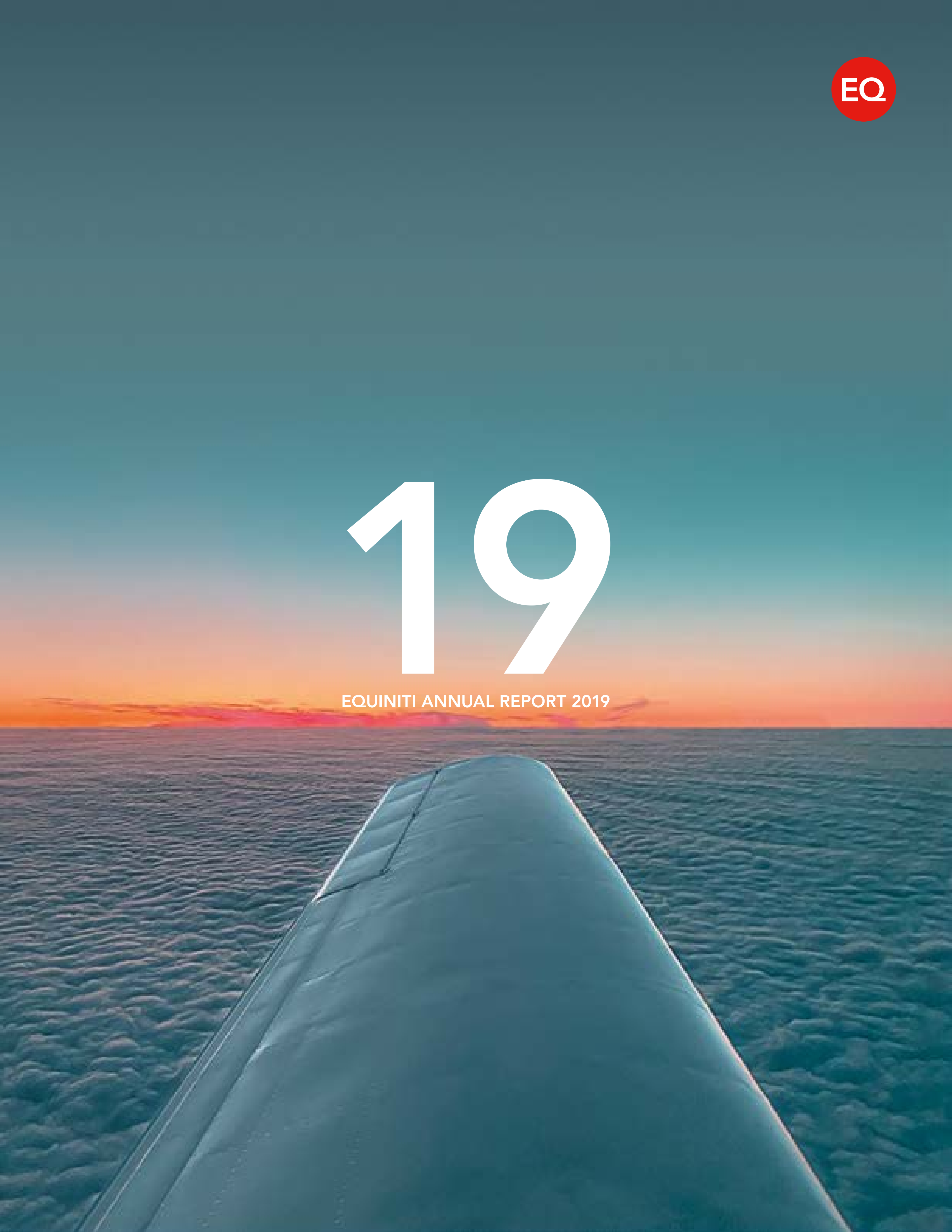
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EQUINITI ANNUAL REPORT 2019

EQUINITI IS AN INTERNATIONAL PROVIDER OF TECHNOLOGY AND SOLUTIONS

for complex and regulated data and payments, serving blue-chip enterprises and public sector organisations.

Contents

EQ

We are a **Superbrand**

Superbrands
BRITAIN'S CHOICE
2019

OUR MISSION AND VISION

- Our mission is for our people and platforms to connect businesses with markets, engage customers with their investments and allow organisations to grow and transform.
- Our vision is to help businesses and individuals succeed, creating positive experiences for the millions of people who rely on us for a sustainable future.

OUR PURPOSE

- Our purpose is to care for every customer and simplify each and every transaction.
- Skilled people and technology-enabled services provide continuity, growth and connectivity for businesses across the world.
- Designed for those who need them the most, our accessible services are for everyone.

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EQUINITI EMPLOYEES FEATURED THROUGHOUT THE PHOTOGRAPHY

Best Share Registrar at the Shares Awards
– Voted for by investors and shareholders

01 Strategic Report

HIGHLIGHTS

Measure	Value	2018[1]	CHANGE[2]
Revenue (£m)	**£555.7m**	£530.9m	4.7%
Underlying EBITDA[3] (£m)	**£136.0m**	£129.5m	5.0%
Underlying EBITDA margin (%)	***24.5%***	*24.4%*	*0.1%*
Earnings before interest and tax (EBIT)[3] (£m)	**£55.9m**	£41.1m	36.0%
Profit before tax	**£39.8m**	£24.3m	63.8%
Profit after tax	**£32.4m**	£20.4m	58.8%
Diluted earnings per share (EPS) (pence)	**8.4p**	4.6p	82.6%
Underlying EPS[3] (pence)	**18.1p**	17.8p	1.7%
Dividend per share (pence)	**5.49p**	5.32p	3.2%
Operating cash flow conversion[4] (%)	**91%**	102%	(11%)
Net debt (£m)	**£343.6m**	£352.0m	(2.4%)
Leverage (x)	**2.5x**	2.7x	(0.2x)

FINANCIAL PROGRESS

- Revenue growth of 4.7% including a full year of North American[5] operations, with organic revenue[3] growth of 1.4%, underlying EBITDA growth of 5.0% and an increase in underlying EBITDA margin of 0.1% to 24.5%
- Solid financial progress in a challenging market environment:
  - Global slowdown in corporate activity impacting both Investment Solutions and EQ US
  - US interest rate cuts
  - Reduction in trading volumes in our execution-only brokerage service as a result of the uncertain equity market trading conditions
  - An expected price reduction relating to the MyCSP contract in Pension Solutions
  - Intelligent Solutions performing below its recent trend suppressed by the delay in commissioning of new projects over the UK election period
- Strong EBIT and profit after tax growth of 36.0% and 58.8% respectively, driven by underlying business growth, margin advancement and completion of EQ US acquisition
- Operating cash flow conversion of 91% with strong cash flow in H2 offset by the end of the beneficial US TSA arrangements and a further reduction in the use of the receivables financing facility from £10.3m in 2018 to £8.0m in 2019
- Leverage of 2.5x on a post-IFRS 16 basis (31 December 2018: 2.7x) 2.3x pre-IFRS 16 (31 December 2018: 2.5x)

STRATEGIC PROGRESS

- Separation of North American operations from Wells Fargo completed in May 2019:
  - Successful new product launches generated wins in private company M&A and equity compensation plans with strong pipeline for 2020
  - Retention of all clients with key renewals including Comcast, Hewlett Packard and Proctor & Gamble, with strong service underpinning recurring revenues
  - New client wins including Cincinnati Financial, Change Healthcare and Listo Solutions with a number of material competitive bids underway for 2020
  - New operating capacity launched with additional facilities in Milwaukee, Wisconsin, creating scale for further growth
  - Delivery of synergies in line with plan, with $5m achieved in 2019 and $10m in sight for 2020
- Continued strong client retention and new wins across all UK divisions:
  - Share registration renewals including Associated British Foods, Centrica and RSA Group
  - More new share registrations commenced than in any prior period including AFI Development, Deltex Medical, Marshalls, National Grid, Petrofac, Vitec Group and WM Morrison
  - New IPO mandates including DWF, Trainline and Watches of Switzerland with several mandates for early 2020
  - New client wins in Intelligent Solutions for both software and services including Bamboo Finance, Roland Berger and J Sainsbury
  - Pleasing progress in Pension Solutions with revenue stabilised and renewed or extended relationships including Aviva, Fidelity and HP, and new clients wins including a 10 year contract to provide outsourced administration to an international reinsurance company, a software licence sale to The Sovereign Group and a large calculation automation project with Diligenta
- A nearshore technology centre established in Krakow, Poland, accelerating development of web and mobile applications
- A second offshore operations and technology centre launched in Bangalore, India, increasing operational resilience and scale
- Continued selective acquisition of new capabilities:
  - Richard Davies Investor Relations (RD:IR), an independent investor relations business based in London, providing the UK's most advanced mobile enabled investor relations platform for issuers, banks and IR professionals
  - Corporate Stock Transfer Inc. (CST), a transfer agent in Denver, Colorado, providing capability for the micro-cap space

USE OF CAPITAL

- £48.5m of capital investment relating to the separation of our North American business, new office openings (Bangalore, Milwaukee and Krakow), a high level of IT projects and investing in new portals and asset tracing services in the US
- Recommended final dividend of 3.54 pence per share, to give a total dividend of 5.49 pence per share, representing growth of 3.2% in line with progressive dividend policy

About Equiniti

We deliver our services through four divisions, underpinned by technology platforms and positions of scale in our chosen markets:

27%

OF 2019 REVENUES

INVESTMENT SOLUTIONS

Investment Solutions offers a broad range of services, including share registration for around half the FTSE 100, and the administration of SAYE schemes and share incentive plans for 1.2 million employees. The division also provides share dealing, wealth management and international payments to corporate clients and their employees, as well as directly to retail customers.

31%

OF 2019 REVENUES

INTELLIGENT SOLUTIONS

Intelligent Solutions targets complex or regulated activities to help organisations manage their interactions with customers, citizens and employees. The division offers enterprise workflow for case and complaints management, credit services, on-boarding new clients, and specialist resource for rectification and remediation.

23%

OF 2019 REVENUES

PENSION SOLUTIONS

Pension Solutions offers administration and payment services to pension schemes, as well as pension software, data solutions, and life and pensions' administration. The division is a scale provider of pension technology and operates some of the largest pension schemes in the UK. These include the National Health Service scheme, which has more than 2.6 million members, and the Armed Forces Veterans, which we have served continuously since 1836.

17%

OF 2019 REVENUES

EQ US

EQ US offers a range of transfer agent services that enable our clients to manage share registers, communicate with shareowners and undertake significant corporate actions – simply and effectively. It continues to add to its offering, with recent launches including equity compensation plans and proxy services.

2%

OF 2019 REVENUES

INTEREST INCOME

In addition to our four divisions, we earn interest income as a fee for the administration of certain client and customer balances.

[1] The Group has applied IFRS 16 for the year beginning 1 January 2019 and has adopted the modified retrospective approach, which means that comparatives in the consolidated financial statements have not been restated. To provide like-for-like comparators for the prior period, comparatives throughout this Strategic Report have been presented as if IFRS 16 had applied throughout 2018 – see pages 37 to 39 for further details.

[2] Change at actual foreign exchange rates. Reported revenue change at constant foreign exchange rates is 4.0% and underlying EBITDA is 4.5%.

[3] The Group uses alternative performance measures to provide additional information on the underlying performance of the business. See pages 35 to 36 for further details.

[4] Operating cash flow conversion is calculated after allowing for use of the Group's £20.0m receivables financing facility, of which £8.0m (31 December 2018: £10.3m) was utilised at the year end. Details of the facility can be found on page 33.

[5] The acquisition of EQ US completed on 1 February 2018 and its results were consolidated into the Group from that date. Prior period performance is therefore from 1 February 2018 to 31 December 2018.

OUR BUSINESS MODEL

THE INPUTS TO OUR BUSINESS MODEL

We rely on the following assets to create value for our stakeholders:

PROPRIETARY TECHNOLOGY

We have well-invested and scalable proprietary technology platforms, which give us a competitive advantage and form a barrier to entry, given the substantial experience, time and money required to build them.

SPECIALIST PEOPLE

We employ people who are experts in their fields. At the year end, we had over 5,200 employees.

RELATIONSHIPS

We build excellent long-term and mutually beneficial relationships with our clients, which include c70 of the FTSE 100, c120 of the FTSE 250 and c700 US corporate clients. Our average relationship with FTSE 100 share registration clients is c29 years with similar tenure with US clients.

KNOWLEDGE

We have many years' experience of providing complex services in regulated markets. We also have a strong track record of identifying and acquiring new platforms and capabilities to cross-sell to the existing client base.

FINANCIAL RESOURCES

We carefully manage our balance sheet and cash flows, giving us the financial resources we need to invest in our technology platforms and to continue our growth.

OUR VALUE CREATION MODEL

THE VALUE WE ADD

We combine proprietary technology with experienced and specialist people, to provide accurate, flexible and efficient services. These services are often non-core to our clients but also business-critical to them. Our experience of operating in regulated environments helps our clients to meet their regulatory obligations and protect their stakeholders' interests.

Our scale and broad client base mean we can make investments in technology and people that our clients would not economically choose to make themselves. This allows us to provide services more efficiently than clients could in-house, delivering cost efficiencies and giving them the flexibility to adjust the resources deployed throughout the year.

ENSURING A SUSTAINABLE BUSINESS MODEL

Our strategy is designed to ensure our business model is sustainable for the long-term. High-quality delivery supports long-term relationships with our clients' senior decision makers. Our strategic account directors then work with them to identify other areas where we can deliver value and innovation. As a result, our key accounts typically take more than 10 services from us and some take more than 20. This cross-selling and up-selling drives our top line growth. Our market-leading positions also make us a natural choice for new clients. In addition, we look to turn major clients into true partners, where we are each other's supplier and customer and jointly deliver new opportunities, making these relationships even stronger.

We provide business-critical services to our clients, often in highly regulated and complex environments. As we grow, our business and our risk environment also become more complex. Managing risk effectively is fundamental to delivering our strategy and to us operating successfully. We believe that a robust risk management culture is vital for sustainable growth and must be at the centre of everything we do. For more detail on how we manage risk see pages 52 to 55.

We own the core technology, software and infrastructure required to run our operations, and continually invest in our platforms to add functionality and keep pace with changing laws and regulations. We also bring on board innovative new platforms through acquisitions, along with new capabilities that are relevant to our existing clients. Strong operating cash flow conversion funds this investment, while further reducing our debt.

Our people are vital to us. Their expertise enables us to provide sophisticated, high-margin services that are protected from commoditisation. We develop their skills and offer career paths and interesting work.

DELIVERING RETURNS

Our services generate revenues in different ways. The proportion generated by multi-year contracts and predictable project and trading activity, combined with our long-term relationships, gives us high visibility of future revenues. For the Group as a whole, at the start of each year, we typically have visibility of c90% of revenue for that year and c80% for the following year.

