



# Walker Guidelines Refresh

Disclosure Benchmarking report – 1<sup>st</sup> July 2024

# Refreshing the Walker Guidelines

As part of the launch of the 16th Private Equity Reporting Group (PERG) Annual Report, Nick Land, Chairman of the PERG announced a root and branch review and refresh of the Walker Guidelines (WG).

The WG were last refreshed in 2014 to incorporate new strategic report narrative reporting requirements applicable to listed companies and in 2022 to update the PERG website, outline communication plans and improve the general understanding of the WG. Given the significant period since the last refresh to the narrative reporting requirements, the PERG recommended to the British Private Equity and Venture Capital Association (BVCA) that they undertake a thorough review to update the Guidelines.

As part of this update process, the BVCA has sought to benchmark existing disclosure requirements in the United Kingdom (UK) for private equity companies and their peers and outline future developments that may impact reporting and disclosure requirements in the UK. This benchmarking exercise will help inform proposals put forward by the BVCA as part of the public consultation to update the WG.

This report compares the reporting and disclosure requirements laid out by the Walker Guidelines to those requirements of private equity peer groups; in the case of WG reporting portfolio companies, the FTSE 250 and other large private UK companies, and in the case of the WG General Partners (GP), UK listed asset managers and large UK Limited Liability Partnerships (LLPs). The report does not reflect the entirety of disclosure and transparency requirements for UK companies but focusses on key areas of importance for the private equity industry and its stakeholders. The report comprises five sections:

Section 1: Introduction

Section 2: Executive summary

Section 3: Portfolio Company benchmarking

Section 4: General Partner benchmarking

Section 5: Appendix – Part V of the Walker Guidelines

This report has been prepared by Deloitte MCS Ltd (Deloitte) at the request of the BVCA and PERG. The BVCA has supported Deloitte in its work, particularly by helping define the key areas of relevance for future disclosure and transparency requirements and by helping articulate the relevant peer groups for which the WG portfolio companies and WG general partners should be compared against. Please note that this work was commissioned prior to the UK General Election being called and note that any change in government post the election on 04 July 2024 may result in a change in the future reporting and disclosure requirements which were unforeseen at the date of the benchmarking report.

# Executive Summary

# Benchmarking the Walker Guidelines

## Background

The Walker Guidelines (WG) were developed to enhance the transparency of the performance and disclosures of the largest private equity backed companies in the UK, to improve the general understanding of the private equity industry and the contribution the industry makes to the UK economy and wider society. Many of the WG portfolio companies are the size and scale of Financial Times Stock Exchange (FTSE) 250 businesses, and some perhaps large enough to warrant a spot on the FTSE 100 should they be taken public.

As regulations have evolved over the past decade, reporting and disclosure requirements for publicly listed companies have amplified. Many enhanced disclosure guidelines / requirements have been extended to the largest UK private companies including in respect of:

- Wates Principles – companies with either greater than 2,000 employees; or a turnover of more than £200m, and a balance sheet of more than £2bn;
- FTSE Women Leaders’ Review and Parker Review – the top 50 private companies with more than 4,000 employees and over £1bn turnover;
- Gender pay gap reporting – companies with more than 250 employees;
- Department for Business, Energy and Industrial Strategy (BEIS) Climate-related Financial Disclosures - companies with over 500 employees and more than £500m turnover;
- Companies Act Strategic Reports requirements and Payment Practices reporting – companies with two or more of 250+ employees, £36m+ turnover, or £18m+ balance sheet;
- Modern Slavery Act – more than £36m turnover; and
- Tax Strategy reporting - either turnover exceeding £200 million or a balance sheet total exceeding £2bn\*.

As demonstrated by the vast array of disclosure requirements and the differing definitions of a “large company”, the WG are one of many frameworks for holding private companies to the standards expected of private capital market’s stakeholders. It is in the context of these requirements that this benchmarking assessment has been performed.

## Findings

Overall, there are more requirements for FTSE 250 companies than WG portfolio companies and for UK listed asset managers and large UK LLPs than for WG general partners. When reviewing portfolio company reporting, FTSE 250 reporting requirements are more comprehensive around governance, risk management and internal control, purpose, culture and values, employee matters, other stakeholders and climate reporting. The WG portfolio company ownership requirements were found to be similar to the level of FTSE 250 disclosures. When comparing general partner website communications, the WG do not cover most of the general website disclosures required in the UK. Financial services specific disclosures for the WG are similar to those required of other investment companies/managers.

Although, over time, gaps have arisen between the WG and the disclosure requirements for FTSE 250 companies, it should not be assumed that WG portfolio companies and general partners are doing “nothing” in these areas. Most of the WG companies fall under several other reporting requirements and many voluntarily disclose information consistent with FTSE 250 companies or other peers.

The following report highlights key themes of disclosure and transparency, where the WG diverge from FTSE 250 or other requirements, and future known substantive developments that may impact the direction of reporting and disclosure regulation in the UK.

*\*This is not intended to be a comprehensive list of all private company reporting requirements.*

# Benchmarking the Walker Guidelines

## Approach

### *Portfolio company assessment*

This report is designed to compare and assess current transparency and disclosure requirements of portfolio companies under the WG to FTSE 250 companies and other relevant corporate reporting requirements. It highlights differences in requirements and specifies the source of the difference.

The assessment was performed by analysing the “front half” or “narrative” annual reporting requirements of FTSE 250 companies as set out in the Companies Act 2006, the Listing Rules, the Disclosure & Transparency Rules and the UK Corporate Governance Code. In addition, the reporting requirements for the largest private companies were considered, including in respect of the statement of governance arrangements and the Wates Principles. These were then compared to the requirements of the WG.

The report also intends to highlight and analyse future reporting changes in the UK and which themes are likely to be prominent in future. The assessment covered major regulatory, legal and societal changes impacting disclosures for FTSE 250 and other UK companies including (but not limited to):

- Proposed Listing Rules changes;
- Corporate governance reform and review of the Stewardship Code;
- Wates Principles;
- UK election manifestos;
- Gender pay gap reporting;
- Human rights reporting;
- Diversity, equity and inclusion reporting; and
- Other Environment, Social & Governance regulations.

There were 81 portfolio companies in scope of the WG at the date of the 16th Private Equity Reporting Group (PERG) Annual Report.

### *General partner assessment*

The assessment was performed by analysing the requirements from the Companies Act, Financial Conduct Authority (FCA), listing requirements, relevant UK law and the quality of those disclosures. These were then compared to the requirements of the WG. The report also intends to highlight and analyse future reporting changes in the UK and which themes are likely to be prominent in future for GPs. This assessment was based on the approach highlighted above.

There were 71 GPs in scope of the WG at the date of the 16th Private Equity Reporting Group (PERG) Annual Report.

The portfolio company assessment and general partner assessment were performed over a period of three weeks.

# Portfolio company assessment | Governance & Ownership

<p><b>Current requirements</b></p>	<ul style="list-style-type: none"> <li>• Overall FTSE 250 disclosure requirements around governance are more comprehensive than those set out in the WG.</li> <li>• Updates to the UK Corporate Governance Code in the past ten years have caused a divergence between governance disclosure requirements of FTSE 250 companies and those applying the WG. Other than specific references to private equity ownership contained with the WG, the FTSE 250 disclosure and transparency requirements around governance are more comprehensive than those outlined in the WG.</li> <li>• The existing requirements for FTSE 250 companies cover the application and compliance with the UK Corporate Governance Code, disclosures around the details of board and board committees, the board evaluation process, risk management and internal control, external auditor interactions and process, as well as other governance disclosures.</li> <li>• The WG for portfolio companies require governance disclosures around the board composition and identifying the private equity funds and owners as well as those from the private equity houses who have oversight of the company.</li> </ul>	<p><i>Benchmark Assessment:</i></p> <p><b>FTSE 250 more comprehensive</b></p>
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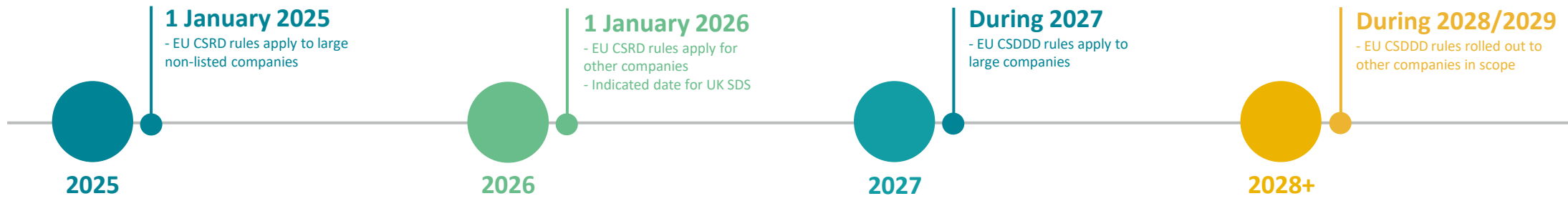
<p><b>Future developments</b></p>	<ul style="list-style-type: none"> <li>• The UK Corporate Governance Code was updated in 2024 and due to take effect in 2025 and 2026. These updates will increase requirements on FTSE 250 companies.             <ul style="list-style-type: none"> <li>• Changes at 1 January 2025 include minor changes around external audit and audit committees to reflect the publication of Audit Committees and the External Audit: Minimum Standard, strengthening reporting on malus and clawback remuneration arrangements and ensuring boards focus on activities and outcomes of their governance arrangements.</li> <li>• Changes at 1 January 2026 are specifically for Principle O and Provision 29 regarding the board’s responsibility to monitor and review the effectiveness of the company’s risk management and internal control framework. Companies applying the Code will need to include a new board declaration on the effectiveness of material controls (including operational, financial, reporting and compliance controls).</li> </ul> </li> <li>• In October 2023, the UK Government withdrew the Corporate Reporting regulations from discussion and the formation of the Audit, Reporting and Governance Authority was not given parliamentary time. Although the Government remains committed to this agenda, there is no specific timeline for if or when these actions will go ahead.</li> <li>• As written, the current WG do not address the proposed changes to the UK Corporate Governance Code, or those areas withdrawn from discussion by the UK Government.</li> </ul>
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# Portfolio company assessment | Employees & Stakeholders

