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Improving transparency and disclosure

Good practice reporting by portfolio companies

Private Equity Reporting Group

The Guidelines for Disclosure and Transparency in Private Equity

March 2016

PERG
PRIVATE EQUITY REPORTING GROUP

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Contents

Introduction

The objective of this guide is to assist private equity owned portfolio companies to improve the transparency and disclosure in their financial and narrative reporting by highlighting good practice examples.

The Private Equity Reporting Group (the 'Group') was established to monitor conformity of the UK private equity industry with the Guidelines for Disclosure and Transparency in Private Equity (the 'Guidelines'). The Guidelines resulted from an independent review of the adequacy of disclosure and transparency of reporting by private equity owned companies undertaken by Sir David Walker at the request of the British Private Equity and Venture Capital Association ('BVCA'). The Group is also responsible for making recommendations to the BVCA for changes to the Guidelines as needed.

After consultation with the market, the Guidelines were refreshed for the first time following the implementation of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the 'Strategic Report Regulations'). The Group has taken the view that the Guidelines should be aligned with the requirements for quoted companies, with a few exceptions, in order to continue to meet our ambition for large private equity corporate reporting to be at the level of the best in the FTSE250.

In setting out the Guidelines for Disclosure and Transparency in Private Equity revised July 2014 ('the Guidelines') we have continued to make it clear which areas are specific to the Guidelines due to private equity ownership, which would be required by large private companies in any case, and which areas are incremental due to our aspiration of matching the standard of quoted company reporting. Our eighth report on compliance with the Guidelines, and the first since the Guidelines were refreshed, was issued in December 2015.

The Group has commissioned PwC to produce this guide to illustrate how the Guidelines should be implemented and to share examples of good practice from the first review since the Guidelines were refreshed, to encourage the adoption of good practice across all aspects of reporting. They are not a comprehensive analysis of how any individual company complied with any particular guideline criterion, but to illustrate different attributes and styles of reporting that have been determined to have at least some of the good practice qualities.

Areas that we would highlight for focus and attention are those around gender diversity, the business model and commenting on human rights as part of the social and community discussions. These are areas that are finding increased focus from the readers of annual reports and in legislation impacting the majority of companies, such as the Modern Slavery Act 2015 and the Government's Equality Office published draft regulations on the Gender Pay Gap Reporting. The examples reviewed so far for gender diversity still largely focus on disclosing metrics and the Guidelines encourage greater discussion around the broader strategy and policy employed for improving gender balance. This guide provides useful insight to encourage companies to take further steps forward in each of these areas.

The Group would like to thank PwC and the BVCA for their continued efforts in assisting the Group with the review of the portfolio companies and the production of this guide.

Nick Land Chairman – Private Equity Reporting Group

Executive Summary

Each year a sample of portfolio companies are reviewed for compliance with the Guidelines. There continues to be a general improvement in the overall quality of reporting, with the updated Guidelines raising the standard across a number of areas as well as adding specific disclosure requirements in line with the wider listed environment.

Overall the most recent review demonstrated a good level of compliance across the majority of the Guideline criteria, with areas focusing on discussion of performance and presentation of financial KPIs being consistently good across the population reviewed. We also note that there was increased presentation and discussion of non-financial KPIs and these metrics are often of greater insight in discussing strategy and performance, as financial measures can dominate annual reports but not address the full strategic aims of a business.

The observations below reflect the trends identified from the most recent review, where additional focus will result in an improved level of reporting:

- The topic of *gender diversity* needs to be a greater feature of the annual report, with *stronger narrative on the policies* in place as well as presenting the breakdown of the metrics for the number of people of each sex at the director, senior manager and employee level – refer to section 15 of this guide for further detail.

- The inclusion of *commentary on human rights is a requirement* under the Guidelines and this is in line with increasing regulatory emphasis, such as the introduction of the Modern Slavery Act 2015 (impacting financial years ending on or after 31 March 2016). All companies need to consider how they are addressing compliance with human rights matters and include a discussion on this, which could be considering the supply chain aspects or labour practices in the UK and overseas – refer to section 14 of this guide for further detail.

- The presentation of a *business model* is an essential part of understanding the business. This has been a weaker area as a new requirement, though this can be easily addressed by ensuring it articulates *how the business creates value and linking this to the strategy*– refer to section 10 of this guide for further detail.

- Areas that have been a permanent feature in the Guidelines that are specific to private equity continue to be important and these should be addressed to a high standard. The *identification and discussion of the private equity firm should be transparent* and this also extends to the *detail of the board composition* – refer to sections 1 and 2 of this guide for further detail.

As the corporate reporting legislative environment evolves the level of disclosure and emphasis on areas will continue to expand. As an example the 2014 UK Corporate Governance Code ('the Code') raises the bar on the way businesses think about, manage and report on their principal risks and culture as well as viability. It applies to premium listed companies for periods beginning on or after 1 October 2014. The Guidelines have not been updated to specifically address this, though it is expected this will raise the benchmark for reporting in this area, which is already represented in the Guidelines through the review of financial position and principal risk areas.

All the Guideline areas require careful consideration to ensure good practice can be achieved and this guide provides both an understanding of what good practice looks like and some actual examples from the most recent review. The examples set out *elements* of good practice for the specific criteria disclosed. The Group will review the disclosures in the annual report as a whole when reviewing compliance.

Applying the Guidelines – guiding principles

The Guidelines requirements are split into fifteen sections in three broad areas. However when determining what to include in the annual report and constructing its look and feel, in addition to compliance with the individual criteria, the annual report should be fair, balanced and understandable to a user of the accounts. Good annual reports are:

- Tailored to the business and avoid boiler plate language;
- Provide useful and specific information, avoiding generic terms and superficial references;
- Are not cluttered with erroneous or repeated information and help the reader focus on and understand the key relevant information; and
- Are consistent throughout and demonstrate linkage between each area.

No two annual reports will look the same, as no two businesses are the same; but these principles, along with the specific criteria below will enhance understanding and comparability of annual reports. The examples highlighted in this guide are indicative of good practice and represent some of the attributes of requirements, rather than the full disclosure being included, however each company should determine the most appropriate format and content for their relevant circumstances. The Guidelines are summarised below and set out in more detail on the following pages where examples of good reporting are included:

Guidelines specific

Disclosures focussed on the features that occur from being under private equity ownership:

- Identity of private equity firm – page 5
- Details on board composition – page 7
- Financial review – position – page 9
- Financial review – financial risks – page 11

Strategic report – Large private

Disclosures required for all large private companies in order to comply with the Strategic Report Regulations and included in the Guidelines regardless of whether the portfolio company meets the criteria of being a large private company:

- Balanced and comprehensive analysis of development and performance during the year and position at the year end – page 13
- Principal risks and uncertainties facing the company – page 15
- Key performance indicators – financial – page 17
- Key performance indicators – non-financial including environmental matters and employees – page 19

Strategic report – Quoted

Additional elements from the Strategic Report Regulations for quoted companies that have been adopted into the Guidelines for portfolio companies to further explain the business and offer comparability to those disclosures often seen in listed groups:

- Strategy – page 21
- Business model – page 23
- Trends and factors affecting future development, performance or position – page 25
- Environmental matters – page 27
- Employees – page 29
- Social, community and human rights issues – page 31
- Gender diversity information – page 33

Greenhouse gas emissions disclosures

A quoted company must make various disclosures on the quantity of emissions in tonnes of carbon dioxide equivalent from activities for which that company is responsible and from the purchase of electricity, heat, steam or cooling by the company for its own use. Disclosures concerning greenhouse gas emissions are not a mandatory requirement under the Guidelines. However where this information is available and is significant to the understanding of the portfolio company and its operations, its inclusion could only improve the transparency and quality of reporting.

Statement of compliance

A statement of compliance with the Guidelines should be presented in the annual report to demonstrate the Guidelines have been addressed. This does not need to be substantial and can be presented wherever seems most relevant.

A suggestion for this statement would be 'The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.'

Where the annual report does not fully comply with the Guidelines this should be referenced.

Comply or explain requirement

The extracts of 'Good Practice' shown through this guide are examples of disclosures that we see as being consistent with that standard. Where elements of the requirements are not applicable to the specifics of that company, our view is that the Guidelines encourage explanation as to why they are not relevant and why the disclosure may be omitted, under the 'comply or explain' philosophy.

Most companies will find they include these requirements within their strategic report. Where there is any cross over between the director's report and other areas of the annual report, appropriate cross references may be used to ensure compliance whilst optimising the most appropriate and clear structure for the accounts.

1. Identity of private equity firm

Requirement

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.

Basic compliance

To comply with this requirement, the identity of the private equity firm managing the fund should be disclosed in the annual report together with the identity of the relevant senior executives of the firm.

Good practice

Attributes of good practice include:

- Name of the fund as well as the name of the private equity firm;
- Background on the private equity firm and explanation of its role; and
- History of the ownership of the company, including that of previous private equity owners.

Vue Cinemas – 27 November 2014

Private Equity Owners

The Company is controlled by Vougeot Holdco Limited, a company incorporated in Jersey. Vougeot Holdco Limited is a co-investment vehicle for OMERS Administration Corporation (OMERS) and certain clients of Alberta Investment Management Corporation (AIMCo).

AIMCo is one of the largest public sector asset managers in Canada, with approximately $75 billion in assets under management as at March 31, 2014. AIMCo manages capital for Alberta public sector pension plans, Alberta Government endowment funds and the Province of Alberta. AIMCo manages investments across a wide variety of asset classes, including public equities, fixed income, real estate, timberlands, infrastructure and private equity. AIMCo currently has c$4.0 billion allocated to fund and direct investments within its growing private equity program. AIMCo has over 350 employees located at its head office in Edmonton, Alberta and satellite offices located in Toronto, Ontario and London, United Kingdom.

OMERS administers one of the largest pension funds in Canada with over $72 billion in net assets as at December 31, 2014. It invests in several asset classes including private equity, infrastructure, real estate, public equity and fixed income. OMERS has been investing in private equity since 1987, with 9.0% of its net investment assets (c$6.7 billion) currently allocated to private equity investments. With 58 professionals, the group is headquartered in Toronto with offices in New York and London.

On 8 August 2013 the Company acquired 100% of the ordinary share capital in Vue Entertainment International Limited, which was the top holding company of the Vue cinema operating group. Vue Entertainment International Limited was previously controlled by private equity funds managed by Doughty Hanson & Co. Doughty Hanson & Co acquired the Vue cinema operating group on 21 December 2010.

Ownership Structure

The ownership structure in Vougeot Holdco Limited, the ultimate controlling party, including the shares allocated through the executive incentive scheme is as follows:

OMERS	37.1%
AIMCo	37.1%
Management	25.8%

This example sets out the private equity funds ownership structure clearly and describes the history of the owners.