Our revenue visibility comes from the following sources:

- **c50%** from long-term contracted income;
- **c30%** from dependable project income, which relates to tasks and change work undertaken for long-standing clients on our core platforms; and
- **c10%** from transactional income, which happens every month but is not contracted, such as foreign exchange from the payment of overseas pensions and interest income

THE OUTPUTS FROM OUR BUSINESS MODEL

FOR OUR CLIENTS

Our clients receive high-quality services and technology that free them to focus on what matters most to them.

FOR OUR SHAREHOLDERS

Our shareholders gain from rising profits and cash flows, which support a progressive dividend policy.

FOR OUR PEOPLE

Our people benefit from interesting work in a growing business, where they can develop their careers and fulfil their potential.

FOR OUR SUPPLIERS

Our suppliers can grow their businesses alongside ours, as we work in partnership with them.

FOR CUSTOMERS AND SOCIETY

Most of our activities have a direct social benefit, whether that is ensuring people receive their pensions on time or helping clients to grow and create jobs through our data analytics. We also work in an ethical and sustainable way, and seek to create sustainable value for the long-term.

We deliver our services and solutions through a suite of platforms

which provide resilient enterprise grade technology and functionality to our clients and give us a significant competitive advantage.

This technology underpins our strategy of expanding our service offering, while adapting to changing client and regulatory requirements. Our infrastructure is onshore and configured to be secure and resilient.

The scalability of the platforms supports our business growth. We process increasingly large volumes of data and transactions, making payments of £115bn in 2019. We also have a track record of making targeted acquisitions of companies with exciting technology, which open new growth areas for us.

Our primary technology platforms

EQ Charter

Charter is our case and complaints management platform. It supports Intelligent Solutions' offering, processing more than 4.5 million complaints on behalf of clients. It is a highly customisable solution, which supports automated FCA reporting, root-cause analysis and secure data management. It gives our clients a wide variety of business-critical data in a single view, enabling swift and efficient processes.

EQ Compendia

Compendia is our award-winning pension administration and payroll platform. It is used to manage records and payments for around 9 million UK pension scheme members. As well as using Compendia in our own business, we provide the platform as a software solution to in-house pension teams, either on-premise or as a managed service solution.

Compendia offers self-service functionality to scheme members, through our mobile app and responsive web design. This improves members' experience, helps them to plan their retirements, increases their engagement with the scheme and improves efficiency for the schemes themselves.

We have a number of other proprietary platforms that are important to our business

These include:

EQ Administrator

our life and pensions' technology platform

EQ Centive

our executive share plans platform

EQ Ice.net

our loan administration platform

EQ Passport

our client on-boarding and anti-money-laundering platform

EQ Riskfactor

our fraud detection platform

EQ Sirius

Sirius is our core share register management platform, supporting our registration, dividend payment and share plan administration services. It can handle vast processing volumes, managing over 70 million data records on behalf of 19 million shareholders and making payments of £70bn in 2019. Sirius receives approximately one million internal website hits each day and delivers an average response time of less than one second.

EQ Xanite

Xanite is our custody and settlement wealth management platform. Through its interface with SWIFT and CREST, it supports share dealing for both retail investors and corporate clients, as well as our outsourcing services for wealth managers. The platform also enables us to provide asset custody services and supports our growing direct-to-consumer business, which we deliver through our EQi web and mobile offering.

Equiniti has large addressable markets in the UK and US

In the short-term, activity in our markets is driven by macroeconomic conditions including confidence levels among businesses and institutional investors and the level of interest rates. These factors influence demand for investment-linked products and the number of Initial Public Offerings (IPOs), mergers, acquisitions, share issues and buybacks. Additionally, our business has strong counter-cyclical characteristics with opportunities from capital restructuring and fund-raising often occurring during downturns.

We also increase our addressable market over time by adding capabilities to the Group, expanding our client base via IPO wins and cross-selling into that expanded client base. This is particularly important in the US, as we transfer capabilities developed in the UK to serve EQ US's clients.

The longer-term growth of our markets is the result of powerful structural trends. These are:

- increasing regulation;
- continued digitisation; and
- increasing cost-consciousness.

These challenge our clients, encouraging them to turn to us for support.

INCREASING REGULATION

There is ongoing pressure to protect consumers' interests through greater regulation, particularly in the pensions, banking and financial services, and healthcare industries. There is also ever-increasing focus on issues such as money laundering, which is a global problem.

New regulations are therefore a feature of our clients' markets. More regulation results in both public and private sector organisations facing rising compliance costs and the need to upgrade technology to cope. Many are also contending with past regulatory issues at the same time. Organisations who fail to meet their regulatory obligations face more investigations, increasing demand for remediation services.

While Equiniti is also affected by compliance costs this trend is positive for us overall, creating new opportunities to serve our clients.

CONTINUING DIGITISATION

Consumers expect to receive high-quality services and to be able to manage their affairs online. Shorter product lifecycles are also requiring organisations to build customer journeys more quickly. These pressures require organisations to invest extensively in websites, portals and mobile apps, which can be difficult to do in-house. At the same time, they are often struggling with legacy technology, particularly in the banking sector, making it more difficult to respond.

The growth of digitisation is also creating vast quantities of proprietary and third-party data for our clients. They often need specialist help to analyse this data and extract customer insights, so they can improve their customer offer. This is particularly critical for clients with large customer bases.

INCREASING COST-CONSCIOUSNESS

In a period of subdued economic growth, companies are under real pressure to cut costs, to enable them to compete effectively and protect their margins. Intense pressure on public finances also forces governments and their agencies to do more with less. This requires companies and the public sector to focus on their core operations and be more efficient. Technology-led solutions help them to transform their operations and deliver efficiencies.

The trends outlined on page 12 have several implications for us. Our strategy (see pages 14 to 15) is designed to respond to these dynamics.

IMPLICATIONS FOR EQUINITI	OUR STRATEGIC RESPONSE
The changing environment means existing clients need more of our services, so they can manage change effectively.	We grow sales to existing clients by cross-selling and up-selling, so they take a greater number of our solutions over time.
Prospective clients have an ever-increasing range of needs, opening up new ways of winning their business.	We win new clients requiring core services such as share registration and through new routes such as software sales.
As the world becomes more complex, both new and existing clients require us to offer new capabilities.	We stay ahead by understanding our clients' evolving needs and either developing or acquiring new capabilities to meet them.
Complexity tends to increase costs, so we must focus rigorously on our own efficiency.	We continue to grow our offshore and nearshore presence, find other opportunities to increase efficiency, and benefit from the operational leverage of our platforms.
Our technology is a key enabler of change for our clients. We need to ensure it remains best in class.	We use our attractive cash flows to reinvest in our technology platforms, while continuing to strengthen our balance sheet.

OUR COMPETITIVE ENVIRONMENT

We have both market-leading and challenger positions across our portfolio of services.

In Investment Solutions, we have number one positions in share registration and employee share plans. The division also has challenger positions in custody nominee and flexible benefits services.

In Intelligent Solutions, we have a number one position in remediation services and strong positions in regulatory services, loan technology, know-your-customer (KYC) – customer on-boarding, risk assessment, data analytics and consumer credit.

Pension Solutions is number one in public sector administration and number two in third-party administration, serving approximately seven million pension scheme members.

In markets where we have challenger positions, we are differentiated by our proven ability to process data and payments securely and accurately. Many clients are risk-averse and given the critical nature of our services, operational excellence is essential for winning and retaining their business.

In the US shareholder services market, we rank second by the number of shareholders served. By number of issuers served we rank third.

UK

#1

Share Registration

Employee Share Plans

Remediation Services

Public Sector Pension Administration

#2

Third-party Pension Administration

#4

Execution-only Retail Share Dealing

US

#2

By Shareholders Served

#3

By Issuers Served

OUR STRATEGY

Equiniti has a five-part strategy, designed to drive organic growth by leveraging our technology platforms.

The key components of our strategy are set out below.

Strategy

1. GROW SALES TO EXISTING CLIENTS

The majority of our organic growth comes from cross-selling and up-selling to existing clients. To achieve this, we need to:

- employ great people and develop them, so they deliver consistently excellent service, helping to ensure we retain our existing client base; and
- invest time to understand clients' needs and continue to develop our key accounts management.

2. WIN NEW CLIENTS

To win new clients, we need to:

- target clients requiring core services, in particular share registration;
- attract clients through new routes, such as software sales; and
- maintain our reputation for service excellence, both with our clients and the millions of customers we reach through them.

Progress in 2019

1. Grow sales to existing clients

Long-term client relationships are the foundation of our business. Client retention remains very strong across all of our divisions and we are pleased to have retained all clients in share registration, both in the UK and the US.

Notable examples of cross-selling and up-selling this year included:

- share plan services to FirstGroup, Next, Rentokil Initial and TheWorks.co.uk;
- EQ Insider to a number of share registration clients including J Sainsbury; and
- Equity compensation services to the US market with seven new clients won and channel partnerships agreed with Wells Fargo and Vanguard.

Our key accounts now take an average of more than 10 products from us.

2. Win new clients

During the year we transferred in 15 new share registration clients. We also excelled in the IPO market with the majority of main market IPOs choosing Equiniti as their registrar, and progressing to use our platforms for their share plans. We also launched 60 new share plans for 33 clients.

New wins in the year included:

- share registration mandates for Deltex Medical, Marshall of Cambridge, Morgan Advanced Materials, Petrofac and Vitec Group;
- share plan mandates including AstraZeneca, Compass, Next and Santander;
- UK main market listings, including DWF, Trainline and Watches of Switzerland;
- 36 new license sales including Bamboo Finance Credit Servicing, DXC, MYJAR, Roland Berger and Yorkshire Building Society; and
- wins in the US including Cincinnati Financial, Change Healthcare and Listo Solutions.

3. DEVELOP AND ACQUIRE NEW CAPABILITIES

As our environment changes and opens up new opportunities for us, we need to keep ahead by broadening our offering. This means:

- ensuring we understand our clients' needs, so they can lead our product development;
- developing new capabilities that meet those needs, through organic investment; and
- making carefully targeted acquisitions that give us new technology to meet those needs.

We continued to broaden our capabilities during the year. In particular we:

- acquired RD:IR, an independent investor relations business in the UK;
- acquired US-based CST, providing niche capability in the small and micro-cap space; and
- launched new products including EQ Insider, to administer PDMR dealing; Checksafe, an employee verification tool; and EQ Unified, an asset reunification and tracing platform.

4. DRIVE OPERATING LEVERAGE

Our scalable platforms give us operational leverage as we grow. In addition, we continue to:

- increase the scale of our nearshore and offshore operations; and
- look for other opportunities to improve our efficiency, including premises consolidation and supplier rationalisation.

During the year we:

- opened a technology centre in Krakow, Poland, a second offshore site in Bangalore, India, and another operating site for EQ US, in Milwaukee, Wisconsin; and
- continued to derive efficiency gains in the UK business by rationalising our property footprint, consolidating Aquila's team into Equiniti's Crawley office and downsizing the Bristol operation.

5. REINVEST STRONG CASH FLOWS

Equiniti's business has attractive cash flow characteristics. This enables us to continue investing in our technology platforms, ensuring they remain best-in-class, while reducing leverage.

In 2019 we:

- delivered free cash flow to equity holders of £37.1m;
- invested £48.5m in capital expenditure to develop our core platforms and new fintech products and invest in our US business; and
- at the year end, we had net debt of £343.6m and net debt to underlying EBITDA of 2.5x on a post-IFRS 16 basis. Pre-IFRS 16, net debt to underlying EBITDA was 2.3x.

OUR KEY PERFORMANCE INDICATORS

We use the following key performance indicators (KPIs) to track our strategic progress. Each KPI links to one or more elements of our strategy, as described on pages 14 to 15. We have also set medium-term targets for our key financial metrics, which are described below:

KPI	RELEVANCE TO STRATEGY	LINKS TO THE STRATEGY ELEMENTS
REVENUE GROWTH The value of services and software provided to clients in the year, plus interest income.	Delivering organic revenue growth is at the heart of our strategy. We supplement this with growth from acquisitions.	1 2 3
UNDERLYING EBITDA MARGIN Earnings before interest, tax, depreciation, amortisation and non-operating charges, as a percentage of revenue.	Underlying EBITDA margin is a key measure of our profitability and demonstrates our ability to improve our efficiency, as well as the quality of work we win.	4
OPERATING CASH FLOW CONVERSION Underlying EBITDA plus the change in working capital, as a percentage of underlying EBITDA.	Our strategy requires us to generate cash to fund investment.	5
LEVERAGE The ratio of net debt to underlying EBITDA.	A strong balance sheet gives us the capacity to invest organically and in acquisitions.	5
CLIENT SATISFACTION We use the following industry recognised measures to monitor client satisfaction: Net Promoter Score (NPS). Customer Effort Score (CES). Customer Experience Centre Satisfaction (CSAT*).	Client satisfaction shows how well we are meeting our clients' needs, which is essential for retaining our existing business and our ability to grow, both through selling more to existing clients and through attracting new clients.	1 2
EMPLOYEE TURNOVER The number of employees who voluntarily leave Equiniti during the year, as a percentage of employees at the start of the year.	Employee turnover is an indicator of our ability to retain the talented people who are crucial to our success.	1 2 3

[1] Underlying, excluding the benefit of the £114.2m of net proceeds from the rights issue on 17 October 2017.

[2] Proforma, adjusting net debt at 31 December 2015 for IPO costs paid in the first half of 2016.

* Previously referred to as CCCS – Contact Centre Customer Satisfaction

PERFORMANCE	TREND
MEDIUM-TERM TARGET: Organic revenue growth of 3 – 7% per annum, supplemented by capability enhancing acquisitions In 2019, total revenue grew by 4.7%, with organic growth of 1.4%.	2019 £555.7m 2018 £530.9m 2017 £406.3m 2016 £382.6m 2015 £369.0m
MEDIUM-TERM TARGET: Gradual margin improvement of c25 basis points (pts) per annum. In 2019, underlying EBITDA margin was 24.5%, up 0.1%.	2019 24.5% 2018 24.4% 2017 24.2% 2016 24.2% 2015 23.4%
MEDIUM-TERM TARGET: Average operating cash flow conversion of c95%. In 2019, cash flow conversion was 91%.	2019 91% 2018 102% 2017 93% 2016 100% 2015 113%
MEDIUM-TERM TARGET: Leverage of 2.0 – 2.5x, post-IFRS 16 At 31 December 2019, net debt was £343.6m resulting in leverage of 2.5x post-IFRS 16. IFRS 16 increased leverage by 0.2x for both 2019 and 2018.	2019 2.5x 2018 2.7x 2017 2.5x[1] 2016 2.7x 2015 3.0x[2]
TARGETS: NPS of 40 in the medium-term, CES of 95%, CSAT of 97%. In 2019, we further improved customer satisfaction. NPS increased from 39 to 46. CES increased from 96% to 97%, against an industry benchmark of 70%. CSAT increased from 97% to 98%, against an industry benchmark of 77%.	NPS 2019 46 2018 39 2017 33 2016 31 2015 35 CES 2019 97% 2018 96% 2017 96% 2016 90% 2015 89% CSAT 2019 98% 2018 97% 2017 97% 2016 94% 2015 93%
TARGET: 16% employee turnover in the UK. Employee turnover in the UK was 16.4%.	2019 16.4% 2018 15.1% 2017 17.8% 2016 15.6% 2015 18.5%

CHAIRMAN'S STATEMENT

PHILIP YEA, CHAIRMAN

This was another year of progress for Equiniti. We completed the separation of the US business and delivered growth in that market, while continuing to expand in the UK, as the non-discretionary nature of our products and services helped to insulate us to a degree from an undoubtedly tougher external environment, particularly in the second half.