<b>Current requirements</b>	<ul style="list-style-type: none"> <li>UK companies' diversity, equity &amp; inclusion disclosures requirements have increased over the past ten years, notably so for listed companies. Although the WG cover some elements of diversity, equity and inclusion reporting, the FTSE 250 requirements are more comprehensive.</li> <li>FTSE 250 companies are held to targets introduced by the FTSE Women Leaders' Review, the Parker Review and Listing Rules for both gender and ethnic representation. In addition, FTSE 250 companies often go above regulatory minimum reporting requirements, to voluntarily include their gender pay gap and policies on human rights reporting in their annual reports.</li> <li>Both FTSE 250 companies and WG portfolio companies are required to report on the gender breakdown of their workforce, senior management and board. They also must report on information about their employees in the strategic report if it is necessary to aid understanding of the performance, development or position of the organisation.</li> <li>The WG require portfolio companies to disclose information about social, community and human rights matters if important for an understanding of the business. Like listed companies, most WG portfolio companies fall under the Section 172 Companies Act requirements which require boards to understand the views of the company's other key stakeholders and describe in the annual report how their interests have been considered in board discussions and decision-making.</li> </ul>	<p><i>Benchmark Assessment:</i></p> <p><b>FTSE 250 more comprehensive</b></p>
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<b>Future developments</b>	<ul style="list-style-type: none"> <li>The social landscape is fast evolving catalysed by an increase in social related regulation both in the EU and UK. The inherent interconnectedness of these two operating jurisdictions will result in reporting obligations impacting certain UK companies in the future, as well as driving regulatory change in the UK.</li> <li>Two EU regulations – the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD)– will increase the reporting requirements and actions companies must take in respect of the environment, employees and other stakeholders. Although EU directives, UK companies may be impacted if they have European operations, financial products, or customers.</li> <li>UK companies will begin to incorporate recommendations from the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) (expected Sep. 2024 for implementation in '27/'28), the Human Rights and Environment Bill (likely 2027), and ESG reporting from the International Sustainability Standards Board (ISSB) (likely 2026).</li> <li>As written, the current WG do not address the proposed changes to regulations highlighted above.</li> </ul>
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# Portfolio company assessment | Environmental matters

<p><b>Current requirements</b></p>	<ul style="list-style-type: none"> <li>Like other areas of reporting, the UK requirements around environmental corporate disclosures have increased over the past ten years.</li> <li>FTSE 250 companies must comply with listing rule requirements (namely reporting under the Taskforce for Climate-related Financial Disclosures (TCFD)). In addition, FTSE 250 companies have started to report voluntarily on their impact on nature and biodiversity in their annual reports.</li> <li>There are no specific requirements for climate reporting addressed in the WG, but WG portfolio companies are captured under the Companies Act thresholds for Streamlined Energy &amp; Carbon Reporting (SECR), and in the case of the large portfolio companies, enhanced carbon reporting either under Climate-related Financial Disclosure (CFD) or TCFD.</li> <li>It is worth noting that many of the WG general partners are now within the thresholds set out by the FCA for TCFD reporting, so may push some of the capture and reporting requirements down to their portfolio companies to help inform the reporting at the house level.</li> </ul>	<p><i>Benchmark Assessment:</i>  <b>FTSE 250 more comprehensive</b></p>
<p><b>Future developments</b></p>	<ul style="list-style-type: none"> <li>Beyond FY24, there will be additional sustainability reporting requirements in the both the UK and the EU for listed and non-listed companies. The environmental reporting landscape is rapidly evolving, and as such should be monitored continually.</li> <li>The UK Sustainability Disclosure Standards (UK SDS), expected to be implemented by 2026, may retain the TCFD legislation and include disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The scope and application of the standards are expected to be formalised in early 2025.</li> <li>The EU’s Corporate Sustainability Reporting Directive (CSRD) contains extensive climate and sustainability considerations for companies with significant EU operations. The directive has extraterritorial reach, meaning that following a phased introduction, UK private companies with significant EU footprint will have to report against EU CSRD.</li> <li>New guidelines on net-zero transition planning for UK companies are forthcoming and disclosures around transition plans may become mandatory elements of reporting as part of the UK and EU sustainability disclosure requirements.</li> <li>It is also worth noting that the EU CSDDD (see previous page) includes elements impacting environmental behaviours, policies and reporting.</li> <li>As written, the current WG do not address the proposed changes to regulations highlighted above.</li> </ul>	





# Portfolio company assessment | Other strategic priorities

<p>Current requirements</p>	<ul style="list-style-type: none"> <li>• Through the adoption of the Corporate Governance Code, FTSE 250 companies have more disclosures around the purpose, values, culture, business model and strategy of their companies. Often these disclosures are used to demonstrate corporate integrity and purpose beyond solely making profits for shareholders.</li> <li>• WG portfolio companies must include disclosures about their strategy and business model but have no requirements around purpose, values or culture.</li> <li>• In reference to risk disclosures, the WG require principal risks and uncertainties to be disclosed. WG companies are also required to disclose principal financial risks and uncertainties (including leverage) as part of their strategic review. FTSE 250 companies are further required to explain their process of identification, management and mitigation of principal and emerging risks.</li> <li>• Unlike FTSE 250 companies, there is no current requirement for WG companies to produce a long-term viability statement.</li> </ul>	<p><i>Benchmark Assessment:</i> <b>FTSE 250 more comprehensive</b></p>
<p>Future developments</p>	<ul style="list-style-type: none"> <li>• In light of recent changes to the Corporate Governance code (see page [6]), it is likely the disclosure gap will widen between FTSE 250 companies and WG portfolio companies in respect of risk reporting.</li> <li>• While many countries are adapting to the regulatory sustainability disclosure requirements across the ESG spectrum, the FRC has shown a keen interest in the disclosure of cyber risk management and risk associated with artificial intelligence adoption.</li> </ul>	

# General Partner assessment | GP website disclosures

<p>Current requirements</p>	<ul style="list-style-type: none"> <li>The WG for private equity firm communication are specific to UK private equity operations, leadership, portfolio companies and investors. They do not cover more general areas of business practice that are required of some companies for disclosure on their websites; including:             <ul style="list-style-type: none"> <li>Modern Slavery statements</li> <li>Tax strategy and payment practices</li> <li>Gender pay gap reporting and diversity policies</li> <li>Sustainability reporting</li> <li>Corporate governance statements and director remuneration</li> <li>Financial statement disclosure</li> </ul> </li> <li>Many of the private equity firms covered by the WG provide the above disclosures because they exceed the thresholds for reporting.</li> <li>Disclosures around investment strategy, hold periods, investment personnel and case studies under the WG are more comprehensive than the AIM rules for investment companies.</li> </ul>	<p><i>Benchmark Assessment:</i>  <b>UK requirements more comprehensive</b></p>
<p>Future developments</p>	<ul style="list-style-type: none"> <li>Two key areas that may impact future disclosures on websites for private equity firms include the Economic Crime and Corporate Transparency Act 2023 (ECCTA) and potential updates from the FCA around diversity and inclusion.</li> <li>Some of the new requirements under the ECCTA will impact private equity firms with limited partnerships in the UK. Limited partnerships will be required to disclose the identity of their limited partners on an annual basis for new registrations and existing partnerships.</li> <li>The FCA and PRA are currently consulting on proposals to introduce a new regulatory framework on diversity and inclusion in the financial sector. The proposed requirements would require some firms to report on employee numbers, provide diversity &amp; inclusion data, establish and implement a diversity &amp; inclusion strategy, determine and set diversity targets and potentially recognise a lack of diversity &amp; inclusion (D&amp;I) as a non-financial risk. Many of these recommendations may require public disclosure on an annual basis, which exceeds the current disclosure requirements. <i>Note the FCA announced a pause on the proposals on D&amp;I as of May 2024.</i></li> </ul>	

# Key abbreviations used

As corporate reporting and sustainability disclosures evolve, so too do the number of acronyms used. This list has been compiled to help readers understand the financial terms and regulations in context.