Northgate Public Services – 30 April 2015

CINVEN

Cinven is a leading European private equity firm, founded in 1977, with offices in Guernsey, London, Frankfurt, Paris, Madrid, Milan, Luxembourg, Hong Kong and New York.

It acquires Europe-based companies that require an equity investment of €100 million or more. Its European focus and expertise are complemented by an ability to capitalise on global growth opportunities through its offices in Asia and the Americas.

The firm focuses on six sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials, and Technology, Media and Telecommunications (TMT).

Cinven acquires successful, high-quality companies and works with them to help them grow and develop, using its proven value creation strategies. It takes a responsible approach towards its portfolio companies, their employees, suppliers and local communities, the environment and society.

"Cinven" means, as the context requires, Cinven Group Limited, Cinven Partners LLP, Cinven (Luxco1) S.A., Cinven Limited, Cinven Capital Management (V) General Partner Limited and their respective Associates (as defined in the Companies Act 2006) and/or funds managed or advised by any of the foregoing.

This example provides a context to the private equity ownership and a wider understanding of the broader portfolio.

Pret a Manger – 1 January 2015

Control

Bridgepoint Advisers Limited owns 65% of the ordinary share capital of PAM Group Limited through various funds. Pret's founders retain 15% of the ordinary share capital of the Company and key members of management hold 20%.

Our Private Equity Shareholders

Bridgepoint Advisers Limited

Bridgepoint Europe III Private Equity Fund is Pret's majority shareholder and is managed by Bridgepoint Advisers Limited. Bridgepoint is a European private equity firm which invests in well managed companies in attractive markets with potential to grow organically or through acquisition. William Jackson and Vince Gwilliam are the Bridgepoint executives with oversight of Pret and both serve as Directors of PAM Group Limited.

This example identifies the relevant private equity fund as well as the firm and the directors serving on the board.

2. Details on board composition

Requirement

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.

Basic compliance

The Companies Act requires the disclosure of the directors of the company; but this is not, by itself, sufficient to meet this requirement of the Guidelines. Additional disclosures are required to highlight which of the directors are also directors of, or had been appointed by, the private equity firm.

Good practice

Attributes of good practice include:

- Additional explanations of the industry and other relevant experience that external directors bring to the company; and
- Disclosure of other appointments.

Equiniti – 31 December 2014

GUY WAKELEY
CHIEF EXECUTIVE OFFICER

Guy joined the Equiniti Board as Chief Executive Officer in January 2014.

Career
Guy joined from Morrison plc, the property services provider to the public and private sector, where he was CEO for five years. During his tenure, he transformed the level of client service and innovation, grew the business rapidly and delivered consistently strong cash generation.

Prior to this, Guy was Managing Director of the Built Environment division at Amey, the infrastructure services provider to the public and private sector. Guy previously worked for The Berkeley Group, General Electric and Rolls-Royce. He holds an MA in Engineering Science from the University of Cambridge, a PhD in applications of artificial intelligence, and is a Chartered Engineer. Guy sits on the CBI's Public Services Strategy Board, is a Fellow of the Royal Institution of Chartered Surveyors, and is a commercial pilot and flight instructor.

Committees
Guy is a member of the Operations Committee.

KEVIN BEESTON
CHAIRMAN

Kevin joined the Equiniti Board as Chairman in September 2011.

Career
Kevin is also Chairman of FTSE 100 developer and homebuilder Taylor Wimpey plc and of Domestic and General, the international provider of extended warranty services. In addition, Kevin is an Operating Partner of Equiniti's owner, Advent International.

From 2002 to 2010, Kevin was Chairman of Serco Group plc, having previously been Chief Executive and Finance Director during a 25-year career with Serco. He was a non-executive Director of engineering group IMI plc from 2005 to 2012, Chairman of Partnerships in Care, a specialist provider of secure mental health services from 2007 to 2014, and a Director of Ipswich Town Football Club from 2003 to 2008.

Kevin's other previous roles include Chairman of the CBI's Public Services Strategy Board, promoting the role of business in transforming the UK's public services. He was also a Commissioner for the TUC's Commission on Vulnerable Employment. Kevin is an accountant by background.

Committees
Kevin is Chairman of the Operations and Nomination & Governance Committees, and a member of the Remuneration and Audit Committees.

This example provides a detailed background of the directors, which is part of a wider corporate governance section outlining the various board committees and their roles.

World Pay – 31 December 2014

Directors of Ship Midco Board

John Allan, CBE – Chairman
John joined Worldpay in 2011 as independent Non-Executive Chairman and has extensive experience in both Executive and Non-Executive capacities. John is currently Non-Executive Chairman of Barratt Developments Plc, London First and Tesco PLC. Previously, John was Chairman of Samsonite Corporation and Care UK Limited, Non-Executive Co-Deputy Chairman of Dixons Carphone plc and a Non-Executive Director of the Royal Mail Group, the UK Home Office Supervisory Board, 3i Group plc, PHS Group plc, Wolseley plc, Hamleys plc and Connell plc, as well as being a member of the supervisory boards of both Lufthansa AG and Deutsche Postbank and senior advisor to Deutsche Bank.

In his earlier career, John served as an Executive Director at BET plc and was on the management board of Deutsche Post following its acquisition of Exel plc in December 2005 where he had been Chief Executive since September 1994.

Philip Jansen – Chief Executive Officer
See biography on page 18.

Ron Kalifa – Deputy Chairman
See biography on page 18.

Rick Medlock – Chief Financial Officer
See biography on page 18.

Humphrey Battcock
Humphrey joined Advent in 1994 and has 29 years of private equity experience. Humphrey has led or co-led investments in 28 companies, 12 during his time at Advent, including The Priory Group, Towergate, Moeller, Aviagen, Boart Longyear and Worldpay. Prior to joining Advent, Humphrey spent nine years as a partner with Trinity Capital Partners, a UK private equity firm. From 1976 to 1983, Humphrey worked for Coopers & Lybrand, in London and New York, where he gained experience in international mergers and acquisitions.

David Yates
David joined VocaLink as CEO in 2012 with nearly 30 years of experience in the payments and transaction processing industries.

Prior to that, David was President at Western Union with responsibility for Business Development and Innovation. At Western Union, David oversaw eCommerce, Mobile Payments, Business Payments and Pre-Paid Cards. Previously he spent six years at First Data Corporation (FDC), most recently as Executive Vice President, managing all of FDC's activities outside of the US, including the merchant acquiring, merchant transaction processing, issuer processing and ATM network solutions business units. David has also served in Executive roles with major international corporations, including IBM and General Electric.

Jeffrey Paduch
Jeffrey joined the Board in April 2013. He joined Advent International in 2002 and has 13 years of private equity experience. Jeffrey moved to Advent's London office in 2005 as part of the business and financial services sector team and has been involved with several Advent investments, including Nets, UNIT4, Worldpay, Domestic & General, CAMS, Xafinity, Equiniti, Sophis, Venere Net, WageWorks, Long Term Care Group and Aspen Technology. Prior to Advent International, Jeffrey worked in the New York office of UBS Investment Bank.

Luca Bassi
Luca joined the Board in April 2013. He joined Bain Capital in 2003 and is a Managing Director with a focus on Financial and Business Services. Prior to joining Bain Capital, Luca worked for Goldman Sachs in the Investment Banking Division in London where he advised Italian and international companies on cross-border mergers and acquisitions. Previously, he worked as a strategy consultant at Bain & Company in Milan where he focused on the industrial, consumer goods and financial services sectors. He is actively involved in Bain Capital's portfolio companies Nets Holding AS and TeamSystem Spa.

This example provides a detailed background of the directors as well as their other roles.

RAC – 31 December 2014

Division of responsibilities

There is a clear division of responsibility between the Non-Executive Chairman, the Chief Executive Officer and Chief Financial Officer and the Non-Executive Directors.

The Chairman is responsible for:
- The leadership of the Board, ensuring its effectiveness and setting its agenda; and
- Facilitation of the effective contribution of Non-Executive Directors and ensuring constructive relations between them and the executive Directors.

The Chief Executive Officer is responsible for:
- Overseeing day to day management of the Group;
- Allocating decision making and responsibility to the executive management team; and
- Ensuring the successful execution of the strategic objectives agreed by the Board.

As Executive Directors, the Chief Executive Officer and Chief Financial Officer are collectively responsible for:
- Setting the strategic direction of the Group and implementing and delivering the strategy;
- Preparing annual budgets and medium term projections for the Group and monitoring performance against these forecasts;
- Preparing annual financial statements;
- Day to day management of the Group ensuring risks are appropriately managed;
- Effective communication with all stakeholders including shareholders, employees, members and other customers; and
- Safeguarding the assets of the Group and for the prevention and detection of fraud.

The Non-Executive Directors are responsible for:
- Using their wide and varied experience to offer independent advice, scrutiny and objectivity;
- Monitoring and offering objective challenge to executive management decisions where appropriate; and
- Bringing specific expertise to the Board. For example, the team includes a Non-Executive Director with extensive financial services experience from serving in senior positions of several major financial institutions.

This example highlights the responsibilities of the board and is part of a wider corporate governance section, which also details the director's background and experience.

3. Financial review – position

Requirement

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.

To cover the financial review requirement the analysis has been split into two parts. The first looks at information on the position of the entity at year end. The second looks at the financial risks identified (see page 11).

Basic compliance

The review of financial position should include an explanation of the year end debt and capital structure of the company and its funding requirements. This should be linked into the financial statements and notes through appropriate cross referencing.

Good practice

Attributes of good practice include:

- An analysis of the components of debt and the repayment schedule;
- Discussion and quantification of debt covenants;
- A discussion of gearing and leverage;
- A reconciliation of the year end net debt position to the prior year (or to free cash flow);
- Where non-GAAP measures (for example, net debt and free cash flow) are used to support the discussion in the financial review these are appropriately reconciled to the financial statements; and
- Proforma information, where appropriate, to enable meaningful comparatives to be provided (for example where the portfolio company is a NewCo acquisition vehicle in its first years of reporting).

Annington Homes – 31 March 2015

At 31 March 2015, the Group's total assets amounted to £6,209.3 million (2014: £5,548.2 million), with all investment properties located in England and Wales. The market value of these properties is reassessed annually, with the Group's total investment property assets worth £6,062.6 million at 31 March 2015 (2014: £5,383.9 million). The Group's share of its joint ventures totalled £29.2 million (2014: £16.0 million) and the Group held £117.4 million of current assets (2014: £148.2 million), mainly comprising cash and other short-term investments.

The Group's combined liabilities totalled £3,120.9 million (2014: £3,094.1 million), comprising a mixture of long-term debt and short-term borrowings. The Group's long-term funding is arranged through the securitisation vehicles Annington Finance No. 1 plc ("AF1") and Annington Finance No. 4 plc ("AF4"), secured against the assets and cash flows of Annington Property Limited, and through the Annington Finance No. 5 plc ("AF5") notes, secured against the cash-flows and shares of Annington Homes Limited. The Rentals Subgroup has entered into funding arrangements consistent with a residential investment portfolio with medium-term investment time horizons.

