in scope as they exceeded the EV test and met the 50% UK revenue test.

In summary, there is a gap in the population – not all large private equity investment activity in the UK is captured – and there are issues with the current thresholds. One consequence of this is that it is harder to say that this population compares with the FTSE 250 population. Below is a comparison of Walker group companies and FTSE 250 companies by revenue and FTSE 250 size indicators.

Figure 1

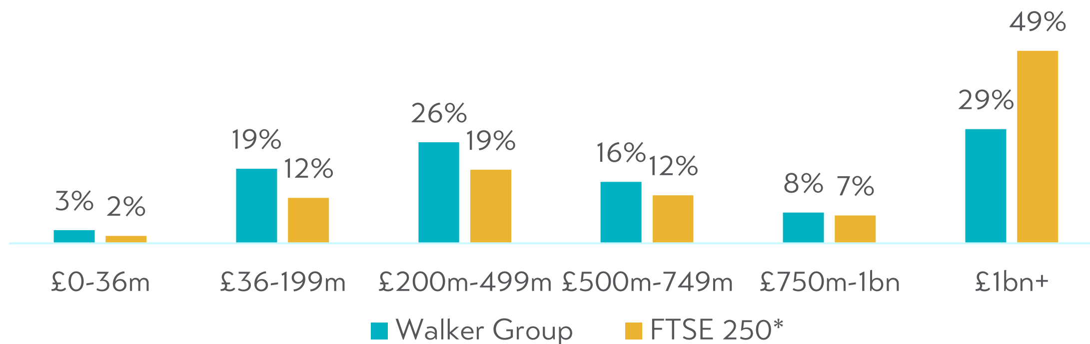

Figure 2

FTSE	Enterprise Value	Market Capitalisation	Revenues	Employees
Mean	£1,698m	£2,470m	£1,956m	8,614
Median	£1,343m	£1,731m	£974m	2,833
Minimum	£-9,503m	£371m	-£47.8m	55

PERG view

PERG has considered all feedback provided and the BVCA analysis and proposes to change the scope and threshold tests in three ways:

1. Remove one EV threshold and increase the other to £500m which will then apply to both public to private (P2P) and secondary transactions so that the Walker population better reflects the size of companies in the FTSE 250 and the M&A market.

2. Adjust the method of testing for UK revenue so that a company is first assessed in terms of how much total revenue it generates (this would be a new test) and secondly in terms of how much of that is UK revenue (this is the existing 50% UK revenue test). The employee test and the way PERG analyses transactions (revenue or employees) will remain the same.

3. A commitment to the principle of introducing an additional annual population review and a new "smoothing mechanism" that will focus on companies that change in size (and therefore in their eligibility for Walker). This is subject to further work on an appropriate methodology, and consideration by PERG.

PERG will monitor the changes to the scope in 2025 and beyond and will therefore keep the scope of the Guidelines under review.

Amendment proposals in detail

Remove one EV threshold and increase the other to £500m. This will then apply to both public to private (P2P) and secondary transactions and will ensure that the Walker population better reflects the size of companies in the FTSE 250.

- The current EV thresholds were created in 2010 and have not been updated since. The increase to £500m will raise the EV figure while remaining well below the EV of FTSE 250 companies (£1.3bn) and the average EVs from the 2019-2022 Walker population transactions (£1.5bn) that resulted in companies being brought into scope.

- The population size, under the new thresholds, will most likely stay around the same size or continue to grow. A very small number of portfolio companies will fall out (and that will take 2 years) and companies will grow in (also over 2 years).

Figure 3

Deal type	Existing thresholds	>£500m / >£830m	£750m /1,250m	£1,000m /1,650m	FTSE 250 EV £1,350m /2,250m	FTSE 250 Market Cap £1,750m /2,900 m
Illustrative 2024 Population	90	73	64	62	61	58

Figure 4

Population using a three-year retrospective increase to EV thresholds. *Based on analysis performed on Pitchbook data, estimates used for deal EVs where they were not publicly disclosed. EV thresholds applied regardless of if deal was P2P or secondary

Deal type	Existing thresholds	EV>=£420m	EV>=£500m	EV>=£600m	EV>=£7500m	EV>=£1,350m	EV>=£1,750m
Illustrative 2024 Population	**90**	81	79	78	70	62	62

Adjust the method of testing for UK revenue so that a company is first assessed in terms of how much total revenue it generates (this would be a new test) and secondly in terms of how much of that is UK revenue (this is the existing 50% UK revenue test). Adding the additional revenue test will ensure that Walker companies are more in line with "large companies" as defined by the Wates Principles.

- The 50% UK revenue test (companies that generate 50% of their revenue in the UK) was introduced to prevent UK companies with most of their operations outside the UK from being "brought, inappropriately, into reporting coverage" under the Guidelines. When the scope of the Guidelines changed to "**either** 50% UK revenue **or** 1,000 UK employees" in 2010, this removed some of the effectiveness of the 50% UK revenue test from capturing (and excluding) some of these UK companies.

The UK revenue test, as currently set out, is capturing companies with a small economic contribution. Therefore, PERG will add an additional revenue test to set a floor to ensure that companies with a small economic contribution (low revenue, low employee count) are not brought into scope. To meet the revenue test, the company must generate at least £200m revenue (aligning with the Wates Principles revenue threshold) before being tested on how much of that is UK revenue (the existing 50% UK revenue test). This will ensure that companies with a small economic contribution are not brought into scope, as there will be a revenue hurdle that a company must meet first.

Examples of transactions that may be affected by changes to threshold and scope tests

Example 1 – revenue test
A company has been acquired by a private equity firm and the transaction has met the £500m EV threshold. It does not have 1000 employees in the UK but does meet the £200m revenue threshold. PERG therefore will test for UK revenue. The total revenue is £400m and of that £210m is generated in the UK. This meets the 50% UK revenue test, and the company is in scope of the Guidelines.

Example 2 – employee test
A company has been acquired by a private equity firm and the transaction has met the £500m EV threshold. The company does not meet the £200m revenue threshold but it does meet the UK employee test as it has 1250 FTE employees in the UK. The company is in scope of the Guidelines.

PERG supports the principle of introducing an additional annual population review and a new "smoothing mechanism" that will focus on companies that change in size (and therefore in their eligibility for Walker). This is subject to further work on an appropriate methodology and consideration by PERG. The annual population review and a new "smoothing mechanism" will be reviewed by PERG in due course and PERG will report back on this next year. These two changes will ensure the Walker population is kept up-to-date and remains in line with the intention of the Guidelines, by bringing into scope companies that grow significantly in size and also allowing companies that decrease in size to fall out of scope.

- It is important to accurately capture large private equity backed UK portfolio companies, as set out in the original Guidelines. Given the increase in private equity activity in the UK and buy and build strategies, it is clear that the current scope is not achieving this aim given its limitations.

  The proposal to insert a new annual review and a smoothing mechanism would increase the robustness of the Guidelines, bringing in large UK portfolio companies and, over time, allow companies to fall out of scope. The UK nexus tests above would be used to consider companies that grow into/fall out of scope.

- In order to be proportionate and accurate, a smoothing mechanism would be incorporated to prevent companies coming into scope one year and out of scope the next. PERG would use a mechanism similar to The Companies (Miscellaneous Reporting) Regulations 2018, Section 23. This type of smoothing mechanism requires a company to meet the thresholds for two consecutive years before being included in scope. Once included, the company would be required to fall under the thresholds for two consecutive years to be excluded from scope. PERG will include a specific comment and appendix in its annual report to note which portfolio companies fall out of scope. This is subject to further work and consideration by PERG.