Abbreviation	Reference	Abbreviation	Reference
AI	Artificial Intelligence	ECCTA	Economic Crime and Corporate Transparency Act 2023
AIM	Alternative Investment Market of the London Stock Exchange	ESG	Environment, Social & Governance
ARGA	Audit, Reporting and Governance Authority	EU	European Union
BEIS	Department for Business, Energy & Industry Strategy	ESRS	European Sustainability Reporting Standards
BVCA	The British Private Equity and Venture Capital Association	FCA	Financial Conduct Authority
Code	The UK Corporate Governance Code 2018	FRC	Financial Reporting Council
CFD	UK BEIS Climate-related Financial Disclosures	FTSE	Financial Times Stock Exchange
CG	Corporate Governance	GHG	Greenhouse Gas
CMA	Competition and Markets Authority	GP	General Partner
CRD V	Capital Requirements Directive Five	Guidelines	The Walker Guidelines
CSDDD	Corporate Sustainability Due Diligence Directive	IFRS	International Financial Reporting Standards
CSRD	Corporate Sustainability Reporting Directive	ISSB	International Sustainability Standards Board
DE&I	Diversity, Equity and Inclusion	LLP	Limited Liability Partnership
Deloitte	Deloitte MCS Ltd	LP	Limited Partnership
D&I	Diversity and Inclusion	LR	Listing Rules
DTR	Disclosure and Transparency Reporting	PERG	Private Equity Reporting Group

# Key abbreviations used (cont.)

Abbreviation	Reference
PIE	Public Interest Entity
PRA	Prudential Regulation Authority
s172	Section 172 of the Companies Act
SDS	UK Sustainability Disclosure Standards
SECR	Streamlined Energy & Carbon Reporting
SFDR	Sustainable Finance Disclosure Regulation
TCFD	Taskforce on Climate-related Financial Disclosures
TISFD	Taskforce on Inequality and Social-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce
UK	United Kingdom
Wates	The Wates Corporate Governance Principles for Large Private Companies
WG	The Walker Guidelines

# Portfolio Company Guidelines

Benchmarking assessment

# Governance & Ownership

Benchmarking assessment

# Governance | Existing requirements

Board Governance in this context refers to how a board is composed and operates. This is usually defined by a specific corporate governance code. The Listing Rules, together with the UK Corporate Governance Code dominate the requirements for what FTSE 250 companies disclose in their annual report. The Walker Guidelines require disclosures on board composition.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Governance Framework	<ul style="list-style-type: none"> <li>UK premium listed companies are required to apply the UK Corporate Governance Code (the Code) and explain to shareholders how the Code principles have been applied and the level of compliance with the Code provisions. (<i>LR 9.8.6R (5-6)</i>)</li> <li>All UK listed companies and large UK private companies* are required to state the corporate governance code they are subject to or voluntarily applying. (<i>DTR 7.2.2R and DTR 7.2.3R for listed companies and The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860): Statement of Corporate Governance Arrangements for all large companies</i>)</li> </ul> <p><i>*Applies to UK-registered companies with &gt;2,000 global employees and/or turnover more than £200mn and a balance sheet of more than £2bn.</i></p>	<ul style="list-style-type: none"> <li>No requirement to apply a specific corporate governance code, however a comply or explain statement is needed when describing whether the Walker Guidelines (WG) have been used.</li> </ul>		<ul style="list-style-type: none"> <li>WG do not currently set out a requirement for portfolio companies to apply a specific corporate governance code, unlike the Listing Rules.</li> <li>Some of the WG portfolio companies who meet the size and scale criteria outlined to the left, may have to state the corporate governance code they are subject to, or voluntarily applying.</li> </ul>
Board Composition	<ul style="list-style-type: none"> <li><b>DTR 7.2.7R</b> requires companies to describe the composition and operation of the Board and/or Board committees. This is similar to the disclosure required <b>under Code Provisions 23, 26 and 41</b> for the nomination, audit and remuneration committees.</li> <li><b>DTR 7.1.5R</b> requires companies to disclose which 'body' carries out the function of an equivalent 'audit committee' and how it is composed.</li> <li><b>Principles F to K of the Code</b> further highlight the roles of board members, their functioning as a board, including knowledge and skills and their effective delegation to board committees. FTSE 250 companies need to explain how these principles have been applied to meet the requirements of <b>LR 9.8.6R (5-6)</b>.</li> </ul>	<ul style="list-style-type: none"> <li><b>Requirement 4(b)</b> asks WG portfolio companies to 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.</li> </ul>		<ul style="list-style-type: none"> <li>DTR requires listed companies to disclose complete description of the Board composition and operation, including Board Committees with a specific requirement to disclose which body carries out the work of an audit committee. The WG require a description of the board composition and are less comprehensive compared to the FTSE 250 company requirements.</li> </ul>

# Governance | Existing requirements (cont.)

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Board evaluation	<ul style="list-style-type: none"> <li><b>Code Provision 21</b> requires an annual, formal and rigorous evaluation of the performance of the board, its committees, the chair and the individual directors. FTSE 350 companies need to have an externally facilitated board evaluation every 3 years. Code Provision 23 requires a description of the how the board evaluation was conducted, the nature and extent of an external evaluator’s contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition.</li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>	●	<ul style="list-style-type: none"> <li>WG do not require portfolio companies to perform a board evaluation process, however it is required annually by the Code, with an external evaluation to be done every three years for FTSE 350 companies.</li> </ul>
External audit	<ul style="list-style-type: none"> <li><b>Code Provision 26</b> sets out several items to be disclosed in relation to the external auditor (independence and effectiveness of the external audit process and the approach, tender process, details on current auditor and tender plans)</li> <li>FTSE 350 companies are required to comply and disclose their compliance with the <b>CMA Order</b>.</li> <li><b>Audit Committees and the External Audit: Minimum Standard</b> – <i>voluntary requirement until new UK Corporate Governance Code is effective.</i></li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>	●	<ul style="list-style-type: none"> <li>WG do not require companies to report on oversight of the external auditor, or tender processes. The release of the Minimum Standard in May 2023 highlights the Audit Committee’s role relating to the external audit process and considerations for tender processes, which will be effective in the 2024 UK Corporate Governance Code.</li> </ul>
Other governance disclosures	<ul style="list-style-type: none"> <li>In addition to the above, the Code further requires companies applying the Code to disclose the following in their annual report:                             <ol style="list-style-type: none"> <li>When 20% or more votes have been cast against a board recommendation for a resolution (Provision 4);</li> <li>Identify which non-executive directors the company considers to be independent (Prov. 10)</li> <li>When making new appointments, significant commitments with an indication of time involved. Additional and significant external appointments also need to be approved by the Board, with reasons disclosed in the annual report (Prov. 15);</li> <li>Where external search consultancies are used for the appointment of a chair or non-executive director, a statement whether there is any connection between the external search consultancy and the individual and the Company (Prov. 20). The same is applicable for external evaluator used for board evaluations (Prov. 21) and external remuneration consultants (Prov. 35);</li> <li>An explanation from the Director’s to explain their responsibility for preparing annual reports and accounts and state that the annual reports and accounts taken as a whole, is fair, balanced and understandable.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>No requirements.</li> </ul>	●	<ul style="list-style-type: none"> <li>In addition to these key differences in reporting requirements between the FTSE 250 companies and the Guidelines, there are additional disclosures of the Code Provisions on a ‘comply or explain’ basis.</li> </ul>



# Ownership | Existing requirements

FTSE 250 companies are required to provide more information relating to ownership structures than the Walker Guidelines. The nature of the WG portfolio company disclosures relate to their private equity-backing and executives at the PE house.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Ownership	<ul style="list-style-type: none"> <li>Listed companies are required to disclose the following information in their Directors' Report:                             <ol style="list-style-type: none"> <li>to provide information on controlling shareholders LR 9.8.4R(14);</li> <li>the control and structure of their shares in accordance with Part 6 of Schedule 7 to the Accounting Regulations. This includes the identity, nature and size of significant or controlling interests, restrictions on voting rights, the power of voting rights and its directors and;</li> <li>disclosure where a public company purchases its own shares in accordance with Part 7-9 of Schedule 7 to the Accounting Regulations.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Requirement 4(a) of the WG asks companies to 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</li> </ul>		<ul style="list-style-type: none"> <li>Given the nature of private-equity backed portfolio companies, the nature and scale of requirements for ownership centre around the private equity owner and senior executives.</li> <li>FTSE 250 companies are required to disclose information on the identity of a person holding a significant or controlling interest including the size and nature of the holding. This is similar to the WG.</li> <li>The key differences relate to the specifics of the voting rights and powers of directors.</li> </ul>

# Governance | Future requirements

The actions arising from the UK Governments ‘Restoring trust in audit and corporate governance’ reform package, has seen the FRC release the 2024 UK Corporate Governance Code and the Audit Committees and External Audit: Minimum Standard. In October 2023, the Corporate Reporting regulations were withdrawn and the formation of the Audit, Reporting and Governance Authority (ARGA) was not given parliamentary time, without a guarantee of when these actions will go ahead.

The major UK political parties have expressed views on how non-financial reporting should look in the future. While many countries are adapting to the regulatory sustainability disclosure requirements across the ESG spectrum, the FRC has also shown a keen interest in the disclosure of cyber and AI reporting\*. Apart from the Code, there are no other definitive future developments.

	Upcoming requirements	Impacted companies	Date of effect	Comments
UK Corporate Governance Code	<ul style="list-style-type: none"> <li>Following the consultation process in 2023, the FRC released the <b>2024 UK Corporate Governance Code</b> replacing the 2018 Code. The FRC also released <b>supporting guidance</b> to replace the three existing stand-alone guidance relating to Guidance on Board Effectiveness, Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and Guidance on Audit Committees.</li> </ul>	Premium listed companies and all companies who voluntarily apply the Code.	1 January 2025, except for Provision 29 which is effective from 1 January 2026.	<ul style="list-style-type: none"> <li>The most significant change in the 2024 UK CG Code relates to Principle O and extension of the existing Code provision (Provision 29) in relation to the board’s responsibility to monitor the company’s risk management and internal control framework and, at least annually, carry out a review of its effectiveness. Building on this review and monitoring activity, it is proposed that the board provides the following disclosure in the annual report:                             <ol style="list-style-type: none"> <li>i. a description of how the board has monitored and reviewed the effectiveness of the framework;</li> <li>ii. a declaration of effectiveness of the material controls as at the balance sheet date; and</li> <li>iii. a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.</li> </ol> </li> <li>Other key changes in the Code can be found at <a href="https://www.frc.org.uk/news-and-events/news/2024/01/frc-revises-uk-corporate-governance-code/">https://www.frc.org.uk/news-and-events/news/2024/01/frc-revises-uk-corporate-governance-code/</a>.</li> </ul>
External Audit	<ul style="list-style-type: none"> <li><b>Audit Committees and External Audit: Minimum Standard</b> - to avoid duplication, the updated Code removes those elements covering the work of the audit committee in relation to external audit and instead refers companies to the Standard.</li> </ul>	<ul style="list-style-type: none"> <li>Premium listed companies included in the FTSE 350 who voluntarily choose to apply the Standard and all companies who will apply the 2024 UK Corporate Governance Code.</li> </ul>	<ul style="list-style-type: none"> <li>Currently available for companies which are premium listed and included in the FTSE 350 index.</li> <li>Effective on a comply or explain for all companies applying the 2024 Code, from 1 January 2025.</li> </ul>	<ul style="list-style-type: none"> <li>The guidelines include more detail on the role and responsibilities of the Audit Committee as it relates to the external audit tender process, oversight of the external auditors and the audit and the reporting of these responsibilities within the annual report.</li> </ul>

