Private Equity
Reporting Group

# Seventeenth Annual Report

December 2024

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

# Contents



## Appendices

# 1 Executive summary

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

## 1.1 The requirements of the Guidelines

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

| Portfolio Companies | | | Private Equity Firms |
|---|---|---|---|
| Annual report and financial statements should include the additional/ enhanced disclosures that normally apply to quoted companies (as set out in the Guidelines).<br><br>A mid-year update should also be produced. | The reports should be published in a timely and accessible manner on the company website:<br>- Annual report and financial statements – 6 months after the year end.<br>- Mid-year update – 3 months after mid-year. | Data from the financial statements and other metrics should be provided to EY.<br><br>The data is presented in an aggregated performance report by EY to illustrate the contribution of private equity to the UK economy. | Private equity firms should publish certain disclosures (as set out in the Guidelines) on their own website. |
| The Guidelines operate on a ‘comply or explain’ basis so there is an opportunity to explain instances of non-compliance. The PERG may not always accept these explanations. | | | |

The full Guidelines requirements can be found in Part V of the Guidelines. These have been summarised in the compliance checklist in Appendix 5.

## 1.2 Key findings

- This report covers 90 portfolio companies (2023: 81) that fall within the scope of the Guidelines and the 75 firms (2023: 71) that back them (private equity firms and those operating in a private-equity like manner).
- The impact of the current market and regulatory environment is again brought out in the EY report on the performance of portfolio companies and some of the narrative reporting this year, with increased and improved disclosure on financial position and environment. This disclosure is both understandable and encouraging to see as businesses shore up their financing position given current headwinds, and improve data collection and information around the environment.
- Each year, a sample of approximately a third of the population of portfolio companies is reviewed for compliance with the disclosure requirements. 100% of the sample of 23 portfolio companies selected for detailed review (2023: 25, 2022: 25) complied with the disclosure requirements in the annual report either by including the additional disclosures in their annual report or by addressing omissions via the use of an addendum following PwC’s review (2023: 96%).

- The sample was made up of 17 member owned portfolio companies, with 6 owned by non-members, and included sectors from across the economy, such as consumer, industrial, technology and healthcare.
- 43% prepared disclosures to at least a good standard which, disappointingly, is a considerable drop on previous years (2023: 60%, 2022: 60%). A larger proportion of the portfolio companies reviewed achieved a 'basic' overall assessment across the Guidelines this year, however there were a large number of annual reports that were very close to achieving 'good' overall, only missing out due to one area of disclosure. No company prepared disclosures to an excellent standard across the majority of disclosure requirements (2023: None).
- Unfortunately, we note continued basic compliance with those disclosures that are specific to the Guidelines, particularly social, community and human rights issues, and gender diversity information. We also noted a deterioration this year in the standard of compliance with financial key performance indicators in a reverse of prior year trends.
- A statement of compliance with the Guidelines is a requirement for portfolio companies. Such a statement is viewed as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code. 78% of companies have included such a statement in their annual report which is a very positive improvement on prior years (2023: 60%, 2022: 52%).
- It was positive to note that the number of addendums required this year has significantly fallen this year (26% vs 52% in 2023), following the increase over the last two years. We would continue to encourage private equity firms to engage with the BVCA earlier on in the reporting process to ensure timely compliance. Whilst it is noted that all addendums were prepared, approved and uploaded to the company websites in a matter of weeks once omissions were identified, embedding disclosure in the annual report is an essential part of demonstrating a commitment to complying with the Guidelines. Appendix 3 contains further information on the review process and addendums.

- 81% of portfolio companies have published an annual report in a timely manner on their website (2023: 81%). 85% of portfolio companies have published a mid-year update in a timely manner on their website (2023: 81%). Compliance rates have remained broadly comparable to the previous reporting year.

- 83% of portfolio companies provided data, which is presented in aggregate in the EY report on the performance of portfolio companies published alongside this report (2023: 83%). As was the case in last year, portfolio companies achieved strong growth across various metrics despite macro-economic challenges. EY analysis shows that aggregate revenue and EBITDA growth since acquisition for the portfolio companies is 5.8% and 3.3% CAGR respectively in 2023, compared with 7.0% and 4.9% respectively in the prior year. Over a longer time period of 10 years, the portfolio companies reported average YoY growth in organic revenue and EBITDA of 5.6% and 7.2% respectively.
- 10% of portfolio companies have not complied with any of the three components of the Guidelines that apply to them – enhanced disclosures, publication of reports and provision of data (2023: 14%). All of these portfolio companies are backed by private equity owners who are non-BVCA members. One is new to the population. It was positive to note the decrease in this statistic, following engagement from two non-members/portfolio companies which were non-compliant in prior year.
- It was positive to note that all BVCA members published sufficient disclosures on their own websites, to meet the requirements of the Guidelines on publishing information about themselves, their portfolio companies and their investors, albeit that there were differences in the standard of reporting as between firms.
- The Guidelines have been reviewed this year. 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. There is a separate feedback statement to detail the changes to the Guidelines in detail and Part V of the Guidelines has been amended to reflect those changes.

## 1.3 The Private Equity Reporting Group

The members of the PERG are:

**Nick Land**

Chair & independent member

**Baroness Drake**

Independent member

**Glyn Parry**

Independent member

**Ralf Gruss**

Industry representative (Apax)

**Tony Lissaman**

Industry representative (3i)

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

## 1.4 Portfolio companies required to comply with the Guidelines

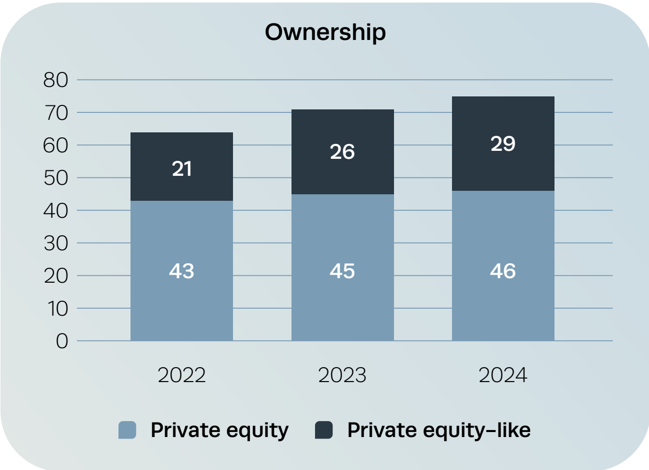
The Guidelines apply to the largest private equity-backed companies with a significant presence in the UK. The number of portfolio companies covered by the Guidelines this year is 90 (2023: 81). Since the last report, there have been 3 exits (including IPOs), and 12 new companies within the scope of the Guidelines.