Revenue increased by 4.7% in the year with organic revenue growth of 1.4%, and underlying EBITDA growth of 5.0%. Progress was held back by a number of factors, notably a slowdown in corporate activity impacting both Investment Solutions and EQ US, and a reduction in US interest rates. Trading volumes in our execution-only brokerage were suppressed by the uncertain equity market trading conditions. Elsewhere Intelligent Solutions grew below its recent trend, suppressed by the delay in commissioning new projects over the UK election period, and Pension Solutions was impacted by the expected price reduction relating to the MyCSP contract. Profit after tax increased by 58.8% driven by underlying business growth, margin advancement and a significant fall in non-recurring items as we completed the integration of our US acquisition. The ratio of our net debt to underlying EBITDA improved from 2.7x in 2018 to 2.5x at year end, both figures reflecting the new accounting standard IFRS 16.

The US is the world's largest capital market and the progress EQ US has made this year has confirmed we are well on our way to proving the investment case we set out when we acquired the business. We are making further progress with cross-selling our UK capabilities to US clients and have plans to continue expanding the range of services we provide. We have also bolstered our position in the US with the acquisition of CST in November 2019. CST provides transfer agent services to micro-cap companies, complementing our existing US operations.

Our strategy of acquiring small bolt-on technologies to add new capabilities to the Group was also reflected in the acquisition of RD:IR in the UK. This business offers a wide range of investor relations related analysis, research and advisory services and will provide our share registration business with a proprietary technology platform for investor analytics, which is relevant across our client base.

The Board remains fully engaged in evaluating our strategic opportunities both organic and inorganic. Capital expenditure has been maintained above its long-term trend to support our US integration and further offshoring.

Small bolt-on acquisitions have delivered value and options for further growth and are part of the investment thesis for our core shareholder services businesses. Given shareholder caution concerning debt ratios, we aim to demonstrate continued progress in debt reduction without foregoing the most value-accretive opportunities which can be delivered.

DIVIDEND

The Board continues to adopt a progressive dividend policy, which targets distributing c30% of the Group's underlying profit attributable to shareholders each year. Having paid an interim dividend of 1.95 pence per share, we are proposing a final dividend of 3.54 pence per share. This will give a total dividend for the year of 5.49 pence, up 3.2% on the 5.32 pence paid in respect of 2018.

Subject to shareholder approval at the Annual General Meeting on 7 May 2020, the final dividend will be paid on 26 May 2020, to shareholders on the register at close of business on 17 April 2020. We continue to offer a dividend reinvestment plan and any shareholders wishing to participate should submit their election to do so by 1 May 2020.

BOARD AND GOVERNANCE

The composition of the Board was unchanged in 2019, after the appointment of a number of non-executive Directors in the previous year. Our Audit and Risk Committees are populated with experienced directors who are actively involved in monitoring key activities during a period of continued change and heightened scrutiny of business and data security.

Towards the end of the year, we relaunched our employee engagement forum. This has been combined with our communications forum, to make it more communication focused and more responsive to employee feedback. Dr Tim Miller, our Board-appointed non-executive Director for Employee Voice, attends the forum, ensuring the Board hears directly from our people about their experience of working for Equiniti.

The Board recognises the crucial importance of culture to sustainable business success. We continue to focus on the Group's culture and supporting the Chief Executive's initiatives in that regard. More information can be found in Guy's statement on the following pages, including a clear articulation of the Group's purpose in a new way which is intended to resonate better with our people and clients and society more broadly.

MANAGEMENT ORGANISATION

During the year, our Chief Executive, Guy Wakeley, made some important changes to the organisation of our senior leadership. The Executive Committee has been expanded with the addition of a Chief Customer Officer and Chief Commercial Officer and its remit has been adjusted so its primary focus is on strategy rather than business performance. These changes give broader collective ownership of the strategy and have the added benefit of improving gender diversity on the Executive Committee. We have also introduced a Business Committee, made up of Guy, John Stier, our Chief Financial Officer, and our divisional CEOs. Its purpose is to oversee our business planning and performance, and to direct resources so we achieve our business goals.

One of the more important changes in our organisation has seen the re-orientation of our Intelligent Solutions business to being market-led rather than product-led and the integration of technology and support functions into the wider Group functions. This allows the leadership to focus better on the cross-selling opportunities that our wider geographic footprint now offers.

On behalf of shareholders and the Board I want to thank the executive team and all of our people for their dedication and their contribution to the Group's success this year.

LOOKING FORWARD

The Board remains positive about future prospects. The long-term growth drivers of our markets remain unchanged which, combined with our strong position with our major clients, underpin the resilience of our principal businesses in the UK. We remain enthusiastic about the level of opportunities in the US and look forward to reporting further progress in the coming years.

Our interest income will be affected by reductions in central bank rates partially offset by hedging and a reduction in interest payables, therefore weighing on organic growth. Additionally, the unpredictable spread of the Covid-19 virus introduces further uncertainty to the current year, particularly from delays in corporate decision-making and financial market volatility affecting corporate activity. However the recurring nature of much of our revenue and the diversity of our client base provide valuable stability as the wider economy reacts to its inevitable effects.

Philip Yea

Chairman

12 March 2020

CHIEF EXECUTIVE'S STATEMENT

GUY WAKELEY, CHIEF EXECUTIVE

Since Equiniti floated in 2015, we have maintained a consistent strategy that continues to deliver for us. As a result we made further strategic progress in 2019 and achieved a robust financial performance.

Our strategy is focused upon the provision of specialised products and services into regulated markets, where we can build defensive and recurring revenues into a broad base of large corporate clients.

IMPLEMENTING OUR GROWTH STRATEGY

One of the most significant pieces of work in 2019 was successfully completing the carve-out of EQ US in the first half of the year. I am pleased to say that we are well on our way to proving our investment thesis for North America, with EQ US delivering organic growth supported by client wins and the launch of new products into the US market, particularly in respect of equity compensation and proxy services. We are also realising the material synergies we set out in our acquisition case, with $5m delivered in 2019 and we remain on track to deliver $10m in 2020. This is contributing to significant profit growth in the US business.

At the same time, the UK business remains solid and resilient, demonstrating that it is insulated from the cycle by generating organic growth despite the challenging economic and political environment. We have continued to retain all our major clients, win new clients across all of our divisions and we have mobilised some very substantial names in the core share registration business including National Grid and WM Morrison. These are sizeable employers, adding hundreds of thousands of people to those we already serve through our share plans business.

The theme of increasing regulation also continues to benefit us in the UK. Regulators are becoming more muscular and interventionist as they prioritise consumer interests over the interests of the market. We are therefore seeing strong demand for our Fintech and Regtech capabilities which help financial services clients in particular to manage their regulatory burden. As a result, Intelligent Solutions remains the fastest growing part of the UK business.

ENHANCING OUR RESILIENCE AND EFFICIENCY

Another important strand of our work this year was industrialising our core capabilities and building our scale and resilience as we opened three large operating sites. Our new technology centre in Krakow, Poland, officially opened in November 2019. It can draw on a huge pool of talent in one of the world's most exciting cities for technological innovation. The centre complements our international IT team and will develop best-in-class applications and product delivery systems for all of our divisions.

Our offshore centre in Chennai, India, is well established and we have added to our capacity and capability with the launch of a second Indian location, in Bangalore. In addition, we expanded our capabilities in the US with the opening of a second operating site in Milwaukee, Wisconsin. The centre supports our US clients through an inbound call centre, walk-in service counter and additional client service operations.

STRENGTHENING THE BALANCE SHEET THROUGH CASH GENERATION

The change we have delivered over the last two years has had an appreciable cash cost, which has restricted our ability to reduce debt and return cash to shareholders. With the US separation completing in H1, we will deliver stronger cash generation and a reduction in our leverage going forward.

The organic growth and rising margins we are targeting over the coming years, coupled with our ability to turn a high proportion of our profits into cash, will result in further strengthening of our balance sheet. We will also continue to invest for further organic growth, with the aim of deploying around 6 – 7% of our revenues into capital expenditure each year.

TRANSFORMING OUR CULTURE

We are in the initial stages of the cultural transformation of Equiniti. The Group is often perceived as a business to business provider of outsourcing and technology. However, through our services we touch around half the economically active population of the UK as well as millions more in the US. To drive future growth, we need those customers to be advocates for us. While we already achieve good net promoter scores, we have decided to invest materially in the user experience, through digital technology and customer service techniques, to produce a step change in customer satisfaction and advocacy.

Enabling great customer service requires our people to have a great employment experience. This includes investing in our colleagues, enhancing engagement and increasing flexibility, including in relation to reward and conditions. During 2019, we also undertook a substantial outreach and engagement exercise with both customers and colleagues, which helped us to redefine our mission, vision and purpose and re-articulate our values, in a way that is much more customer and colleague focused.

REDEFINING OUR BRAND

Customer advocacy will also benefit from Equiniti having a brand which resonates with our audience and represents us in an authentic way. We are already doing well here, with Equiniti having been awarded Superbrand status for the second year in a row. However, to ensure we brand our business consistently across our divisions and products, we are rolling out EQ as our master brand, helping to reinforce our competitive advantage in our markets.

OUTLOOK

The long-term growth drivers of our markets remain unchanged which, combined with our strong position with our major clients, underpin the resilience of our principal businesses in the UK. We remain enthusiastic about the level of opportunities in the US and look forward to reporting further progress in the coming years.

Our interest income will be affected by reductions in central bank rates partially offset by hedging and a reduction in interest payables, therefore weighing on organic growth. Additionally, the unpredictable spread of the Covid-19 virus introduces further uncertainty to the current year, particularly from delays in corporate decision-making and financial market volatility affecting corporate activity. However the recurring nature of much of our revenue and the diversity of our client base provide valuable stability as the wider economy reacts to its inevitable effects.

Our medium-term guidance remains as follows: organic revenue growth of 3 – 7% per annum supplemented by capability-enhancing acquisitions, with 2020 organic growth comparable to 2019 held back by interest rates; gradual margin improvement of c25 bps per annum; progressive dividend policy which targets distributing c30% underlying profit attributable to ordinary shareholders; cash tax rate of c15% for 2020 and c17% thereafter; average cash conversion of c95%; capital expenditure of 6 – 7% of revenue; and net debt/underlying EBITDA ratio of 2.0 – 2.5x post-IFRS 16.

Guy Wakeley

Chief Executive

12 March 2020

Investment Solutions

MARKET

Companies joining the stock market are an important source of new business for our share registration and share plans businesses. While political uncertainty did have an impact on IPO activity towards the end of 2019, the volume of IPO capital raised in London in the first nine months of the year was slightly up on the same period in 2018 and London remained the leading venue for cross-border IPOs. Similarly, the first half of the year saw a robust level of corporate actions, although this slowed in the second half. Businesses served by competitors continued to seek new registration and share plan providers during 2019, maintaining a positive trend for Equiniti. A number of factors can encourage a client to switch providers, including the desire to move to a single supplier for both registration and share plans, or the need for technology-led solutions that are backed by a strong support function. Consolidation continued to be a feature of the share plans market in 2019 and this can contribute to companies looking to switch, while acquirers integrate their purchases. More generally, companies remain interested in using equity-based rewards to engage and motivate their employees, creating demand for share plan services.

In the retail share dealing market, there has been active consolidation. While some participants have withdrawn from the market, there are new entrants offering self-service trading capabilities to customers. Owning a platform is advantageous for product development and the pace of execution, while quality of service and a strong web portal are essential in a competitive marketplace. Consolidation of personal pension plans into SIPP wrappers has been a notable area of growth in the retail market.

PERFORMANCE

Investment Solutions had a solid year, with a 5.1% increase in revenue to £149.7m (2018: £142.5m), including organic revenue growth of 3.7%. The acquisition of RD:IR in September 2019 contributed to reported growth. Growth was primarily driven by strong growth in registration and share plan services. Corporate action revenue was lower at £11.6m (2018: £18.8m), reflecting the uncertain economic environment in the second half of the year.

Underlying EBITDA increased by 3.5% to £50.2m (2018: £48.5m) driven by strong growth in share plans, with a margin decline of 0.5% to 33.5% (2018: 34.0%) due to weaker higher-margin corporate activity.

The share registration business performed well. Key renewals in the year included Associated British Foods, Centrica, Draper Esprit, Ferguson, Fresnillo, Iberdrola, Melrose and RSA Group. The division also made further progress with competitor wins and was either appointed or transferred registers for clients including AFI Development, Deltex Medical, Marshall of Cambridge, Morgan Advanced Materials, National Grid, Petrofac, Vitec Group and WM Morrison. National Grid, which transferred to Equiniti in April 2019, was the largest corporate to change provider in the last decade, with c850k shareholders on the register.

We were also successful in winning IPOs with new mandates including Cameron Investors Trust, Distribution Finance Capital, DWF, Essensys, Induction Healthcare, Trainline and Watches of Switzerland.

Equiniti supported a number of significant corporate actions during the year, including the conclusion of the Takeda/Shire transaction, a rights issue on behalf of Marks & Spencer, the demerger of M&G from Prudential (and appointment to provide M&G with ongoing share registration and share plan services), the Takeaway.com acquisition of Just Eat, Metro Bank's non-pre-emptive cash placing and the acquisition of RPC Group by Berry Global International.

Our share plans services had an excellent year and cemented its position as the leading provider in the UK market. Wins or transfers in 2019 included AstraZeneca, Cobham, Compass, DWF, Morgan Advanced Materials, National Grid, Next, Rentokil Initial, Santander, TheWorks.co.uk, Trainline and WM Morrison, and the launch of a global share plan for Dixons Carphone. Renewals of existing mandates included BT, Centrica and Scottish Power.