\*The review can be found here: [https://media.frc.org.uk/documents/Review\\_of\\_Corporate\\_Governance.pdf](https://media.frc.org.uk/documents/Review_of_Corporate_Governance.pdf)

# Employee and other stakeholders

Benchmarking Assessment

# Employee matters | Existing requirements

A company’s Diversity, Equity & Inclusion (DE&I) objectives, targets and disclosure have increased over recent years. FTSE 250 companies are held to targets set by the FTSE Women Leaders’ and Parker Reviews and Listing Rules diversity targets introduced in April 2022 for both gender and ethnic representation. In addition, FTSE 250 companies often go above regulatory minimum reporting requirements, to voluntarily report on their gender pay gap and policies on human rights in their annual reports.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Diversity Disclosures	<p>UK quoted companies are required to disclose a breakdown of the sex of the members of the board, senior management and employees. <i>(UK Companies Act: Section 414C(8)(c)(i-iii)) (Board and senior management breakdown is also required by Code Provision 23)</i></p> <p>Listed companies are also required to disclose information on the sex or gender identity and ethnic diversity of the board, senior board positions and executive management in a standardised table format. <i>(FCA Listing Rules)</i></p> <p>Listed companies are required to have a statement in their annual financial report setting out whether the company has met specific board diversity targets on a ‘comply or explain’ basis, as at a chosen reference date within their accounting period and, if they have not met the targets, why not. <i>(FCA Listing Rules 9.8.6.9-11)</i></p> <p>Targets are:</p> <ol style="list-style-type: none"> <li>1) At least 40% of the board are women.</li> <li>2) At least one of the senior board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is a ‘woman’</li> <li>3) At least one member of the board is from a minority ethnic background</li> </ol> <p>The <b>FTSE Women Leaders’ Review and Parker Review</b> set voluntary gender and ethnic representation targets respectively. These targets are applicable to FTSE 350 companies and the 50 largest private companies, and their progress is disclosed in annual reports.</p>	<ul style="list-style-type: none"> <li>Requirement 4(c): WG portfolio companies are asked to comply with the UK Companies Act disclosure requirements around a breakdown of the sex of the members of the board, senior management and employees. <i>(Section 414C(8)(c)(i-iii))</i></li> </ul>		<ul style="list-style-type: none"> <li>Apart from the gender breakdown between directors, senior managers and employees there are no additional diversity disclosures required by WG portfolio companies.</li> <li>The WG do not set out targets for gender or ethnic diversity.</li> <li>The importance of diversity has extended beyond listed companies, with the 50 largest private companies of the UK also covered by the FTSE Women’s Leader Review and the Parker Review. Diversity, amongst other matters, continues to be at the forefront of Board and Nomination Committee agendas.</li> <li>Some of the WG portfolio companies are covered within the 50 largest private companies included in the voluntary FTSE Women Leaders’ and Parker Reviews targets.</li> </ul>

# Employee matters | Existing requirements (cont.)

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Diversity Policy	<ul style="list-style-type: none"> <li><b>DTR 7.2.8AR</b> requires companies to disclose their Board diversity policy, its objectives and progress against these objectives during the year. In addition, the diversity policy applied to the remuneration, audit and nomination committees should also be explained.</li> <li><b>Code Provision 23</b> requires the above to explained, however, in the context of the diversity policy applied across the company.</li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>		<ul style="list-style-type: none"> <li>There is no specific requirement for WG portfolio companies to disclose a diversity policy for either the board, board committees or the wider organisation.</li> </ul>
Gender Pay Gap	<ul style="list-style-type: none"> <li>Gender pay gap reporting is applicable to ‘Any employer with 250 or more employees’ and they are required, on a specific date each year (the ‘snapshot date’), to report their gender pay gap data. There is no requirement for this information to be disclosed in the annual report. <i>(UK Government, Gender pay gap reporting guidance)</i></li> </ul>	<ul style="list-style-type: none"> <li>No specific requirement.</li> </ul>	 	<ul style="list-style-type: none"> <li>Given the low threshold for number of employees, which is below the 1,000 employees WG threshold for portfolio companies, it is expected most WG companies are already producing this report, and this may (however it is not required) be referenced within the annual report.</li> </ul>
Employee information	<ul style="list-style-type: none"> <li>Listed companies are required to include in their strategic report, to the extent necessary for understanding the development, performance or position of the company’s business, information about the company’s employees. <i>(UK Companies Act: Section 414C(7)(b)(ii))</i></li> </ul>	<ul style="list-style-type: none"> <li>Requirement 4(c): As per the Strategic Report requirement <b>s414C(7)(b)(ii)</b> for a company’s strategic report.</li> </ul>		<ul style="list-style-type: none"> <li>The guidelines for FTSE 250 companies and WG companies are the same, as set out by the Companies Act</li> </ul>

# Other stakeholders | Existing requirements

The WG require portfolio companies to disclose information about social, community and human rights matters if important for an understanding of the business. In addition, by virtue of all the WG companies being UK incorporated, it is likely that they are already meeting the requirement to disclose a section 172 (s172) statement explaining how their Board has considered the s172 matters in their long-term decision making.




	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Stakeholder Engagement	<ul style="list-style-type: none"> <li><b>The Companies (Miscellaneous Reporting) Regulations 2018</b> (which took effect for financial years commencing on or after 1 January 2019), require certain companies to include a s172(1) statement in their strategic report which describes how their directors have complied with their duty to promote the success of the company for the benefit of its members whilst having regard to the matters set out in <b>s172(1) (a)-(f)</b>.</li> <li><b>Provision 5 of the Code</b> further states that <i>'the board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.'</i></li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>		<ul style="list-style-type: none"> <li>The s172 statement may already be provided by many WG companies.</li> <li>FTSE 250 companies disclose their s172 statements in line with the Companies Act and further supplemented by Provision 5 of the Code. Best practice in this area also includes what principal decisions were made by the Board during the year and how the Board considered the S172 matters in those decisions.</li> <li>The FRC has continued to focus on shareholder, workforce and other stakeholder engagement considering the 'feedback cycle'. What feedback mechanisms are used by companies, what issues and challenges were raised in the feedback and what action did the Board/Management take to remediate them.</li> </ul>
Human Rights Reporting	<ul style="list-style-type: none"> <li><b>Section 54 of the Modern Slavery Act</b> requires the publication of an annual slavery and human trafficking statement. This statement needs to be published on the commercial organisation's website (if it has one or, if not, made available to anyone requesting it) and set out the steps it has taken to ensure there is no slavery or trafficking in its supply chains or its own business (or states that it has taken no such steps where no steps have been taken). The statement needs to be approved and signed by the Board.</li> <li>This requirement is applicable to commercial organisations that supply goods or services and that have an annual turnover of £36m or more.</li> </ul>	<ul style="list-style-type: none"> <li>Requirement 4(c): information about social, community and human rights <b>Section 414C(7)(b)(iii)</b>, however this requirement may not necessarily give rise to the same level of disclosure as required under Section 54 of the MSA.</li> </ul>		<ul style="list-style-type: none"> <li>Given the low turnover threshold of £36m, it is expected that many WG companies are already performing this disclosure and including some form of statement within their Director's Report.</li> </ul>

# Social stakeholders | Future requirements

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

	Requirement (source)	Impacted companies	Date of effect	Comments
Human rights due diligence (operations and supply chain)	<ul style="list-style-type: none"> <li>Companies in scope of the Corporate Sustainability Due Diligence Directive (CSDDD) are required to identify and address real and potential human rights and environmental adverse impacts arising from their own operations, subsidiaries and business partners operating within their chain of activities. The aim of this Directive is to foster sustainable and responsible corporate behaviour in companies’ operations and across their global value chains. Under the rules, companies will be required to carry out a six-step due diligence process. In addition, CSDDD contains important provisions relating to civil liabilities, enforcement and sanctions, climate transition planning and review.</li> </ul>	EU and non-EU companies operating in the EU market that meet certain employee and/or turnover thresholds. For non-EU companies: <ul style="list-style-type: none"> <li>Net EU turnover of more than €450m.</li> <li>Company did not reach the thresholds above but is the ultimate parent company of a group that reaches the thresholds.</li> <li>Company entered into, or is the ultimate parent company of a group that entered into, franchising or licensing agreements in the EU in return for royalties with independent third-party companies, and meets the following criteria: a) The agreements ensure a common identity, a common business concept and the application of uniform business methods, b) The royalties amount to more than €22.5m, and c) The company or the group has a net worldwide turnover of more than €80m.</li> </ul>	Rules to apply by mid-2027 ( <i>subject to timely adoption of legislation by Member States</i> )	<ul style="list-style-type: none"> <li>CSRD requires companies to report on their social and environmental due diligence, whereas CSDDD goes further by requiring companies to act.</li> <li>Whilst CSDDD is an EU Directive, it has implications for the UK market as well because the UK is following suit with the UK Human Rights and Environment Bill (see below)</li> </ul>
	<ul style="list-style-type: none"> <li>The Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill will place a duty on commercial organisations and public authorities to prevent human rights and environmental harms, including an obligation to conduct and publish human rights and environmental due diligence assessments on their own operations, subsidiaries, and value chains; to make provision for civil liability, penalties, and a criminal offence for failures to comply with the duty; and for connected purposes.</li> </ul>	Commercial organisations are defined in Section 7 of the Bribery Act 2010 as “a body or partnership incorporated or formed in the UK irrespective of where it carries on a business, or an incorporated body or partnership which carries on a business or part of a business in the UK irrespective of the place of incorporation or formation.”	+2027	<ul style="list-style-type: none"> <li>The Bill follows in the footsteps of the CSDDD. However, it is very early in the process, with the Bill being introduced in November 2023, and as of June 2024 is at the stage of its second reading in House of Lords.</li> </ul>