Each year, the Homes Subgroup is required to use cash flows from operations to reduce the outstanding debt in AF1 and AF4. During the current year:

- AF1 repaid principal of £36.5 million (2014: £36.3 million) on its bonds;
- AF4 repaid principal totalling £70.8 million (2014: £52.9 million) on the B3 Floating Rate Notes;
- AF4 paid £25.2 million to meet "offsetting" swap costs (2014: £19.7 million), as required by the AF4 securitisation arrangements; and
- AF4 contributed £9.6 million (2014: £9.0 million) to the holdback mechanism attaching to the Class A Zero Coupon Notes and the Class B Zero Coupon Notes, of which £6.3 million (2014: £7.0 million) has been used to repurchase and cancel notes and the remainder is held in cash.

AF5 paid cash interest of £5.9 million (2014: £10.0 million) and issued £74.7 million (2014: £72.0 million) of new PIK Notes in lieu of cash interest payments. There were no optional redemptions during the year (2014: £19.7 million, with a further £0.5 million of accrued interest paid on the optional redemption balance).

Annington Rentals (Holdings) Limited's £165 million Five Year Term Revolving Facility is drawn down to a value of £141.7 million (2014: £153.7 million) and the covenants attaching to Rentals Subgroup debt facilities have not been breached during the year or subsequently, with the current forecast not indicating any covenant breaches within the term of the loan.

This example provides a good summary of the overall position of the group.

Top Right Group – 31 December 2014

Cash flow

The Group's consolidated cash flow statement is set out on page 37 of the financial statements. The Group generated operating cash flow of £64.5m (2013: £58.2m). Cash has been used to reinvest in product innovation, customer service, sales and marketing and people. It has also been used for new acquisitions.

Balance sheet

The Group's consolidated balance sheet is set out on page 35 of the financial statements. In December 2014, management of the Group committed to sell Media Business Insight and as such the business is classified as held for sale as at December 2014. Subsequent to the balance sheet date, on 30 January 2015, the Group sold Media Business Insight to funds advised by Mobeus Equity Partners.

Capital structure

The Group is financed by its parent undertaking, which in turn is financed by a combination of debt and equity. The Group has ordinary equity totalling £350.0m (2013: £65.6m) and preference shares totalling £231.2m (2013: £171.4m).

In December 2014, the Company issued £284.4m in additional ordinary share capital which was paid for by a reduction in the capital redemption reserve. The Company's parent undertaking subscribes for and redeems preference shares in the Company in multiple currencies in order to hedge its exposure to exchange rate movements in its external borrowings.

The Group's major borrowing facilities (held by its parent undertaking) are detailed below:

	Facility £'m	Drawn £'m	Final maturity	Margin over LIBOR %
Senior facility A	12.3	12.3	March 2015	2.75
Senior facility B	122.5	122.5	March 2017	4.15
Senior facility C	166.4	166.4	September 2017	4.90
Senior facility D	1.6	1.6	March 2015	2.75
Revolving credit facility 1	3.4	3.4	March 2015	2.75
Revolving credit facility 2	11.6	11.6	March 2016	3.65
Mezzanine facility	110.8	110.8	March 2018	10.25
Total	428.6	428.6		

These financing agreements require the Group to adhere to minimum covenant limits in respect of debt cover, cash flow cover, interest cover and capital expenditure. The Group operated within its covenant limits during the period under review and as at the date of this report.

In April 2014, the Group completed a currency redenomination of some of its Facility B and Facility C debt. In total, £60.0m of Pounds Sterling debt was redenominated into €72.2m of Euro debt.

Additionally, after the balance sheet date, the Group raised an additional £15.0m of short-term debt consisting of a £6.0m term loan and a £9.0m multi-currency revolving credit facility at a rate of 3.5% over LIBOR. The term on each of these facilities is six months.

Furthermore, subsequent to the year end, the Group's parent company undertook a refinancing of its borrowings to improve terms and extend maturities. The refinancing completed on 28 April 2015 and the new facilities, which replace those above, comprise a US$323m and a €300m term loan maturing in April 2022 with interest rates of 5% over LIBOR/EURIBOR subject to a 1% floor and a £75m revolving credit facility maturing in April 2021 with interest rates of 4.5% over LIBOR/EURIBOR and an annual commitment fee of 1.575% on undrawn amounts.

This example helpfully describes the capital structure and borrowing facilities.

Brakes Group – 31 December 2014

Net debt at the year-end amounted to £1,898.0m (2013: £1,780.4m) with committed but undrawn facilities of £79.1m, of which £75.0m of senior bank facilities are available until June 2018, and £4.1m of other bank loan facilities are available until September 2018.
Under the terms of its main banking facilities the Group is required to meet two financial covenant tests on a quarterly basis, and one on an annual basis. The covenants measured quarterly are Net Debt/EBITDA and EBITDA/Adjusted Cash Pay Interest, and annually Gross Capital Expenditure. The Group reported headroom on all covenant testing during the year ended 31 December 2014 with management forecasts indicating continued covenant headroom throughout 2015.

This example indicates the specific covenant measures and is part of a wider discussion on the financial position of the group.

4. Financial review – financial risks

Requirement

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 notes to the balance sheet and the cash flow section in the financial statements.

To cover the financial review requirement the analysis has been split into two parts. The first looks at information on the position of the entity at year end (see page 9). This second section looks at the financial risks identified.

Basic compliance

The review of financial position requirements should include the following:

- Discussion in the financial statements of the overall risk management objectives and policies of the company; and
- Discussion of the risk management policies relating to the company's leverage.

Good practice

Attributes of good practice include:

- More detailed discussion in the financial statements of the overall risk management objectives and policies;
- Discussion focused on the key financial risks identified (see page 15 for principal risks), for example liquidity and cash flow, credit, interest rate, and how the risk management policies address these risks;
- Quantitative information to support the discussion on risks; and
- Disclosure of the likelihood and impact of these risks and clear linkage to how they are managed and monitored.

Equiniti – 31 December 2014

Price risk

Price risks result from changes in market prices such as interest rates, foreign exchange rates and equity dealing prices, which impact the Group's income or the value of its financial instruments.

Our financial instruments are mainly in sterling, which means that foreign exchange movements do not have a material effect on the Group's performance. We do not hold positions in traded securities and are only involved in receiving and transmitting transactions on behalf of clients.

The Group earns income in relation to client and investor deposits, as well as interest on its own deposits. The Group is therefore exposed to movements in the interest rate in both its intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to bank base rate, while both the Group's senior debt and the PIK loan rates of the Group are linked to Libor.

In 2011, the Company hedged the monthly intermediary fee income at existing market rates by receiving a fixed rate against base rate that continues until 2016. This was against an underlying level of £400m of assets, reducing by £80m over the term.

As a result of the 2013 re-financing, a swap was taken out, matching the terms of the new £190m floating rate notes.

We continually review these risks and identify suitable instruments where applicable.

This example clearly articulates the mitigation put in place by management to address the identified risk.

Annington Homes – 31 March 2015

Capital Risk Management *continued*

There is one bank facility agreement in place that requires covenant tests to be maintained.

	Loan to value	Interest cover
Annington Rentals (Holdings) Limited	65%	125%

All these covenant tests have been complied with during the year ended 31 March 2015.

Interest Rate Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. There are a number of interest rate swaps in place to fix the exposure the Group has to fluctuations in interest rates. Annington Finance No. 4 plc has two interest rate swap agreements in place for the Floating Rate Notes (since December 1997), where the Group pays fixed 6.93% and receives variable rates linked to LIBOR, and offsetting swaps amounting to £691.7 million (2014: £657.5 million) in place to fix interest rate exposures that result by the early redemption of Bonds ahead of the original payment profile, where the Group receives fixed at 6.93% and pays variable rates linked to LIBOR. Under these agreements, Annington Finance No. 4 plc has a net notional liability position of £40.4 million (2014: £111.2 million).

In August 2004 two further interest rate swap agreements for an additional £260 million (2014: £260 million) were entered into by Annington Finance No. 4 plc for the Class M Fixed/Floating Rate Notes which comes into effect in April 2015, to match the date this note transitions to floating rate, with a termination date in January 2023. The Group pays fixed 5.284% and receives variable rates linked to LIBOR.

As at 31 March 2015, the fair value of the Annington Finance No. 4 plc interest rate swaps was a liability of £273.3 million (2014: £246.2 million) and the offsetting swaps was an asset of £183.5 million (2014: £162.9 million).

At 31 March 2015, Annington Rentals (Holdings) Limited held a number of interest rate swap and cap agreements totalling £142.0 million (2014: £153.7 million), with caps comprising 25% of the total set at the fixed rate of the swap contract to which they relate. Under the swap contracts Annington Rentals (Holdings) Limited receives variable rates linked to LIBOR and pay at a fixed weighted average of 1.84% (2014: 1.92%). As at 31 March 2015, the fair value of interest rate swaps was a liability of £4.7 million (2014: £1.5 million).

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the Profit and Loss Account.

This example provides a detailed discussion on interest rate management.

Priory Group– 31 December2014

Interest rate risk

The Group finances its operations through called up share capital, retained earnings, bank facilities, high yield bonds and loan notes. At 31 December 2014 the majority of the Group's borrowings (£844.0m; 2013: £1,059.5m) were fixed rate debt with a weighted average interest rate of 8.8% (2013: 8.5%), with the exception of £31.3m (2013: £17.5m) which was drawn down on the revolving credit facility at an interest rate of LIBOR plus 4% (2013: 4%). The interest rate on future cash advances under the facility is the aggregate of the applicable margin, LIBOR/EURIBOR and mandatory costs (if any). The margin may range from 4.00% to 3.00% based on the ratio of total net debt (defined as senior secured notes, senior unsecured notes, revolving credit facility and finance leases, less cash and excluding accrued interest) to EBITDA.

This example provides quantitative measures to assist in the understanding of the risk.

5. Balanced and comprehensive analysis of development and performance during the year and position at the year end

Requirement

The strategic report must contain a balanced and comprehensive analysis of development and performance of the company's business during the year and position at the year end. The purpose of this is to inform the members of the company and help them assess how the directors have performed their duty.

Basic compliance

In order to provide sufficient insight into a company's development and performance during the year and its position at the end of the year, this should be a fair reflection of the performance and provide appropriate context to the discussion such as the market environment in which the company operates.

Good practice

Attributes of good practice include:

- Discussion aligned to the strategic priorities, development and performance;
- Explanation of the performance in the wider market context; and
- Discussion at an appropriate divisional level to demonstrate how different parts of the business are performing.

Brakes Group – 31 December 2014

In 2014 Brakes achieved 5.4% (2013: 2.4%) sales growth from £2,000.4m in 2013 to £2,109.4m in 2014. This increase was primarily due to increased sales growth from large Corporate accounts as well as growth in all other key customer sectors including Independent and the Specialities divisions.