Further details on the portfolio companies are included in Appendix 2. The definition of a portfolio company can be found in Part V of the Guidelines.


## 1.5 Private equity firms within scope of the Guidelines

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

75 firms are covered by the Guidelines this year (2023: 71). This number is large as it includes co-investors in the companies. The full definition is set out in Part V of the Guidelines, and Appendix 1 explains how minority and other shareholders are monitored.



## 1.6 Overall compliance with the Guidelines

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

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

- Acacium Group (owned by Onex);
- Amey (owned by One Equity Partners);
- Biffa (owned by Energy Capital Partners)*;
- Equiniti Group (owned by Siris Capital);
- Energy Assets Group (owned by Asterion Industrial Partners);
- Interpath Advisory (owned by H.I.G Capital);
- PureGym (owned by Leonard Green & Partners);
- Punch Taverns (owned by Patron Capital); and,
- TES Global (owned by Onex).

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

The 81 remaining companies have complied with the Guidelines or have re-engaged with PERG and committed to complying next year.

## 1.7 Compliance with the disclosure requirements in the Guidelines

### Sample selection

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

PwC has reviewed a sample of 23 portfolio companies this year (2023: 25). The sample size is similar to the prior year and includes companies with accounting years ending up to and including 30 April 2024.

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

## Measuring compliance

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

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

Companies in the FTSE 100 are not generally considered to be comparable to the portfolio companies covered by the Guidelines due to their size and geographical reach; they are generally multinational whereas the portfolio companies have significant UK operations. Therefore the FTSE 100 does not form part of this assessment. Further detail on how compliance is measured is included in Appendix 3.

## Quality of disclosures by portfolio companies in their annual report

100% of portfolio companies reviewed in the sample of 23 companies complied with the disclosure requirements in their annual reports either by including the additional disclosures in their annual report or by addressing omissions via the use of an addendum following PwC's review (2023: 96%). 43% prepared disclosures to at least a good standard (2023: 60%), while three companies used the "comply or explain" basis of the Guidelines this year to explain non-compliance with one requirement (2023: one).

The key findings and areas for improvement are summarised below, with more detail included in section 2 of this report. This feedback relates to the sample reviewed in 2024. Comparisons to the prior year's review will relate to two different samples of companies.

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

A larger proportion of the portfolio companies reviewed achieved a 'basic' overall assessment across the Guidelines this year, however there were a large number of annual reports that were very close to achieving 'good overall' only missing out due to one area of disclosure.

A statement of compliance in the annual report of the portfolio company is a requirement of the Guidelines. 78% of companies have included such a statement in their annual report which is positive given that this is a straightforward requirement (2023: 60%). The PERG views this statement as a proxy for the "fair, balanced and understandable" requirement under the UK Corporate Governance Code. This governance statement and the continuing scrutiny placed on FTSE 250 companies by wider stakeholders (such as the media, investors, regulators and employees) have driven significant improvements to the standard of reporting by FTSE 250 companies. Portfolio companies should continue to strive to continually improve their reporting each year.

## Feedback for private equity firms and portfolio companies

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

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

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

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

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

## 1.8 Compliance with the portfolio company publication requirements

Portfolio companies are subject to two publication requirements:

| Requirement | Results of review |
|---|---|
| Publication of annual reports:<br><br>Portfolio companies should publish their annual audited reports on their websites no more than 6 months after the company year-end. | 81% of portfolio companies published an annual report within 6 months of year-end on their website (2023: 81%). |
| Mid-year update:<br><br>Portfolio companies should publish a summary mid-year update giving a brief account of major developments in the company within 3 months of mid-year. | 85% of portfolio companies published a mid-year update within 3 months of mid-year on their website (2023: 81%). |

## 1.9 Compliance with the private equity firm disclosure obligations

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

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

### 1.10 Performance of portfolio companies

Each year the BVCA commissions research into the performance of portfolio companies compared to public benchmarks and a returns attribution analysis in respect of exits. EY LLP was reappointed by PERG in 2024 to undertake this research. PERG has reviewed the findings and the report has been published at **https://www.bvca.co.uk/research/business-performance.html**. There are 90 portfolio companies in the population with a compliance rate for the provision of data requested of 83% (2023: 83%). Key findings from the report can be found in section 2.5.1.

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

Private Equity Reporting Group

# 2 Review of conformity with the Guidelines

90 portfolio companies were within the scope of the Guidelines in 2024 (2023: 81). The PERG notes that all BVCA members and some non-members in scope of the Guidelines and their portfolio companies are compliant with the Guidelines or have provided appropriate explanations. Non-BVCA members are the backers all of the companies that are non-compliant this year.

## 2 Review of conformity with the Guidelines

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

<table>
<tr><th>Disclosures by portfolio companies</th><th>Publication of portfolio company reports</th><th>Communication by private equity firms</th><th>Other requirements and recommendations</th></tr>
<tr><td>The requirements to include enhanced disclosures in the audited annual report and financial statements, and prepare a mid-year update.</td><td>The requirement to publish the audited annual report and financial statements, and a mid-year update in a timely and accessible manner.</td><td rowspan="2">The requirement to make information about the firm available in an annual report on, or through regular updating of, the firm's website.</td><td rowspan="2">The requirements for firms and companies to provide data to the BVCA, to follow established reporting and valuation guidelines and to ensure timely and effective communication. There are recommendations for the BVCA relating to research, engagement with "private equity-like" entities and fund performance measurement.</td></tr>
<tr><td colspan="2">This covers portfolio companies with accounting years ending up to and including 30 April 2024.</td></tr>
</table>

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

## 2.1 Overall compliance

90 portfolio companies were within the scope of the Guidelines in 2024 (2023: 81). The PERG notes that all BVCA members and some non-members in scope of the Guidelines and their portfolio companies are compliant with the Guidelines or have provided appropriate explanations. Non-BVCA members are the backers all of the companies that are non-compliant this year.