The division is benefiting from its capability enhancing acquisitions. Boudicca Proxy, acquired in April 2018, is performing strongly and continues to cross-sell into the registration clients. It is also winning new business, including clients in Europe. In September 2019, we completed the acquisition of RD:IR, which offers a range of investor relations services and has a proprietary investor analytics platform. Boudicca and RD:IR, together with our Prism company secretariat offering, give us a broad offering in the governance market, supporting clients with shareholder identification and proxy solicitation, and provide scope for expansion in European markets as well as in the UK.

Investment Solutions continues to introduce new services and to digitise existing services, generating both cost savings and environmental benefits.

Revenue

£149.7m

Underlying EBITDA

£50.2m

Underlying EBITDA margin

33.5%

For example, the division serves approximately 1.2 million participants of Dividend Re-Investment Plans. Digitising quarterly statements has saved in excess of one million hard copy statements from being mailed which is in addition to the 12 million hard copy statements already saved annually following the introduction of digital nominee statements in 2018. The division also rolled out a new front end for its executive share plan portal, which has been very well received in the marketplace and has been a key reason for new business wins. Another new service in the year was a custodial solution for selling shareholders in IPOs. In addition, Investment Solutions has successfully cross-sold the new EQ Insider platform, developed by Intelligent Solutions, to a number of its share registration clients.

Equiniti's execution-only brokerage service delivered solid profit growth despite the reduction in trading volumes as a result of the uncertain equity market trading conditions as it focused on investing in its own propositions and continues to withdraw from offering back office solutions to third parties. It introduced a flexible ISA product during the year and will launch a lifetime ISA in Q1 2020. The business has also been investing in its proprietary platform and in early 2020, the business launched its new consumer brand, EQi. A refreshed web presence using the EQi brand has improved functionality and a smoother customer journey. In addition, the business has expanded its offering for trading certificated shares. This was previously only available for shares in companies where Equiniti was the registrar and has now been opened up to any UK share.

Our international payments business, EQ Global, won a notable contract with Lloyds Bank, demonstrating the potential to win work with larger organisations than its traditional SME and mid-sized corporate client base. Adding capability to allow the business to transact any payment and become platform agnostic will support the ability to acquire major clients. In addition, the business announced that it has partnered with SWIFT, the global provider of secure financial messaging services. The collaboration, which sees EQ Global join SWIFT Alliance, will deliver clients a suite of products and services that include the widest and most cost-effective range of payment methods.

Equiniti's bereavement service continues to gain momentum, with the majority of the UK's largest banks now signed up to the 'tell us once' service. The offering has received positive media coverage and will continue to grow, with new value-added services being developed.

Wins or transfers in 2019 included:

IPOS:

DF Capital
dwf
trainline
WATCHES OF SWITZERLAND

REGISTERS:

nationalgrid
Petrofac
Morrisons
THE VITEC GROUP

SHARE PLANS:

AVEVA
Computacenter
next plc
First
TheWorks.co.uk

OPERATIONAL REVIEW

Intelligent Solutions

MARKET

Intelligent Solutions has four areas of operation – rectification and remediation, credit services, know your customer (KYC) and data analytics. Strong underlying trends continue to drive growth across all four areas.

In rectification and remediation, the deadline for consumers to make claims in relation to mis-sold payment protection insurance (PPI) passed in August 2019. However, with the large backlog of claims, PPI will continue to generate work in H1 2020. In the meantime, new opportunities are opening up in other sectors including pensions, utilities and motor finance. An important driver in this market is the need for clients to automate their processes, to reduce costs and increase efficiency. This favours providers such as Equiniti, who can offer an end-to-end service comprising both technology and people.

Demand for credit services is linked to the ongoing expansion of consumer debt, which, whilst slowing in pace, is still expected to increase by 3.4% over 2019 as a whole, according to the latest research from the Finance and Leasing Association. There was £225bn in outstanding consumer credit debt (excluding mortgages) as of the end of Q3 2019 as reported by the Bank of England (£1,660bn including mortgages). Lenders of all types need to increase automation and efficiency to maintain their profitability in the face of an ongoing squeeze on their net interest margins. Equiniti's technology helps established lenders to defend their market share against new entrants, who often have strong technology platforms of their own.

The KYC market is driven by regulation. This requires numerous organisations, from banks and financial services to solicitors and accounting firms, to understand who they are doing business with and to prevent money laundering. Globally, the UN estimates that money laundering is between 2% and 5% of GDP. Regulators are dealing with the issue by introducing increasingly stringent new rules. This is pushing organisations to adopt technology solutions to help them manage KYC issues effectively and efficiently.

In order to grow their top line, companies increasingly need specialist support to extract insights on existing and potential customers from vast quantities of data. The introduction of the General Data Protection Regulation has also increased the focus on using third-party data and analytics. Other important drivers of the data analytics market include cyber security and asset reunification where individuals are reconnected with lost assets such as pensions or savings accounts.

EQ Global wins Payments Provider Award at The Rewards 2019.
Winner of Digital Engagement Award at the Verint EMEA Annual Customer Awards.
Equiniti Credit Services win the 'Technology Partner of the Year' at the Consumer Credit Awards.
Equiniti Credit Services wins 'Fintech Initiative of the Year' at the Yorkshire Financial Awards.

Revenue
£170.9m

Underlying EBITDA
£43.5m

Underlying EBITDA margin
25.5%

PERFORMANCE

Intelligent Solutions delivered modest growth despite a delay in the commissioning of new projects over the UK election period. Revenue increased by 3.0% to £170.9m (2018: £165.9m), with underlying EBITDA up 5.8% to £43.5m (2018: £41.1m), to give a margin of 25.5% (2018: 24.8%).

Remediation services remained a primary driver of the division's growth, with numerous large-scale remediation and fulfilment projects with major UK banks. Other wins included a review of store card fees and charges on behalf of a large retailer and a re-review of closed complaints on behalf of a large automotive services provider. The division also deployed its complaints management system internationally for the first time, on behalf of HSBC. This creates further opportunity for more business in other English-speaking countries, particularly the US.

Credit services had a very good year with significant software license sales. This included contracts with Bamboo Finance Credit Servicing, DXC, Lloyds Banking Group, MBNA, MYJAR Loans and Yorkshire Building Society. There was further traction with our risk analytics platform as we continued to cross-sell this technology into our US client base.

KYC continued to provide services to existing clients and won its first client in Germany, Roland Berger. Although growth in this service line was impacted by the completion of a large project in the period, Intelligent Solutions sees further opportunities for Northern European expansion in the KYC market.

During the year, Intelligent Solutions launched the EQ Insider platform as part of its data services offering. This technology enables clients to administer Persons Discharging Managerial Responsibilities dealing, and has now been cross-sold to J Sainsbury and a number of other share registration clients.

The division also launched an employee verification tool, Checksafe, during the year. Other investments included enabling some of its platforms to be offered as software-as-a-service. This will result in a shorter sales cycle, faster deployment and increased revenue visibility.

In order to continue to enhance its efficiency and effectiveness, Intelligent Solutions is actively looking to increase its use of the Group's nearshore and offshore centres. For example, it is already developing software in Krakow. The division has also carried out a thorough people review, to ensure resilience through succession planning.

In the final quarter of the year, the division was restructured to be market-led rather than product-led and the technology and other support functions were integrated into the wider Group functions. This allows the leadership to focus better on cross-selling opportunities that our wider geographic footprint now offers.

EQTek in Krakow, Poland

Credit services significant software license sales include:

LLOYDS BANKING GROUP

DXC.technology

mbna

BAMBOO

YORKSHIRE BUILDING SOCIETY

MYJAR

Pension Solutions

MARKET

The UK pensions market continued to be challenging in 2019. Private sector clients were cautious about procurement, in part because ongoing consolidation in the market, particularly at the large-scale end, has made it more difficult for clients to run a competitive tendering process. In the public sector, a landmark court ruling known as the McCloud judgement stated that changes made to firefighters' and judges' pension schemes in 2015 were age discriminatory. The ruling applies to all the main public service pension schemes and has resulted in a hiatus in both procurement and project work while the situation is resolved. However, it should also create material medium-term remediation opportunities for Pension Solutions.

Despite the challenging environment, there remain long-term drivers of demand for Pension Solutions services. Companies continue to look to de-risk their pension fund liabilities through buy-in and buy-out transactions in the bulk purchase annuity market, with the volume of transactions rising again in 2019. This creates opportunities to support the insurance companies who initiate those transactions, both during the transfer and with ongoing software and administration. In addition, new consolidators are entering the market to provide an alternative de-risking approach for schemes that lack the capital for a buy-in or buy-out. These also create opportunities to sell technology and administration support. Similarly, there is consolidation of legacy life insurance books by asset accumulators, who look to external providers such as Equiniti for administration and software services.

Technological solutions have an important role in delivering improved outcomes for scheme members. Pressure from scheme members for better functionality is increasingly leading to clients requiring their providers to offer enriched self-service and a better member experience.

The Department for Work and Pensions estimates that people change employment up to 11 times in their lifetime which can result in multiple pension pots with different employers. To help people keep track of their pensions and reunite them with forgotten schemes, online pensions dashboards are being introduced with a pilot version being developed in early 2020. This creates a pressing need for pension schemes to address the quality of their data, to ensure they can provide accurate information to scheme members. This will create opportunities for providers with technology and data handling capabilities.

Innovation in the retirement products market is ongoing, creating opportunities for service providers to administer legacy products. New approaches are also required to support people with defined contribution schemes who are drawing down their pension pot, to help them understand their options and how much they can withdraw, which will drive innovation in the way services are provided.

PERFORMANCE

Revenue for Pension Solutions was £127.0m (2018: £129.0m), a decline of 1.6%, with underlying EBITDA down 12.6% to £19.5m (2018: £22.3m), representing a margin of 15.4% (2018: 17.3%). The decline was due to restructuring costs, the full-year impact of the change in scope of the NHS contract, which took effect in 2018, the expected price reduction relating to the MyCSP contract, and a reduction in and delays to project work. Action taken during the year has stabilised the division's revenue performance and, together with new client wins, positions it for modest recovery during 2020.

During the year, Pension Solutions successfully renewed or extended relationships with clients including Aon Hewit, Aviva, Bank of England, Fidelity, HP, Leeds Building Society, Lloyds Banking Group, MetLife, North West Anglia NHS Foundation Trust, Royal Papworth Hospital, Sensata, TSB and UNUM. However, the division did not renew its contract with GSK, which will come to an end in April 2020.

The division also secured a number of new clients, in particular as a result of the 2018 acquisition of Aquila, a UK-based life and pensions' technology provider. The business has generated multiple sales of its Administrator platform, contributing to market share gains. Significant Administrator wins included a 10-year contract to provide outsourced administration to an international reinsurance company, a software licence sale to The Sovereign Group and a large calculation automation project with Diligenta. In addition, the division secured an outsourced administration contract and a significant license sale on its EQ Compendia platform. The division also secured several new contracts to provide flexible benefits and payroll services through its HR Solutions business.

Pension Solutions actively managed its cost base in 2019 with initiatives including the further integration of MyCSP and Aquila into the wider Pension Solutions business. Pension Solutions has also continued to rationalise its property footprint, consolidating Aquila's team into Equiniti's Crawley office and downsizing the Bristol operation.

During 2019, the division introduced the latest automation technology for two clients won in 2018, giving it a benchmark to provide similar automation for other clients. It has also invested to deploy existing technology to more clients. In particular, Pension Solutions has deployed its market-leading self-service capability to several pension schemes, as part of its commitment to evolve its service. It has also strengthened its technology development and testing capabilities in Chennai and in the new Krakow centre.

The MyCSP contract was due to run until the end of 2021. As a result of the McCloud judgement, the re-procurement process has been put on hold and Pension Solutions is in discussions on a multi-year contract extension. Any remedy to the discrimination identified in the McCloud judgement is likely to require significant rectification work, which Pension Solutions is well placed to support.

Revenue

£127.0m

Underlying EBITDA

£19.5m

Underlying EBITDA margin

15.4%

Corporate Content Awards Winner 2019

WINNER

MyCSP wins Best Corporate Storyteller 2019, Best Use Of Content With An Existing External Community and Best Copy Style Or Tone Of Voice.

MyCSP wins silver award for Best Ongoing Commitment to Internal Communications.

EQ Compendia

EQ US

MARKET

The US shareholder services industry is mature and highly concentrated. The top three players hold around 90% of the market, with clients focused on transfer agent providers who deliver superior service. As the number three player by number of issuers served, EQ US has an opportunity to grow by taking market share.

The opportunities for EQ US to take market share fall into two categories. First, it can target a wider range of clients. Having completed the separation from Wells Fargo it is now able to target banking and financial services clients which were previously unavailable to it, and work for clients of all sizes, rather than focusing on only the largest shareholder bases.

Second, EQ US can now offer a broader range of services to existing and prospective clients. North American companies are looking for their service providers to solve more of their issues by offering an expanded range of products and capabilities, allowing companies to work with fewer vendors. However, the industry has underinvested in both technology and range of product offerings in recent years, creating opportunities for EQ US to draw on numerous capabilities developed in the UK and offer those capabilities to US clients. Along with the movement of UK developed products and services to the US, EQ US launched four new products in 2019, equity compensation, proxy, asset reunification and private M&A services.

PERFORMANCE

The acquisition of EQ US completed on 1 February 2018 and its results were consolidated into the Group from that date. The 2018 comparator period is therefore from 1 February to 31 December 2018.

EQ US had a highly successful year, with revenue increasing by 15.5% to £94.0m (2018: £81.4m), and includes £11.0m from a full year of earnings and FX impact. Organic growth at constant foreign exchange rates was 2.7%, driven by strong growth in interest income and new product launches. Corporate action revenue declined by 11.4% to £10.9m, (2018: £12.3m). Notwithstanding the interest rate cuts in the second half of the year, revenue from interest income increased by 37.8% to £12.4m (2018: £9.0m) on average client balances of £534m (2018: £453m).

Underlying EBITDA increased by 13.8% to £23.1m (2018: £20.3m), representing a margin of 24.6% (2018: 24.9%). This reflected strong revenue growth, an increase in interest income, the stable client base and good cost discipline, offset by continued investment for growth, interest rate cuts and a lower level of corporate activity.