Brakes has maintained its success in stabilising its margins during 2014, with EBITDA margin increasing from 5.4% of sales in 2013 to 5.5% of sales in 2014. This has been achieved through a focus on both cost and pricing, and delivered at the same time as there has been huge operational change associated with implementing our strategic investment plan. For example, at the beginning of September 2014, the first fully multi-temperature capable depot was opened in Warrington, closely followed by Hemsworth and Newhouse in Scotland. Brakes is now providing a multi-temperature service to over 6,000 customers in the North and Scotland. There is still a significant amount of work required but the journey towards an end to end multi-temperature ordering and delivery on a single system and a single vehicle for the complete UK market is well underway.

Overall, the top line sales growth, margin stabilisation and a focus on operational performance has generated EBITDA growth in the UK. EBITDA for 2014 was £115.4m (2013: £108.7m). UK EBITDA margin was 5.5% in 2014 compared to 5.4% in 2013.

UK exceptional costs in 2014 predominantly relate to (i) business change costs incurred primarily on projects delivering fundamental business change and operational restructure; (ii) business exit costs including costs and losses associated with exiting non-core parts of the Brakes operations such as the manufacturing operations previously owned in Flint and Torquay and operations in South East London; (iii) restructuring the UK distribution network and iv) professional fees for various one-off projects. These are explained further in the Financial Review.

This example is part of a detailed performance review by operational area.

Pret a Manger – 1 January 2015

With the support of customers and the hard work of colleagues Pret A Manger has had another good year. Sales and EBITDA both grew strongly during 2014 and we continued to expand the business, building and refurbishing more shops in all of our international markets and opening our first shop in China. We were able to achieve this because we have remained faithful to our core values – providing delicious natural food with great service in attractive shops.

2014 has been an active year for food and drink innovation. We continue to adapt our food and drink range to meet the tastes and needs of customers. New product launches in 2014 included Macaroni Cheese, Dairy Free Coconut Yoghurt, Flatbread Wraps, Cold Pressed Juices and Protein Pots. Quinoa and Rice Hot Pots were launched in early 2015 to build our hot food range. We also developed our barista-made drinks, launching freshly made smoothies during the year and we continued our investment in new equipment, training in-shop coffee experts, and supporting our coffee suppliers at a grassroots level.

During 2014 Pret opened 33 new shops: 23 in the UK, seven in the USA, two in France and our first shop in China. The total number of shops at the end of the year was 374: 288 in the UK, 60 in the USA, 14 in Hong Kong, 11 in France and one in China. We have also continued our broader capital investment programme, extending a further six shops, and updating over 40 shops to increase seating areas and reduce the bottlenecks that lead to queues. This brings our total capital investment over the last five years to £191 million. In 2014 our new shop openings and extensions in the UK and overseas created over 900 new jobs and increased our contribution to the economies in which we operate.

In 2014 Pret's revenue increased by 16% to £593.6 million. A UK weekly sales record of £10 million was achieved during the year, and EBITDA increased by 14% to £75.9 million.

Whilst we will continue to focus on growth in the year ahead, Pret believes strongly in a responsible approach to business and our work with the homeless continues to be particularly important to all of us. The Pret Foundation Trust raised a record £1.5 million and distributed 3 million sandwiches and salads to homeless charities last year. I am also pleased to report that our UK School Leaver Programme welcomed 28 School Leavers to Pret and our Apprenticeship Scheme helped 60 young homeless people back into work. Our 'Share the Hope' December campaign reiterated Pret's commitment to support projects for the homeless.

This example covers all elements of the strategy reflecting a balanced discussion of performance in the year across a range of financial and non financial measures.

Top Right Group – 31 December 2014

Group performance

I am delighted to report 2014 revenues of £312.7m (2013: £271.4m), 15% headline or 9% organic growth. This is a significant acceleration on previous years. As the results from earlier investments come through and cost synergies were realised on acquisitions, EBITDA rose by 24% headline and 27% organic.

Our focus is customer retention. Subscriber retention rose three points over a year earlier, and the number of customers re-booking on site at i2i's exhibitions also continued to grow.

Events

As our largest business segment it was reassuring to see strong organic growth of 14% in 2014. Together, i2i Events Group and Lions Festivals generated revenues of £141.5m (2013: £121.3m). The Events segment achieved success in 2014 through:

- Strong international performances across our global flagship brands of Cannes Lions, Bett and CWIEME, including four launches in new geographies;

Information Services

Our digital Information Services segment generated revenues of £92.8m (2013: £75.0m) and grew 6% on an organic basis, led by:

- WGSN customer retention up 4% to 87% and Planet Retail at over 90%;
- 22% growth in Groundsure;
- MEED Projects' expansion into new sectors and territories, particularly East Africa; and
- Launch of a suite of improved, integrated and innovative new WGSN services.

In 2014, WGSN completed its integration with Stylesight to better serve its customers worldwide. The business also saw strong traction with the new WGSN INstock product, increased demand for the WGSN Lifestyle & Interiors product and launched WGSN Mindset, its new consultancy business, offering customers unique access to over 160 industry experts around the world.

Subscription Content

The Subscription Content segment comprises EMAP and the recently sold Media Business Insight business and generated revenues of £78.4m (2013: £75.1m), delivering organic growth of 6%.

EMAP performed strongly throughout the year and the primary drivers for growth were:

- Continued growth of subscription services to its professional membership;
- Accelerated growth of its digital and live events revenues, with EMAP Award entries up 15%; and
- Launch of HSJ Intelligence, a significant new high value digital membership product.

EMAP's digital and events revenue lines have shifted from just 34% of revenues in 2008 to 59% of revenues in 2014 in line with customer demand and need.

This example shows the initial discussion of performance across all the business segments which the report then expands into a further two pages on each by the core brand defining products.

6. Principal risks and uncertainties facing the company

Requirement

The strategic report must contain a description of the principal risks and uncertainties facing the company.

Basic compliance

To comply with this requirement, the strategic report should contain an explicit identification of the principal risks and uncertainties facing the company. The definition of 'principal' may be unique to a business and the number identified will be dependent on a business size and complexity, however in order to be meaningful long lists of boiler-plate risks should be avoided.

Good practice

Attributes of good practice include:

- Clear alignment between strategy and risks;
- Explanation of how each risk is managed; and
- Assessment of the risk profile – the likelihood versus the impact of each risk – and an explanation of how the profile has changed during the year.

Keepmoat– 31 March 2015

Principal risk	Context	Possible impact	Mitigation
Commercial risk	Failure to adequately control contract bidding and contract management.	• Failure to provide quality assurance and the safe execution and delivery of contracts. • Failure to meet cost budgets. • Failure to meet client expectations.	• Clear and robust contract bidding, review and authorisation processes. • Routine and structured contract performance reports. • Routine reviews of project management plans. • Key issues highlighted as part of management reporting. Monthly and quarterly reviews of key performance indicators.
	Failure to maintain adequate material supply could lead to construction delays. Failure to maintain adequate sub-contract services could impact delivery of construction services.	• Production delays and pressure on margins due to lack of material and labour supply. • Reduced ability to compete effectively.	• Strategic supply contracts established with key suppliers, manufacturers and sub-contractors.

This examples demonstrates the nature of the risk and its mitigation.

World Pay– 31 December 2014

Key risks

Key risk	Description	Mitigant
Technology risk	Failure of the Group's systems resulting in service interruption to customers	– Contractual agreements with key suppliers – A plan to migrate to Worldpay controlled data centres with increased capacity – A project to redesign the core systems – Investment in service monitoring
Data security risk	Loss of data causing the Group financial loss and reputational damage	– Dedicated team targeted to prevent unauthorised system access – Installation of software designed to prevent the loading of malicious programmes – Monitoring of networks and systems
Regulatory risk	Unidentified or unmanaged regulatory or industry change negatively impacts Group activities	– A dedicated Compliance Team reviewing the regulatory environment – Participation in regulatory bodies to help shape the regulatory environment – Prompt implementation of regulatory changes to business systems and processes
Customer Credit risk	Customers fail to meet their obligations causing the Group financial loss	– Extensive and ongoing due diligence process to validate the creditworthiness of customers – Tiered authority levels to ensure that exposures are approved by appropriate Executives – An automated monitoring tool designed to identify changes in customer profiles – A team of credit professionals monitoring and reviewing customer performance – Operation of contractual protection to limit exposure
Settlement risk	Failure to settle with customers in respect of their transactions	– Regular/daily reconciliation of bank accounts – Reconciliation of funds received from the card schemes against customer payouts – Provision of banking facilities to support any shortfall in funds – Prompt and continuous investment in systems' maintenance and improvement
Industry risk	Unmanaged industry changes which negatively impact the Group	– A team of industry professionals monitoring industry developments – Participation in industry bodies to ensure Worldpay's voice is heard in the development of the industry – Promptly alerting the business to industry developments
Scale of change	Failure to manage resources against change requests resulting in errors in business activities	– Business unit change boards to manage resources against requests – Monthly Executive meetings to prioritise projects and resources – A proactive approach to staff engagement – Investment in HR systems and processes to protect and augment our human capital

This example demonstrates the risks specifically associated with the business model and strategy of the business, with clear mitigation.

7. Key performance indicators – financial

Requirement

The strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include analysis using financial key performance indicators. 'Key performance indicators' means factors by reference to which the development, performance or position of the company's business can be measured effectively.

Basic compliance

For ease of confirming compliance and effective communication we encourage companies to explicitly disclose their KPIs and not leave it up to the readers to deduce what management consider to be 'key'.

Good practice

Good practice reporting goes further than just identifying KPIs and also provides:

- A clear alignment of KPIs to the company's strategic priorities and remuneration policies so that their relevance as a basis for management's assessment of strategic success is clear;
- An explanation of why each KPI has been included – it should be clear why this would be considered key;
- A definition of how they have been calculated;
- Quantified trend data; and
- Targets or milestones, whether qualitative or quantitative.

Equiniti – 31 December 2014

KPI	DATA	PERFORMANCE
ADJUSTED REVENUE	2014 £292.3m 2013 £264.4m	Adjusted revenue was up 10.6% in 2014, despite lower corporate action activity, through a combination of strong client retention, additional project work with existing customers, the acquisition of Killik's Employee Services business in 2013, the 2014 acquisitions of Pancredit, JPM CDS and Invigia, and our increased holding in MyCSP. Together, these acquisitions contributed £18.4m to adjusted revenue in 2014.
ADJUSTED PRE-EXCEPTIONAL EBITDA	2014 £70.0m 2013 £67.5m	Adjusted pre-exceptional EBITDA grew by 3.7% to £70.0m, with growth from major pension projects with existing customers plus a strong contribution from acquisitions, offset by lower corporate action activity and increased costs for service level improvements and sales resource.
OPERATING PROFIT	2014 £21.6m 2013 £14.8m	Operating profit grew by 45.9% to £21.6m, primarily due to lower exceptional costs in 2014 following the refinancing of the Group in 2013.
FREE CASH FLOW	2014 £72.5m 2013 £71.0m	Free cash flow improved as a result of a continued focus on working capital management.
FREE CASH CONVERSION	2014 104% 2013 93%	The increase in free cash conversion to 104% reflects our commitment to working capital management.

