



### **1. Why were the Principles rewritten?**

The initial version of the Principles was published in September 2009 at which time the ILPA stated that it contained concepts intended to serve as a basis for continued discussion among and between the general partner and limited partner communities. To that end, the Best Practices Committee has followed through on its commitment to seek the input from GPs, LPs and third-parties, not only in regards to the construction of the Principles, but also to seek other ways in which the ILPA could be helpful to the asset class; hence the Standardized Reporting Templates.

The feedback from the industry was that while the ideas contained within the document were useful, there were areas that could be expanded upon to provide more clarity and context to allow funds to adopt the Principles.

### **2. How often do you plan on amending the Principles?**

Version 2 of the Principles has been drafted to allow for additional appendices to be included, with the expectation that the context contained within the body of the document likely would not be required to be amended going forward. Having said that, the ILPA will review the document at least annually to ensure it remains relevant.

### **3. What elements in Version did not carry over to Version 2?**

For the most part, all of Version 1 has translated into version 2, with the following exceptions:

1. Principles Version 1, Page 9, Style Drift, bullet 2: There should not be any style drift so therefore this item was removed as being redundant
2. Principles Version 1, Page 11, Disclosure related to the GP, bullet 1: Should be part of Due Diligence

### **4. Are there any new elements in Version 2 that were not included in Version 1?**

1. The biggest change to the Principles is the addition of the Clawback appendix
2. The construction and organization of the document allows for more context around some of the best practices
3. The wording has changed to be more explicit and descriptive

### **5. What does it mean to endorse the Principles?**



The definition of *endorsement* is as follows:

*The ILPA has authored the ILPA Private Equity Principles, a document that contains best practice concepts and that speaks to issues relating to the alignment of interest between general partners and limited partners, fund governance and transparency and reporting. It is intended to serve as a common framework for continued discussion among and between the general partner and limited partner communities with the goal of improving the private equity industry for the long-term benefit of all its participants. Endorsement of these Principles is an indication of general support for the efforts of the ILPA and industry supporters to contribute to an effort to strengthen the basic “alignment of interests” value proposition in private equity. The authors, sponsors and the groups below that have provided an endorsement of these Principles are not specifically committing to (nor seeking the commitment) of any private equity investor to each and every outlined term.*

**6. If I endorsed version 1, do I need to endorse version 2?**

No, if you continue to lend your endorsement to the Principles, we will continue to demonstrate your support on [ilpa.org](http://ilpa.org) and maintain your organizations name on our endorsement page. If you would like to change your status you must advise the ILPA. If you have not yet endorsed, but would like to do so, you can go to [ilpa.org](http://ilpa.org) where the home page has a dedicated section to the Principles and a dedicated e-mail to register your support.

**7. Do all ILPA members have to endorse the Principles?**

There is not a requirement to endorse the Principles as the ILPA understands that each organization has its own internal policies on such matters. The more important component is the application of the Principles as a best practice, which in and of itself is a strong endorsement.