- A smoothing mechanism would not interfere with the existing methods to fall out of scope including an IPO or a change of ownership to a non-PE company.

- Portfolio companies would not be permitted to "grow out" of scope of the Guidelines. For example, if a company originally met the revenue test (both £200m with over 50% UK) and did not meet the employee test, but, due to international expansion, the proportion of UK activity has decreased (to less than 50% UK revenue) relative to international activity (as a result of international growth).

Proposed transitional arrangements for population of companies currently in scope

In order for a current Walker portfolio company to be excluded from the Walker population, it would be required to demonstrate that it does not meet the UK nexus tests for the next two consecutive financial years (for example, at 31 December 2025 and at 31 December 2026). Following those two years, they will fall out of scope of the Walker Guidelines in 2027. This will apply from May 2025.

Additional analysis each year

Each year, the BVCA propose to do additional analysis on the growth of UK companies owned by private equity firms, using resources such as Preqin, Companies House and desktop research to capture growth in revenue and employees into the thresholds, including via buy and build. The BVCA would also be required to enquire with private equity firms, as is the case with the current annual review.

Impact on Report on the Performance of Portfolio Companies

The report on the performance of portfolio companies should maintain a consistent population a robust data set following companies over time. With the potential change in scope proposed above, some companies will enter the population, and some portfolio companies will exit. It will be important that the performance analysis can still take place so that a robust assessment of the impact of private equity ownership on the largest portfolio companies is maintained. It will take some time for changes in scope to come into effect.

Collection and measurement of companies that grow in would commence once the company is officially in scope following two years of meeting the thresholds. For portfolio companies that reduce in size, they would need provide data for an explanatory statement to explain why they are no longer in scope of Walker disclosures and would still be expected to provide some performance information.

PERG will provide further information on the performance information requirements in due course.

4. The narrative reporting requirements for portfolio companies

4.1 Current requirements

Portfolio companies are required to publish their annual reports and accounts on their websites within six months of their financial year-end and:

- The report should identify the private equity or private equity-like fund or funds that own the company and provide details of the composition of the board;
- The financial review should cover risk management objectives and policies in light of the principal financial risks and uncertainties facing the company with links to the appropriate detail in the notes to the accounts; and
- The report should include a business review that substantially conforms to the provisions of Section 414C of the Companies Act 2006 including the enhanced reporting requirements that are ordinarily applicable only to quoted companies.

The financial and business review disclosures above are expected to be included in the Strategic Report (or Directors' report or equivalent for non-UK companies) and bring together key elements of the financial statements.

4.2 Proposals to amend the requirements

Section 4 of the consultation set out options and asked questions on each area of disclosure for portfolio companies in scope of the Guidelines.

Feedback provided in response to the consultation noted that the definitions of a private equity firm and portfolio company were sufficient for the Guidelines and should not change. Some amendments were suggested when it came to considering whether to include infrastructure assets. In response to questions on expanding the scope to include companies that grow into scope and exclude companies that reduce in size, a wide range of views were given on how this could be achieved.

This section of the feedback statement is set out as follows:

- Statement of compliance with the Guidelines (4.2.1)
- Identity of private equity firm (4.2.2)
- Board composition (4.2.3)
- Principle risks, uncertainty, trends & factors (4.2.4)
- Environmental matters (4.2.5)
- Employees and other stakeholders (4.2.6)
- Strategy and business model (4.2.7)
- Diversity disclosures (4.2.8)
- Further portfolio company reporting (4.2.9)

4.2.1 Statement of compliance with the Guidelines

Current requirement and assessment

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.

The 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 Code. Only 60% of companies included such a statement in their annual report last year (2022: 52%).

We asked:

Questions
Q7. Why might a portfolio company not include a Statement of Compliance with the Guidelines and what can the BVCA and PERG do to increase compliance with this requirement?

Responses/feedback

Respondents did not have strong views on this requirement, and there were a smaller number of responses to this question compared with other questions in this section. Some responses noted that the company may not be aware of this requirement and therefore it is missed. One response noted that this is an important requirement, as it is the first and only disclosure that mentions that the company is in scope and compliant with the Guidelines.

PERG view

PERG remains of the view that 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. PERG expects higher compliance in this area (2024: 78%, 2023: 60%, 2022: 52%) as it is viewed as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code and confirms that a portfolio company has reviewed and understood the Guidelines. Therefore, this requirement will not be amended. The BVCA will ensure that it is better signposted in the annual feedback letters (shared with portfolio companies each year) and in the Good Practice Guide.

4.2.2 Identity of private equity firm (see page 42 of the Benchmarking report)

Current requirements and assessment

The report should identify the private equity fund or funds that own the company and the senior executives or advisors of the private equity firm in the UK who have oversight of the company on behalf of the fund or funds.

The additional disclosure requirements around the identity of the private equity firm go beyond what is required of other private companies around ownership. The role of private equity firms in active ownership of their portfolio companies has gained significant attention as stakeholders, including investors, regulators and the public, seek to understand the influence and impact of private equity firms on the companies they invest in.

We asked:

Questions
Q8. How should the additional disclosure requirements around ownership structure and management activity be updated to request further information on the active ownership of companies - either through portfolio company disclosures or private equity firm website disclosures?

Responses/feedback

Views ranged in this area from including more prescriptive information on ownership structures to keeping the current requirements as they are, with most noting that the current requirements are sufficient and the options presented in the consultation are not applicable to the industry. One member suggested that active ownership "covers a range of activities not easily represented by organisation or committee structures", and in any case is covered on the private equity firm's website. Respondents suggested that the information already required is sufficient and that the options provided would "reach beyond what FTSE 250 companies disclosure publicly". There were also issues around privacy and confidentiality to consider.

PERG view

Taking into account these responses and given the information already on private equity firm websites, PERG considers that there is already sufficient information available along with other disclosures about private equity firms on corporate websites. PERG concludes that this requirement is sufficient and has decided not to change the disclosure requirements regarding the identity of a private equity firm at this time.

4.2.3 Board composition (see pages 15 to 18 of the Benchmarking report)

Current requirements and assessment

The report should give detail on the composition of the board, identifying separately the executives of the company as well as the directors who are executives or representatives of the private equity firm. It should also note which directors have been brought in from outside to add relevant industry or other experience.

The Guidelines apply additional disclosure requirements around board composition which go beyond what is required of many other private companies, however, the current requirements provide limited information. Portfolio companies do not necessarily have the same number of board committees that a listed company has (such as remuneration or audit), and they often report to an investment committee or operations committee made up of investors.

We asked:

Questions
Q9. When considering disclosure requirements around board composition: a. Would additional disclosure of the types of committees, their activities and board appointments enhance transparency and understanding of how portfolio companies are managed, what role private equity plays in their management and how private equity provides stewardship and expertise to a portfolio company? b. Of the given options, which would be the most proportionate in striking the balance between accessible information and demonstrating value to the reader? Are there alternative options that would better strike this balance?

Responses/feedback

Responses differed substantially for this section. Some responses suggested that the disclosure should focus on oversight rather than structure and committees and noted that the current disclosure is sufficient, as investors in private equity receive significant amounts of information on how portfolio companies are managed, including disclosure around board composition. Other responses raised the risk that qualitative disclosures of this nature could obscure or blur the proper division between investor engagement (on the part of the private investor) and the proper role of management of the investee company.