This example provides quantitative measures on a track record basis, with a summarised discussion, which is further supported in the detailed narrative in the annual report.

Airwave Solutions Limited– 31 June 2014

Key performance indicators (continued)

	Note	2014 £'000	2013 £'000	Definition, method of calculation and analysis
Revenue	2(a)	**413,729**	414,988	Revenue comprises the fair value of services and equipment provided, excludes VAT and is after elimination of sales within the Company. Revenue has decreased partly due to the revenue recognised on the Company's two Olympics contracts in 2013.
EBITDA (before exceptional items)	2(d)	**243,390**	228,394	EBITDA is calculated by adding back depreciation charges in the year to operating profit before exceptional items. EBITDA has increased as a result of savings from the transformation programme.
Operating cash flow	26	**141,499**	168,811	Operating cash flow is calculated by deducting working capital and capital expenditure movements from EBITDA in the year. The decrease over last year largely resulted from payment of exceptional costs which were recognised in the income statement last year.

This example provides quantified financial measures with a clear definition of the measure.

Keepmoat – 31 March 2015

This example clearly articulates the year on year performance of each key performance indicator, which is supported with further discussion in the annual report.

8. Key performance indicators – non-financial including environmental matters and employees

Requirement

The strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include, where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters. 'Key performance indicators' means factors by reference to which the development, performance or position of the company's business can be measured effectively.

Basic compliance

For ease of confirming compliance and effective communication we encourage companies to explicitly disclose their non-financial KPIs and not leave it up to the readers to deduce what management consider 'key'.

For instance many companies state that their employees, customers or suppliers are important to the ongoing success of their business. In these circumstances there would be a reasonable expectation by the reader to see employee, customer or supplier-based KPIs as a means to demonstrate performance. The relative importance of certain KPIs will differ depending on the company's industry.

Good practice

Good practice reporting goes further than just identifying KPIs and also provides:

- Clear alignment of strategic priorities and non-financial KPIs;
- An explanation of why each KPI has been included and a definition of how they have been calculated; and
- Quantified trend data, targets and milestones, whether qualitative or quantitative.

Priory Group – 31 December 2014

Non-financial

As at 31 December 2014, the total number of available beds across the Group was 7,096 (31 December 2013: 7,111); excluding supported living rental beds the number of available beds was 6,903 (31 December 2013: 6,918). During the year ADC was 5,945 (2013: 5,665) and occupancy based on available beds at year end was 87.4% (2013: 81.9%).

These can be analysed by division as follows:

	2014	2013	Movement Change	Movement % Change
Available beds (number)				
Healthcare	1,675	1,695	(20)	(1.2%)
Education	1,367	1,228	139	11.3%
Amore Care	2,351	2,544	(193)	(7.6%)
Craegmoor	1,510	1,451	59	4.1%
Total	**6,903**	**6,918**	**(15)**	**(0.2%)**
ADC (number)				
Healthcare	1,422	1,295	127	9.8%
Education	1,045	1,014	31	3.1%
Amore Care	2,095	2,010	85	4.2%
Craegmoor	1,383	1,346	37	2.7%
Total	**5,945**	**5,665**	**280**	**4.9%**

The example identifies performance against non-financial measures at a divisional level.

Annington Homes – 31 March 2015

Subgroup	KPI	2014/2015	2013/2014	Basis of calculation
Homes	Achievement of indexed open market value.	103.7%	131.3%*	To compare the value realised on the sale of a property with the value expected if the property value at acquisition had increased in line with the general house price index. The value realised is calculated as sales income plus dilapidations less refurbishment costs. This is then divided by the original value, and indexed using an average of the Nationwide and Halifax house price indices movements from 1996 to the date of sale.
Homes	Time to sell:			From the point MoD release properties, Annington's rental income ceases. It is, therefore, important that Annington Property Limited quickly decides what action is to be taken in order to achieve maximum value. Annington, therefore, measures the time to sell a property under three separate headings.
	Average weeks from MoD termination to sales release.	77	29*	
	Average weeks from sales release to sales completion.	15	4*	
	Average weeks from sales reservation to sales completion.	9	2*	
Homes	Net sales price per unit.	£241,021	£175,222*	Gross sales less value of incentives.

This example articulates specific non-performance measures as well as clearly articulating the basis of the calculation.

AMCo – 31 December 2014

KEY PERFORMANCE INDICATORS

We use both financial and non-financial key performance indicators ("KPIs") to measure our progress.

KPI	2014 Result	Comment
Revenue	£293 million	Higher revenues help us reach critical mass in more of our markets
Revenue growth	+21.6%	Growing the business, both organically and by acquisition, is core to our strategy
Products launched	19	Launching new products, new formulations and dosage forms across our markets is consistent with our goal to improve patient access and ease of usage
Direct versus Distributor markets	79% Direct markets 21% Distributor markets	We expect our revenue from Direct Markets to increase steadily as we roll-out a direct sales presence in markets that achieve critical mass in terms of revenue and portfolio size
Employee retention	88.6%	We strive to provide a quality working environment and fulfiling careers. Measuring employee retention gives us important feedback on our performance
Gender diversity	45% of all employees are female	We are committed to our Diversity & Inclusion policy, including equality of opportunity for female employees across the organisation

This example demonstrates the equal weighting given to financial and non financial measures.

9. Strategy

Requirement

The strategic report should clearly articulate how the business intends to achieve its objectives.

Basic compliance

The strategy should underpin the reporting and provide a context for the activities and performance of the company. Strategic statements set in isolation from the rest of the company reporting can appear as hollow statements of intent.

Good practice

Attributes of good practice include:

- A clear statement of the strategy and how this is used to underpin the remainder of the report; and
- A clear articulation of the company's strategy to explain the strategic themes, targets, time frames and add further clarity to the reporting.

Worldpay – 31 December 2014

In 2010, a multi-year transformation programme started. This programme had three main aims:

1. Stand on our own: Execute an integrated, long-term Group strategy enabled by the migration of our systems out of RBS and parallel upgrade investment in a next generation platform.
2. Accelerate performance: Improve performance in each of our business units through top-line growth, innovative solutions for our merchants and more efficient execution.
3. Build our organisation: Build the leadership team and organisational capabilities required to transform performance and deliver the long-term strategy.

This example clearly sets out the strategic priorities of the business, with the progress against these outlined across several pages.

Civica – 30 September 2014

This example considers how the strategy should be delivered across the business for the three service areas.

Equiniti – 31 December 2014

STRATEGY	PROGRESS IN 2014
Strengthen client focus This means: helping our existing clients to improve their operations, by enhancing our account management and identifying ways our products and services can solve more of their issues.	We enhanced our account management and developed a key account plan for each of our major clients. We also strengthened our relationship team, to ensure we have the right people engaging with the right clients. These initiatives helped us to drive organic growth in our key accounts, particularly in the second half of the year.
Develop new products This means: creating new products in existing and adjacent markets, which will allow us to leverage our technology platforms and specialist capabilities in complex outsourcing.	We continued to invest in our technology platforms, to add functionality for our clients, and launched a number of new products across the business. More details of our technology and product developments can be found in the operational review, on pages 30 to 35.

This example articulates the progress during the period against the strategy.

10. Business model

Requirement

The strategic report must include a description of the business model.

Basic compliance

The business model should as a minimum identify what the company does to create value and how they do it.

Good practice

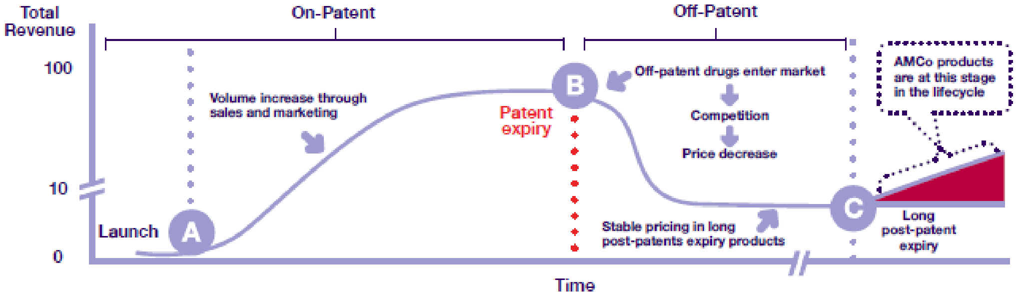
Attributes of good practice include:

- An explanation of how the business model builds on the strategy that is set out in the strategic report;
- Gives reference to the key capabilities, resources and relationships the company uses to create and sustain value; and
- Where businesses operate distinct business models with divisions, further disclosures may be required to provide meaningful information that aids understanding of how a company operates.

AMCo – 31 December 2014

BUSINESS MODEL

AMCo focuses on the end of a typical pharmaceutical product lifecycle where the market has settled down in terms of competitive landscape, pricing and volume, and prescribers remain loyal to the treatment regime. In several instances, AMCo is even able to achieve steady growth as it leverages its scale to gain incremental market share or benefits from smaller firms exiting the market. Notably, AMCo focuses on disease areas where existing treatments are both affordable and highly effective and thereby faces no or very minimal risk of a new treatment being introduced, adding to the defensive nature of its business model. This contrasts with areas where AMCo does not participate – such as the treatment of cancer or diabetes – where companies continue to invest significantly to find more effective treatments that will disrupt the market for existing medications when they are released. The figure below illustrates the various stages in the typical lifecycle of a pharmaceutical product.



This example provides a good summary of the business model, articulated through the diagram.

Keepmoat – 31 March 2015

Business model

New Build Homes

Keepmoat delivers high quality, stylish, affordable homes, in areas benefitting from housing-led urban regeneration. We build new homes for open market sale through our Keepmoat Homes business and build new homes to increase the rental stock of Local Authorities and Registered Providers, usually under contract.

Our experience spans all aspects of the development process, including community consultation and master planning, feasibility studies, research surveys, liaison with planners and statutory authorities and bespoke engineering and design solutions. We are specialists in bringing brownfield sites back into use, with 95% of our new homes being built on brownfield sites.

Our aim is to be the market leader in the delivery of homes for sale and rent through successful, long-term partnerships.

Community Regeneration

Keepmoat's Regeneration service offer is unique. As a multi-faceted organisation with a full breadth of expertise, we are able to deliver the refurbishment of social housing such as planned repairs, maintenance and improvement; alongside new build social housing for rent, extra care accommodation, new build public buildings and the renovation and extension of education facilities.

Although we are a business with a national footprint, we are still able to offer a bespoke regional approach, having a thorough understanding of the communities in which we work.