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

- Acacium Group (owned by Onex) – Onex opted not to comply again this year. Note that the minority owners (Towerbrook Capital Partners) do comply with the Guidelines.
- Amey (owned by One Equity Partners) – the PERG engaged with One Equity Partners and the firm decided not to comply.
- Biffa (Energy Capital Partners) – the PERG has been unable to engage with its owner to date.
- Energy Assets Group (owned by Asterion Industrial Partners) – the PERG has been unable to engage with its owner to date.
- Equiniti Group (owned by Siris Capital) – the PERG has been unable to engage with its owner to date.
- Interpath Advisory (owned by H.I.G Capital) – the PERG engaged with H.I.G Capital and the firm decided not to comply.
- PureGym (owned by Leonard Green & Partners) – the PERG has been unable to engage with its owner to date.
- Punch Taverns (owned by Fortress Investment Group) – the PERG has been unable to engage with its owner to date.
- TES Global (owned by Onex) – Onex opted not to comply.

London City Airport (owned by OMERS Infrastructure, Ontario Teachers' Pension Plan, Alberta Investment Management Corporation and Wren House Infrastructure Management) has included additional disclosure in its annual report, which has been uploaded to the company website on time. This is positive to note on prior year and the company will be included in the PwC review in 2025. However, the company and its owners have not engaged with the BVCA or PERG on other aspects of the Guidelines, including the mid-year update and EY data gathering exercise. We would encourage the company and its owners to reach out to the BVCA to fully engage on the Walker Guidelines.

McCarthy & Stone (owned by Lone Star Funds) – Lone Star has engaged with the process this year and has committed to working with the BVCA to engage further on compliance with the Guidelines.

## 2.2 Disclosures by portfolio companies in annual reports

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

| Guidelines – specific disclosures | |
|---|---|
| Identity of private equity firm<br>Details of board composition<br>Statement of conformity with the Guidelines | Financial review – position<br>Financial review – financial risks |
| **Business review – these are included in the Strategic Report for UK companies and could be included in the Directors' Report or another appropriate report for non-UK companies** | |
| **Applicable to all companies[1]** | **Enhanced disclosures normally applicable to quoted companies that are required by the Guidelines** |
| Balanced and comprehensive analysis of development and performance during the year and position at the year-end<br>Principal risks and uncertainties facing the company<br>Key performance indicators – financial<br>Key performance indicators – non-financial | Strategy<br>Business model<br>Trends and factors affecting future development, performance or position<br>Environmental matters<br>Employees<br>Social, community and human rights issues<br>Gender diversity information |

### 2.2.1 Overview of portfolio company disclosure findings

The PERG's objective is to ensure that all companies covered by the Guidelines strive to report to a level comparable to FTSE 250 companies. To clarify how this review is carried out, the PERG's definitions for measuring compliance are included in Appendix 3.

| Overall quality of disclosures | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed (% and number) | 0% | 43% | 57% | 0% | 4% | 56% | 36% | 4% |
| | 0 | 10 | 13 | 0 | 1 | 14 | 9 | 1 |

It was positive to see 100% of portfolio companies reviewed in the sample comply with the disclosure requirements. However, only 43% sample reviewed achieved at least a good standard of disclosure, which is a fall on prior years (2023: 60%, 2022: 60%). However, while the quality of disclosure fell, the use of addendums also significantly fell and the inclusion of a statement of compliance increased, which is positive to note. There was greater use of the "comply or explain" feature of the Guidelines in one area of disclosure, with portfolio companies sighting commercially sensitive information concerns.

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

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

Below is some key thematic findings from the review this year:

- The success of engagement with the portfolio companies and their PE houses in the current year has increased, particularly with quicker resolution of areas of non-compliance.
- Fewer companies in the current year have achieved compliance without overtly seeking to comply. 78% of the population have included a statement of compliance with the Guidelines this year, compared to only 56% of the population in 2023. Those who have not included a compliance statement but achieved compliance have done so through meeting the increasingly extensive UK Companies Act requirements.
- We note for another year continued non-compliance with those disclosures that are specific to the Guidelines, particularly Guideline 14 (Social, community and human rights issues) and Guideline 15 (Gender diversity information). This year there was a deterioration in the quality of compliance with Guideline 11 (Trends and factors affecting future development, performance or position) and in particular, where companies were not identifying the key market and macroeconomic trends that are likely to impact their operations. This differs from previous years where there were arguably more relevant macroeconomic trends to discuss, such as Covid-19, inflationary pressures, or the cost of living crisis.
- There was an increase in the number of portfolio companies linking to other reports in order to address certain areas of the Guidelines, such as gender or environmental policies. Although these reports usually include excellent detail, the links provided are often not precise enough, putting the onus on the individual to search on the company's website to find the information. It would be simple to include high-level disclosures in the annual report to meet the requirements and then link to the separate report for further information.

Other key findings are summarised below. This feedback relates to the sample reviewed in 2024 and comparisons to the prior year's review therefore relate to a different sample of companies.

| Areas with good quality disclosures or significant improvements from previous years | Additional feedback |
|---|---|
| Environmental matters | ■ Disclosure in this area continues to improve year on year which was pleasing given the prominence of this area. |
| Non-financial KPIs | ■ There was a significant improvement in the quality of disclosure this year which was pleasing given the prevalence of only basic disclosures in previous years. One point to note however was the use of comply of explain which will be monitored going forward. |
| Financial position | ■ This requirement continues to be met well, with portfolio companies including the additional information on financial position and capital structure of the group, including a breakdown of the components of debt, repayment dates and related covenants. |

| Areas requiring improvement | Additional feedback |
|---|---|
| Strategy | ■ There needs to be a greater effort to provide sufficient information of specific strategic targets and time frames.<br>■ This would underpin the wider report when assessing success in the year. |
| Social community and human rights | ■ Portfolio companies continue to only include limited information on this area.<br>■ Most only include short statements on human rights and community actions where there should be further detail on what they do and actions taken. |
| Financial KPIs | ■ The deterioration in compliance with financial KPIs was where companies were not explicitly disclosing their financial KPIs and were leaving it up to the readers to deduce what management considers to be 'key'.<br>■ The KPIs included should link to the strategy and include comparative data. |

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

### 2.2.2 Portfolio companies reviewed

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

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

23 portfolio companies were selected for review this year (2023: 25), representing approximately just under a third of the total population. This sample consists of:

- 7 portfolio companies that have not been previously reviewed, being new entrants to the population (2023: 10); and
- 16 portfolio companies that have been previously reviewed and assessed as compliant (2023: 15).