The majority of responses made the point that alignment with the Code would be excessive, and there were concerns with cherry picking requirements from other reporting requirements. Finally, one response suggested PERG slightly adapt the wording of the disclosure requirement to clarify that it should focus more on what behaviour the disclosures drive.

PERG view

PERG recognises concerns expressed by respondents and has concluded that the value of adding in further disclosure, as set out in the consultation, would be limited and too burdensome. The current requirements enhance disclosure on the board of directors and their experience and are comparative to what FTSE 250 companies are required to include. Additionally, the disclosures for DEI will affect the requirements in this section, which is discussed in section 4.2.8.

4.2.4 Principal risks, uncertainty, trends & factors (see pages 30 to 32 to of the Benchmarking report)

Current requirements and assessment

Principal Risks and uncertainties: The report must provide a description of the principal risks and uncertainties facing the company and a description of how the company manages the principal risks.

Trends and factors: To the extent it is necessary for an understanding of the development, performance or position of the company's business, companies must include the main trends and factors likely to affect the future development, performance and position of the company.

The current Guidelines require principal risks and uncertainties to be disclosed. The Companies Act, Code and DTR require FTSE 250 companies to go beyond this by explaining their process of identification, management and mitigation of principal and emerging risks. The Guidelines go beyond private company reporting on trends and factors affecting future developments by including references to Companies Act requirements which are usually only required of listed companies. FTSE 250 companies currently provide information on their risk management frameworks and the process for identifying and assessing risks, including emerging risks.

We asked:

Questions
Q10. When it comes to risk management and disclosures: a. Would additional disclosure around these topics enhance transparency and understanding for external stakeholders? b. Of the given options, which would be the most proportionate whilst also providing the most valuable information to the reader of the annual report? Which, if any, align with what portfolio companies already do?

Responses/feedback

The majority of responses were of the view that the Guidelines should include more requirements around risk management. Some respondents noted that the emphasis made by the current disclosure requirements on how a company manages principal risks is sufficiently balanced. There were views on applying both the Wates Principles and how this would be reasonable and on applying the Code. The Code was seen as inappropriate for private companies under private equity ownership.

It was noted that all companies should focus on good risk management as it is vital for all types of companies, no matter the size. One response stated, "being more robust on risk means the company is better prepared for exit – the robust approach results in value creation". It was also noted that the review of the Stewardship Code will include a particular focus on this area which will likely increase disclosure and focus for those applying those requirements.

PERG view

In light of the feedback received, PERG will amend the Guidelines to require further information of the kind required by FTSE 250 companies about the processes they put in place to identify, manage and mitigate risks.

It is clear that portfolio companies should include significant information on the risks facing the business. They currently go beyond private company reporting on some risk areas, by including references to Companies Act requirements which are usually only required of listed companies. However, in other risk areas, the Guidelines are behind the Companies Act and other reporting requirements for FTSE 250 companies, which require further disclosure by requiring explanation of the process of identification, management and mitigation of principal and emerging risks.

Therefore, the Guidelines have been amended to include these aspects of the Wates Principles. In practice, the majority of large portfolio companies will have a risk management system identifying principal and emerging risks, which is owned by executive management and reviewed with the audit committee/board. The additional information will supplement the disclosure that is already included under the Guidelines.

Given the increased focus on the industry as it grows, these additional disclosures will increase transparency of risk management whilst remaining proportionate. This change will appropriately increase disclosure and transparency in comparison to the FTSE 250.

Amendment proposal

Current requirements will be supplemented with the following:

Proposal 1: Add the Wates Principle 4 to supplement the current requirement. Portfolio companies should disclose information on their risk management system, including, if applicable, on their monitoring and review processes.

The guidance for Principle 4 notes the Board is responsible for developing a risk management system to identify principal and emerging risks and set out how these risks will be managed or mitigated within the Company's risk appetite. The principle also suggests that the Board should establish an appropriate risk management system and agree a monitoring and review process over these (this can include internal controls or other means).

4.2.5 Environmental matters (see pages 26 to 28 of the Benchmarking report)

Current requirements and assessment

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). It should include information about the policies of the company in relation to those matters and the effectiveness of those policies.

Reporting on environmental matters has increased in recent years. FTSE 250 companies are held to the listing rule requirements (namely reporting under the Taskforce for Climate-related Financial Disclosure[3] (TCFD)).

UK listed companies have reported a statement of compliance with the TCFD recommendations since 2021 and larger Companies have reported in line with DBT Climate-related Financial Disclosure (CFD) requirements as per the Companies Act in 2023. Furthermore, many companies are required to, or voluntarily opt to, disclose greenhouse gas emissions in line with the Streamlined Energy & Carbon Reporting regulation. The environmental reporting landscape continues to rapidly evolve, with additional sustainability reporting requirements in the UK and the EU expected beyond 2024.

It is important to note that the UK Government is aiming to endorse the International Sustainability Standards Board's (ISSB) IFRS S1 and S2 standards and incorporate these into the UK Sustainability Reporting Standards (UK SRS) in the first half of 2025. This will, at a minimum, incorporate TCFD and the ISSB's materiality framework into reporting legislation.

Frameworks for both the Taskforce for Nature-related Financial Disclosure (TNFD) and the Transition Plan Taskforce (TPT) are established and PERG notes that uptake in the FY23 reporting cycle by the FTSE 250 has been limited. However, these frameworks are likely to be included within the UK SRS in the future.

[3] Task Force on Climate-Related Financial Disclosures | TCFD) (fsb-tcfd.org)

Finally, ISSB is looking to take responsibility for TPT and work more closely with the greenhouse gas (GHG) protocol, Carbon Disclosure Project (CDP), TNFD and Global Reporting Initiative (GRI). This further emphasises the strong likelihood of an increase in environmental and climate regulation.

We asked:

Questions
Q11. How do the options set out in the tables above align with a portfolio company's current environmental reporting practices and disclosures? How do the options align with your short-, medium- or long-term objectives for environmental reporting?
Q12. How could these options create value for your organisation and key stakeholders and why?
Q13. What challenges might portfolio companies face in implementing these options considered through a materiality and sector lens and why?

Responses/feedback

Climate: The vast majority of feedback provided recognised the need for an increase in climate-related disclosure requirements. This would enable the alignment of the private capital industry with the general direction of regulation development. However, it was stressed that any updates to the Guidelines should be proportionate, flexible and interoperable. Responses also noted the competitive advantage that UK environmental regulation has when compared to more regulated geographies such as Europe, and that this should be safeguarded where possible.

Other environmental disclosures: A limited response was received for this section, however, there was support for the inclusion of Scope 3 emissions reporting requirements and the disclosure of emissions targets. There was strong agreement in the responses that any of the options chosen should look to avoid duplication of other reporting requirements and allow companies to signpost the user of the information to where this information has been disclosed in line with a similar or more comprehensive framework.

PERG view

Climate: Environmental disclosures, supported by meaningful, high-quality environmental data, can help increase understanding, create trust and build confidence with key stakeholders. It is apparent that the environmental and climate reporting landscape will continue to evolve, with additional sustainability reporting requirements in the UK and the EU expected beyond 2025. The UK Government is aiming to endorse the International Sustainability Standards Board's (ISSB) IFRS S1 and S2 standards and incorporate these into the UK Sustainability Reporting Standards (UK SRS) in the first half of 2025. These standards will contain aspects of TCFD/CFD and, naturally, contain elements of disclosure required by SECR. Therefore, there is a clear gap between the current requirements under the Guidelines and evolving expectations and regulations on environmental reporting from both a listed and private markets perspective. To address this, PERG has outlined the below amendments, tailored for portfolio companies.

a) Streamlined Energy and Carbon Reporting (SECR):

Companies across the UK economy are now in scope of SECR. As the majority of FTSE 250 companies will be required to disclose SECR, being large companies, with only companies under 40,000kwh energy usage being exempt from disclosure, PERG will include this requirement to align with FTSE 250 requirements.