# Social stakeholders | Future requirements (cont.)

	Requirement (source)	Impacted companies	Date of effect	Comments
Social & Inequality 	<ul style="list-style-type: none"> <li>Similarly to TCFD and TNFD, the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) will be launched in September 2024 and provide guidance and recommendations to help organisations communicate, social and inequality related impacts, dependencies, risks and opportunities, as they relate to governance, strategy and management process.</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary reporting framework for all UK companies</li> </ul>	+2027	<ul style="list-style-type: none"> <li>The Taskforce on Inequality-related Financial Disclosures &amp; Taskforce on Social-related Financial Disclosures converged in April 2023 to create TISFD.</li> <li>Should the adoption of TISFD follow a similar process to TCFD, it is likely it will become mandatory for listed and large UK companies in the future.</li> </ul>
Corporate Sustainability Reporting Directive (CSRD) 	<ul style="list-style-type: none"> <li>The EU Corporate Sustainability Reporting Directive 2022 (CSRD) contains a set of social related European Sustainability Reporting Standards (ESRS) covering the following areas: own workforce (ESRS S1), workers in value chain (ESRS S2), affected communities (ESRS S3) and consumers and end-users (ESRS S4). Companies must disclose against the relevant ESRS S1 – S4, if the risk/opportunity is deemed material to the business through a double materiality assessment.</li> </ul>	<ul style="list-style-type: none"> <li>All large companies, two of the three criteria:                             <ul style="list-style-type: none"> <li>Revenues &gt; EUR 50 m</li> <li>Total assets &gt; EUR 25 m</li> <li>&gt; 250 employees</li> </ul> </li> <li>Global non-EU firms with a net turnover of €150 million and at least one significant subsidiary or branch in the EU</li> <li>Exemption for subsidiaries when (non-) EU parent undertaking complies with the obligation.</li> </ul>	<ul style="list-style-type: none"> <li>FY2025: all large companies</li> <li>FY2026: Listed SMEs, small and non-complex credit institutions and captive insurance companies</li> </ul>	<ul style="list-style-type: none"> <li>CSRD has extraterritorial reach, meaning that following a phased introduction, UK private companies with significant EU footprint will have to report against EU CSRD (both portfolio companies and Private Equity firms).</li> <li>There is significant interoperability of CSRD with other regulations including International Sustainability Standards Board (ISSB) (endorsed by the UK) (see below) and CSDDD (refer to page above).</li> </ul>
Global Sustainability Reporting 	<ul style="list-style-type: none"> <li>The UK government has stated its commitment to adopting mandatory ESG reporting against International Sustainability Standards Board (ISSB), a new global baseline of sustainability disclosure requirements, via the introduction of UK Sustainability Reporting Standards (SRS), based on the ISSB IFRS S1 and IFRS S2.</li> <li>On 23 April 2024, ISSB announced the commencement of research projects on the risks and opportunities associated with nature (biodiversity, ecosystems and ecosystem services) and human capital (i.e. workforce composition, stability, diversity, equity and inclusion, training and development, health, safety and wellbeing, compensation, etc). This demonstrates that social factors are high on the agenda going forward for ISSB.</li> </ul>	<ul style="list-style-type: none"> <li>Thresholds for reporting are as yet unconfirmed, however the likelihood is that UK SDS will be introduced as a listing rule requirement.</li> </ul>	+2026	<ul style="list-style-type: none"> <li>UK is assessing the suitability of the ISSB IFRS S1 and IFRS S2 for endorsement in the UK and aims to announce an affirmative endorsement decision in Q1 2025. This will result in the creation of the first two UK SDSs.</li> <li>ISSB sees significant interoperability between other regulations including CSRD and CSDDD.</li> </ul>



# Environmental matters

## Benchmarking Assessment

# Climate reporting | Existing requirements

Environmental corporate reporting has increased over the years. FTSE 250 companies are held to the listing rule requirements (namely reporting under TCFD). In addition, FTSE 250 companies have started to report voluntarily on their impact on nature and biodiversity in their annual reports.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Streamlined Energy and Carbon Reporting	<ul style="list-style-type: none"> <li>All UK companies who consume more than 40,000 kWh of energy and exceed the stated thresholds (below), must prepare a Streamlined Energy &amp; Carbon Report (SECR). This report applies to companies exceeding two of the following thresholds 1) £36m annual turnover 2) £18m balance sheet total 3) 250 employees.</li> <li>SECR requires in-scope companies to report on their global Scope 1 and Scope 2 energy consumption, GHG emissions in accordance with the GHG protocol. Companies must also provide an intensity ratio and include comparative information (apart from in the first year of reporting).</li> </ul>	<ul style="list-style-type: none"> <li>The WG offer the option to companies to include in the directors' report the disclosures concerning greenhouse gas emissions as set in Part 7 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This is not a mandatory requirement of the Guidelines. <b>Requirement 4(c)(iii)</b></li> </ul>		<ul style="list-style-type: none"> <li>Although WG do not specifically require SECR reporting, the threshold for reporting would include most, if not all, of the WG portfolio companies.</li> </ul>
Enhanced climate reporting	<ul style="list-style-type: none"> <li><b>FCA Listing Rules 9.8</b> requires listed companies to report on the 11 recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD)</li> <li>The recommendations of the TCFD cover four thematic areas: Governance, strategy, risk management, and metrics and targets. TCFD recommendations are disclosed on a "comply or explain" basis. TCFD also requires disclosure of Scope 1 and 2 GHG emissions in line with the GHG protocol and encourages the disclosure of Scope 3 (value chain) GHG emissions.</li> <li><b>FCA Policy statement 21/24</b> requires asset managers and other financial services firms to produce product level and entity level TCFD reporting</li> <li><b>Companies Act: Section 414CA and 414CB</b> require the disclosure of Climate-related Financial Disclosure (BEIS CFD) for any UK Company that is required to produce a non-financial information statement (being companies with &gt;500 employees and a turnover of &gt;£500m.)</li> <li>The requirements of BEIS CFD are aligned to the recommendations of TCFD, however the extent of the disclosure under TCFD is much greater than BEIS CFD equivalent and there is no option to explain under BEIS CFD.</li> </ul>	<ul style="list-style-type: none"> <li>Not specifically referenced – however Requirement 4(c): <b>Section 414C(7)(b)(i)</b>, does refer to including information about environmental matters "including the impact of the company's business on the environment".</li> </ul>		<ul style="list-style-type: none"> <li>There is no specific requirement for WG portfolio companies to disclose their climate related risks and opportunities under the pillars of: Governance, Strategy, Risk management and Metrics and targets per the existing WG.</li> <li>TCFD is a more detailed version of BEIS CFD reporting.</li> <li>Most WG companies will be reporting BEIS CFD from 2024 due to the relatively low thresholds for BEIS CFD. Some WG companies voluntarily report under TCFD already.</li> </ul>



# Sustainability reporting | Future developments

UK listed companies have reported a statement of compliance with the TCFD recommendations since 2021, and larger Companies have reported in line with BEIS CFD requirements as per the Companies act in 2023. Beyond 2024, there will be additional sustainability reporting requirements in the both the UK and the EU. The environmental reporting landscape is rapidly evolving.

	Requirement (source)	Impacted companies	Date of effect	Comments
UK Sustainability Disclosure Standards	<ul style="list-style-type: none"> <li>The UK government has stated its commitment to adopting mandatory ESG reporting against ISSB standards via the introduction of UK Sustainability Disclosure Standards (UK SDS). Under these regulations, in-scope UK companies must follow two sets of disclosure requirements relating to financially material environmental impacts:                             <ul style="list-style-type: none"> <li>General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1), the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.</li> <li>Climate-related Disclosures (IFRS S2), the first thematic standard issued that sets out requirements for entities surrounding information on climate-related risks and opportunities.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Thresholds for reporting are as yet unconfirmed, however the likelihood is that UK SDS will be introduced as a listing rule requirement.</li> </ul>	<ul style="list-style-type: none"> <li>The ISSB’s IFRS Standards were published in June 2023, creating a new global baseline of sustainability disclosure requirements.</li> <li>The UK Sustainability Disclosure Standards will be created by Quarter 1 2025 and based upon IFRS S1 and S2, with likely impact in 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Standards are set to evolve over time and will have industry specific standards.</li> <li>The guidance of the Transition Plan Taskforce (TPT) is currently available however is not mandatory (see next page). It is possible that the guidance of the TPT will be mandated prior to UK SDS, otherwise one might expect the guidance of TPT to be incorporated into UK SDS.</li> <li><i>Note that in June 2024 the ISSB announced it had formally taken over the disclosure-related elements of TPT and are looking to incorporate TPT guidance into sustainable disclosure standards.</i></li> </ul>
EU Corporate Sustainability Reporting Directive	<ul style="list-style-type: none"> <li>The EU’s Corporate Sustainability Reporting Directive (CSRD) contains extensive climate and sustainability considerations for companies with significant EU operations.</li> <li>CSRD reporting requires Companies to assess double materiality: the financial impact of environmental factors and also the materiality of the impacts of the companies operations on the environment. Topics deemed either financially or environmentally material must be reported on via the European Sustainability Reporting Standards (ESRS).</li> </ul>	<ul style="list-style-type: none"> <li>Initially EU Public Interest Entities (PIE’s) and increasing to include companies with significant EU operations.</li> </ul>	<ul style="list-style-type: none"> <li>Phased approach beginning for EU PIE’s in FY24 and an increasing scope of companies in subsequent years</li> </ul>	<ul style="list-style-type: none"> <li>EU CSRD has extraterritorial reach, meaning that following a phased introduction, UK private companies with significant EU footprint will have to report against EU CSRD.</li> <li>EU CSRD requires mandatory (limited) assurance from the first year of reporting.</li> </ul>

# Sustainability reporting | Future developments (continued)

Nature and biodiversity, and transition planning guidance is available within the market, however uptake in the FY23 reporting cycle by the FTSE 250 has been limited. The guidance or themes of the TNFD and TPT may be included within the UK Sustainability Disclosure Standards.