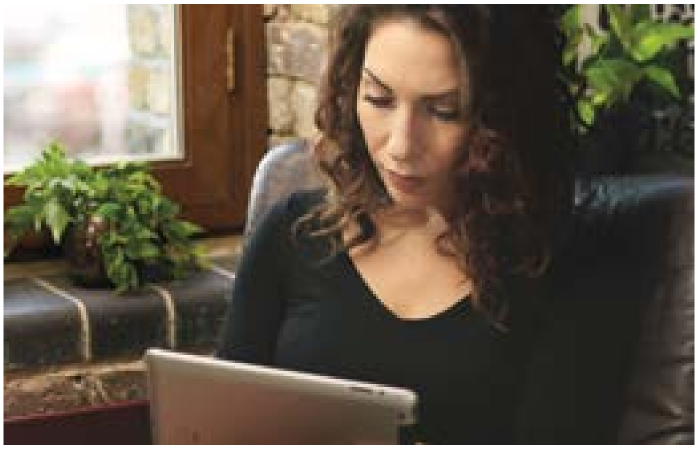
The division retained all of its major clients in 2019, with key renewals including Apollo, Comcast, CTS, Hewlett Packard, Otelco, Procter & Gamble, Wabtec and Zinpro. New client wins included Change Healthcare, Cincinnati Financial, Listo Solutions and Sprout Social. The division also supported clients including Occidental Petroleum, Smith & Nephew, Bristol Myers and CBS Corporation in large corporate actions.

The separation of the business from Wells Fargo completed in May 2019 and the division is now focused on innovation and launching Equiniti's technology capabilities. For example, the new shareholder and issuer portals offer a much-enhanced digital customer experience, with simplified journeys and improved functionality, and are designed to be mobile first. The division has also launched EQ Unified, an asset reunification and tracing platform, and will follow it with an enhanced asset location service. In 2020, EQ US will introduce a new portal designed and built by our UK Intelligent Solutions division to service private M&A transactions.

New products introduced to the client base have seen real success. EQ US launched four new products in 2019 and those products have been sold into 70 clients, 29 of which were new client wins. The business has also recruited industry experts to support both its proxy, asset reunification and equity compensation businesses. The equity compensation business launched in the year has also sold to clients including Dorman Products and Johnson Outdoors. As well as offering equity compensation services for US corporates, the business has won work with UK-listed companies who want to offer a sharesave-style plan to their US employees. Notable wins here included BT.

In November 2019, EQ US acquired Corporate Stock Transfer, Inc. (CST), a US transfer agent based in Denver, Colorado. CST was founded in 1985 and acts primarily for domestic and international micro-cap companies, which are those with market capitalisations between $50m and $300m. CST offers a wide range of services including record keeping, escrow, annual meeting and paying agent services and maintains records for over 700 clients. CST's existing clients will benefit from access to EQ US's broad range of products. The acquisition offers important benefits for EQ US. It expands the division's addressable market by opening up a new growth area in the micro-cap client space.

The synergies outlined in Equiniti's acquisition case for EQ US are on track for delivery in their entirety. EQ US achieved its planned synergies of $5m in 2019, with the full $10m per annum set to be delivered in 2020. Cost savings are being delivered from depositary insurance, IT, operations and back office services, including the use of the Group's second offshore captive in Bangalore, its nearshore centre in Krakow and the mobilisation of EQ US's second centre in Milwaukee.



EQ US retained all of its major clients in 2019

ALLETE
COMCAST
hp
P&G
ONEOK

New client wins included

listo!
CHANGE HEALTHCARE
CINCINNATI FINANCIAL CORPORATION
sproutsocial

Revenue
£94.0m

Underlying EBITDA
£23.1m

Underlying EBITDA margin
24.6%

EQ Shareowneronline

FINANCIAL REVIEW

JOHN STIER, CHIEF FINANCIAL OFFICER

Revenue grew by

4.7% to £555.7m

Underlying EBITDA increased by

5.0% to £136.0m

Profit after tax increased to

£32.4m

OVERVIEW

Revenue grew by 4.7% to £555.7m (2018: £530.9m) and includes a full year of EQ US, with organic revenue growth of 1.4%. Underlying EBITDA increased by 5.0% to £136.0m (2018: £129.5m). We were pleased with this level of growth as the operating environment presented us with a number of significant challenges, particularly in the second half of the year. Those challenges and impact on revenue can be summarised as follows:

- a global slowdown in corporate activity impacting both Investment Solutions and EQ US (£8m);
- US interest rate cuts (£3m);
- a reduction in trading volumes in our execution-only brokerage service as a result of the uncertain equity market trading conditions (£3m);
- an expected price reduction relating to the MyCSP contract in Pension Solutions (£2m); and
- Intelligent Solutions performing below its recent trend suppressed by the delay in commissioning of new projects over the UK election period.

Profit after tax increased by 58.8% to £32.4m (2018: £20.4m) with an increase in profit attributable to ordinary shareholders of 79.1% to £30.8m (2018:17.2m) due to the significant reduction in non-operating charges.

The Group generated a free cash flow attributable to equity holders of £37.1m, and operating cash flow conversion of 91%, with total cash generated from operations of £123.1m. Net debt was £343.6m at 31 December 2018, representing a ratio of 2.5x net debt to underlying EBITDA (31 December 2018: net debt to underlying EBITDA of 2.7x).

RESULTS ANALYSIS AND USE OF ALTERNATIVE PERFORMANCE MEASURES

Key items reported in the income statement such as revenue and profit before tax are shown in the analysis of results.

In addition to this, alternative performance measures such as underlying EBITDA (which excludes non-operating charges) are also presented to allow a better understanding of the results for the year. These measures are described further on pages 35 to 36.

ANALYSIS OF RESULTS

£m	2019	2018
Revenue	**555.7**	**530.9**
Underlying EBITDA	**136.0**	**129.5**
Depreciation	(12.9)	(12.0)
Amortisation – software	(29.9)	(23.9)
Amortisation – acquired intangibles	(31.8)	(31.7)
EBIT prior to non-operating charges	**61.4**	**61.9**
Non-operating charges	(5.5)	(20.8)
EBIT	**55.9**	**41.1**
Net finance costs	(16.1)	(16.8)
Profit before income tax	**39.8**	**24.3**
Taxation	(7.4)	(3.9)
Profit from continuing operations	**32.4**	**20.4**
Non-controlling interests	(1.6)	(3.2)
Profit attributable to ordinary shareholders	**30.8**	**17.2**
Earnings per share (pence)		
Diluted	**8.4**	**4.6**
Underlying diluted	**18.1**	**17.8**

REVENUE

Revenue increased by 4.7% to £555.7m (2018: £530.9m) during the year whilst organic revenue growth was 1.4%. Acquisitions made in the period have progressed well, contributing to growth.

UNDERLYING EBITDA

Underlying EBITDA is a key measure of the Group's performance. It reflects profit before finance costs, taxation, depreciation and amortisation, and non-operating charges. Underlying EBITDA which excluded the final non-operating charges of £5.5m relating to the integration of EQ US, increased by 5.0% to £136.0m (2018: £129.5m).

REPORTABLE SEGMENTS

The Group reports its results in five segments: Investment Solutions, Intelligent Solutions, Pension Solutions, EQ US and Interest Income, supported by central functions. The Board monitors the performance of the five segments through revenue and underlying EBITDA.

The results of these segments were as follows:

	2019	2018	Reported Change %	Organic Change %
Revenue (£m)				
Investment Solutions	149.7	142.5	5.1	3.7
Intelligent Solutions	170.9	165.9	3.0	3.0
Pension Solutions	127.0	129.0	(1.6)	(5.5)
Interest Income	14.1	12.1	16.5	16.5
Total UK & Europe	461.7	449.5	2.7	1.1
EQ US	94.0	81.4	15.5	2.7
Group Revenue	**555.7**	**530.9**	**4.7**	**1.4**
Underlying EBITDA (£m)				
Investment Solutions	50.2	48.5	3.5	
Intelligent Solutions	43.5	41.1	5.8	
Pension Solutions	19.5	22.3	(12.6)	
Interest Income	14.1	12.1	16.5	
Total UK & Europe	127.3	124.0	2.7	
EQ US	23.1	20.3	13.8	
Divisional Total	150.4	144.3	4.2	
Central Costs	(14.4)	(14.8)	(2.7)	
Group Underlying EBITDA	**136.0**	**129.5**	**5.0**	

Reported change % is at actual foreign exchange rates. Organic change % is at constant foreign exchange rates.

Reported revenue change at constant foreign exchange rates is 4.0% and underlying EBITDA is 4.5%.

EQ US reported revenue change at constant foreign exchange rates is 11.0% and underlying EBITDA is 10.5%.

The acquisition of EQ US completed on 1 February 2018 and results were consolidated into the Group from that date. Prior period performance is from 1 February 2018 to 31 December 2018.

ORGANIC REVENUE GROWTH

Organic revenue growth is reported revenue growth adjusted for acquisitions and changes to foreign exchange rates to compare growth on a like-for-like basis. Here we adjust 2018 for the prior period acquisitions had they been owned in 2018 to create a like-for-like comparison of year-on-year progress. This is calculated as follows:

Revenue (£m)	2018 Reported	2018 Adjustment	2018 Organic
Investment Solutions	142.5	1.8[1]	144.3
Intelligent Solutions	165.9	–	165.9
Pension Solutions	129.0	5.4[2]	134.4
Interest Income	12.1	–	12.1
Total UK & Europe	**449.5**	7.2	**456.7**
EQ US*	81.4	10.1[3]	91.5
Equiniti Group	**530.9**	**17.3**	**548.2**

[1] Acquisition of Boudicca Proxy and RD:IR.
[2] Acquisition of Aquila.
[3] Acquisition of Wells Fargo Shareowner Services and Corporate Stock Transfer.
* EQ US is translated at 2019 constant exchange rates to provide like-for-like comparison.

Investment Solutions

Revenue increased by 5.1% to £149.7m with organic revenue growth of 3.7%. The acquisition of RD:IR in September 2019 contributed to reported growth. Growth was primarily driven by strong growth in registration and share plan services. Corporate action revenue was lower at £11.6m (2018: £18.8m), reflecting the uncertain economic environment in the second half of the year.

Underlying EBITDA increased by 3.5% to £50.2m driven by strong growth in share plans with a margin decline of 0.5% due to weaker higher margin corporate activity.

Intelligent Solutions

Revenue increased by 3.0% to £170.9m whilst underlying EBITDA increased by 5.8% to £43.5m with growth driven by remediation services and software sales in credit services offset by a delay in the commissioning of new projects over the UK election period.

Pension Solutions

Revenue declined by 1.6% to £127.0m with a decrease in underlying EBITDA of 12.6% to £19.5m representing a margin of 15.4% (2018: 17.3%). The decline was due to restructuring costs, the full-year impact of the change in scope of the NHS contract which took effect in 2018, the expected price reduction relating to the MyCSP contract, and a reduction in and delays to project work.

Interest Income

Interest income was 16.5% higher than the prior year on average cash balances of £1.7bn (2018: £1.7bn), as the Group benefitted from the increased yield across the accounts which includes the full year effect of the 25bps interest rate rise in August 2018.

The interest receivable is partially fixed with instruments secured to July 2020 (£380m), September 2021 (£215m), September 2022 (£215m) and September 2023 (£215m).

FINANCIAL REVIEW

EQ US

Revenue increased by 15.5% to £94.0m and included £11.0m from a full year of earnings and FX impact. Organic growth at constant foreign exchange rates was 2.7%, driven by strong growth in interest income and new product launches. Corporate action revenue declined by 11.4% to £10.9m (2018: £12.3m). Notwithstanding the interest rate cuts in the second half of the year, revenue from interest income increased by 37.8% to £12.4m on average client balances of £534m (2018: £453m).

Underlying EBITDA increased by 13.8% to £23.1m reflecting strong revenue growth, an increase in interest income, the stable client base and good cost discipline, offset by a lower level of corporate activity and interest rates cuts throughout the second half of 2019.

Central Costs

Central costs in the period declined by 2.7% to £14.4m (2018: £14.8m) as the Group aims to keep these costs broadly flat over time.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

£m	2019	2018
Revenue	**555.7**	**530.9**
Underlying EBITDA	**136.0**	**129.5**
Depreciation	(12.9)	(12.0)
Amortisation – software	(29.9)	(23.9)
Amortisation – acquired intangibles	(31.8)	(31.7)
EBIT prior to non-operating charges	**61.4**	**61.9**
Non-operating charges	(5.5)	(20.8)
EBIT	**55.9**	**41.1**

EBIT remains an important measure of the Group's performance, reflecting profit before finance costs and taxation. In 2019, EBIT was £55.9m, an increase of £14.8m (36.0%) compared with the prior year of £41.1m.

AMORTISATION OF SOFTWARE AND ACQUIRED INTANGIBLES

Amortisation of software in the period increased to £29.9m (2018: £23.9m) due to the completion of the development of a number of significant projects, such as investment in the US and MiFID II, where the work completed in 2018 and the assets became available to use with amortisation of the assets commencing.

Amortisation of acquired intangibles in the period was flat at £31.8m (2018: £31.7m).

NON-OPERATING CHARGES

Non-operating charges are defined as expense items, which if included, would otherwise obscure the understanding of the underlying performance of the Group.

Non-operating charges of £5.5m (2018: £20.8m) relate to the transaction and integration costs associated with the acquisition of the US business. As the separation of the US business completed in May 2019, there will be no further non-operational charges absent any transformational transactions.

NET FINANCE COSTS

Group net finance costs decreased by £0.7m to £16.1m (2018: £16.8m).

TAXATION

Profit before tax of £39.8m at the UK corporation tax rate of 19% gives an expected total tax charge of £7.6m. The actual tax charge is £7.4m and the difference is largely explained by a current tax benefit in respect of 2018, following claims to accelerate tax relief on capitalised development costs.

Taxes paid in the period were £2.7m, of which £2.4m was primarily due to UK payments on account. The remainder of the taxes paid are overseas taxes relating to the Group's operations in India, the Netherlands and the US.

The Group also received £1.5m from HM Revenue & Customs which represents a working capital benefit of the Group's claim to R&D expenditure credits.

The Group has recognised deferred tax on £767.1m of gross tax attributes representing future tax deductions which will reduce the cash effective tax rate as compared to the underlying effective tax rate over time. Net future deductions are expected to be in the region of £128.5m, on which a net deferred tax asset of £20.3m has been recognised at the relevant local statutory rate.

The gross tax attributes totalling £767.1m are represented by:

- Future tax deductions on tax losses carried forward £200.7m
- Future tax deductions on intangible assets £479.7m
- Future tax deductions on property, plant and equipment £28.3m
- Future tax deductions on employee benefits and other timing differences £58.4m

The tax impact of these attributes is recognised as deferred tax on the statement of financial position. Included within the intangible assets tax attribute are the customer relationship and goodwill intangibles related to the acquisition of the trade and assets of the EQ US from 1 February 2018. The future tax deductions on employee benefits and other timing differences has increased in the period due to the adoption of IFRS 16, effective from 1 January 2019.

A cash effective tax rate of 12% applies for 2019 and is estimated to be in the region of c15% for 2020 rising to c17% thereafter, reflecting the completion of the integration, and forecast growth, of EQ US. The cash tax rate is determined through a detailed calculation, estimating the future expected cash tax liabilities of the Group against our profit forecasts, adjusting for known variables such as changes in tax rates, changes in tax legislation and full implementation of the Group transfer pricing policy.