Many portfolio companies are likely to meet SECR requirements and will have the necessary data readily available. Including SECR reporting within the Guidelines will enhance transparency on transition efforts and greenhouse gas emission reporting, holding companies accountable for meaningful progress. This additional disclosure will also enable companies and investors to benchmark effectively and foster positive, valuable change through understanding year-on-year trends. Companies would disclose appropriate Scope 1 and 2 carbon emissions, calculation methodologies and intensity metrics, in line with SECR.

b) Scope 3:

Companies across the economy face significant challenges in capturing Scope 3 emissions data and portfolio companies are no different. While some respondents advocate for mandatory Scope 3 reporting, enforcing this could be challenging and overly burdensome for some portfolio companies. Companies are gradually addressing Scope 3 emissions voluntarily, but the process is complex and costly. Accurate data collection requires tracking emissions from external sources like suppliers and customers, which can be difficult for smaller businesses lacking the necessary infrastructure or expertise. Additionally, the lack of standardised calculation methods complicates reporting and benchmarking.

For private capital firms and the companies they invest in, the financial and human resource costs to meet these requirements would be substantial, especially for small to mid-sized businesses. Hiring external consultants to assist could further strain budgets. To ensure alignment with current/future sustainability regulation and noting the challenges with collecting Scope 3 data, portfolio companies will be required to make their best attempts to collect and disclose Scope 3 carbon emissions. It will be important to clarify which categories of emissions have been included or excluded and to assess the quality of the dataset.

This is a similar approach to what would be expected of a FTSE 250 company as scope 3 disclosure is currently not mandatory. However, it is considered best practice, and many companies are collecting and improving the quality of their scope 3 data.

c) Climate-related Financial Disclosures (CFD):

DBT's Climate-related Financial Disclosures (CFD) policy borrows much from the TCFD framework, which is globally recognised and has been widely adopted. TCFD reporting is a requirement for listed companies in the UK, while CFD is a Companies Act requirement and was introduced to require climate reporting by large private companies. CFD requires less comprehensive reporting, whilst maintaining the most important disclosure requirements.

Both CFD and TCFD have similar scope thresholds, the difference is that TCFD applies to listed companies and works on a comply or explain basis, whereas CFD applies to large unlisted companies and is mandatory. CFD is generally seen as less onerous than TCFD and can allow for flexibility in the depth of disclosure, which means companies can tailor their reporting to their specific circumstances. This avoids a one-size-fits-all approach while maintaining appropriate transparency and disclosure.

Disclosure under the 4 CFD pillars would provide stakeholders (especially investors) with clear, actionable information on how companies are addressing climate risks and opportunities. CFD allows companies to be descriptive in their reporting and many of these disclosures cover a large spectrum of the most important aspects around climate-related reporting. CFD also focuses on why certain disclosures are made rather than what the disclosures are, which allows for explanations and greater

narrative descriptions and greater flexibility. Therefore, PERG will amend the disclosure requirement to include CFD within the Guidelines.

Currently, large private companies (more than 500 employees and more than £500m in revenue) are required to report in line with CFD while FTSE 250 companies are aligning with TCFD at a minimum. As noted above, the Government has signalled that aspects of CFD/TCFD will be incorporated into ISSB reporting and, therefore, implementing CFD on a detailed comply or explain basis will make portfolio companies comparable to FTSE 250 companies.

Other environmental: The ISSB has recently announced that they will take responsibility for the Transition Plan Taskforce (TPT) framework. The TPT framework aims to guide companies in creating robust and transparent strategies for transitioning to a net-zero carbon economy. It emphasises that companies should not only disclose their climate-related goals but also provide clear, actionable steps and timelines for how they intend to reduce carbon emissions, align with global climate targets and manage the associated risks and opportunities. This may be valuable for portfolio companies and the industry more broadly.

While the Transition Plan Taskforce (TPT) framework may introduce additional compliance and reporting requirements, it is designed to provide clarity and structure rather than being overly burdensome. By offering standardised Guidelines, the framework can help portfolio companies focus on the most critical aspects of their transition strategies without needing to navigate inconsistent or fragmented expectations. It is recognised that smaller portfolio companies with limited resources may find the initial TPT implementation challenging, however, the long-term benefits, such as improved risk management, alignment with investor demands and reduced regulatory uncertainty are considered to outweigh the short-term complexities.

FTSE 250 companies will likely be aligning with TPT disclosures as this provides a beneficial framework for companies who are on the transition journey. The TPT interfaces well with TCFD and CFD as it affords companies further ability to support their strategies and targets. Furthermore, ISSB is taking responsibility for the TPT, which may form part of ISSB's S2 standard, alongside any climate-related financial disclosure requirements.

As nature-related disclosures are not yet mandated for larger companies, with only a few leaders beginning to disclose them, it seems disproportionate to impose them on smaller businesses at this time. PERG has, therefore, determined that nature-related disclosures are not appropriate at this time, as they could present resource constraints and reporting difficulties for portfolio companies.

Value and Proportionality of proposed changes

Companies face a choice between implementing reduced disclosure requirements now with the expectation of greater obligations in the future or adopting greater requirements now with reduced obligations later on. PERG thinks that this refresh should require a more significant change, as it will better prepare companies and, therefore, provide long-term value. Additionally, PERG anticipates that this approach will be less burdensome than many might initially expect, as the recommended disclosures are interconnected.

Challenges

Early adoption often involves significant upfront investment in systems, expertise and processes for measuring and reporting emissions, climate risks and other factors. Additionally, the financial burden

of preparing for Scope 3 reporting or the TPT guidance can be particularly high due to the complexity and scale of gathering emissions data from the entire supply chain.

Conclusion

PERG has concluded that companies disclose in line with SECR and begin to gradually align themselves with full CFD and TPT disclosure. Furthermore, companies must aim to collect and disclose Scope 3 data, ensuring to comment where data is not readily available. This is PERGs conclusion, as the disclosures under the CFD framework are effectively enhanced by incorporating the recommended additional disclosures from SECR, Scope 3, and TPT. Together, these contributions align with and support reporting under the four pillars of CFD.

To streamline disclosures, reduce duplication and burden on companies' resources, companies can provide clear signposts and links to publicly available sources that contain relevant information about their sustainability performance, risks and opportunities, extending beyond climate-related matters. This may include voluntary or mandatory reports by the company (e.g., TCFD reports, etc.) and sustainability reports prepared under other regulations, such as CSRD. Appropriate caveats should accompany references to third-party sources.

It is crucial to consider the pace of environmental disclosures and the evolving market landscape regarding future ISSB standards. Currently, there is uncertainty about how the UK will implement these requirements, but it is expected to primarily affect large and listed companies within the next three years. It is considered that adopting the proposed approach creates value for the sector by requiring portfolio companies to align with the direction of travel of the wider market whilst also enabling greater comparability with FTSE 250 companies.

Amendment proposal

Current requirements will be removed and replaced with the below:

Proposal 1: Require SECR reporting

Require companies to align with SECR reporting requirements. The Scope 1 and 2 data collection process should be guided by materiality, ensuring that companies do not overextend resources on gathering information that is neither quantitatively material nor valuable to investors.