Portfolio companies have differing year-ends and the annual reports with years ending on or after 1 May 2023, and up to and including 30 April 2024 have been reviewed.

Nine companies listed in section 2.1 were not compliant with all of the requirements this year.

Cobham (Advent International), KCOM (Macquarie) and Parkdean (Onex) provided an explanation for non-compliance, under the "comply or explain" basis of the Guidelines, for one area of disclosure.

Each year, when the PERG reviews the transactions from the preceding period, there are new portfolio companies where the annual accounts will have been signed or the period of private equity ownership before the company's financial year end is minimal, meaning that the additional disclosures could not be included to be reviewed by PERG and PwC.

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

- Azets Group (PAI Partners) – The company was onboarded late in the process this year and will be fully involved in 2025.
- Gresham House (Searchlight Capital Partners) – The company was onboarded late in the process this year and will be fully involved in 2025.
- Homeserve (Brookfield) – The company changed their financial year end during the year and so were unable to include the disclosures.
- K3 Capital Group (Sun European Partners) – Due to the financial year end, the company had already closed the annual report before onboarding. The annual report for next year has been reviewed and is compliant.
- Modulaire Group (Brookfield) – Due to the financial year end, the company had already closed the annual report before onboarding.
- Sureserve Group (Cap10) – Due to the financial year end, the company had already closed the annual report before onboarding. A draft annual report has been reviewed by PwC and we are working with the company on compliance.

These companies' annual reports will be reviewed in 2025.

### 2.2.3 Measuring compliance

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

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

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

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

The companies in the FTSE 100 are not generally considered to be comparable to the portfolio companies covered by the Guidelines due to their size and geographical reach (the FTSE 100 companies are generally multinational whereas the portfolio companies have significant UK operations) and therefore do not form part of this assessment. Further detail on how compliance is measured is included in Appendix 3.

| Fair, balanced and understandable | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed (% and number) | 0% | 48% | 52% | 0% | 0% | 40% | 56% | 4% |
| | 0 | 11 | 12 | 0 | 0 | 10 | 14 | 1 |

The level of disclosure for private companies continues to increase with more requirements in narrative reporting in a number of jurisdictions. In particular, non-financial reporting is an increasingly important element of the annual report and statutory or regulatory changes are bringing more companies into scope for enhanced disclosure.

To assess the quality of compliance more effectively, the PERG is also monitoring how companies are performing in relation to the "fair, balanced and understandable" requirement. Note that there is no requirement in the Guidelines to confirm this, as it is a requirement of the Code. Instead, portfolio companies are required to state compliance with the Guidelines as a proxy. Given the quality of disclosures have fallen (43%) over all this year, it was positive to note that annual reports reviewed remained fair, balanced and understandable in comparison to prior year. There has been a positive change in the quality of "fair, balanced and understandable" disclosures this year with 48% of companies achieving at least a good standard (2023: 40%).

### 2.2.4 Feedback for private equity firms and portfolio companies

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

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

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

### 2.2.5 Disclosure by a portfolio company – detailed findings

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

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

## Guidelines specific disclosures

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

| Identity of the private equity firm | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 4% | 52% | 43% | 0% | 12% | 40% | 48% | 0% |

56% of the sample reviewed achieved at least a good standard (2023: 52%), which is a slight increase from last year. One company was considered excellent this year.

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

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

| Details of board composition | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 13% | 48% | 39% | 0% | 20% | 52% | 28% | 0% |

This criterion continues to be well adhered to by portfolio companies with all companies compliant, however, the standard fell this year. 61% of the companies reviewed produced good or excellent quality disclosures (2023: 72%), clearly articulating the experience of the board members, and demonstrating why they are appropriate for that role. The weaker examples only listed the directors for the period, which is the Companies Act 2006 requirement, and identified which directors represented the private equity house. They did not elaborate further by adding the role and experience of each director.

13% of companies achieved an excellent disclosure compared to 20% in 2023. These included a significant level of additional disclosure, similar to a listed company, covering the wider aspects of governance and committees in place, as well as how the board members form part of this.

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

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

| Financial position at year-end | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 13% | 57% | 30% | 0% | 12% | 64% | 24% | 0% |

It was positive to see the quality of disclosures remain high this year, with 70% of companies achieving at least a good standard (2023: 76%). Three companies provided excellent disclosure (2023: Three).

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

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

| Financial Risks | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 4% | 30% | 65% | 0% | 0% | 56% | 44% | 0% |

The quality of disclosures fell this year with only 34% of companies achieving at least a good standard (2023: 56%). One company provided excellent disclosure (2023: Zero).

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

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

**Strategic report disclosures required by UK Companies Act**

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

| Balanced and comprehensive analysis of development and performance during the year and position at the year-end | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 9% | 39% | 52% | 0% | 8% | 56% | 36% | 0% |

The quality of disclosures has decreased year on year with 48% of companies achieving at least a good standard this year (2023: 64%).

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

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

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

| Principal risks and uncertainties facing the company | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 9% | 39% | 52% | 0% | 12% | 40% | 48% | 0% |

The quality of disclosures has decreased again with only 48% of companies achieving at least a good standard this year (2023: 52%). This is disappointing given the importance of understanding and acting to mitigate any risks or uncertainties facing a company. Basic disclosure presented a limited view on movements in risks and uncertainties in the year and did not include quantitative information to support the risks and magnitude or movement of the risk in the year.

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

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

| Financial KPIs | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 4% | 31% | 65% | 0% | 8% | 48% | 40% | 4% |

The quality of disclosures has decreased this year, with only 35% of companies achieving at least a good standard (2023: 56%). One company (2023: Two) was deemed to be excellent, which is positive.

Measures that generally appear in most reports are revenue, EBITDA and profit before tax, although sophisticated financial measures are reported in a number of reports to analyse the performance of the business in real detail. Basic disclosures would benefit from aligning the KPIs to the strategic objectives and targets, and by explaining why they are key to management. There also needs to be better definition of some of the included measures, for example, adjusted EBITDA.