We consider the underlying cash effective tax rate to be an appropriate measure, as it best reflects the anticipated economic outflows from the business, taking into account our assessment of how our deferred tax attributes will unwind and reduce our cash tax liabilities over time.

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The Group made a profit attributable to ordinary shareholders of £30.8m (2018: £17.2m).

DILUTED EARNINGS PER SHARE

	2019	2018
Profit attributable to ordinary shareholders (£m)	**30.8**	**17.2**
Diluted weighted average number of shares (m)	368.3	360.8
Diluted earnings per share (pence)	8.4	4.6
Underlying earnings per share (pence)	18.1	17.8

Diluted earnings per share of 8.4 pence (2018: 4.6 pence) is based on the diluted weighted average number of shares totalling 368.3m (2018: 371.8m).

Underlying earnings per share increased by 1.7% to 18.1 pence compared to the prior period of 17.8 pence, suppressed by higher amortisation of software costs and a higher share count versus the prior period.

DIVIDEND

The recommended final dividend payable in respect of the year ended 31 December 2019 is 3.54 pence per share, giving a total dividend for the year of 5.49 pence per share representing full year dividend growth of 3.2%, in line with our progressive dividend policy.

CASH FLOW

The Group generated a free cash flow attributable to equity holders of £37.1m (2018: £38.6m) and delivered an operating cash flow conversion of 91% (2018: 102%). The main movements in cash flow are summarised below:

£m	2019	2018
Underlying EBITDA	**136.0**	**129.5**
Working capital movement	(12.9)	2.3
Operating cash flow prior to non-operating charges	**123.1**	**131.8**
Operating cash flow conversion	***91%***	***102%***
Cash outflow on non-operating charges	(11.0)	(17.6)
Capital expenditure	(48.5)	(39.8)
Net interest costs	(16.9)	(10.3)
Taxes paid	(2.7)	(4.5)
Employee benefit trust (EBT) – share purchase	–	(13.9)
Finance lease liabilities	(6.9)	(7.1)
Free cash flow attributable to equity holders	**37.1**	**38.6**
Net (reduction)/increase in borrowings	(21.4)	139.3
Net costs arising from rights issue	–	(0.8)
Investment in current and prior year acquisitions	(3.3)	(177.6)
Payments relating to prior year acquisitions	(8.2)	(4.0)
Dividends paid (including payment to non-controlling interest)	(21.9)	(20.2)
Net cash movement	**(17.7)**	**(24.7)**

The Group has access to a £20.0m receivables financing facility of which £8.0m (2018: £10.3m) was utilised at the end of the year and included within cash balances. This is used to match receipts against costs, especially where clients require extended payment terms and is driven by project flow in Intelligent Solutions. The facility, which affords the Group credit protection, is with Lloyds Banking Group at a rate of 1.75% over LIBOR. The facility draw down has reduced by 22.3% since 31 December 2018 and is forecast to reduce further subject to commercial requirements.

OPERATING CASH FLOW CONVERSION

Operating cash flow is underlying EBITDA plus the change in working capital, both prior to non-operating charges, as a percentage of underlying EBITDA, and is a key performance indicator. The Group delivered operating cash flow conversion of 91% with strong cash flow in H2 offset by the end of the beneficial US TSA arrangements and a further reduction of the receivables financing facility from £10.3m in 2018 to £8.0m in 2019.

CAPITAL EXPENDITURE

Net expenditure on tangible and intangible assets was £48.5m (2018: £39.8m). This represents 8.7% of revenue (2018: 7.5%). Included within capital expenditure is £7.0m associated with the establishment and integration of EQ US relating to IT servers and software development to enable the business to operate on a standalone basis. Excluding the US, capital expenditure was 7.5% of revenue, slightly higher than our 6 – 7% guidance, as a result of new office openings (Bangalore, Milwaukee and Krakow) and a high level of IT projects being progressed such as introducing Workday to the Group for all HR and finance reporting, and investing in new portals and asset tracing services in the USA. Going forward, we expect capex to revert to our mid-term guidance.

FREE CASH FLOW TO EQUITY HOLDERS

The Group generated a free cash flow attributable to equity holders of £37.1m (2018: £38.6m) with significant growth in the second half reflecting completion of the separation of our US business in May 2019.

NET INTEREST COSTS

Net interest costs paid in the period were higher at £16.9m (2018: £10.3m) mainly due to fees paid relating to refinancing of the Group's Senior Debt Facilities.

INVESTMENT IN CURRENT AND PRIOR YEAR ACQUISITIONS

Net cash outflow on current and prior year acquisitions was £3.3m (2018: £177.6m). A further £8.2m (2018: £4.0m) was spent on deferred consideration for prior year acquisitions. Details of acquisitions are given in note 4 on pages 153 to 154.

BANK BORROWING AND FINANCIAL COVENANTS

£m	Reported 2019	Proforma 2018	Reported 2018
Term loan	260.1	322.6	322.6
Revolving credit facility	115.0	76.7	76.7
Lease liabilities	41.1	43.6	1.1
Cash and cash equivalents	(72.6)	(90.9)	(90.9)
Net debt	**343.6**	**352.0**	**309.5**
Net debt/underlying EBITDA (times)	**2.5**	**2.7**	**2.5**

At the end of December 2019, net debt was lower at £343.6m (2018: £352.0m). As the transition of EQ US is now complete, we expect the business to continue its deleveraging profile and guidance on leverage is 2.0 – 2.5x post-IFRS 16.

In July 2019, the Group refinanced its Senior Debt Facilities to provide ongoing committed funding beyond the October 2020 maturity. The £520.0m term loan and revolving credit facility has been extended to July 2024 with an initial margin of 150pts and fees of £3.6m paid in July 2019. The Group has substantial liquidity to support its growth ambitions and ongoing working capital requirements.

ACQUISITIONS

During the year the Group completed two acquisitions.

On 5 September 2019, the Group purchased the entire issued share capital of Richard Davies Investor Relations Limited (RD:IR) for cash consideration of £4.0m, plus contingent consideration of up to £2.0m payable in 2021. RD:IR offers a wide range of investor relations related analysis, research and advisory services to its international client base.

On 31 October 2019, the Group purchased the entire issued share capital of Corporate Stock Transfer, Inc. (CST) for cash consideration of £0.2m ($0.2m), plus deferred consideration of £3.2m ($4.3m) payable in 2020 and contingent consideration of up to £1.6m ($1.8m) payable in 2022. CST is a share registrar business based in Colorado, United States.

POST BALANCE SHEET ITEM

In February 2020, the Group purchased the entire issued share capital of Monidee B.V. (Monidee). Initial consideration of £3.3m (€4.0m) was paid in February 2020 and deferred consideration of £3.3m (€4.0m) is payable in February 2021. Monidee is a highly complementary share plans business that currently services more than 200,000 employees across 210 corporate clients in 50 countries. This acquisition will allow us to answer current client demand and provides us with a leading proprietary platform to attract new international clients.

RETIREMENT BENEFITS

The Group operates three defined benefit pension schemes, which are all closed to new members. These are the Paymaster Pension Scheme, the Equiniti ICS Limited Pension Scheme and the Prudential Platinum Pension – MyCSP Limited Pension Scheme.

The aggregate deficit across all three schemes is £31.7m (2018: £22.9m) with a funding plan in place to clear these deficits over the next eight years. The Group has closed all schemes to future accrual, with the exception of one small (six member) section of the Paymaster Scheme, as well as consolidating its defined contribution pension plans into a single provider.

The Group contributed £1.4m to the schemes during 2019. These contributions represent deficit repair payments as laid out by the schemes' Schedule of Contributions. The Group's exposure to future service costs is not considered to be significant since the schemes are closed to future accrual. The current service cost for the three schemes was £0.1m in 2019.

CHANGES IN ACCOUNTING STANDARDS

IFRS 16 Leases

The Group has applied IFRS 16 for the year beginning 1 January 2019 and has adopted the modified retrospective approach, which means that comparatives in the consolidated financial statements have not been restated. To provide like-for-like comparators for the prior period, comparatives throughout this Strategic Report have been presented as if IFRS 16 had applied throughout 2018.

John Stier

Chief Financial Officer

12 March 2020

ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures (APMs) to provide additional information on the underlying performance of the business. Management use these measures to monitor performance on a monthly basis and the adjusted performance measures enable better comparability between reporting periods.

The APMs used to manage the Group are as follows:

ORGANIC REVENUE GROWTH

Organic revenue growth is reported revenue growth adjusted for acquisitions and changes to FX rates to compare growth on a like-for-like basis. Part of the Group's strategy is to deliver growth and develop and acquire new capabilities. As such, a measure of like-for-like growth is a key performance indicator. See page 31 for calculation.

EBITDA AND UNDERLYING EBITDA

EBITDA is considered to be the most suitable indicator to explain the operating performance of the Group. The definition of EBITDA is earnings before net financing interest costs, income tax, depreciation of property, plant and equipment, amortisation of software and amortisation of acquired intangible assets.

Underlying EBITDA is used to explain the sustainable operating performance of the Group and its respective divisions, where EBITDA is adjusted for non-operating charges which are defined as expense items, which if included in EBITDA, would otherwise obscure the understanding of the underlying performance of the Group. These items represent material restructuring, integration and any costs that are transformational in nature.

Reconciliation of profit before tax to underlying EBITDA (£m)	2019	2018
Profit before tax	**39.8**	**24.3**
Plus: Depreciation	12.9	12.0
Plus: Amortisation of software	29.9	23.9
Plus: Amortisation of acquisition-related intangible assets	31.8	31.7
Less: Finance income	–	(0.2)
Plus: Finance costs	16.1	17.0
EBITDA	**130.5**	**108.7**
Adjustment for non-operating charges:		
Plus: Transaction costs	0.3	6.1
Plus: Integration costs	5.2	14.7
Underlying EBITDA	**136.0**	**129.5**

Transaction costs of £0.3m relate to deal advisory and legal fees which were contingent on successful completion of EQ US which completed in February 2018. Integration costs of £5.2m relate entirely to the US business and represent programme delivery, the development of standalone functions and delivery of systems and processes to run the business. Included within this were £1.9m of costs in relation to permanent project staff, which on completion of the integration project have been absorbed into vacant positions, replaced contractors in the business or otherwise left the Group. Post completion of the US integration programme, there will be no further non-operating charges, absent any transformational transactions.

UNDERLYING EBITDA MARGIN

Underlying EBITDA margin is underlying EBITDA as a percentage of revenue. This is a key measure of Group profitability and demonstrates the ability to improve efficiency, as well as the quality of work won.

OPERATING CASH FLOW CONVERSION

Operating cash flow conversion represents underlying EBITDA plus change in working capital as a percentage of underlying EBITDA. This measures the Group's cash generative characteristics from its underlying operations and is used to evaluate the Group's management of working capital.
See page 33 for calculation.

FREE CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS

Free cash flow attributable to equity holders represents our cash flow prior to any acquisition, refinancing or share capital cash flows. It is a key measure of cash earned for the shareholders of the Group. See page 33 for calculation.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT is used to measure the financial performance of the Group excluding expenses that are determined by capital structure and tax regulations, instead of the underlying trading. In addition to this, net interest costs are impacted by fair valuation re-measurements of certain financial liabilities that are dependent on external market factors rather than the Group's core operations. See page 32 for calculation.

CASH TAX RATE

The cash tax rate is determined through a detailed calculation, estimating the future expected cash tax liabilities of the Group against our profit forecasts, adjusting for known variables such as changes in tax rates, changes in tax legislation (loss restriction rules) and implementation of the Group transfer pricing policy. We consider the cash tax rate to be an appropriate measure, as it best reflects the anticipated economic outflows from the business, taking into account our assessment of how our deferred tax attributes will unwind and reduce our cash tax liabilities over time.

ALTERNATIVE PERFORMANCE MEASURES

LEVERAGE AND NET DEBT

Leverage represents the ratio of net debt to underlying EBITDA. This is a key measure that evaluates the Group's capital structure and its ability to meet financial covenants. See page 34 for calculation of net debt.

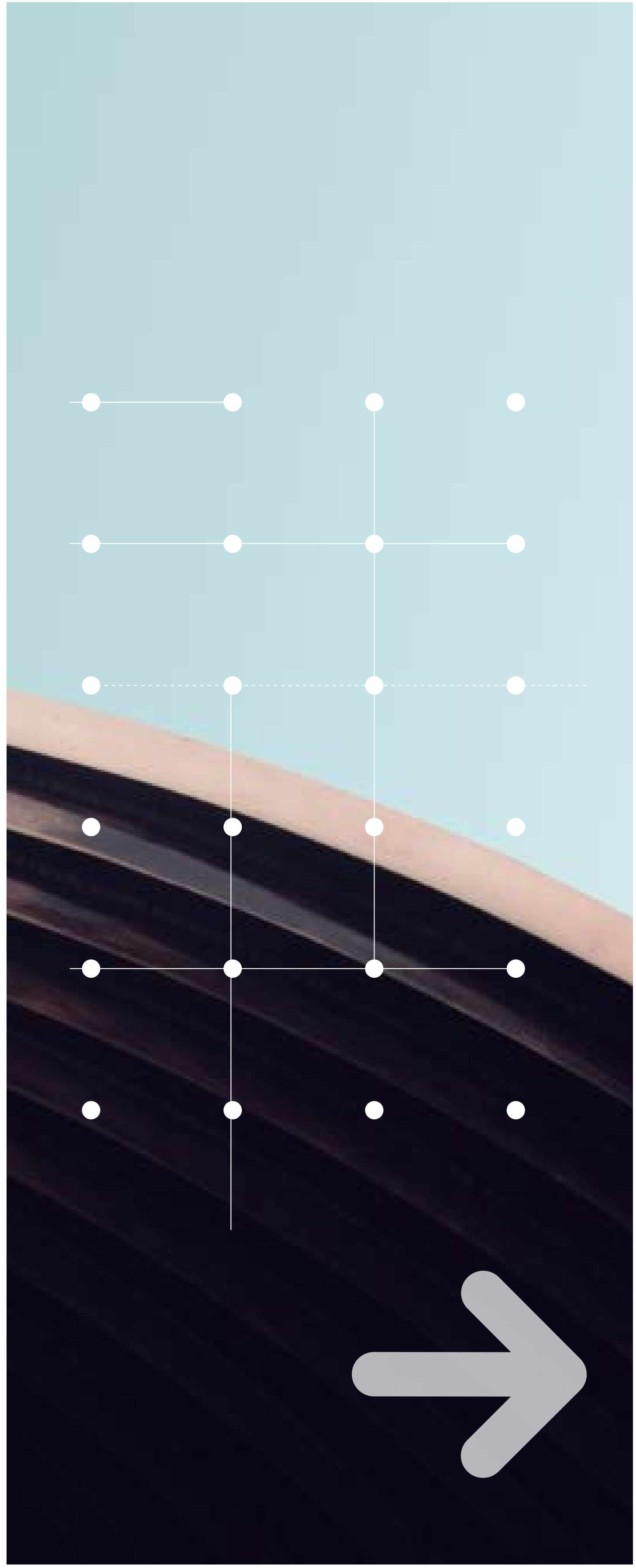
UNDERLYING PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The Group has a progressive dividend policy which targets distributing c30% of underlying profit attributable to ordinary shareholders each year.