We are passionate about improving the quality of the UK's social housing stock, and work closely with our partners to deliver creative, long term and cost-effective solutions that will benefit communities for generations to come.

Property Services

Keepmoat Property Services is committed to delivering responsive maintenance solutions for housing providers and local authority clients across the UK.

By forming strong partnerships with our customers and local communities, we are able to offer a flexible and innovative service in the following areas:

- Responsive repairs, including a 24/7/365 call centre provision
- Facilities management and planned/cyclical maintenance
- Gas servicing and maintenance
- Voids property solutions.

We are aligned to meet the demands of the changing market place and are able to bring a fresh approach to our service, providing solutions that combine the latest technology with a flexible, caring attitude that delivers excellent customer service.

> We are **specialists** in bringing brownfield sites back into use, with **95% of our new homes being built on brownfield sites.**

Partnership Approach

Keepmoat's vision is to be a partner of choice; by building on strong, long-standing relationships with Local Authorities, care providers and strategic Registered Providers.

We will achieve this by:

- Exceeding our clients' expectations
- Providing a safe and supportive environment for our staff, supply chain and all stakeholders
- Sourcing innovative funding solutions
- Offering consistent service delivery across our business
- Engaging positively with the communities we work in
- Ensuring our people enjoy coming to work, feeling valued and able to fulfil their potential.

Through collaborative, partnership working we will deliver a bespoke service that responds to our clients' requirements, whilst also investing in local communities.

This example sets out the business model of the company and how value is delivered to its customers.

11. Trends and factors affecting future development, performance or position

Requirement

The strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include the main trends and factors likely to affect the future development, performance and position of the company's business.

Basic compliance

The strategic report should have a high-level forward-looking orientation explaining the trends and factors likely to influence the business including market trends, future strategic priorities or investment in research and development. This could be throughout the annual report or in a specifically headed section.

Good practice

Attributes of good practice include:

- Discussion of drivers shaping the future growth of markets in which a company operates;
- Reference to the macro-economic, competitive or regulatory trends and factors shaping the business and identification of product pipeline and expected market size; and
- Discussion of future trends and factors are supported by quantifiable evidence.

Pret a Manger – 1 January 2015

Market Review

United Kingdom

The UK Eating Out market is estimated to have grown by 2.8% in 2014 and is set for steady growth over the coming years projected at 2.8% per annum until 2017 – the highest since the start of the recession (source: Allegra Strategies Eating Out in the UK Report, July 2014). Allegra Strategies estimate that the Coffee Shops and Sandwich Bars segment will increase their share of sector turnover by 0.8% over the next three years.

UK customers continue to seek out menu options that differ from what they eat at home. Expectations are ever increasing. Value for money, healthy eating, provenance, as well as indulgence are key trends, all of which Pret can offer with our product range.

Growing coffee culture continues to be a trend and the coffee shop sector remains fast growing. The branded coffee shop sector has expected annual outlet growth of 5.2% per annum to 2020 (source: Allegra Strategies, UK Retail Coffee Shop Market Report, December 2014).

Pret's organic coffee and fresh, natural food, ongoing product innovation and focus on training talented team members have ensured that the Group has continued to stand out in a competitive market, delivering 16.4% sales growth last year.

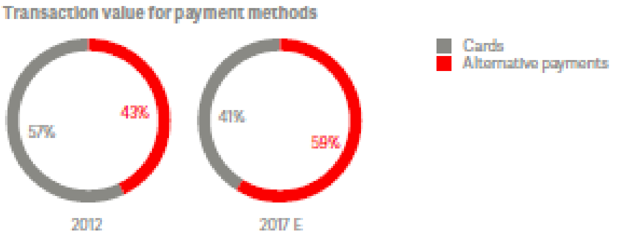
International markets

In 2015 Pret will open new shops in its established international markets in the USA and Hong Kong. In the USA we will open more shops and drive transaction growth through initiatives such as hot breakfasts and coffee. In Asia we will explore opportunities to expand in Shanghai and will continue to adapt our offering to the local market through the introduction of new recipes and product innovations. It is also our intention to expand at pace in France.

This example uses external data to discuss the future market, providing good context for the discussion of the business.

World Pay – 31 December 2014

Our markets



Source: Company

Worldpay operates in the global payment processing technology market, which enables one of the essential needs of the world economy – making a payment for goods or services – and continues to be characterised by rapid change and innovation. We see a number of key macro trends currently driving this dynamism.

Proliferation of digital payments

It is often overlooked, but our industry continues to be powered by a shift away from cash and cheques toward digital payments, whether they be in-store and card-based, online or increasingly mobile-enabled. Many market observers forget that there is still a considerable way to go, even in developed economies like the US and UK.

Existing card infrastructure resilient

Within this ecosystem of secular growth, one of the most anticipated events was the launch of Apple Pay in the US in October 2014. The choice of Apple to utilise the existing card scheme four-party model and contactless Point-of-Sale (POS) base demonstrates that, while the surface form factor may change, users of payments technology value the scale, reliability, security and cost of the existing infrastructure. It works, and we believe it will continue to work for developed market and innovation initiatives.

Alternative payments important

At the same time, alternative payments have gained more visibility. Also in October, Alibaba became one of the world's largest ever IPOs – for payments observers, it shone a light on its sister company, Alipay, and the fact that consumers in other parts of the world prefer to pay by methods other than Visa and MasterCard. Other examples abound: China UnionPay continued to expand its visible brand presence, particularly in high traffic tourist destinations. As previously domestic-only merchants are able to sell products outside their home countries via the internet, the enablement of alternative payments is important to help convert more browsers to transacting customers.

Convergence and connectivity

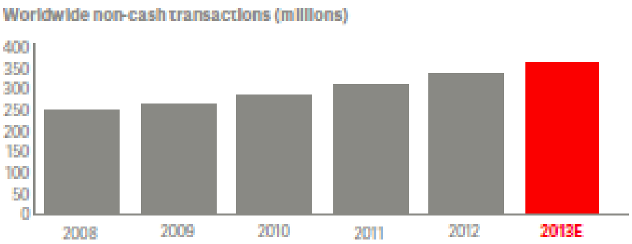
Over the past five years, sales of smart phones and tablets have continued to grow rapidly in tandem with the decreasing cost of connectivity technologies such as wireless internet, broadband and GPS satellites. Over 50% of Google searches now come from a mobile device. This is making the internet mobile and changing the way consumers experience everyday life, blurring the traditional distinction between the virtual and real worlds. Today, a consumer can now buy a cup of coffee, order and take a taxi journey and whilst travelling find and pay for a newspaper article to read, all without ever opening her purse.

Internet infrastructure

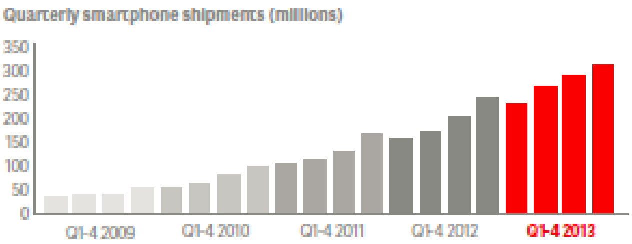
From a payments technology perspective, this means that offline and online payments are beginning a process of convergence, with the technical infrastructure that supports the online, virtual-internet world becoming dominant. This has a number of interesting implications for physical store design, data ownership and security (including fraud protection), all of which the industry is in the process of working through. What is clear is that industry participants without historical online capabilities are playing catch up.

Invisible payments

We now see the emergence of consumers who expect to channel and context-switch (e.g., start a purchase online, complete in store). By 2020, we believe this personal device usage for transactions will be mainstream with over 40% adoption rate and consumers expecting purchasing to be invisible, driven by widespread usage of apps that have delegated payment authority. During 2014, the global rise of Uber demonstrated the power of this emerging seamless consumer experience. Technology providers can enable this environment, which we expect will be a competitive advantage initially, and a basic requirement eventually, for merchants.



Source: Capgemini Financial Services



Source: Morgan Stanley

This example highlights the trend in the market to outline the possibilities for the business.

12. Environmental matters

Requirement

The business review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about environmental matters (including the impact of the company's business on the environment), including information about any policies of the company in relation to those matters and the effectiveness of those policies.

Disclosures concerning greenhouse gas emissions are not a mandatory requirement under the Guidelines. However where this information is available and is significant to the understanding of the portfolio company and its operations, its inclusion could only improve the transparency and quality of reporting.

Basic compliance

Basic compliance includes a discussion of the environmental matters affecting the business, the policies in place to address them, and the impact of these policies.

The type of disclosure required is, naturally, dependent on the nature of the business. For example it would be expected that water companies would focus on discussions about the level of water wastage and food manufactures would focus on reducing packaging, the levels of salt and hydrogenated fats in food.

Good practice

Attributes of good practice include:

- Discussion of the specific actions taken to address the environmental matters identified, supported by quantifiable evidence and specific targets where applicable;
- Clear explanation, and alignment, of the specific environmental matters and strategy; and
- Extracts from a company's Corporate and Social Responsibility Report often provide the most relevant disclosure; this can be cross-referenced to avoid duplication.

Call Credit – 31 December 2014

OUR
ENVIRONMENT

2014 KPIs

3.7	Tonnes carbon footprint per employee
1,850	Litres waste per employee
47%	Waste recycled

Systems, Facilities

We are certified to ISO14001, the best practice for environmental management.

Each year we report our carbon footprint to the Carbon Disclosure Project. Our international growth has increased our travel carbon. Efficiencies in facilities and IT have balanced this, but our overall footprint still grew in 2014.

Technology

We do more with less by being smarter about how we design our IT services. We've centralised processing to our datacentres, using renewable electricity and award-winning energy efficiency.

In 2014 we rolled out Lync electronic collaboration tools between our offices to reduce our travel carbon.

Business Change

We use process improvement to drive efficiency and save time, cost and environmental impact. In 2014 we implemented Concur for electronic expenses, significantly reducing paper use.

This example summarises the specific actions taken by the business, with some useful metrics.

Brakes Group – 31 December 2014

Environment

Environmental progress has been significant despite continuing business growth. Key to this success has been investment in new lighting technology at many of the depots, modern more efficient refrigeration systems at new regional distribution centres and continuing fuel saving initiatives for the fleet of distribution vehicles. As the business grows the Group continues to reduce its energy consumption through economies of scale and improvements in systems and processes. Optimisation of own brand packaging continues unabated with a reduction of circa 118 tonnes alone being saved during the year.

Progress with key objectives:

Pollution, prevention and continuous improvement - During the summer the business's EMS was audited and re-certification to ISO 14001 was granted by the independent accreditation body National Quality Auditing (NQA). The business refreshed its operational environmental championship structure and training sessions were held both for incumbents and as a refresher for the current team. Despite a busy and challenging trading year environmental standards were upheld.