Companies must disclose:

- Total Scope 1 and 2 carbon emissions
- Emissions calculation must align with the GHG Protocol where possible and a methodology/basis of reporting should be kept supporting methodologies around metric collection and capture, use of estimates, proxy data, materiality thresholds etc.
- Emissions intensity metric
- Whether emissions data is verified
- Any targets set by the entity (including interim) and any validation/verification of these targets, e.g. SBTi

Proposal 2: Require CFD-aligned reporting

Require companies to align with CFD reporting requirements, being sure to take future ISSB S1 and S2 requirements into account and whether endorsed standards widen the scope of CFD/TCFD/climate disclosure further than they are currently.

Proposal 3: Collection of Scope 3 data

Encourage companies to collect and disclose Scope 3 emissions data, in line with the GHG Protocol, with flexibility to include estimates where there are data gaps and actual figures cannot be reasonably obtained.

Proposal 4: Introduce transition plan requirements, especially with regard to qualitative disclosure

Introduce tailored transition plan disclosure requirements, emphasising key areas such as carbon footprint assessment, near-term targets and basic climate-related risks relevant to their business. Allow flexibility and longer timelines to fully implement transition plans, with flexibility in the level of detail required.

4.2.6 Employees and other stakeholders (see pages 20 to 24 of the Benchmarking report)

Current requirements and assessment

In line with listed company requirements, to the extent necessary for an understanding of the business, portfolio companies should provide information about employees, including information about policies in place at the company in relation to employees and the effectiveness of these policies. Portfolio companies should also provide 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.

The social landscape is fast evolving, catalysed by an increase in social related regulation both in the EU and UK. The inherent interconnectedness of these two operating jurisdictions will result in reporting obligations impacting certain UK companies in the future, as well as driving regulatory change in the UK.

We asked:

Questions
Q14. In what way/s (if any) do you consider the current requirements are sufficiently enabling the sharing of information that is vital to this and other stakeholder groups?
Q15. In what way/s (if any) would adding the Companies Act requirements sufficiently enhance this area of disclosure?

Responses/feedback

The majority of responses agreed with the importance of employees to a business and that the Guidelines should be updated to reflect this fact. They also agreed that this area of disclosure has evolved since the last refresh of the Guidelines. The preferred option was to update them to add the Companies Act requirements [The Companies (Miscellaneous Reporting) Regulations 2018]. If included, respondents stated the information on engagement with stakeholders would bring significant benefit of public interest.

PERG view

The assessment shows that while many companies meet the standards for employee disclosures, there is room for improvement in sharing detailed information that can drive meaningful engagement and transparency. Enhancing these disclosures can better enable other stakeholders to understand the company's commitment to its workforce and overall business health.

The Wates Principles and Code are more prescriptive on how companies should incorporate stakeholder feedback into decision making than the Companies (Miscellaneous Reporting) Regulations 2018. Additionally, there are a series of regulatory changes coming in future (like UK SRS, CSRD, the European Sustainability Reporting Standards (ESRS) specifically ESRS S1: Own workforce and ESRS S2: Workers in value chain, ESRS S3: Affected communities and ESRS S4:

Consumers and end user and CSDDD) which could further increase the requirements for employee and other social stakeholder disclosures and policies by companies in future.

PERG therefore proposes to amend the Guidelines to add Companies Act requirements. This will align the Guidelines with FTSE 250 and large private company reporting. PERG does not think it is proportionate to go further than this as there are a number of new reporting requirements coming in future. As is normally the case, PERG will keep the Guidelines under review as reporting develops.

Amendment proposal

Current requirements will be supplemented with the below additional disclosure.

Proposal 1: add the Companies Act requirements

- The Companies (Miscellaneous Reporting) Regulations 2018 requires companies in scope to include information about engagement with employees and engagement with suppliers, customers and others within the Directors' Report.
- The same regulation requires a s172 statement in the Strategic Report which describes how directors have complied with their duty to promote the success of the company for the benefit of its members whilst having regard to other stakeholders.

4.2.7 Strategy and business model (see page 31 to of the Benchmarking report)

Current requirements and assessment

The report should clearly articulate how the business intends to achieve its objectives and must include a description of the business model.

The Guidelines are focussed on strategy and business model disclosures. They do not have specific requirements for disclosures relating to the purpose, values and culture of a company or how this is aligned to its strategy and business model. They therefore differ from some other corporate governance frameworks. We would remind readers that providing a comprehensive review of strategy and business model is extremely important and the PERG will continue to focus on these areas.

We asked:

Questions
Q16. How should the scope of strategy and business model disclosure be expanded to include areas such as purpose, values, and culture? Specifically, what aspects align best with existing disclosure practices, where might the most significant challenges and burdens arise, and in which areas can the greatest value be generated?
Q17. Of the options in the table above which align most closely to your current reporting?

Responses/feedback

Responses noted on the whole that the existing disclosure requirements in this area are adequate. Some noted that adopting UK Corporate Governance Code disclosures or the Wates Principles could risk adding additional requirements for little gain. Responses suggested focusing efforts on articulating good/best practice in relation to existing disclosure obligations.

Others noted that there is a variation of practice, with some companies providing details on mission, purpose, values and culture and others not covering these areas but instead focusing on strategy and business model. It can depend on the nature of the business and the management team.

PERG view

From responses received and additional engagement with a number of stakeholders, PERG has concluded that the Code is not applicable in this case and the current disclosures are adequate, especially when you take into account the additional disclosure being required with employee disclosures (Section 172) and DEI disclosures (detailed in the next section). PERG will instead focus on the Good Practice Guide, which is being updated to guide portfolio companies to include better quality disclosures.

4.2.8 Diversity disclosures (see pages 21, 22, 38, 40 of the Benchmarking report)

Current requirements and assessment

The strategic report must include a breakdown at the end of the financial year to show the number of males and females 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. The 2014 updated Guidelines allow the portfolio company to apply their own definition of the role of a senior manager.

There is an increasing emphasis on diversity reporting for companies, driven by frameworks like the Wates Principles, the Code and other reporting frameworks.

We asked:

Questions
Q18. When considering diversity, equity and inclusion in portfolio companies: a. How do the options provided align with current portfolio company diversity, equity and inclusion disclosures? b. What are your short, medium and long term plans for disclosures of this nature and any challenges you foresee which could prohibit increased disclosures?

Responses/feedback

Responses received (whilst limited) indicated that an increase in diversity requirements would lead to valuable disclosures for portfolio companies and investors, with some respondents detailing that they are already aligned or are aligning with Companies Act requirements.

Respondents indicated that any update should emphasise the need to link these disclosures to value, demonstrating their relevance to stakeholders such as customers, suppliers and employees. Additionally, there should be an increased focus on diversity policy, incorporating the Wates Principles, whilst allowing for flexibility in strategies for board appointments. Feedback also suggested that companies assess how Diversity, Equity, and Inclusion (DEI) disclosures can serve their interests and positively impact recruitment, staff retention and overall stakeholder engagement.

The feedback emphasised that support for existing disclosures regarding diversity at the senior management level is essential, with a need to ensure that definitions of ethnic diversity reflect the unique contexts of different companies. To enhance clarity, the Guidelines should provide clearer guidance on effective diversity and inclusion disclosures, similar to existing frameworks. Some respondents also supported further disclosure under the Wates Principles, as mentioned in the options, especially when considering strategy and diversity regarding board appointments.

Feedback received indicated that whilst rigid targets or frameworks would not be considered valuable, portfolio companies should be encouraged to explain the impact of their DEI initiatives, particularly in areas like female leadership. The feedback also highlighted the importance of establishing targets while promoting transparency how organisations are managing and addressing the lack of diversity within their organisations.