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

| Non-financial KPIs | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Explanation for non-compliance | Excellent | Good | Basic | Explanation for non-compliance |
| All companies reviewed | 9% | 39% | 39% | 13% | 8% | 20% | 64% | 8% |

The quality of disclosures were mixed and disappointing again this year, with 48% of companies achieving at least a good standard (2023: 28%) and three companies providing an explanation for non-compliance. Explanations noted that this disclosure includes sensitive information. PERG were not satisfied with this response and will note this in feedback letters to the portfolio companies.

It was however, a notable improvement on last year. There were two companies (2023: Two) that were deemed to be excellent.

A large number of portfolio companies are still deemed basic or not disclosing. These basic disclosures simply included high level boiler plate information with little detail on why there were selected, how they are calculated and the targets the company has set.

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

## Enhanced Business Review

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

| Strategy | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 0% | 39% | 61% | 0% | 16% | 56% | 28% | 0% |

The quality of disclosures has decreased this year with only 39% (2023: 72%) producing at least a good standard of disclosure. This is disappointing given the importance of the disclosure and the good scores in prior years.

Companies that were considered basic presented a generic and isolated statement, which in many cases lacked focus, clear articulation of targets and timing, and an understanding of how this could be delivered (2023: 28%). The disclosure would be better presented if clearly stated upfront.

This will be closely monitored next year.

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

| Business Model | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 13% | 61% | 26% | 0% | 12% | 48% | 40% | 0% |

This requirement continues to be met in a number of ways with the standard of disclosure levels consistent. It was positive to note the number of excellent disclosures (2024: 13%; 2023: 12%).

Good or excellent examples of business models (74% of portfolio companies; 2023: 60%) articulated clearly and simply how the business generates revenue and value, often through a simple diagram, to show where the business sits in the wider market and how this creates value for the end user of the annual report, including the inputs and outputs that are identified as important. Less developed discussions allowed the reader to understand the segments of the business, but left them to extract how value is created.

The weakest companies relied on the narrative of their operations in a wider context. Taking this approach tended to result in a basic level of compliance (2024: 26%; 2023: 40%).

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

| Trends and factors affecting future development, performance or position | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 9% | 17% | 74% | 0% | 0% | 36% | 64% | 0% |

Only 26% of companies this year achieved at least a good level of compliance and provided analysis and clear disclosure specific to the portfolio company and/or the market in which it operates and provided context to the portfolio company's current and expected performance (2023: 36%). This is a disappointing drop from the prior year and this disclosure will be monitored closely next year, given its importance.

Basic disclosures included statements that were general, did not include quantitative information where relevant and lacked information on internal and external factors driving the growth of the company.  The statements provided little additional information for the users of the accounts, although included sufficient appropriate references to comply with the basic guideline requirements. 74% of companies produced such basic disclosures (2023: 64%).

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

| Environmental matters | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 26% | 52% | 22% | 0% | 20% | 40% | 36% | 4% |

Compliance with this disclosure has improved from prior year, with 52% receiving a good rating, and a further 26% receiving an excellent rating (2023: 40% good / 20% excellent).

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

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

| Employees | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 4% | 43% | 52% | 0% | 20% | 40% | 40% | 0% |

Employees are essential for nearly all businesses, and it is vital that portfolio companies are able to articulate the importance of their employees and comply with the Guidelines in this area. To achieve a good level of compliance in this area, disclosures should set out the clear alignment between overall strategy and employee policies, detailing employee engagement, community, and training and development. 47% of companies reviewed provided at least a good level of disclosure (2023: 60%), which is disappointing to note.

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

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

| Social, community and human rights issues | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 0% | 17% | 83% | 0% | 12% | 36% | 48% | 4% |

Where the annual report included information about social, community and human rights issues as well as an explanation of the actions taken to address the issues with quantifiable evidence, the company would have produced a good disclosure. Only 17% of companies reviewed providing at least a good level of disclosure (2023: 48%), which is very disappointing. Given the increase in reporting and importance of this area we would expect to see better disclosure from companies. This will be monitored going forward.

To achieve basic compliance a section in the annual report should include, at a high level, the social, community and human rights issues affecting the business and the company's policies to address them. A compliance led statement is a minimum, identifying what the company does in these areas and confirming, if appropriate, that human rights are not a material issue for the company.

| Gender diversity | Expectations for compliance |
|---|---|
| The report must include a breakdown at the end of the financial year to show:<br>▪ the number of each sex who were directors of the (parent) company;<br>▪ the number of people of each sex who were senior managers of the company (other than those already identified as directors); and<br>▪ the number of people of each sex who were employees of the company.<br>The updated Guidelines allow the portfolio company to apply their own definition for the role of a senior manager. | See section 15 of the Good Practice Guide (page 18). |

| Gender diversity | Quality of disclosures 2024 | | | | Quality of disclosures 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Excellent | Good | Basic | Non-compliant | Excellent | Good | Basic | Non-compliant |
| All companies reviewed | 4% | 30% | 65% | 0% | 0% | 40% | 56% | 4% |

The level of compliance on gender diversity disclosures is disappointing again this year, with only 34% achieving a good rating (2023: 40%). This is an area of increasing focus in the wider corporate reporting environment due to gender pay gap reporting requirements for large companies. Portfolio companies should be aware that the Guidelines requirements differ from the gender pay gap reporting requirements and production of disclosures for one requirement will not be sufficient to be compliant with the other.

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

| Statement of compliance | Expectations for compliance |
|---|---|
| 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. | See page 3 of the Good Practice Guide. |

| Statement of compliance | 2024 | | 2023 | |
|---|---|---|---|---|
| | Included | Not included | Included | Not included |
| All companies reviewed | 78% | 22% | 60% | 40% |
| | 18 | 5 | 15 | 10 |

78% of companies reviewed included a specific statement of compliance with the Guidelines in the annual report (2023: 60%) – a continued improvement on prior years. The PERG believes a statement of compliance with the Guidelines can be incorporated into a company's annual report with relative ease and it should not be contentious to comply with this requirement. 22% of the sample reviewed did not include a statement.

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

## 2.3 Publication of portfolio company reports

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

### Publication of annual reports

Portfolio companies should publish their annual audited reports on their websites no more than six months after the company year-end. Annual reviews or similar narrative reports are not acceptable alternatives to a portfolio company's annual report and financial statements within which the Guidelines disclosures should be found in the front half. Additionally, it should be readily accessible on the portfolio company's website, and not behind a login page. To calculate the compliance rates below, we have not included the companies (noted in section 2.1) that are not complying with any aspect of the Guidelines. 81% of portfolio companies have published an annual report within six months of year-end on their website and this high rate of compliance has been consistent over the last few years (2023: 81%). However, further improvements are required on this aspect of the Guidelines as the compliance rates should be higher.