Carbon footprint - Towards the end of 2013 the new carbon reduction target of 20% by 2020 against a base year of 2010 (indexed to sales) was introduced by the CSR steering group. The company has since made tremendous progress and is already achieving almost 17%, clearly in part this has been facilitated by the new Warrington RDC which opened in October 2013 and further improvement will be afforded by the recent opening of Newhouse in Scotland and in due course Harlow RDC in Essex. All of the newly built RDC's have been constructed to a high BREEAM standard and have rain water harvesting as part of the specification.

Since signing up to a new 10 year Climate Change Agreement (CCA) which committed the group to reduce its electricity consumption by 11.7% per meter cubed by 2023, in return for exemption from CRC carbon taxation and discounts of the climate change levy applied to utility bills, the projected forecast for the first reporting period is already 8.18% against an industry recommended target of 5.85%.

During 2014 the business increased its purchases of green energy produced from renewable resources from approximately 13% to 21%. This is largely the UK's non-cold store electricity usage comprising of offices and ambient warehouses. This policy continues to support the businesses commitment towards environmental improvement and the fulfillment of CSR objectives.

Waste management - The stretching zero waste to landfill target by end 2015 is on track with just 3% to achieve. In the last year the diversion figure has increased from 93% to 97%. The Group continues to rigorously follow the DEFRA "Waste Hierarchy" comprising of prevention, reuse, recycling and recovery and in 2014 once again donated over 1 million meal equivalents to Fairshare the national UK charity for the homeless and needy.

This example provides good quantification of the progress against targets.

RAC – December 2014

Environmental management

As a responsible motoring organisation, RAC recognises that its activities, products and services have an impact on the environment. We are committed to not only being compliant with all relevant environmental legislation and regulations, but also to the principles of prevention of pollution and to continuous improvement by introducing the stringent ISO14001 environmental management systems across all sites and our roadside operations. As The Motorist's Champion we will continue to take a lead in influencing motorist behaviour, government transport strategy and motor industry practices as together we can reduce the impact on the environment from motoring.

Emissions

We continue to look for innovative ways to reduce our emissions, through investment in new technology, working with our suppliers and contractors, and educating and raising awareness throughout our organisation.

Our carbon reduction plan aims to deliver a further reduction in our CO_2 output in 2015. A number of fleet initiatives will contribute towards this including an ongoing "Smarter Driver Training" programme for all company drivers, a vehicle replacement programme, and the use of telematics units in all of our 1,500 patrol vehicles. We have also implemented iCloud technology, allowing our colleagues to work from any location, permitting greater home and remote working and reducing the need to travel.

Waste and recycling

The Group has established waste management and recycling programmes at its sites and across its roadside operations. Disposal methods for waste are determined through the collaborative efforts of RAC and its waste management partners. Working together, we strive to identify new opportunities for recycling waste, reducing the percentage going to landfill. Wherever possible waste is recycled and several of our waste streams are recycled in unique ways, including furniture being recycled into animal bedding, carpet underlay and note books; and plastic drinking cups recycled into garden furniture, and contaminated fuel being recycled for re-use.

Reducing energy, water and paper consumption

RAC has introduced various initiatives to reduce energy, water and paper consumption. These include:

- the installation of water efficient toilets and wash basins across our three key sites
- an LED light replacement programme
- PC and Monitor reporting systems to ensure that equipment is switched off overnight
- a strict temperature control policy
- the development of new electronic communications
- the use of "smart" technology printers

This has achieved a significant reduction in our use of gas, electricity and water, and a reduction in the amount of paper and print used by our colleagues in our offices minimising our waste and improving efficiency.

This example provides a detailed explanation of how the business manages environmental matters.

13. Employees

Requirement

The strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about the company's employees including information about any policies of the company in relation to those matters and the effectiveness of those policies.

Basic compliance

The Companies Act requires, for all companies with greater than 250 employees, the disclosure of the company's policy in respect of the employment of disabled persons, of the health, safety and welfare at work of employees and of the involvement of employees in the management of the company. To comply with the Guidelines, to the extent that employees are considered a critical resource of the business, disclosures should also include a discussion of the management and development of employees, including recruitment, training and development practices.

Good practice

Attributes of good practice include:

- Alignment of strategy and employee policies and actions;
- Detailed discussion of employee policies including benefits, share schemes and performance bonuses and explanations of how these link to performance and development;
- Policies around recruitment, training and development;
- Quantifiable evidence of performance; and
- Disclosure of targets, qualitative or quantitative, and discussion of performance against targets.

Pret a Manger – 1 January 2015

Recruitment

Pret is fortunate to have 20 applications for every job vacancy. In the UK we fill 65% of our Team Member vacancies within 3 days. All new recruits spend several hours in a Pret shop as part of their recruitment process and are selected following a vote by the Team Members in that shop.

In 2014 our UK School Leaver Programme welcomed 28 school leavers to Pret. For the first time this included school leavers outside London, resulting in half of the 2014 intake being located in regional towns and cities. They are working their way through an accredited Advanced Level 3 Apprenticeship developed to complement the Pret career path and provide specific school leaver training, courses and support. The 2012 and 2013 intakes continue to do well. One will begin training as a Manager in May 2015, and another was awarded 'School Leaver of the Year' by the independent organisation allaboutschoolleavers. This year we plan to expand the scheme further in line with Pret's growth, and have been shortlisted for the Mayor's Fund for London Award for Top Employer of Young People in London.

In 2013 Pret UK launched the 'Bring Back the Saturday Job Campaign' to provide young workers with Saturday (or Sunday) jobs which fit around their studies. Students and schools tell Pret that this gives young people valuable employment experience which will help them find good employment opportunities in future. Pret is proud to have created over 100 weekend jobs during 2014. We will continue to build on this momentum during 2015.

Apprenticeships

The Simon Hargraves Apprenticeship Scheme, named in honour of our colleague who died in 2009, offers young homeless people the opportunity of a three-month work experience programme, with the aim of helping them to build a new future. It was set up as part of our effort to support grass roots charities and to help them tackle the 'causes of homelessness. The programme provides real work and personal development, a dedicated mentor for support, and the same pay and benefits as other Pret employees. It can lead to a permanent position within Pret or help provide the confidence and experience required to follow a career elsewhere. In 2014 we offered a further 60 apprenticeships, and of these young previously homeless people, 80% found employment at Pret. We aim to offer a further 60 apprenticeships in 2015 and to introduce a 'rising star' programme to develop our apprentices into managers.

Reward and pay

All permanent employees throughout the Group are eligible for a bonus after their first 10 days in the business.

During 2014 Pret announced two pay rises for its UK Team Members, to support Pret's aim to continually pay its people well above industry norms and the national minimum wage in recognition of their hard work and commitment. In the US changes to Pret's pay and benefits systems have ensured that we are fully compliant with the Affordable Care Act requirements.

Employee survey

A global employee opinion survey was conducted in 2014. A high response rate was achieved with an overall employee 'happiness' rating of 81%. A series of actions have been undertaken in each country as a result of feedback to drive further improvement for 2015.

This example is part of a wider employees section that discloses aims, performance against these aims and a forward looking perspective.

Keepmoat –31 March 2015

Our people

Keepmoat wants its people to enjoy coming to work, feel respected and be able to reach their full potential.

At Keepmoat, we are very proud of our skilled, dedicated and motivated workforce who work to the highest standard and make this business such a success. We recognise that we need to ensure we attract, inspire and retain like-minded people to bolster our team and deliver a first-class service for our customers.

We are very **proud of our skilled, dedicated and motivated workforce** who work to the **highest standard** and make this business such a success.

This year Keepmoat has pledged to support over 400 apprentices across the UK. Investing in apprenticeships is not just about creating short-term jobs but showing our apprentices the skills that will help them to build life-long careers. A firm supporter of apprenticeship schemes for the construction and regeneration industry, Keepmoat helped more than 300 people last year to gain experience and skills. We offer professional training for roles such as estimators, resident liaison officers and quantity surveyors, as well as the more traditional construction trades.

When an employee joins Keepmoat, we are committed to ensuring that they feel challenged, valued and rewarded for their hard work, and supported every step of the way. Comprehensive training programmes are available to ensure that each employee continues to learn and develop their career.

We actively involve our employees in decision-making across the business by a range of mechanisms including our employee forum and road shows to help employees influence the shape of the future business.

The Group is committed to achieving a balanced and diverse workforce and pursues an equal opportunities policy through all areas including recruitment and selection, training and development, performance reviews, succession planning and promotion, and ultimately retirement. It is our policy to ensure all employee related decisions are made on the basis of merit and capability regardless of religion, race, nationality, ethnic origin, gender, sexual orientation, marital status, age or disability.

Applications from disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. Where existing employees become disabled, every effort is made to ensure continuity of employment, actively looking to adjust their environment where practicable, and providing training and career development to allow them to maximise their potential.

We place special emphasis on occupational health and safety matters with policies and practices kept under constant review.

Investors in People

As part of our commitment to our people, Keepmoat has been awarded the Investors in People (IIP) accreditation. Gaining the IIP accreditation is another step to continually improve the service provided to our clients by helping our staff maximise the contribution they can make to the long-term success of our organisation.

Every member of the Keepmoat team plays a valuable role in ensuring the company achieves its strategic objectives. In order to maintain a motivated, committed and positive culture, the business is aware that it needs to ensure there are excellent learning and development opportunities in place for all employees.

INVESTORS IN PEOPLE

This example provides a balanced discussion of the policies of the business.

14. Social, community and human rights issues

Requirement

The strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include information about social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies.

Basic compliance

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

Good practice

Attributes of good practice include:

- Alignment of social, community and human rights issues to strategy;
- Explanation of the actions taken to address the specific social, community and human rights issues for example, local recruitment, investment in education and overseas employment policies;
- Supply chain management monitoring to ensure social policies are consistent throughout, for example use of labour and the wider impact on society in overseas locations; and
- The discussion is supported by quantifiable evidence.

Extracts from a company's Corporate and Social Responsibility Report often provide the most relevant disclosure and can be cross-referenced to avoid duplication.

Call Credit – 31 December 2014

OUR
COMMUNITY

2014 KPIs

0.43% Community Investment, of EBITDA

£83K Charity fundraising

37% Staff who volunteered

Community Partnering

By giving our business skills and products pro bono, we can enable community organisations to better focus on their core mission.

In 2014 we did this with Barca, a Leeds charity that helps people overcome issues stemming from poverty. We helped Barca address financial exclusion, roll-out new IT systems and supplier relationships, develop a strategic plan, and win contracts with the public sector.

Employee Volunteering

In 2014 our people gave 399 days to directly benefit society and the environment. Projects included hosting events for the elderly, wildlife conservation and putting in access routes for the disabled.

Charities

Each of our offices chooses and fundraises for a charity of the year. In 2014 our head office in Leeds raised £83K for CandleLighters, helping Yorkshire families facing childhood cancer. We also match employee's own fundraising.