PERG view

Since the Guidelines were last refreshed in 2014, UK Gender Pay Gap reporting has been introduced which requires in scope companies to report on their gender pay gap. Separately, disclosure requirements of a company's DEI objectives and targets have also increased over recent years. FTSE 250 companies are held to targets set by the FTSE Women Leaders' and Parker Reviews and Listing Rules diversity targets were introduced in April 2022 for both gender and ethnic representation.

A DEI policy aligned with company strategy is crucial because it fosters a more inclusive and innovative workplace. Encouraging diverse teams helps create value by enabling varied perspectives, experiences and problem-solving approaches, which can lead to better decision-making, increased creativity and improved business outcomes. Integrating DEI into the company's strategy provides value as it helps attract and retain top talent from a wide range of backgrounds, enhancing the organization's competitiveness and ability to meet the needs of a diverse customer base. Furthermore, this disclosure will feed into a wider strategic goal of creating a more diverse private capital industry as a whole. Aligning the DEI policy with business strategy promotes a culture of fairness and belonging, leading to higher employee engagement and productivity. It also demonstrates the company's commitment to social responsibility, which can enhance its reputation and brand loyalty.

PERG has concluded that improving the quality of data collection on DEI within private capital is important for measuring progress, uncovering systemic barriers and holding firms to account for the wellbeing of their employees. Robust DEI data fosters transparency and strengthens relationships with stakeholders who increasingly demand clear reporting on social impact. As regulatory and social pressures to enhance DEI practices grow, reliable data ensures firms can meet compliance expectations while enhancing competitiveness and positioning themselves as leaders in the evolving investment landscape.

PERG understands that some of this information can be sensitive, impeding the ability to collect complete and accurate data sets. This is why a scaled approach to DEI data collection is important, rather than imposing specific and standardised DEI targets on companies.

Amendment proposal

Current requirements will be supplemented with the below:

Proposal 1: Require companies to disclose whether they have established DEI policies.

Companies will be required to disclose information on whether they have established a clear DEI policy aligned with their overall business strategy. The disclosure should include detail an organisation's commitment and governance structures to managing DEI and articulate its strategy to implementing DEI into its organisation. It should include a focus on developing inclusive environments with measurable outcomes in order to demonstrate year on year progress.

Proposal 2: Diversity data collection targets and alignment with industry frameworks

Companies should disclose whether it is aligned to recognised DEI initiatives, such as *Investing in Women Code* or *Women in Finance Charter* and regularly assess and report on their DEI efforts, demonstrating accountability and progress over time.

The disclosure should include a timeframe which should be set around data collection targets in alignment with their DEI policies and strategies. Firms should set their own targets rather than being subjected to mandatory ones, ensuring these targets are appropriate and relevant to their specific needs and context. This approach will help highlight and address areas of underrepresentation within

the firm, making the targets meaningful and impactful rather than just a formality. By focusing on voluntary target setting, firms can avoid the risk of 'box ticking' and instead use targets as a useful tool for driving meaningful change.

In relation to all these disclosures, portfolio companies will be allowed flexibility where they can refer to other reports that they may have published. These must be clearly signposted.

4.2.9 Further portfolio company reporting (see pages 15 to 21 to of the Benchmarking report)

Current requirements and assessment

There are further areas of governance relevant to portfolio companies but not included in the Guidelines. Since the Guidelines were last refreshed in 2014, the UK Companies (Miscellaneous Reporting) Regulations 2018 were published and extend reporting requirements to large private companies to include explanations of the corporate governance framework they have applied.

We asked:

Questions
Q19. Given the already close relationship and alignment between the portfolio company and the private equity firm, how could the Guidelines be enhanced to require additional information around governance frameworks and board evaluation, as these requirements are designed to improve and influence good governance (and not transparency) in listed companies?
Q20. Should the requirement around the corporate governance framework simply aim to catch up with the Companies Act?

Responses/feedback

Responses received mainly stated that the requirement around corporate governance frameworks should catch up with the Companies Act. This includes updating for the Companies (Miscellaneous Reporting) Regulations 2018 which require companies in scope to include information about engagement with employees and engagement with suppliers, customers and others within the Directors' Report. Feedback stated that any other additional disclosure requirements would not assist with achieving the stated aim of improving and influencing good governance (i.e. not transparency). Additional disclosure requirements are unlikely to make any discernible difference and therefore would be disproportionate. Some suggested that the disclosures in this area should focus less on specific regulations and more on the content and users of the content, including the stakeholders that rely on this information when reviewing the annual report.

Finally, a number of responses noted that the Government will review non-financial reporting in 2025 and that the Guidelines should not create new reporting requirements until this review is concluded.

PERG view

As was stated in section 4.2.6, and taking into account responses received, PERG has concluded that updating the Guidelines to include Companies (Miscellaneous Reporting) Regulations 2018 is sufficient at this time. The regulation requires a s172 statement in the Strategic Report which describes how directors have complied with their duty to promote the success of the company for the benefit of its members whilst having regard to other stakeholders.

The BVCA will engage with the Government on its non-financial reporting review and will feed back to PERG in 2025 on developments in reporting.

Amendment proposal

Requirements will not be amended nor created for this section. Please see section 4.2.6 for more information on the Companies (Miscellaneous Reporting) Regulations 2018.

5. The private equity firm website disclosure requirements

5.1 Current requirements

Currently, a private equity firm in scope is required to 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-authorised 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.
- A categorisation of the limited partners in the fund or funds that invest or have a designated capability to invest in companies that would be UK portfolio companies for the purposes 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, sovereign wealth funds, family offices, endowments of academic and other institutions, private individuals and others.

The review of private equity firms' disclosures considers:

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

5.2 Current assessment

For many of private equity firms that operate across Europe or globally, their UK business and UK investments may only be a (smaller) part of their overall business and investment portfolio. In many cases, website disclosures will largely be driven by firm wide considerations, rather than specific UK considerations. This can be difficult for a private equity firm to navigate, and it is therefore important to take into account when considering amendments to the website disclosures.

We asked:

Questions
Q21. PERG would welcome views on the current website disclosure requirements. In particular, PERG would welcome views on potential difficulties with the requirements for updating website information, including on the practicalities of updating a website and on the specific requirements noted in Section 4.1.
Q22. How do current and the proposed options (given below) align with a private equity firm's general website disclosure strategy?

Responses/feedback

Responses were of the view that current disclosures are generally sufficient and not too onerous and that most experience little difficulty meeting the requirements and/or updating on an annual basis. There was some concern on the usefulness of the current set of disclosures to interested parties and whether the disclosures are easily accessible on the website. One thought that disclosures should be placed in a "prominent place" on the website.

PERG view

PERG agrees with the responses and in particular with the prominence of the disclosures. Therefore, PERG is instructing the BVCA to consider how to increase the prominence of the disclosures.

Amendment proposal

Requirements will not be amended nor created for this section. PERG will work with the BVCA to consider website amendments.

5.3 Proposals to amend the requirements

This section is set out as follows:

- Investment approach (5.3.1)
- UK element of the firm (5.3.2)
- Description of UK portfolio companies (5.3.3)
- Categorisation of limited partners (5.3.4)

5.3.1 Investment approach (see page 36 of the Benchmarking report)

Current requirements and assessment

Private equity firms must disclose details of their history and investment approach, including investment holding periods, where possible illustrated with case studies.