- A first-year grace was given to:
  - Azets Group (PAI Partners)
  - Gresham House (Searchlight Capital Partners)
  - Homeserve (Brookfield)
  - K3 Capital Group (Sun European Partners)
  - Modulaire Group (Brookfield)
  - Sureserve Group (Cap10)
- The following portfolio companies did not publish their annual reports within six months of year-end, however, did so subsequently:
  - Advanced Computer Systems (BC Partners)
  - Chime Communications (Providence Equity Partners)
  - Civica (Partners Group)
  - Huws Gray (Blackstone)
  - Hyperoptic (KKR)
  - M Group Services (PAI Partners)
  - Network Plus Services (OMERS PE)
  - Parkdean Holidays (Onex)
  - Study Group International (Ardian)
  - Sykes Holiday Cottages (Vitruvian)
- Ambassador Theatre Group (Providence Equity), Ascot Lloyd (Nordic Capital), CityFibre (Goldman Sachs Asset Management) and Witherslack (Mubadala Capital) provided an explanation to the PERG as to why the companies have been unable to publish their annual reports on their respective websites.

## Mid-year update

Portfolio companies should publish a summary mid-year update giving a brief account of major developments in the company within three months of mid-year. 85% of portfolio companies published a mid-year update within three months of mid-year on their website (2023: 81%).

- A first-year grace was given to:
  - Azets Group (PAI Partners)
  - BPP (TDR Capital)
  - DWF Group (Inflexion Capital)
  - Edinburgh Airport (Global Infrastructure Partners)
  - Evri (Advent International)
  - Gresham House (Searchlight Capital Partners)
  - Homeserve (Brookfield)
  - K3 Capital (Sun European Partners)
  - Modulaire Group (Brookfield)
  - Network Plus Services (OMERS PE)
  - Sureserve Group (Cap10)
- The following portfolio companies were unable to upload their mid-year updates as they were exited during the year and so the owner was no longer able to direct the company to do so:
  - Edinburgh Airport (Global Infrastructure Partners)
  - Evri (Advent International)
  - Village Hotels (KSL Capital)
- The following portfolio companies missed the deadline to publish their mid-year updates on their respective websites. However, all companies have subsequently published their mid-year updates.
  - Bourne Leisure (Blackstone)
  - Civica (Partners Group)
  - Huws Gray (Blackstone)
  - Sykes Holiday Cottages (Vitruvian)
  - Village Hotels (KSL Capital)
  - Witherslack (Mubadala Capital)

Ambassador Theatre Group (Providence Equity Partners), Chime Communications (Providence Equity Partners) Parkdean Holidays (Onex), Williams Lea (Advent International) and Witherslack (Mubadala Capital) provided explanations to the PERG as to why the companies have been unable to publish a mid-year update on their respective websites.

## 2.4 Communication by private equity firms

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

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

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

### Our review of private equity firms' disclosures considered:

a) the extent to which firms complied with the separate criteria; and

b) the accessibility of the information and the clarity of their commitment to the Guidelines.

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

### Statement of conformity with the Guidelines

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

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

## 2.5 Other requirements and recommendations

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

### Findings

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

### 2.5.1 Performance of portfolio companies

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

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

Key findings from the report include:

- The average timeframe of private equity ownership of portfolio companies is 6.0 years and the current portfolio companies have been owned for an average of 5.0 years.
- The equity return from portfolio company exits is 3.0x the public company benchmark when measured over the same period of time; c.59% of the additional gross return can be explained from the higher levels of financial leverage employed, with the balance being private equity strategic and operational improvement.
- Annual organic employment growth of the portfolio companies is flat in 2023 (versus the private sector benchmark growth at 0.8%) and on a reported basis, is lower than the public company benchmark (1.8% versus 2.2%). At the sector and company level, there is a wide range for growth in organic employment. The Infrastructure and Other sectors were higher than the remaining sectors in terms of YoY organic employment growth and the Consumer sector was higher than the ONS private sector benchmark.

- Average employment cost-per-head in the portfolio companies has increased by 2.4% per annum under PE ownership (2022: 2.7%). This was lower than the UK private sector benchmark.
- 60% of the current portfolio companies have made net bolt-on acquisitions while 15% have made net partial disposals. This continues to support the view that PE companies are focused on growing their portfolio companies, both through acquisition and organically, rather than selling off their component parts.
- Capital productivity growth is 9.2% which exceeds the public company benchmark of 5.0% per annum.
- Labour productivity growth YoY for portfolio companies has remained consistent at (i) 4.2% (2022: 4.2%) as measured by growth in EBITDA per employee, and (ii) 3.0% (2022: 3.0%) as measured by growth in Gross Value Added (GVA) per employee.
- Revenue growth for the portfolio companies is 5.8%, which is slightly below the public company benchmark of 6.1%, whilst EBITDA growth of 3.3% compared with 7.5% for the public company benchmark. There is a wide range of results in 2023 trading performance at a sector and portfolio company level. In the current portfolio companies, reported revenue growth for the Sectors other than consumer was higher than both the Consumer sector and the public company benchmark.
- Data on gender diversity was collected again this year. Female representation is 47% at an overall employee level across the current portfolio companies and 22% at the director level. 36% of FTSE 250 board positions are held by females (source: Hampton-Alexander Review).

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

The majority of companies complied with this requirement to provide data for the purpose of this report (2024: 83%, 2023: 83%). The following companies did not comply with this requirement: Acacium Group (Onex), Amey (One Equity Partners), Biffa (Energy Capital Partners), Energy Assets Group (Asterion Industrial partners), Equiniti Group (Siris Capital), Interpath Advisory (H.I.G Capital), London City Airport (OMERS Infrastructure, Ontario Teachers' Pension Plan, Alberta Investment Management Corporation and Wren House Infrastructure Management), Punch Taverns (Fortress Investment Group), PureGym (Leonard Green & Partners), TES Global (Onex) and Voyage Care (Wren House Infrastructure).

3 companies have either provided an explanation for non-compliance or have been given a first-year grace.