	Guidance (source)	Impacted companies	Date of effect	Comments
Nature and Biodiversity 	<ul style="list-style-type: none"> <li>Nature disclosures consistent with the 11 TNFD recommendations, which cover 4 thematic areas: Governance, strategy, risk &amp; impact management, and metrics and targets.</li> </ul>	<ul style="list-style-type: none"> <li>Applied on a voluntary basis</li> </ul>	<ul style="list-style-type: none"> <li>Final recommendations were announced in September 2023</li> <li>No date has yet been indicated for the disclosure recommendations to become mandatory in the UK.</li> </ul>	<ul style="list-style-type: none"> <li>TNFD focusses on a company's nature and biodiversity related risks and impacts. The TNFD guidelines are based on the TCFD pillars (Strategy, Governance, Risk Management and Metrics &amp; Targets) and designed to be complementary with ISSB and CSRD.</li> </ul>
Transition planning 	<ul style="list-style-type: none"> <li>The Transition Plan Taskforce (TPT) was established by the UK government as best practice for firm-level transition plans.</li> </ul>	<ul style="list-style-type: none"> <li>Currently applied on a voluntary basis.</li> </ul>	<ul style="list-style-type: none"> <li>To be announced.</li> <li>The FCA have committed to consult on incorporating TPT Disclosure Framework Guidance into the Listing Rules in Q1 2025 for listed companies.</li> </ul>	<ul style="list-style-type: none"> <li>The recommendations of the TPT are aligned with the requirements of ISSB and CSRD. TPT may become mandatory in the future for Companies to achieve their net zero targets. Several regulations include requirements for transition plans including ISSB, CSRD, CSDDD and TCFD.</li> <li><i>Note that in June 2024 the ISSB announced it had formally taken over the disclosure-related elements of TPT and are looking to incorporate TPT guidance into sustainable disclosure standards.</i></li> </ul>

# Other strategic priorities

Benchmarking Assessment

# Risk management & internal control | Existing requirements

The current WG require principal risks and uncertainties to be disclosed. The Companies Act, Code and DTR require additional disclosures from FTSE 250 companies to explain their process of identification, management and mitigation of principal and emerging risks. In light of the forthcoming Provision 29 in the 2024 UK CG Code, the disclosure gap is expected to widen between FTSE 250 companies and WG portfolio companies.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Principal Risks	<ul style="list-style-type: none"> <li>• <b>Section 414C(2)(b)</b> and <b>Section 414CA(2)(b)(ii)</b> – a description of the principal risks and uncertainties facing the company and a description of how the company manages the principal risks.</li> <li>• <b>Code Provision 28:</b> In addition to the Companies Act requirement above relating to principal risks, the Code requires companies to disclose their assessment of emerging risks, the procedures in place to identify emerging risks and how these risks are being managed or mitigated.</li> </ul>	<ul style="list-style-type: none"> <li>• WG companies are required to provide disclosures around principal risks and uncertainties facing the company (Requirement 4(c) requires adherence with Companies Act Section 414C(2)(b))</li> <li>• WG companies are required to review 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.</li> </ul>	●	<ul style="list-style-type: none"> <li>• Currently WG portfolio companies are required to disclose their principal risks and uncertainties. FTSE 250 companies further explain their emerging risks, their processes for identifying these risks and how both principal and emerging risks are managed and mitigated.</li> </ul>
Risk Management and Internal Controls Governance	<ul style="list-style-type: none"> <li>• <b>Code Provision 29</b> requires companies to report on their annual review of the effectiveness of risk management and internal controls systems.</li> <li>• <b>DTR 7.2.5R</b> requires a statement of the main features of the issuer’s risk management and internal control systems relating to financial reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• No requirement.</li> </ul>	●	<ul style="list-style-type: none"> <li>• There is currently no disclosure requirement for WG portfolio companies to explain their risk management or internal control systems, nor the results of any monitoring or review of the effectiveness of these systems.</li> <li>• The updated Provision 29 in the Corporate Governance Code becomes effective from 01 January 2026. Companies applying the Code will need to include a new board declaration on the effectiveness of material controls (including operational, financial, reporting and compliance controls).</li> </ul>

# Purpose, values & culture | Existing requirements

There is no specific requirement for companies to disclose the purpose, values and culture of a business. However, in explaining how they meet the principles of leadership and purpose from the Code, FTSE 250 companies have been able to demonstrate connectivity between these elements, business model and strategy.

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Purpose, values, culture, business model and strategy	<ul style="list-style-type: none"> <li><b>Companies Act: Strategic Report s414C(8)(a-b)</b> requires quoted companies to provide a description of the company’s strategy and business model.</li> <li><b>Principle B of the Code</b> states that: <i>‘The board should establish the company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned.’</i> While there is no direct requirement for companies to disclose their purpose and values, listed companies clearly disclose their purpose statements and values to demonstrate how they have applied Principle B.</li> <li><b>Provision 1 of the Code</b> states that: <i>‘The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the <b>annual report</b> how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company’s business model and how its governance contributes to the delivery of its strategy.’</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Requirement 4(c):</b> As per the Strategic Report requirement <b>s414C(8)(a-b)</b> for 'strategy and business model'.</li> </ul>	●	<ul style="list-style-type: none"> <li>The WG require portfolio companies to discuss their strategy and business model. FTSE 250 companies have further requirements by virtue of explaining their application of the Code Principles and how they have complied with the Code Provisions.</li> </ul>
Culture	<ul style="list-style-type: none"> <li><b>Provision 2 of the Code</b> states that: <i>‘The board should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company’s purpose, values and strategy, it should seek assurance that management has taken corrective action. The <b>annual report</b> should explain the board’s activities and any action taken.’</i></li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>	●	<ul style="list-style-type: none"> <li>There is no requirement to discuss culture within the WG. Company culture continues to be a focus area for the <b>FRC</b>. Further to this, the Institute of Business Ethics have released <a href="#">Guidance for Board members on developing an ethical business culture</a>. *</li> </ul>

\*The review can be found here: [https://media.frc.org.uk/documents/Review\\_of\\_Corporate\\_Governance.pdf](https://media.frc.org.uk/documents/Review_of_Corporate_Governance.pdf); and guidance can be found here: <https://www.ibe.org.uk/uploads/assets/538a0ed1-bad9-472c-ab787716a361816b/IBE-Guidance-for-Board-members-on-developing-an-ethical-business-culture.pdf>

# Other business matters | Existing requirements

	FTSE 250 requirement (source)	Walker Guidelines requirement	Comparison	Comments
Viability Statement	<ul style="list-style-type: none"> <li><b>LR 9.8.6R(3) and Code Provision 31</b> requires companies to perform an assessment of the prospects of the company i.e. a long-term viability statement. This statement helps assess whether there is a reasonable expectation the company will be able to continue in operation and meet its liabilities as they fall due beyond the going concern period, considering the company’s principal risks and scenario analysis.</li> </ul>	<ul style="list-style-type: none"> <li>No requirement.</li> </ul>		<ul style="list-style-type: none"> <li>FTSE 250 companies are required to produce a long-term viability statement. WG companies do not have this requirement.</li> </ul>
Financial statement disclosure	<ul style="list-style-type: none"> <li>Quoted companies and firms regulated by the PRA must publish annual accounts on their websites. The annual reports are required to be published within four months of year end. (DTR 4.1.3R / Aim Rule 18).</li> <li>Companies whose transferable securities are admitted to trading on a UK regulated market must publish a half-yearly financial report covering the first six months of the financial year on a website (DTR 4.2.2R and DTR 6.3.5R)</li> </ul>	<ul style="list-style-type: none"> <li>WG companies are required to make audited financial accounts available on their website within six months of year end and provide a mid-year update.</li> </ul>		<ul style="list-style-type: none"> <li>WG portfolio companies are held to a similar standard for the publication of financial statements on their websites and providing a mid-year update.</li> <li>The timelines for WG companies publishing accounts is slightly longer than FTSE 250 companies, but shorter than the Companies Act requirement of nine months.</li> </ul>



# General Partner Website Guidelines

Benchmarking Assessment

# General website disclosures | Existing requirements

There are a few requirements for UK companies of varying sizes that mention specific disclosure on company websites.