The Guidelines go beyond AIM (Alternative Investment Market) investment company requirements and listed asset manager requirements for the description of investments. PERG noted that compliance with the disclosure requirements around investment holding periods is basic, with "boilerplate" statements only referencing "the long-term nature" of the investment in portfolio companies.

We asked:

Questions
Q23. In respect to investment approach disclosures, of the above options, which, if any, align with your current website disclosure? What would be complementary and beneficial to add to enhance disclosures on investment approach?

Responses/feedback

Responses were mixed in this section, with some supportive and others suggesting that the changes proposed would require extensive verification before making the information public to mitigate potential legal liability exposure. On ESG inclusion, responses suggested that there were already numerous disclosure regimes relating to how ESG factors are taken into account in the investment process (e.g. UK SDR and EU SFDR) and so some were of the view that imposing new requirements in this area would likely be duplicative. It was noted that ESG approaches frequently vary by product and so there is a risk that any additional disclosures would not be sufficiently detailed to be meaningful. There were also some concerns from a sensitivity/confidential perspective about sharing certain information as set out in this section.

PERG view

PERG has concluded that changes in this area are not applicable. The disclosures currently required go beyond what is required of AIM listed companies and listed asset manager requirements and therefore PERG concludes that the current requirements are sufficient.

5.3.2 UK element of the firm (see page 34 of the Benchmarking report)

Current requirements and assessment

Private equity firms within scope of the Walker Guidelines must disclose details 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.

PERG noted that the conflicts of interest policy requirement is somewhat outdated as private equity firms are regulated and so this is typically a requirement by their regulator (for example, the FCA). These requirements are intended to help to improve the understanding of the private equity industry and may not be currently sufficient. The descriptions of UK leadership teams however do help identify key personnel at the firms responsible for UK operations.

We asked:

Questions
Q24. Regarding the UK Element of the PE Firm disclosures: a. Is the conflicts of interest policy disclosure beneficial? b. Would any of the further descriptions noted above help to improve the understanding of the private equity firm?

Responses/feedback

All agreed that the conflicts of interest disclosure has been overtaken by regulatory requirements and should be dropped.

On part b, responses were not supportive of additional disclosures, as it would not be useful given the direction of travel nor the understanding of how a private equity firm operated. The FCA, for example, confirmed to the Treasury Committee in May 2024, that it will not be progressing for the time being its proposals in relation to diversity and inclusion, set out in its recent consultation paper. The proposals required in-scope firms to develop diversity and inclusion strategies, collect, report, and disclose diversity demographic data, and set targets to address under-representation.

PERG view

The current disclosure identifies and describes the key personnel at a firm, which is sufficient and helps identify UK leadership. PERG therefore does not suggest amending the requirements. The conflicts of interest requirement will be removed from the Guidelines.

Amendment proposal

The current requirements will be amended to remove the conflicts of interest disclosure.

5.3.3 Description of UK portfolio companies (see page 26 & 36 of the Benchmarking report)

Current requirements and assessment

Private equity firms must provide a description of their UK portfolio companies. UK asset managers with >£5bn assets under management now must report under TCFD recommendations at a product level and may push down some of these requirements to portfolio companies.

We asked:

Questions
Q25. When describing the UK portfolio of a PE Firm:

a. What value, could be created by disclosing additional environmental and social metrics for UK companies? b. Is your organisation or portfolio company management already collecting this information? In what ways, if any, would these disclosures result in additional effort for your organisation and portfolio companies? c. What key considerations would need to be taken into account to enable effective and meaningful disclosure of these metrics?

Responses/feedback

There were three parts of this question, and respondents took these in turn:

a) Responses were of the view that there may be value in including a limited amount of social and environmental metrics but that these should be balanced with the need to avoid "information overload", and not to duplicate existing requirements the company may be subject to in the UK.

b) Feedback noted that the proposal would put a disproportionate spotlight on the UK portfolio companies in a private equity portfolio and this would be burdensome (especially where the number of UK companies is minimal compared to the overall number). They concluded that it would be better to put the onus on portfolio companies that have to publish the relevant data.

c) The main view was that the metrics and information proposed would be challenging to collect and present in a meaningful way, and that some of the information is already collected by firm wide ESG reports.

PERG view

PERG has considered the responses and following further analysis does not propose to amend the requirements in this section. The Guidelines go beyond AIM investment company requirements and listed asset manager requirements for the description of investments. Many private capital firms are reporting under TCFD or will have to report under it in the near future or will be publishing firm wide ESG reports. It would be disproportionate to request further information at this time.

5.3.4 Categorisation of limited partners (see page 35 of the Benchmarking report)

Current requirements and assessment

Private equity firms must provide a breakdown of the limited partners by category for the funds that invest or have a designated capability to invest in companies that would be UK portfolio companies for the purposes of the Guidelines, indicating separately a geographic breakdown between UK and overseas sources of capital and a breakdown by type of investor, typically including pension funds, insurance companies, corporate investors, funds of funds, banks, government agencies, sovereign wealth funds, family offices, endowments of academic and other institutions, private individuals and others.

Investors in the private equity industry are wide ranging, including sovereign wealth funds, insurance companies and pension funds. This requirement was put in place to increase the transparency of the type of institution that make up these private equity investors, including their geography and type, so that external stakeholders could learn more about these investors and therefore the wider private capital industry.

We asked:

Questions
Q26. Does the categorisation of limited partners provide the reader with enough valuable and insightful information when balanced with the effort required to produce the disclosures?

Responses/feedback

The mix of views ranged from "existing disclosures strike the right balance" to "existing disclosures are not beneficial". Some expressed surprise that there was not more information required and others, in support, felt that the requirements were not too burdensome. In terms of the value, some did not see benefit in sharing investor base data, which could include sensitive information that could offer competitors valuable insights into a firm's investor demographics and strategies. Those respondents felt it was crucial that the disclosure requirements strike a balance between the need for increased transparency and the risk of undermining a firm's competitive edge.

PERG view

PERG does not propose to amend this requirement at this time given the general support for the current disclosure.

6. Timeline for implementation

PERG intends to be flexible in its approach to implementation and will support portfolio companies complying with the amended requirements. PERG will discuss individual cases with private equity firms and UK portfolio companies where a year's grace may be warranted e.g. if the acquisition occurred close to the accounting year end and the date on which the amendments are first implemented.

6.1 The scope of PERG's review in 2024 and 2025

Any new disclosure requirements will not apply to portfolio companies preparing annual reports that will be reviewed by PERG for its eighteenth report. Any changes to the private capital firm website disclosure requirements will be required for the eighteenth report in 2025. PERG will review these disclosures in 2025.

Seventeenth report (2024)
The seventeenth report will be published in December 2024 and will cover accounting periods ending up to and including 30 April 2024 (process and review currently underway). The seventeenth report will include the publication of the amended Guidelines.

Eighteenth report (2025)
The eighteenth report will be published in December 2025 and will cover accounting periods ending up to and including 30 April 2025. As the eighteenth report will cover 2024 and some 2025 financial year end periods, there will not have been sufficient time allowed for engagement and education. As such, PERG will not require portfolio companies to include the amended disclosure requirements for this report. During 2025, PERG will work with the BVCA to publish guides and ensure that private equity firms are aware of the new requirements. Portfolio companies may include the additional information for the eighteenth report if they wish and PERG will provide feedback.