### 2.5.2 Engagement with "private equity-like" entities

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

The PERG will continue to encourage and work with entities that remain in the population and are considered private equity-like. This includes infrastructure fund managers like Global Infrastructure Partners and Macquarie Asset Management, pension funds such as OMERS Private Equity, and those that operate in the credit opportunities sector. These owners are compliant with the Guidelines and have engaged with the BVCA throughout this year's process.

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

### 2.5.3 Fund performance measurement

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

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# Appendix 1:
Private equity firms covered by the Guidelines

The following private equity firms and 'private equity–like' firms were in the scope of the Guidelines for 2024, being the period covered by this report.

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

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

| The first table sets out the firms we have monitored for compliance with the Guidelines. | |
|---|---|
| 3i Infrastructure | KKR |
| Advent International | KSL Capital[1] |
| Apax Partners | Leonard Green & Partners[1] |
| Ardian[3] | Lone Star Funds[1,#] |
| Asterion Industrial Partners[1] | Macquarie Asset Management[1,#] |
| Bain Capital | Mubadala Capital[#] |
| BC Partners[1] | Nordic Capital |
| Blackstone | OMERS Private Equity[#] and OMERS Infrastructure[3,#] |
| Bridgepoint | One Equity Partners[1] |
| Brookfield[2] | Onex[1] |
| Cap10[2] | Ontario Teachers' Pension Plan[1,#] |
| Cinven | PAI Partners |
| Clayton Dubiler & Rice | Palamon Capital Partners |
| CVC Capital Partners | Partners Group |
| DWS Infra[1,#] | Providence Equity |
| Energy Capital Partners[1,2] | Safanad[1,#] |
| EQT Partners[1] | Searchlight Capital Partners |
| Formation Capital[1,#] | Silver Lake |
| Fortress Investment Group[1,#] | Siris Capital[1] |
| Global Infrastructure Partners[#] | Sun European Partners[1,2] |
| Goldman Sachs[1,#] | TDR Capital |
| Hg Capital | Towerbrook Capital Partners |
| H.I.G Capital[1] | Vista Equity Partners[1] |
| IK Partners[2] | Vitruvian |
| Inflexion Capital[2] | Wren House Infrastructure Management[3,#] |
| iSquared Capital[1,#] | |

| The second table sets out other minority investors in the portfolio companies covered by this report. For this reason, these firms have not been reviewed by the PERG as other larger investors in the portfolio companies have taken responsibility for complying with the Guidelines. | |
|---|---|
| Abu Dhabi Investment Authority[1,#] | Intermediate Capital Group |
| Alberta Investment Management Corporation[1,#] | The Issa Brothers[1,*] |
| Antin Infrastructure[1,#] | Otto GmbH[1,*] |
| Astorg Partners | Livingbridge Equity Partners |
| Avenue Capital Group[1,#] | May Capital LLP[1] |
| Buckthorn Partners[1] | Nestlé[1,*] |
| Canada Pension Plan Investment Board (CPPIB)[#] | Pollen Street[1] |
| Charme Capital Partners[1] | PSP Investments[1,#] |
| GoldenTree Asset Management[1,#] | Q Super Fund[1,#] |
| Future Fund Board of Guardians[1,#] | Walmart[1,*] |
| GIC[1,#] | Warburg Pincus |
| Kirkbi Invest[1,#] | USS[#] |

[1] Not a member of the BVCA
[2] Addition this year
[3] Individually not a member of the BVCA although it is an affiliate of one
[#] Private equity-like entity
[*] Corporate investor

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# Appendix 2:
## Portfolio companies covered by the Guidelines

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

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

| Portfolio company | Owners during 2023 |
|---|---|
| Acacium Group | Onex (Towerbrook Capital Partners) |
| Advanced Computer Systems[1] | Vista Equity Partners, BC Partners |
| Alcumus Group | Apax Partners |
| Alexander Mann Solutions[1] | OMERS Private Equity |
| Ambassador Theatre Group | Providence Equity Partners |
| Amey | One Equity Partners |
| Ascot Lloyd | Nordic Capital |
| ASDA | TDR Capital (Issa Brothers, Walmart) |
| Automobile Association (AA) | Towerbrook Capital Partners (Warburg Pincus) |
| Azets Group[2] | PAI Partners |
| Biffa | Energy Capital Partners |
| Bourne Leisure | Blackstone |
| BPP[1,2] | TDR Capital |
| Constellation Automotive Group[1] | TDR Capital |
| Care UK | Bridgepoint |
| Chime Communications | Providence Equity Partners |
| Citation Limited (The Citation Group) | KKR (Hg Capital) |
| CityFibre | Goldman Sachs, (Antin Infrastructure) |
| Civica | Partners Group |
| Clarion Events | Blackstone |
| Cobham Limited[1] | Advent International |
| David Lloyd Leisure[1] | TDR Capital |
| Davies Group | BC Partners |
| Domestic and General | CVC Capital Partners, (Abu Dhabi Investment Authority) |
| DWF Group[1,2] | Inflexion Private Equity |
| Edinburgh Airport | Global Infrastructure Partners (Future Fund Board of Guardians, Q Super Fund) |
| Energia Group | iSquared Capital |
| Energy Assets Group | Asterion Industrial Partners |
| ESP Utilities | 3i Infrastructure |
| esure Group | Bain Capital |
| Equiniti Group | Siris Capital |
| Evri | Advent International (Otto GmbH) |
| Farnborough Airport[1] | Macquarie Asset Management |
| Froneri | PAI Partners, (Nestlé) |
| Gresham House[2] | Searchlight Capital Partners |
| HC-One | Safanad, Formation Capital |
| Homeserve[2] | Brookfield |
| Hyperoptic[1] | KKR |
| Huws Gray | Blackstone |
| Infinis | 3i Infrastructure |
| Instavolt | EQT Partners |
| Interpath Advisory | H.I.G Capital |
| IRIS Software Group | Hg Capital, ICG |
| JLA | Cinven |
| K3 Capital Group[2] | Sun European Partners |
| Kantar[1] | Bain Capital |
| KCOM[1] | Macquarie Asset Management |