	UK requirement (source)	Walker Guidelines requirement	Comparison	Comments
General corporate disclosures	<ul style="list-style-type: none"> <li>A company incorporated under the Companies Act 2006 must disclose on its website its name, part of UK in which it was registered, registered number and registered office. (Company, Limited Liability Partnership and Business (Names and Trading Disclosures) Regulations 2015).</li> </ul>	<ul style="list-style-type: none"> <li>WG general partners (GPs) are requested to include information on UK leadership of the firm, identifying the most senior members of the management or advisory team and confirmation that arrangements are in place to deal appropriately with conflicts of interest. (Part V Section 7)</li> </ul>	 	<ul style="list-style-type: none"> <li>Although not specifically mentioned in the WG, all UK registered WG general partners would fall under the Companies Act requirement for trading disclosures.</li> </ul>
Tax strategy	<ul style="list-style-type: none"> <li>UK groups (other than multinational enterprises) or companies with either turnover exceeding £200m or a balance sheet total exceeding £2bn, must publish their tax strategy on their website (Schedule 19, Finance Act 2026)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	 	<ul style="list-style-type: none"> <li>Although there is no specific mention in the Guidelines, some WG general partners provide their UK Tax Strategy statement on their website because they exceed the thresholds.</li> </ul>
Financial statements	<ul style="list-style-type: none"> <li>Quoted companies and firms regulated by the PRA must publish annual accounts on their websites (DTR 4.1.3R / Aim Rule 18)</li> <li>Companies whose transferable securities are admitted to trading on a UK regulated market must publish a half-yearly financial report covering the first six months of the financial year on a website (DTR 4.2.2R and DTR 6.3.5R)</li> </ul>	<ul style="list-style-type: none"> <li>GPs should provide a broad indication of the performance record of their funds, with an attribution analysis to indicate how much of the value enhancement achieved on realisation and in the unrealised portfolio flows from financial structuring, from growth in the earnings multiple in the market in the industry sector, and from their strategic and operational management of the business. (Part V Section 7)</li> </ul>		<ul style="list-style-type: none"> <li>Quoted companies are required to make their annual accounts available on a website, free of charge, for a period of at least ten years. They are also required to provide interim statements on their websites.</li> <li>There is no requirement for WG GPs to include their own financial accounts or those of their portfolio on the website, but they are asked to provide an indication of performance (with no specific time frame).</li> </ul>

# General website disclosures | Existing requirements (cont.)

	UK requirement (source)	Walker Guidelines requirement	Comparison	Comments
Shareholders, investors and management	<ul style="list-style-type: none"> <li>Premium and AIM-quoted companies must disclose corporate details, description of business activity, major shareholders (if any), and details of directors (AIM Rule 26, LR 14.3)</li> </ul>	<ul style="list-style-type: none"> <li>WG GPs are requested to include a description of UK portfolio companies in the private equity firm’s portfolio and a categorisation of Limited Partners who invest in UK funds including a geographic breakdown between UK and overseas sources and a breakdown by type of investor. (Part V Section 7)</li> </ul>		<ul style="list-style-type: none"> <li>AIM and premium listing rules require additional disclosures around a company’s leadership, business activities and major shareholders.</li> <li>Although the WG are less prescriptive in some categories, there are requirements that go beyond those for a standard UK company or LLP.</li> </ul>

# Financial Services disclosures | Existing requirements

Regulations on financial services companies in the UK have continued to expand to cover additional disclosure requirements. The Walker Guidelines contain some private equity-specific disclosure requirements but do not incorporate recent FCA developments.

	UK requirement (source)	Walker Guidelines requirement	Comparison	Comments
Investment policy	<ul style="list-style-type: none"> <li>Where an AIM company is an investment company, it must disclose on its website its investment policy, details of any investment manager and /or key personnel.</li> </ul>	<ul style="list-style-type: none"> <li>WG GPs are requested to include information on UK leadership of the firm, senior members of the management or advisory team and confirmation that arrangements are in place to deal appropriately with conflicts of interest. (Part V Section 7)</li> <li>WG GP's are asked to disclose a description of the way in which the FCA-authorized entity fits into the firm, the firm's history and investment approach, including investment holding periods. (Part V Section 7)</li> </ul>		<ul style="list-style-type: none"> <li>The WP stipulate that GPs should disclose their key personnel as well as their investment approach. This is similar to the requirements of AIM listed investment companies but more than FTSE listed investment companies.</li> </ul>
Capital Directive Requirements Compliance	<ul style="list-style-type: none"> <li>UK banks, building societies, and PRA-designated investment firms, as well as UK financial holding companies, must explain on their websites how they comply with the requirements of articles 88-95 of CRD V (covering governance, remuneration and reporting ) (PRA Rulebook)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>Private Equity firms do not fall under CRD V, and therefore there is no requirement of WG GPs to disclose their remuneration policy, governance committees or reporting in line with the requirements of CRD V.</li> </ul>
Anti-greenwashing	<ul style="list-style-type: none"> <li>The anti-greenwashing rule and guidance came into force on 31 May 2024 and apply to all FCA authorised firms, under the FCA Policy Statement (PS) 23/16: Sustainability Disclosure Requirements (SDR) and investment labels.</li> <li>These regulations seek to enhance the transparency and quality of communication of sustainability claims and mitigate greenwashing.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>As FCA regulated entities, private equity firms will fall under the requirements of the anti-greenwashing rules.</li> <li>Although not specific to WG GPs, any communications on websites about the sustainability of products or services will need to adhere to the new requirements.</li> </ul>

# ESG disclosures | Existing requirements

ESG reporting requirements have evolved over the past ten years with more companies obliged to disclose information about their environmental, social and governance policies and actions. The Walker Guidelines do not have specific references to ESG for general partner disclosures.



	UK requirement (source)	Walker Guidelines requirement	Comparison	Comments
<b>Modern Slavery Statement</b>	<ul style="list-style-type: none"> <li>Organisations who do business in the UK supplying a good or service and with more than £36m annual turnover must disclose a modern slavery and human trafficking statement each year. The statement sets out what steps organisations have taken to ensure modern slavery is not taking place in their business or supply chains (s 54 Modern Slavery Act 2015)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	 	<ul style="list-style-type: none"> <li>Although there is no specific mention in the Guidelines, most WG general partners issue a Modern Slavery statement on their website as they exceed the company size threshold.</li> </ul>
<b>Gender Pay Gap Reporting</b>	<ul style="list-style-type: none"> <li>UK employers with at least 250 employees are required to publish gender pay gap information and a written statement confirming that the information is accurate (Gender Pay Gap Regulations 2017).</li> <li>Under regulation (15(1)) the gender pay gap information and written statement must be published on the company's website in a manner that is accessible.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	 	<ul style="list-style-type: none"> <li>Because the gender pay gap requirements exclude partners from the definition of employees, some of the WG GPs fall below the reporting threshold.</li> <li>References to gender pay gap reporting are not included in the WG.</li> </ul>
<b>Board Diversity Policy</b>	<ul style="list-style-type: none"> <li>Listed companies should make a disclosure on board diversity policy, which should include the diversity policies which apply to the company's board committees and have regard to wider diversity aspects (DTR 7.28R).</li> <li>Although not a strict requirement, it is common for listed companies to publish the Board Diversity Policy or equivalent on a website separate to the corporate governance statement.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>References to diversity policies are not included in the WG.</li> </ul>
<b>Corporate Governance Statement</b>	<ul style="list-style-type: none"> <li>Large companies must publish a statement of corporate governance arrangements on their websites (and in the directors' report), explaining the corporate governance arrangements implemented by the company (Companies Act 2006)</li> <li>Medium and large companies must include a section 172 statement, setting out how directors have complied with their duty to promote the success of the company for the benefit of its members (S.172 (a)-(f) Companies Act 2006)</li> <li>Unquoted companies must ensure that the statement is available on a website</li> </ul>	<ul style="list-style-type: none"> <li>WG stipulate GPs should include a commitment to conform to the Guidelines on a comply or explain basis and to promote. They also request conformity on the part of the portfolio companies owned by its fund or funds</li> </ul>	 	<ul style="list-style-type: none"> <li>Although the WG request a statement of compliance on the GP websites, they do not go as far as covering corporate governance arrangements and frameworks.</li> <li>Although there is no specific mention in the WG, some WG general partners issue a Section 172 statement on their website as they exceed the thresholds set out by the Companies Act.</li> </ul>

# ESG disclosures | Existing requirements (cont.)

	UK requirement (source)	Walker Guidelines requirement	Comparison	Comments
<b>Sustainability Reporting</b>	<ul style="list-style-type: none"> <li>The Sustainable Finance Disclosure Regulation (SFDR) Regulation (EU) 2019/2088, effective since 2021, requires financial market participants and financial advisers to disclose how their entity and products consider sustainability risks and manage adverse sustainability impacts, including pre-contractual reporting, annual website statement, and periodic reports. SFDR applies to EU-based entities and entities marketing products in the EU.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>This is an EU regulation and only applies to GPs who are based in the EU or marketing their products in the EU. All in scope firms will publicly disclose information required under SFDR on their website.</li> <li>Many of the WG GPs provide this statement as they have EU based funds or products marketed to the EU.</li> </ul>
<b>Energy and Carbon Reporting</b>	<ul style="list-style-type: none"> <li>Large companies and LLPs that are disclosing their streamlined energy and carbon reporting in their financial statements, are encouraged to include the report on their website. See page [x] for further detail on SECR reporting requirements. ((Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018))</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>Disclosing carbon reporting on websites is not a requirement but a voluntary disclosure.</li> <li>Many WG GPs voluntarily disclose an annual sustainability report, many of which include carbon emissions and energy use of the GP.</li> </ul>
<b>Payment Practices Reporting</b>	<ul style="list-style-type: none"> <li>Businesses that exceed the large size criteria (regulation 5(3)) must publish a report describing its standard payment terms, its payment practices and policies, and its performance by reference to those practices and policies (Reporting on Payment Practices and Performance Regulations 2017).</li> <li>These requirements apply to companies with two or more of the following thresholds:                             <ul style="list-style-type: none"> <li>more than £36m annual turnover</li> <li>more than £18m balance sheet total</li> <li>more than 250 employees</li> </ul> </li> <li>The report must be published via the UK government's payment practices reporting portal.</li> <li>The report can refer to the company's own website if it includes standard payment terms and a supplier dispute resolution process</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>Although there is no specific mention in the Guidelines, many WG GPs report payment practices directly on the UK government portal as they meet the threshold criteria.</li> </ul>

# General website disclosures | Future developments

Although there are many areas of regulatory change, there are two key developments which may impact private equity firms’ disclosure requirements over the next few years. The Economic Crime and Corporate Transparency Act 2023 has introduced enhanced disclosure requirements for Limited Partnerships around the identify of Limited Partners. The FCA is looking to publish a policy statement on diversity and inclusion in the financial sector which may increase the diversity and inclusion reporting requirements for many UK firms.