UNDERLYING EARNINGS PER SHARE

Underlying earnings per share represents underlying EBITDA, less depreciation of property, plant and equipment, amortisation of software, net interest costs, cash tax and minority interests.

Reconciliation to underlying earnings per share (£m)	2019	2018
Underlying EBITDA	**136.0**	**129.5**
Less: Depreciation	(12.9)	(12.0)
Less: Amortisation of software	(29.9)	(23.9)
Plus: Finance income	–	0.2
Less: Finance costs	(16.1)	(17.0)
Cash tax at 12%	(8.9)	(9.2)
Minority interest	(1.6)	(3.2)
Underlying profit attributable to ordinary shareholders	**66.6**	**64.4**
Diluted weighted average number of shares (m)	368.3	360.8
Underlying earnings per share (pence)	**18.1**	**17.8**



2018 PROFORMA FINANCIAL STATEMENTS ON A POST-IFRS 16 BASIS

The Group has applied IFRS 16 for the first time to the period beginning 1 January 2019 and has transitioned by adopting the modified retrospective approach which does not require restatement of the comparatives. In order to provide like-for-like comparators for the prior period, comparatives throughout this Strategic Report have been presented as if IFRS 16 had applied throughout 2018. A reconciliation has been provided below.

CONSOLIDATED INCOME STATEMENT

£m	Reported 2018	IFRS 16 Impact	Proforma 2018
Total Revenue	**530.9**	**–**	**530.9**
Underlying EBITDA			
Investment Solutions	47.3	1.2	48.5
Intelligent Solutions	39.8	1.3	41.1
Pension Solutions	19.7	2.6	22.3
Interest Income	12.1	–	12.1
Total UK & Europe	**118.9**	**5.1**	**124.0**
EQ US	19.2	1.1	20.3
Divisional Total	**138.1**	**6.2**	**144.3**
Central Costs	(15.8)	1.0	(14.8)
Total Underlying EBITDA	**122.3**	**7.2**	**129.5**
Total Underlying EBITDA margin	**23.0%**	**1.4%**	**24.4%**
Underlying EBITDA	**122.3**	**7.2**	**129.5**
Depreciation	(6.0)	(6.0)	(12.0)
Amortisation – software	(23.9)	–	(23.9)
Amortisation – acquired intangibles	(31.7)	–	(31.7)
EBIT	**60.7**	**1.2**	**61.9**
Non-operating charges	(20.8)	–	(20.8)
Reported EBIT	**39.9**	**1.2**	**41.1**
Finance costs	(15.3)	(1.5)	(16.8)
Profit before Tax	**24.6**	**(0.3)**	**24.3**
Tax	(3.9)	–	(3.9)
Profit after Tax	**20.7**	**(0.3)**	**20.4**
Minority interest	(3.2)	–	(3.2)
Net Income	**17.5**	**(0.3)**	**17.2**

KEY MEASURES

	Reported FY 2018	IFRS 16 Impact	Proforma FY 2018
EPS – reported (p)	4.8	(0.05)	4.8
EPS – underlying (p)	17.9	(0.10)	17.8
DPS (p)	5.32	–	5.32
Net debt (£m)	309.5	42.5	352.0
Leverage (x)	2.5	0.2	2.7

2018 PROFORMA FINANCIAL STATEMENTS ON A POST-IFRS 16 BASIS

CONSOLIDATED STATEMENT OF CASH FLOWS

£m	Reported 2018	IFRS 16 Impact	Proforma 2018
Profit before income tax	24.6	(0.3)	24.3
Adjustments for:			
Depreciation	6.0	6.0	12.0
Amortisation of software	23.9	–	23.9
Amortisation of acquisition-related intangibles	31.7	–	31.7
Finance income	(0.2)	–	(0.2)
Finance costs	15.5	1.5	17.0
Share-based payments expense	6.4	–	6.4
Changes in working capital:			
Net increase in receivables	(12.0)	–	(12.0)
Net increase in contract assets	(3.1)	–	(3.1)
Net increase/(decrease) in payables	18.0	(0.1)	17.9
Net decrease in contract liabilities	(2.4)	–	(2.4)
Net decrease in provisions	(1.3)	–	(1.3)
Cash flows from operating activities	107.1	7.1	114.2
Interest paid	(10.5)	–	(10.5)
Income tax paid	(4.5)	–	(4.5)
Net cash inflow from operating activities	**92.1**	**7.1**	**99.2**
Cash flows from investing activities			
Interest received	0.2	–	0.2
Business acquisitions net of cash acquired	(173.6)	–	(173.6)
Payments relating to prior year acquisitions	(4.0)	–	(4.0)
Acquisition of property, plant and equipment	(9.5)	–	(9.5)
Payments relating to developing and acquiring software	(30.3)	–	(30.3)
Net cash outflow from investing activities	**(217.2)**	**–**	**(217.2)**
Cash flows from financing activities			
Proceeds from issue of share capital, less transaction costs	(0.8)	–	(0.8)
Purchase of own shares	(13.9)	–	(13.9)
Proceeds from new bank loans	64.9	–	64.9
Proceeds from revolving credit facility balance	76.1	–	76.1
Payment of loan set-up fees	(0.8)	–	(0.8)
Payment of finance lease liabilities	(0.9)	(7.1)	(8.0)
Dividends paid	(16.5)	–	(16.5)
Dividends paid to non-controlling interests	(1.8)	–	(1.8)
Transactions with non-controlling interests	(5.9)	–	(5.9)
Net cash inflow from financing activities	**100.4**	**(7.1)**	**93.3**
Net decrease in cash and cash equivalents	(24.7)	–	(24.7)
Foreign exchange gains and losses	0.4	–	0.4
Cash and cash equivalents at 1 January	115.2	–	115.2
Cash and cash equivalents at 31 December	**90.9**	**–**	**90.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

£m	Reported 2018	IFRS 16 Impact	Proforma 2018
Assets			
Non-current assets			
Intangible assets	836.4	–	836.4
Property, plant and equipment	21.9	36.2	58.1
Other financial assets	0.2	–	0.2
Deferred income tax assets	23.6	–	23.6
	882.1	**36.2**	**918.3**
Current assets			
Trade and other receivables	64.1	–	64.1
Contract fulfilment assets	46.2	–	46.2
Agency broker receivables	12.4	–	12.4
Income tax receivable	0.7	–	0.7
Other financial assets	0.5	–	0.5
Cash and cash equivalents	90.9	–	90.9
	214.8	**–**	**214.8**
Total assets	1,096.9	36.2	1,133.1
Liabilities			
Non-current liabilities			
External loans and borrowings	395.2	–	395.2
Post-employment benefits	22.9	–	22.9
Provisions	12.8	–	12.8
Other financial liabilities	4.2	36.8	40.4
	435.1	**36.8**	**471.3**
Current liabilities			
Trade and other payables	112.2	(4.3)	107.9
Contract fulfilment liabilities	16.4	–	16.4
Agency broker payables	12.4	–	12.4
Income tax payable	–	–	–
Provisions	9.1	–	9.1
Other financial liabilities	0.5	5.7	6.2
	150.6	**1.4**	**152.0**
Total liabilities	**585.7**	**(38.2)**	**623.9**
Net assets	**511.2**	**(2.0)**	**509.2**
Equity			
Equity attributable to owners of the parent			
Share capital	0.4	–	0.4
Share premium	115.9	–	115.9
Other reserves	182.4	–	182.4
Retained earnings	203.2	(2.0)	197.0
	501.9	**(2.0)**	**499.9**
Non-controlling interest	9.3	–	9.3
Total equity	**511.2**	**(2.0)**	**509.2**

SUSTAINABILITY

GUY WAKELEY, CHIEF EXECUTIVE AND GROUP SPONSOR OF SUSTAINABILITY

Our approach to sustainability ranges from how we manage our relationships with our clients, to ensuring we have the talent we need to meet our ambitions, to looking after the interests of the customers we reach through our services. It also incorporates the relationships we have with other key stakeholders such as our suppliers, regulators and shareholders.

This section incorporates by reference the key elements of our Companies Act 2006 section 172 Statement, as outlined on page 50.

Our corporate responsibility (CR) policy sets out what a socially responsible organisation looks like, following the definition in ISO26000. The policy commits us to:

- behave ethically and responsibly at all times;
- be accountable for our impact on society, the economy and the environment;
- be transparent in our decisions and activities which impact on society and the environment;
- respect, consider and respond to the interests of our stakeholders; and
- make a positive impact on colleagues, the community and the environment.

We manage many aspects of sustainability through our day-to-day business operations. In addition, we have developed a CR strategy, to ensure we address issues related to our business that are important to our stakeholders. Implementing our CR strategy supports our delivery of our purpose and connects to our values, helping to make Equiniti the responsible and caring business we want to be.

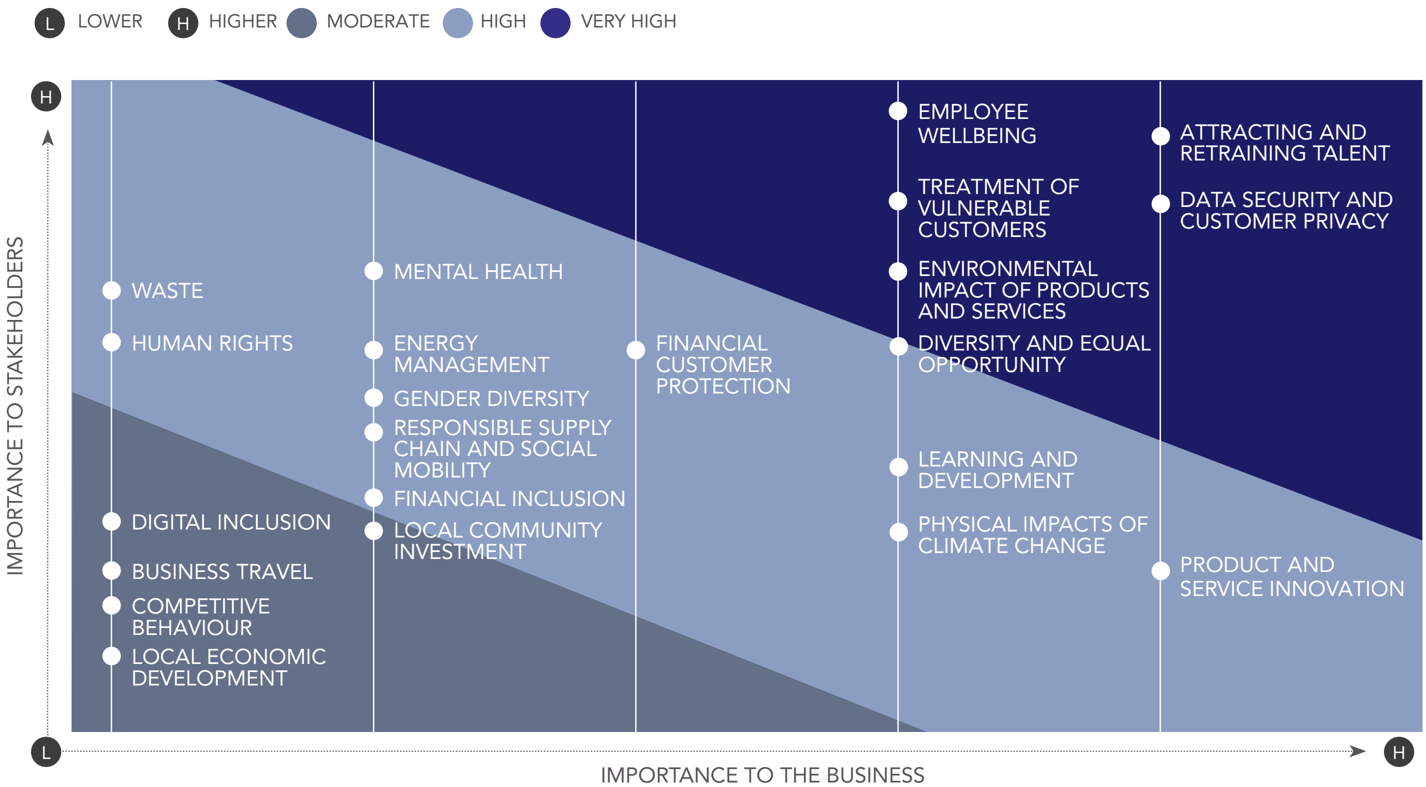
DEVELOPING OUR CR STRATEGY

To find out what issues are most pertinent to our colleagues and other stakeholders, we ran a materiality assessment at the beginning of 2019. The aim was to help us:

- understand the economic, environmental and social issues which have the greatest influence on our business, stakeholders and society at large;
- gain an objective view of our strengths and weaknesses in these areas; and
- find out how we benchmark against others.

The diagnostic process included:

- stakeholder mapping;
- a desktop review of internal and external sources;
- stakeholder engagement, including internal and external surveys and a series of in-depth interviews with key internal and external stakeholders, seeking their views of the business landscape, their perceptions of responsible business, and their ranking of key economic, environmental and social issues;
- stakeholder prioritisation;
- a business impact assessment of 23 topics, using a risk and opportunity approach; and
- qualitative analysis.



The findings of the materiality assessment are shown in the diagram above. These findings helped us to develop a CR strategy which makes sense for our business and focuses on our most significant impacts.

VISION – TO DEMONSTRATE OUR COMMITMENT TO RESPONSIBLE BUSINESS

MARKETPLACE		WORKPLACE	COMMUNITY	ENVIRONMENT
Align responsible business with commercial opportunities	**Improve lives through our products and services**	**Have a positive impact on employee wellbeing**	**Support social mobility and education in our communities**	**Manage the environmental impact of our products and services**
Financial Literacy Vulnerable Customer Data Security & Customer Privacy Shareholder Engagement		Diversity & Inclusion Learning & Development Mental Health Volunteer Days Giving	Schools Engagement Apprenticeships Work Experience	Measuring and reporting impact Finding ways to reduce impact Climate Risk Policy

The following pages discuss how we manage our business in relation to the marketplace, workplace, community and the environment. Information on other elements of the marketplace can also be found elsewhere in the Annual Report. In particular:

- data protection is a principal risk for the business and our approach to mitigating this risk is described on page 52;
- the shareholder engagement aspect of the CR strategy relates to the opportunity we have to support our clients' engagement with their shareholders, through our Boudicca Proxy business and the recent acquisition of RD:IR; and
- Equiniti's engagement with its own shareholders is discussed on page 44.