| Portfolio company | Owners during 2023 |
|---|---|
| LGC | Cinven, (Astorg) |
| London City Airport | Ontario Teachers' Pension Plan, OMERS Infrastructure, (Alberta Investment Management Corporation, Wren House Infrastructure Management) |
| M Group Services | PAI Partners |
| McCarthy & Stone | Lone Star Funds |
| Medica Group[1,2] | IK Partners |
| Medivet Group | CVC Capital Partners |
| Merlin Entertainments | Blackstone, (CPPIB, Kirkbi Invest) |
| Modulaire Group[2] | Brookfield |
| Morrisons | Clayton Dubiler & Rice |
| Moto | CVC Capital Partners, (USS) |
| Motor Fuel Group | Clayton Dubiler & Rice |
| MyDentist | Palamon Capital Partners |
| Network Plus Services[1] | Macquarie Asset Management |
| NewDay | CVC Capital Partners, Cinven |
| OCS Facilities[1,2] | Clayton Dubiler & Rice |
| Parkdean Resorts[1] | Onex |
| PIB Group | Apax Partners |
| Premium Credit | Cinven |
| Punch Taverns | Patron Capital (May Capital LLP) |
| PureGym | Leonard Green & Partners |
| QA Training | CVC Capital Partners |
| RAC[1] | CVC Capital Partners, (GIC, USS and PSP Investments) |
| Roadchef Motorways[1] | Macquarie Asset Management |
| Rubix[1] | Advent International |
| Shawbrook Bank | BC Partners, (Pollen Street Capital) |
| Stagecoach Group | DWS Infra |
| Stonegate Pub Company | TDR Capital |
| Study Group International | Ardian |
| Sureserve Group[2] | Cap10 Partners |
| Sykes Holiday Cottages | Vitruvian |
| TES Global | Onex |
| Ultra | Advent International |
| VetPartners | BC Partners |
| Village Hotels | KSL Capital |
| Viridor Limited | KKR |
| Voyage Care | Wren House Infrastructure |
| Westbury Street Holdings[1] | Clayton Dubiler & Rice |
| Williams Lea Group | Advent International |
| Witherslack | Mubadala Capital |
| Wolseley[1,2] | Clayton Dubiler & Rice |
| Zellis | Bain Capital |
| Zenith[1] | Bridgepoint |
| ZPG | Silver Lake |

[1] Accounts reviewed this year
[2] Additions this year

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# Appendix 3:
# Assessing the quality of disclosures by portfolio companies

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

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

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

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

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

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

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

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

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# Appendix 4:
# Recommendations for the industry association

The original recommendations for initiative by the BVCA cover:

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

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

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# Appendix 5: Compliance checklist for private equity firms and their portfolio companies

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

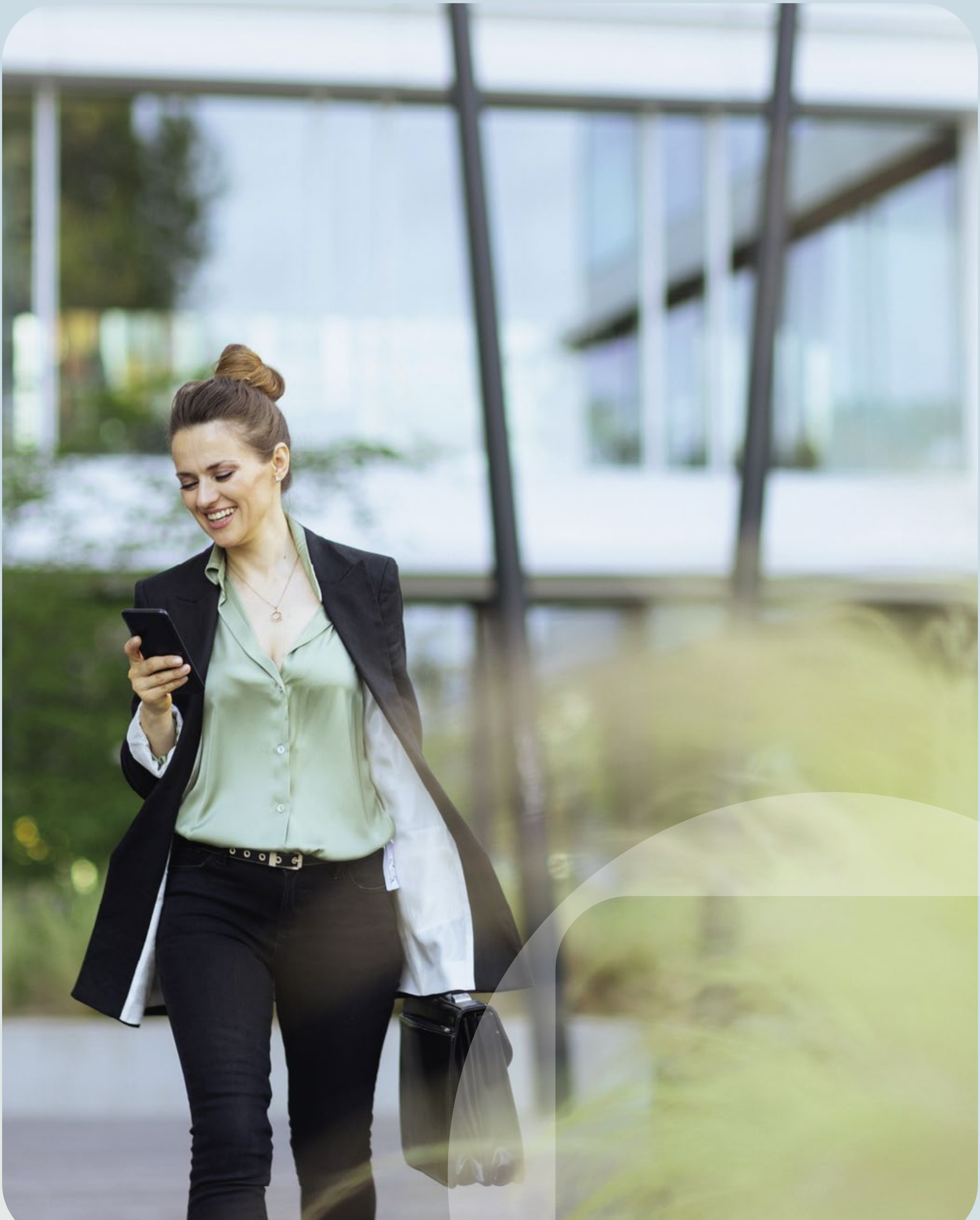
## Private Equity firm requirements

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

## Portfolio company requirements

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

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



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