	Guidance (source)	Impacted companies	Date of effect	Comments
Disclosure of limited partners  	<ul style="list-style-type: none"> <li>The Economic Crime and Corporate Transparency Act 2023 (ECCTA) will have implications for GPs with UK Limited Partnerships in their fund structures. On registration of a UK Limited Partnership, the following information will need to be included on each of the partners:                             <ul style="list-style-type: none"> <li>Name, residential address (if a natural person) or registered office address (if an entity)</li> <li>If an entity, its legal form and the law by which it is governed</li> <li>If a general partner, any register in which it is entered and the registration number</li> <li>If a general partner, the name of at least one person who is the managing officer (whose identity will need to be verified)</li> </ul> </li> <li>The name and address of all partners of the limited partnership, will need to be confirmed to Companies House annually in a confirmation statement</li> </ul>	<ul style="list-style-type: none"> <li>All UK limited partners will need to comply with the new requirements and disclose this information to Companies House.</li> <li>They will also be required to provide an annual confirmation, for all partners in the Limited Partnership, including legacy partnerships.</li> </ul>	Likely 2026 as the measures will need secondary legislation before they are implemented.	<ul style="list-style-type: none"> <li>Although many UK General Partners are organised as Limited Liability Partnerships (LLPs), many of the funds are Limited Partnerships (LPs).</li> <li>Once the measures come into force, any LPs registered in the UK will be required to provide additional disclosures around Limited Partners’ identities. This is typically not a level of transparency currently seen in the asset management industry.</li> <li>The disclosures would not need to be on company websites but would be filed with Companies House.</li> <li>This may not have a material impact on WG GPs if their funds and Limited Partnerships are registered outside the UK.</li> </ul>
Diversity and Inclusion  	<ul style="list-style-type: none"> <li>The FCA and PRA are currently consulting on proposals to introduce a new regulatory framework on diversity and inclusion in the financial sector.</li> <li>The proposed requirements would require some firms to report on employee numbers, share D&amp;I data, establish and implement a D&amp;I strategy, determine and set diversity targets and potentially recognise a lack of D&amp;I as a non-financial risk.</li> <li>Many of these recommendations would require public disclosure on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>The current proposals are for UK firms with greater than 250 employees.</li> </ul>	The FCA is looking to publish a policy statement in 2024 with the rules taking effect 12 months later.	<ul style="list-style-type: none"> <li>The text of the policy statement has not yet been released so there is no definitive requirement in place.</li> <li>PE houses and WG GPs who meet the threshold for gender pay gap reporting are likely to face increased diversity and inclusion reporting and policy requirements as a result of the new regulation.</li> <li><i>Note the FCA announced a pause on the proposals on D&amp;I as of May 2024.</i></li> </ul>

# Appendix: Part V of the Walker Guidelines

Extracts from the Walker Guidelines



# Enhanced disclosure guidelines

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

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

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

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

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

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

A UK Company:

- a) acquired by one or more private equity firms in a public to private transaction where the market capitalisation together with the premium for acquisition of control was in excess of £210 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents; or
- b) acquired by one or more private equity firms in a secondary or other non-market transaction where enterprise value at the time of the transaction is in excess of £350 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents.

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

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

- a) The report should identify the private equity fund or funds that own the company and the senior executives or advisers of the private equity firm in the UK who have oversight of the company on behalf of the fund or funds.
- b) The report should give detail on the composition of the board, identifying separately executives of the company, directors who are executives or representatives of the private equity firm and directors brought in from outside to add relevant industry or other experience.
- c) The report should include a review that, subject to points i and iv below, meets the requirements of Section 414C of the Companies Act 2006 including sub-sections 7 and 8 (which are ordinarily applicable only to quoted companies). Section 414C is reproduced in Annex 1 of this document and replaces Annex D of the Guidelines.
  - i. For a UK portfolio company, this review is required to be included in the strategic report under the Companies Act 2006. A non-UK portfolio company may include this review in a directors’ report or equivalent in line with applicable legal requirements in the non-UK country.
  - ii. When considering the level of detail and nature of information to be included in the review, the portfolio company should have regard to the guidance set out in the Financial Reporting Council’s Guidance on the Strategic Report.

# Enhanced disclosure guidelines

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

## **Section 4 c) continued...**

iii. Section 414C(7) provides:

- (7) In the case of a quoted company the strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include –
- a) the main trends and factors likely to affect the future development, performance and position of the company's business, and
  - b) information about –
    - i. environmental matters (including the impact of the company's business on the environment),
    - ii. the company's employees, and
    - iii. social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies.

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

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

iv. Section 414C(8) provides:

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

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

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

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

# Enhanced disclosure guidelines

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

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

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

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

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

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

## 7. Communication by a private equity firm

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

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

# Enhanced disclosure guidelines

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

## 8. Reporting to limited partners

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

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

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

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

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

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

## 10. Responsibility at a time of significant strategic change

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

# Enhanced disclosure guidelines

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

## 11. Interaction with the Alternative Investment Fund Managers Directive

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

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

*Note the tables provided in the Walker Guidelines to demonstrate how the Guidelines interact with the AIFMD’s transparency requirements in respect of the annual reports of portfolio companies and the disclosure expected on acquisition of control have not been included as they were not in the scope of the benchmarking report.*

# Addendum

Changes to the UK Listing Rules

# Changes to the UK Listing Rules

This addendum has been added to help clarify areas of the Benchmarking Report, which was written on 1<sup>st</sup> July 2024, for events occurring after its finalisation. The below table identifies areas within the report that refer to the old Listing Rules and provides updated context and references. On 11th July 2024, the FCA announced that, with effect from 29th July 2024, a new UK Listing Rule Sourcebook would come into force with new listing categories. The commercial companies category replaces the premium listed category and the standard listing category is removed. For further information read the FCA policy statement <https://www.fca.org.uk/publication/policy/ps24-6.pdf>. The below table identified areas within the report that refer to the old Listing Rules and provides updated context for reference.

Page reference	Benchmarking Report text	Update post 29 <sup>th</sup> July
11 – Glossary	LR – Listing Rules	UKLR – UK Listing Rules
15 – Governance Framework	UK premium listed companies are required to apply the UK Corporate Governance Code (the Code) and explain to shareholders how the Code principles have been applied and the level of compliance with the Code provisions. <i>(LR 9.8.6R (5-6))</i>	UK listed companies in the commercial category are required to apply the UK Corporate Governance Code (the Code) and explain to shareholders how the Code principles have been applied and the level of compliance with the Code provisions. <i>(UK Listing Rules UKLR6.6.6R(5-6))</i> .
15 – Board Composition	Principles F to K of the Code further highlight the roles of board members, their functioning as a board, including knowledge and skills and their effective delegation to board committees. FTSE 250 companies need to explain how these principles have been applied to meet the requirements of LR 9.8.6R (5 6).	Principles F to K of the Code further highlight the roles of board members, their functioning as a board, including knowledge and skills and their effective delegation to board committees. FTSE 250 companies need to explain how these principles have been applied to meet the requirements of UKLR6.6.6R(5-6)
17 - Ownership	Listed companies are required to disclose the following information in their Directors' Report: i. to provide information on controlling shareholders LR 9.8.4R(14);	Listed companies are required to disclose the following information in their Directors' Report: i. to provide information on controlling shareholders UKLR 6.6.1R(13);
18 – UK Corporate Governance Code	Premium listed companies and all companies who voluntarily apply the Code.	Commercial category companies and all companies who voluntarily apply the Code.
18 – External Audit	Premium listed companies included in the FTSE 350 who voluntarily choose to apply the Standard and all companies who will apply the 2024 UK Corporate Governance Code. Currently available for companies which are premium listed and included in the FTSE 350 index.	Commercial category companies included in the FTSE 350 who voluntarily choose to apply the Standard and all companies who will apply the 2024 UK Corporate Governance Code. Currently available for companies in the commercial category and included in the FTSE 350 index.

## Changes to the UK Listing Rules (cont.)

This addendum has been added to help clarify areas of the Benchmarking Report, which was written on 1<sup>st</sup> July 2024, for events occurring after its finalisation. The below table identifies areas within the report that refer to the old Listing Rules and provides updated context and references. On 11th July 2024, the FCA announced that, with effect from 29th July 2024, a new UK Listing Rule Sourcebook would come into force with new listing categories. The commercial companies category replaces the premium listed category and the standard listing category is removed. For further information read the FCA policy statement <https://www.fca.org.uk/publication/policy/ps24-6.pdf>. The below table identified areas within the report that refer to the old Listing Rules and provides updated context for reference.

Page reference	Benchmarking Report text	Update post 29 <sup>th</sup> July
32 – Viability Statement	LR 9.8.6R(3) and Code Provision 31 requires companies to perform an assessment of the prospects of the company i.e. a long term viability statement. This statement helps assess whether there is a reasonable expectation the company will be able to continue in operation and meet its liabilities as they fall due beyond the going concern period, considering the company’s principal risks and scenario analysis.	UKLR 6.6.6R(3) and Code Provision 31 requires companies to perform an assessment of the prospects of the company i.e. a long term viability statement. This statement helps assess whether there is a reasonable expectation the company will be able to continue in operation and meet its liabilities as they fall due beyond the going concern period, considering the company’s principal risks and scenario analysis.
35 – Shareholders, investors and management	Premium and AIM-quoted companies must disclose corporate details, description of business activity, major shareholders (if any), and details of directors (AIM Rule 26, LR 14.3). AIM and premium listing rules require additional disclosures around a company’s leadership, business activities and major shareholders.	Commercial Category and AIM-quoted companies must disclose corporate details, description of business activity, major shareholders (if any), and details of directors (AIM Rule 26, LR 6.2.17). AIM and commercial category listing rules require additional disclosures around a company’s leadership, business activities and major shareholders.





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