This example is supported by quantifiable measures and is part of a wider disclosure which also covers human rights in the supply chain.

Brakes Group – 31 December 2014

Responsible sourcing
At Brakes we understand the importance and indeed the benefits of ensuring every aspect of our business is run in a responsible and ethical way. From a procurement perspective we are focused on six key areas:

(i) *Supplier relationships*
We recognise the importance of our suppliers to the on-going success of our business and our Supplier Relationship Management (SRM) initiative is designed to engage with all of our suppliers and encourage feedback on areas in which we can improve.

(ii) *British sourcing*
Consumers continue to show a desire to 'Buy British' placing high importance on locally grown and sourced produce. We understand the challenges that our suppliers face and will continue to support British growers, producers and packers at every opportunity, looking to further improve the ways we communicate to our customers and respond to the consumer preference for products that are grown and sourced locally and regionally.

(iii) *Environment*
The Group continues to identify ways to reduce its impact on the environment through the use of modern technology and by reducing mileage through its network strategy. It has made excellent progress in terms of waste reduction and landfill diversion. A commitment to use only sustainable palm oil in all of the Brakes own label products by the end of 2015 is on track.

(iv) *Animal welfare*
We continue to focus on animal welfare and sustainable fishing. Our close working relationship with suppliers helps us ensure our producers comply with good husbandry practices and legislation safeguarding that all animals are properly and consistently treated.

(v) *Ethical trading*
Our ethical trading policy is based on well respected labour standards and ensures that our sourcing decisions are made in an informed way. Our supplier facing colleagues have undertaken external workshops on this important subject and this is a key area of focus when we are making decisions as to who we trade with to ensure we deliver in the most ethical way possible.

The Group will never knowingly accept products from suppliers who exploit the people or natural resources of their environment. The Group requires suppliers to meet its code of conduct, including human rights issues, which is based on standards set by the Ethical Trade Initiative and reflect the key elements of the International Labour Organisation conventions. This code of conduct relates both to its own operations and those of its supply chain.

(vi) *Transparency*
We have a clear responsibility to our customers to provide them with products that contain only what is stated on the label so that they in turn can serve their consumers with confidence. Trading in a transparent and responsible way across all of our working practices has played an important role in delivering the success and growth we have enjoyed over many years. As part of our commitment in this area we have in place an extensive fish and meat speciation testing program in addition to undertaking authenticity tests on other categories considered to be high risk.

This example is part of a wider disclosure, summarising the corporate and social responsibilities in line with the strategy.

Priory Group – 31 December 2014

Human Resources – single equality scheme

The Group is committed to challenging discrimination and promoting equality for all. Its single equality scheme outlines the Group's longstanding commitment to ensuring services are accessible and appropriate for the diverse patient, resident and student community served and that its employment practices are fair, and value the workforce employed. In choosing a single equalities approach, the Company is acknowledging that it has responsibilities to tackle discrimination and promote equality that go beyond the positive duties set out in legislation. The single equalities approach also enables the Company to effectively challenge multiple discrimination.

The single equality scheme is intended to inform the Group's employees, patients, residents, students and their carers, visitors, contractors and all other stakeholders, of how equality and diversity is part of carrying out its core business and the actions taken to ensure this happens. It is now the responsibility of all individuals in the Group to ensure they embrace the principles of the scheme and ensure they translate into the delivery of a truly inclusive service for communities and in the Group being recognised as an Employer of Choice.

Community

By their nature the Group's facilities are an integral part of the communities they serve, focussing on integrating service users back into the community, educating future generations and providing care where possible in supported living settings to enable service users to remain within the community.

During the year the Group supported a number of healthcare related charities and will continue to do so. In addition, the Group works with a variety of organisations to raise awareness of mental health issues.

Human rights

The Group firmly believes in the dignity and individual rights of every human being. We are committed to supporting human rights through our compliance with laws and regulations in all aspects of our operations and through our policies. All corporate policies are drafted to take account of the Human Rights Act 1998 (HRA) and particular emphasis is given to the HRA in policies relating to Safeguarding, Data Protection, Mental Capacity Deprivation of Liberty and detention under the Mental Health Act.

This example illustrates the business specific aspects of corporate and social responsibility, and specifically considers human rights issues.

15. Gender diversity information

Requirement

The strategic report must include a breakdown at the end of the financial year show the number of people of each sex who were directors the (parent) company, the number of people of each sex who were senior managers of the company (other than those already identified as directors) and the number of people of each sex who were employees of the company. The Guidelines allow the portfolio company to apply their own definition in relation to the role of a senior manager.

Basic compliance

Basic compliance includes a section of the annual report describing, at a high level, the gender diversity under the three required headings.

Good practice

Attributes of good practice include:

- Clear overview of diversity statistics identifying the split at the three levels described;
- Policies and actions to promote diversity and actions taken to avoid discrimination;
- Detail about the relevance to the business of diversity and how this links in with the strategy; and
- Explicit detail about the definition of a senior manager to the business.

Equiniti – 31 December 2014

Diversity

We recognise the value of a diverse workforce and look to offer equal opportunities to everyone. Equiniti has a good gender balance across the Group, with 51% of our people being female and 49% male. However, women remain under-represented at senior levels and in certain parts of the business, notably Intelligent Solutions and our IT function.

We expect that our talent, development and recruitment programmes will help to address this, as well as our coaching and mentoring initiatives. Equiniti has also joined everywoman, an organisation that works with many blue-chip companies and provides development programmes and forums to help women progress in their careers.

The table below shows our current gender diversity.

	2013 (%)		2014 (%)	
	Men	Women	Men	Women
Board	100	0	82	18
Senior management	66	34	69	31
Other employees	47	53	50	50
Total	49	51	52	48

This example summarises the gender diversity position clearly, outlining the policies in place.

World Pay – 31 December 2014

2014 Global workforce

Worldpay's employees:

a. Male — 58%
b. Female — 42%

Worldpay's employees over 50:

c. Over 50 — 14%
d. Under 50 — 86%

Senior Leadership Team employees:

e. Male — 80%
f. Female — 20%

Senior Leadership Team employees over 50:

g. Over 50 — 26%
h. Under 50 — 74%

In the summer of 2014 we carried out a Gender Diversity Benchmark Survey with Business in the Community – this looked at gender diversity within Worldpay and against both private sector and industry benchmarks. More than 40% of our workforce globally is female, which exceeds many of the private sector benchmarks. However, this isn't reflected in our leadership teams or in all functions in our business. As an organisation we're working hard to make sure there's better representation of women in our managerial and leadership roles and also in our technology functions as this is at the heart of our organisation.

During 2014 we developed and started to put in place a three year plan with aspirational goals. This began with an external audit, identifying areas of strength and areas for improvement in our employment practices.

In 2014 the Group gave our colleagues globally, free access to the everywomanNetwork, an online membership network, offering tools and resources to support individuals with their personal and career development. We currently have 364 male and female colleagues who've taken up membership. 2014 also saw the introduction of Worldpay's first colleague network, Women of Worldpay (WOW). The network is already making good progress and we look forward to reporting more about them in our 2015 Annual Report. During 2015 we'll continue to develop our partnership with everywoman and supporting the Women of Worldpay network. We are also committed to building more colleague networks to support colleagues across the organisation.

Our focus in 2015 will be on supporting our colleagues with family commitments, both childcare and eldercare as this recognises the changing landscape of family life and an ageing population. We aim to extend our current offering on health and wellbeing to provide more tailored support on mental health.

This example includes both metrics and narrative regarding the diversity of the organisation at both a gender and age level, across the whole population and senior leadership level.

Appendix

Guidelines for disclosure by portfolio companies and private equity firms

The requirements of the update Guidelines for the form and content of disclosure by portfolio companies within their annual report and accounts are set out below:

1. Definition of a portfolio company to be covered by the Guidelines

A portfolio company is a UK company:

- 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
- 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.

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.

A portfolio company of a PE firm or firms becomes a Walker company, subject to meeting the other criteria as laid out in the Guidelines, when any one of the following criteria is met:

- It is evident the PE firm holds a majority stake (>50% of the ordinary shares) in the underlying business;
- If a PE firm, in its own financial statements, discloses that it maintains control of the portfolio company;
- A PE firm has the ability to direct the financial and operating policies of a portfolio company with a view to gaining economic benefits from its activities. Consideration shall include, but not be limited to: management control; board seats; directors indicative of significant influence.

Where more than one PE firm invests in a portfolio company, those firms will be jointly responsible for ensuring that the portfolio company applies the Guidelines.

The Group continues to review whether the transaction size criteria should be lowered to bring more portfolio companies into scope. Further communication will be issued if new criteria become applicable.

2. Content of disclosure by a portfolio company

A portfolio company should include as part of its audited annual report and accounts the following 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.

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

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 PE firm and directors brought in from the outside to add relevant industry or other experience.

The financial review should cover risk management objectives and policies in the light of 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 to explain the financial position of the company and/or group.

The directors of a company must prepare a strategic report for each financial year of the company. The purpose of the strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company). The report should also include a strategic report that substantially conforms to the provisions of Chapter 4A of Part 15 of the Companies Act 2006 including sub-sections 7 and 8 of section 414C (which are ordinarily applicable only to quoted companies):

- The strategic report must contain— a) a fair review of the company's business, and b) a description of the principal risks and uncertainties facing the company.
- The review required is a balanced and comprehensive analysis of— a) the development and performance of the company's business during the financial year, and b) the position of the company's business at the end of that year, consistent with the size and complexity of the business.
- The review must include— a) analysis using financial key performance indicators, and b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters. The term 'key performance indicators' means factors by reference to which the development, performance or position of the company's business can be measured effectively.
- s414C(7) requires in the case of a quoted company and as adopted by the Guidelines 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.

- s414C(8) requires in the case of a quoted company and as adopted by the Guidelines 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.

    In subsection (8), 'senior manager' means a person who — a) has responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company, and b) is an employee of the company.
    In relation to a group strategic report a) the reference to the company in subsection (8)(c)(i) is to the parent company; and b) the breakdown required by subsection (8)(c)(ii) must include the number of persons of each sex who were the directors of the undertakings included in the consolidation.

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

The audited report and accounts should be readily accessible on the company website. The report and accounts should be made available no more than six months after the company year end; and

A summary mid-year update giving a brief account of major developments in the company (but not requiring updated financial statements) to be placed on the website no more than three months after mid-year.

4. Conformity by a non-UK portfolio company or group

Where a portfolio company is applying the Guidelines in an audited annual report which is not covered by the Companies Act 2006 it should look to ensure all the requirements are met in this annual report but does not need to explicitly produce a separate strategic report.

5. Conformity with each of the Guidelines should be on a 'comply or explain' basis.

Where an explanation is given for 'non-compliance', this should discussed with other related relevant disclosures called for under these Guidelines in the annual report and financial statements which should be on the website of the PE firm or portfolio company.

Contacts

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