6.2 The scope of the PERG's review in 2026

PERG will report on the compliance of portfolio companies with the amended Guidelines in December 2026, and this will cover portfolio companies that fall within the scope of the Guidelines between 1 January 2025 and 31 December 2025 and the portfolio company must meet the threshold criteria set out in Part V of the Guidelines as at 31 December 2025. PERG will monitor compliance of the annual reports of covered portfolio companies with accounting years ending up to and including 30 April 2026. To aid portfolio companies, PERG will prepare guides and explainer notes for portfolio companies.

We asked:

Questions
Q27. Do you agree with the approach to implementing the new requirements? Is it clear and does it allow for enough time to educate and implement new requirements?
Q28. What further assistance should PERG and the BVCA offer firms following the refresh of the Guidelines?

Responses/feedback
Support for the proposed for the timeline was somewhat dependant on the final proposals. Many expressed support for the year of grace, noting that companies may need to review, amend and in some cases, establish underlying processes in order to provide new disclosures. All agreed with the proposal to not apply the revised disclosure requirements to portfolio companies for the purposes of the eighteenth report and extended this to private equity firms too.

PERG view

PERG will move forward with the timelines stated in the consultation document. PERG and the BVCA will work to support the industry in 2025 to ensure that they include/amend their Walker disclosures.

7. Full list of questions

Scope of the Walker Guidelines

1. Does the current definition of a portfolio company appropriately capture large private equity investment activity? If not, would it be appropriate to continue using enterprise value or should other metrics (such as a revenue threshold) be considered in order to accurately capture relevant investment activity?
2. Do you agree that the definition of a private equity firm within the scope of the Guidelines accurately captures private equity firm activity and should remain the same? If not, how might you adjust the definition and why?
3. Should certain infrastructure assets be included in the Guidelines' scope?
4. Do the current review criteria set out in table 4 effectively identify private equity-like ownership of infrastructure assets that should be in scope of the Guidelines?
5. As there is a strong case for including companies that have grown into the current thresholds (for example, via buy and build growth strategies), should there be a mechanism to include those companies in the scope of the Guidelines? If so, how might the scope criteria change?
6. Should there be a mechanism to include those companies that have reduced in size? If so, how might the criteria change?

The narrative reporting requirements for portfolio companies [Section 4 of Part V]

7. Why might a portfolio company not include a Statement of Compliance with the Guidelines and what can the BVCA and PERG do to increase compliance with this requirement?
8. How should the additional disclosure requirements around ownership structure and management activity be updated to request further information on the active ownership of companies - either through portfolio company disclosures or private equity firm website disclosures?
9. When considering disclosure requirements around board composition:
    a. Would additional disclosure of the types of committees, their activities and board appointments enhance transparency and understanding of how portfolio companies are managed, what role private equity plays in their management and how private equity provides stewardship and expertise to a portfolio company?
    b. Of the given options, which would be the most proportionate in striking the balance between accessible information and demonstrating value to the reader? Are there alternative options that would better strike this balance?
10. When it comes to risk management and disclosures:
    a. Would additional disclosure around these topics enhance transparency and understanding for external stakeholders?
    b. Of the given options, which would be the most proportionate and provide the most valuable information to the reader of the annual report? Which, if any, align with what portfolio companies already do?
11. How do the options set out in the tables above align with a portfolio company's current environmental reporting practices and disclosures, if at all? How do the options align with your short-, medium- or long-term aspirations for environmental reporting?
12. How could these options create value for your organisation and key stakeholders and why?
13. What challenges might portfolio companies face in implementing these options with a materiality and sector lens and why?
14. In what way/s (if any) do you consider the current requirements are sufficiently enabling the sharing of information that is vital to this and other stakeholder groups?
15. In what way/s (if any) would adding the Companies Act requirements sufficiently enhance this area of disclosure?
16. How should the scope of strategy and business model disclosure be expanded to include areas such as purpose, values, and culture? Specifically, what aspects align best with existing disclosure practices, where might the most significant challenges and burdens arise, and in which areas can the greatest value be generated?
17. Of the options in the table above which aligns most closely to your current reporting?
18. When considering diversity, equity and inclusion in portfolio companies:

   a. How do the options provided align with current portfolio company diversity, equity and inclusion disclosures?
   b. What are your short, medium and long term plans for disclosures of this nature and any challenges you foresee which could prohibit increased disclosures of this nature?
19. Given the already close relationship and alignment between the portfolio company and the private equity firm, how could the Guidelines be amended to require additional information around governance frameworks and board evaluation, as these requirements are designed to improve and influence good governance (and not transparency) in listed companies?
20. Should the requirement around corporate governance framework simply catch up with the Companies Act?

The private equity firm website disclosure requirements [Section 7 of Part V]

21. We would welcome views on the current website disclosure requirements. In particular, we would welcome views on potential difficulties with updating website information required, including on the practicalities of updating a website and on the specific requirements noted in Section 4.1.
22. How do current and the proposed options (given below) align with a private equity firm's general disclosure strategy?
23. In respect to investment approach disclosures, of the above options, which, if any, align with your current website disclosure? What would be complementary and beneficial to add to enhance disclosures on investment approach?
24. Regarding the UK Element of the PE Firm disclosures:
    a. Is the conflicts of interest policy disclosure beneficial?
    b. Would any of the further descriptions noted above help to improve the understanding of the private equity firm?
25. When describing the UK portfolio of a PE Firm:
    a. What value could be created by disclosing additional environmental and social metrics for UK companies?
    b. Is your organisation or portfolio company management already collecting this information? In what ways, if any, would these disclosures result in additional effort for your organisation and portfolio companies?
    c. What key considerations would need to be taken into account to enable effective and meaningful disclosure of these metrics?
26. Does the categorisation of limited partners provide the reader with enough valuable and insightful information when balanced with the effort required to produce the disclosures?

Timeline for implementation

27. Do you agree with the approach to implementing the new requirements based on the above table? Is it clear and does it allow for enough time to educate and implement new requirements?
28. What further assistance should PERG and the BVCA offer firms following the refresh of the Guidelines?

Appendix 1 – Definitions and links to documents

The Guidelines or Walker Guidelines	Guidelines for Disclosure and Transparency in private equity, November 2007 Sir David Walker's final guidance following an independent review in disclosure and transparency in the private equity industry. The consultation document and Guidelines are available here.
The Group	The Private Equity Reporting Group The Group was created in 2007 as an independent body to monitor the private equity industry's compliance with the Guidelines. Further detail on the membership of the Group is available here.
BVCA	The British Private Equity and Venture Capital Association.

Abbreviation	Meaning
FRC	Financial Reporting Council
FCA	Financial Conduct Authority
LR or FCA LR	Listing Rules
The Code	The UK Corporate Governance Code
DTR	The FCA Disclosure Guidance and Transparency Rules
s172	Section 172, Companies Act
DE&I	Diversity, Equity & Inclusion
AIM	Alternative Investment Market
TNFD	Task Force on Nature-Related Financial Disclosures
TPT	The Transition Plan Taskforce
UK (SRS)	Sustainability Reporting Standards
SECR	Streamlined Energy & Carbon Reporting
ISSB	International Sustainability Standards Board
GHG	Greenhouse Gas
CSRD	Corporate Sustainability Reporting Directive
CSDDD	Corporate Sustainability Due Diligence Directive
ESRS	European Sustainability Reporting Standards
TCFD	Task Force on Climate-Related Financial Disclosures (UK-based Companies Act legislation)
CFD	Climate-Related Financial Disclosures (UK-based Companies Act legislation)

Reports published by the PERG on its monitoring activities, the Q&A published in the Group's publication and the prior editions of the Good Practice Guide, prepared by PwC, are available on the Group's website accessible here.