Financial literacy is not discussed as a separate topic as we see this as inherently linked to how we look after vulnerable customers, as outlined on page 42. We also see financial literacy as important for our people and will consider ways we can support this during the coming year.

SUSTAINABILITY

MARKETPLACE

This section outlines our interactions with the key stakeholders in our marketplace:

- Our clients – we provide technology and solutions directly to the blue-chip enterprises and public sector organisation we serve.
- The end customers – customers who use our services indirectly through the services we provide for our clients (e.g. shareholders, employees or pensioners), as well as through our execution-only brokerage service.
- Our suppliers.
- The regulators who oversee aspects of our business.
- Our shareholders.

The Chief Executive and the Chief Financial Officer update the Board on any matters pertaining to those stakeholders. This section also covers important ethical issues related to the marketplace, specifically protecting human rights and preventing bribery and corruption.

Our Clients

Equiniti's most significant impact on society is through the day-to-day services we provide to our clients. The large majority of our activities have a direct social benefit, whether that is ensuring people receive their pensions on time or helping clients to grow and create jobs through our data analytics.

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships. We continue to benefit from strong key account coverage, which grows revenue from our top clients by identifying opportunities to up-sell and cross-sell other solutions.

Ultimately, our clients stay with us because we have outstanding technology and deliver excellent service. The average length of our UK share registration relationships is around 29 years but we also have a good balance of longer relationships and clients who are newer to the Group. We enjoy a similar quality of client relationships in the US.

Engaging with Our Clients

We engage with our clients in a number of ways. For our largest clients, we have a key accounts programme. This helps us to solve more of their business issues and grow our revenue by identifying opportunities to up-sell and cross-sell other solutions.

Beyond our key accounts programme, each of our divisions has specialist sales teams who work with our clients and potential clients to win new business. We also have a bid support team, which helps us to prepare tenders and to price our contracts.

Equiniti runs a Client Insight programme where we send a questionnaire twice a year to all client contacts across the Group. This includes questions on NPS, CES and CSAT which are industry standard metrics used to measure client satisfaction. Based on the feedback we receive we are able to gather direct feedback from our clients about the services we provide. The aim of the programme is to look for ways to further improve our services.

Following the closure of each programme, results are shared with stakeholders across the Group along with conclusion and next steps templates. This enables stakeholders to review the feedback from clients and provides conclusions/next steps which capture actions that will be added to a Group tracker and which are monitored centrally for timely closure. All conclusions, next steps and actions are then shared with the Executive Committee and circulated to the wider business. The Group objective is to have a sustained or improved score.

End Customers

Equiniti reaches many millions of customers, primarily through the services we provide for our clients and through our execution-only brokerage service. This means we have a large number of customers who are potentially vulnerable. Indeed, research by the Financial Conduct Authority (FCA) has shown that half of UK adults display one or more characteristics of being potentially vulnerable.

Protecting the needs of customers who may be vulnerable is therefore a growing focus for us. Proposed FCA guidance has steered how we are reshaping our approach, with a focus on improved customer insight, being inclusive and accessible by design, and creating more robust monitoring and evaluation of our treatment of vulnerable customers.

We see the potential to grow our partnerships in this area, to learn from and share best practice with others. We already have strong links in the utilities and consumer credit sectors and are keen to explore partnering with third-sector organisations, so we can collaborate to create better outcomes for customers.

In connection with our vulnerable customers' strategy, a number of colleagues have been on dementia champion training and have made 245 dementia friends.

Engaging with Our Customers

Equiniti runs a monthly Customer Insight programme and has questionnaires in place across the Group to measure customer satisfaction. Customers have the opportunity to participate in a short questionnaire following an interaction with us. These questionnaires include the NPS, CES and CSAT questions. Based on feedback we receive, improvement opportunities are identified to enhance the customer journey. Questionnaire results are shared with the Executive Committee and the senior team on a monthly basis.

Suppliers

Equiniti's preferred suppliers provide us with technology, human resources, print and mail services, facilities management, travel and professional services. We segment our suppliers by risk, to protect our business and our ability to deliver to our clients and customers, using our Group-wide risk management framework.

We oversee and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights and ethics. To make our expectations of our suppliers even clearer, we intend to introduce an Equiniti Supplier Code of Conduct in 2020.

Engaging with Our Suppliers

As part of the Group procurement strategy for 2019, we launched a supplier relationship management (SRM) programme, with an initial pilot being run from Q4 2019 until Q1 2020. The SRM framework has been developed to provide supplier relationship strategies, commensurate with the level of risk and complexity of the relationship, optimising engagement with critical and strategic suppliers.

The framework covers:

- Supplier Segmentation & Due Diligence
- Supplier Governance
- Performance Improvement
- Supplier Collaboration

We engage with suppliers at both a strategic and on a day-to-day operational level. Risks associated with purchasing and outsourcing are tracked through our risk governance framework and reported up to Board level.

Regulators

The Group operates in regulated markets and looks to maintain positive and open relationships with the relevant regulators.

UK Regulators

The FCA regulates the UK financial services industry. It authorises several Group entities and oversees their conduct and prudential management, when providing financial services such as share dealing, safe custody of investment assets, consumer credit information and administration, and electronic money and payment services linked to foreign currency exchange.

The Prudential Regulation Authority (PRA) supervises 'high impact' firms in the UK, such as banks, building societies and large insurers. While it does not directly regulate any Group entity, many of our corporate banking and insurance clients are PRA regulated and we are contractually bound by them to meet certain governance standards required by PRA regulated firms, when outsourcing regulated activities.

Her Majesty's Revenue & Customs (HMRC) is one of 28 supervisors for people and businesses covered by the Money Laundering Regulations. Several Group entities are registered with HMRC, including our international payments and company service providers.

The Pensions Regulator (TPR) has a number of statutory objectives to protect UK workplace pensions and improve how they are administered, by working with employers, trustees, pension specialists and third-party administrators such as Equiniti. TPR provides guidance and publishes codes of practice for the industry.

The Information Commissioner's Office (ICO) is the UK's independent body for ensuring that data protection rights are upheld. It provides codes of practice and guidance for all data protection, privacy and electronic communications, as well as freedom of information and environmental information requests. The ICO is responsible for ensuring UK entities comply with the law via data audits and takes enforcement action against any breaches.

Engaging with our UK Regulators

In the UK, the FCA supervises and engages with the Group firms it regulates through periodic and ad-hoc reporting on conduct and financial resilience, thematic industry reviews on 'hot' regulatory topics, responses to specific events, and desk-based and on-site reviews. The Group also provides feedback to the FCA, where appropriate, on its consultations on proposed regulatory change either individually or through its membership of recognised industry associations. We also provide ad-hoc updates to HMRC, which may also carry out desk-top reviews.

US Regulators

The Securities and Exchange Commission (SEC) is the Federal regulator for the US transfer agent industry. Its focus is on safety and soundness, ensuring that assets are protected and secure. The SEC requires certain reporting by transfer agents and performs examinations of regulated entities. It carries out a risk analysis of all registrants and examines registrants on a schedule based on that risk assessment.

The New York State Department of Financial Services (DFS) oversees the trust company activities of Equiniti Trust Company. Although Equiniti Trust Company is registered with the DFS as a banking-type entity, its operations are limited to fiduciary activities. The DFS requires reporting by regulated entities and performs annual examinations of them, focusing on information security, money laundering, sanctions and controls over the safeguarding of assets. The DFS uses the work done by the regulated business's internal audit function to focus its examinations.

As a trust company with operations in Minnesota and Wisconsin, Equiniti Trust Company is also registered as a foreign (out-of-state) trust company with those states. The states of Minnesota and Wisconsin defer the oversight of foreign trust companies to the home state of those entities, which in our case is New York.

Engaging with our US Regulators

We engage in regular interaction with both the SEC and DFS to discuss areas of interest to them and to us, to obtain guidance and assistance, and to provide them with our thoughts and recommendations on what they are doing and looking at.

Anti-Bribery and Corruption

Equiniti has an anti-bribery and corruption (ABC) policy. It describes the risks associated with bribery and corruption, sets out the minimum controls that must be established to prevent it (see below) and provides guidance on identifying, preventing and reporting bribery and corruption. The policy is supported by a whistleblowing process and, where necessary, proportionate and independent investigation and follow up of any matters reported. The ABC policy is one of a suite of Equiniti policies which deal with different types of financial crime, such as money laundering, terrorist financing and tax evasion. The Audit Committee, in conjunction with the Risk Committee, is responsible for approving our systems and controls for preventing bribery and corruption, and for receiving any reports on non-compliance. The Group's key controls in its dealings with actual or potential clients and suppliers, and any other external parties, ensure that:

- we fully assess the risk of bribery or corruption before we enter into any business arrangement in a new jurisdiction;
- we can identify suspected bribery or corruption either internally or externally, escalate and report any suspected incidents and cooperate with relevant authorities where necessary;
- we review, assess and authorise any financial or other advantage promised, given or received between any persons directly associated with Equiniti;
- we have a written agreement in place that acknowledges understanding and compliance with Equiniti's ABC policy before we enter into any third-party business arrangement; and
- our staff receive the appropriate training, knowledge and competence to effectively comply with this policy.

Our risk and compliance teams monitor compliance against this policy and all employees must complete financial crime training annually.

There have been no material instances of non-compliance with the ABC policy reported this year.

Human Rights

Our human rights policy is guided by the international human rights principles encompassed by the Universal Declaration of Human Rights, including those contained within the International Bill of Rights and the International Labour Organisation's 1998 Declaration on Fundamental Principles and Rights at Work.

Within Equiniti, we ensure we protect the rights of our people, including those with disabilities, by adopting suitable employment practices. We also look to protect the rights of those working within our supply chain. In 2019, we have worked to raise colleague awareness of the risks of modern slavery and human trafficking, in particular for colleagues with procurement or outsourcing responsibilities. We also created a risk-based Modern Slavery and Human Trafficking policy, which is the first step for integrating this risk into our enterprise-wide risk management framework. In addition, we are reviewing our supply chain risk management processes.

We rely on the whistleblowing process to alert us to any breaches and there have been no reported breaches of our human rights policy during the year.

Shareholders

The Board is committed to openly engaging with our shareholders, as we recognise the importance of effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to us that shareholders understand our strategy, objectives and performance, so we look to explain them clearly, listen to feedback and properly consider any issues or questions raised.

We have a comprehensive investor relations programme, with the executive Directors regularly meeting investors and analysts. The executive Directors are supported where appropriate by the Chairman and the Chair of the Audit Committee, who met a number of our institutional shareholders during the year.

Our investor relations programme supports the aims of the UK Corporate Governance Code and the UK Stewardship Code to promote engagement and interaction between listed companies and their major shareholders. With this in mind, we welcome any opportunities for investors and shareholders to engage directly with the Chairman and Non-executive Directors, in addition to the Chief Executive and CFO. The Board also receives non-attributable feedback from investors via our corporate brokers following our trading updates, interim and full year results.

WORKPLACE

Offering a great experience for our employees is fundamental to delivering the quality of customer service we aim for. To help us achieve this, we have a people strategy based on five areas: culture and leadership; engagement and experience; learning and talent; diversity and inclusion; and performance and reward. Our approach to the workplace also includes volunteer days and corporate sponsorship for causes that are meaningful to our people.

Culture and Leadership

Having the right culture, which aligns to our purpose and vision, is vital for sustainable success. During 2019, we launched a set of refreshed Group values derived from hundreds of our employees' stories about what we are like at our best. To launch the campaign we created a bold new employee visual brand, launched our Instagram culture channel Lifeateq and invested time to engage with influencer groups throughout the business. The subsequent multi-channel year-long campaign saw the values embedded at grass roots level. The ultimate measure of success has been their organic adoption by our teams. For example, in our Birmingham Customer Experience Centre, management have created values-themed handwritten thank you cards and pins to give to colleagues who demonstrate these behaviours, whilst our employee brand and values language have been widely adopted by key internal stakeholders such as the People and Operations functions. The Excellence Awards at our leadership conference also have a structure consistent with our values. More information on our culture can be found in the Chief Executive's Statement on page 18 and the Chairman's introduction to the Corporate Governance Report on page 62.

Strength and depth of leadership is crucial for us. The Group uses the Gallup leadership model, which is based on leaders understanding their own strengths and the complementary strengths they need in their team. We supported our leadership through programmes such as our Leadership Development Programme. This had three modules – leading self, leading others and leading the business – which were aimed at new, developing and experienced leaders respectively. The programme gave our leaders the skills to build relationships, lead teams and understand the strategic skills necessary to run a business. In total, 210 leaders have been supported through this programme. In addition, 73 leaders in India have benefited from three structured e-learning modules, as part of the digital academy programme (see Learning and Talent on pages 46 to 47).

We also ran a Sales Growth programme for our sales, relationship and commercial teams. More than 120 sales and growth leaders have been supported through the five modules of this comprehensive programme. In addition, we delivered targeted leadership programmes locally, to address specific business requirements.

OUR VALUES

PERFORMANCE – WE'RE METICULOUS

Listen, take time and really care about getting things right.

Be accountable, make amends, learn and move on.

Deliver; on time, every time.

Use your sharp eye for detail to create great service and solutions for customers.

GROWTH – WE'RE INVENTIVE

Test and develop new ideas.

Protect time to be creative.

Always explore fresh ways to do things and embrace change.

Put common purpose first; we move quicker together.

CUSTOMERS – WE KEEP THINGS REAL

Communicate openly and behave with integrity.

Challenge the complicated and promote simplicity.

Support and connect with communities around us.

What you do matters – show pride.

COLLEAGUES – WE'RE TOGETHER

Think as one global team, empowered and stronger together.

We all have a unique voice and it is listened to.

Know your role and how you contribute.

Lead by example and create ways for everyone to grow.

Engagement and Experience

We run an annual employee engagement survey, which helps us to understand where we are doing well and where we need to enhance our employees' experience. In 2019, we adopted the Gallup engagement model. This shorter and more focused model is more specifically about engagement than our previous model, with 12 key areas of questioning that assess our people's alignment to the business. It also complements our leadership model and aligns more directly with our culture.

We have engagement champions in every location, who ensure that our communications reach all of our people. The Chief Executive's Colleague Briefings are also an important communication tool, with Guy Wakeley visiting every Equiniti location around the world following the release of the half year results. This allows our people to talk to Guy directly about our strategy and progress.

Towards the end of the year, we relaunched our employee engagement forum. This has been combined with our communications forum, to make it more communication focused and more responsive to employee feedback. The forum, renamed the Global Colleague Forum, has a steering group and a schedule of events for the year and includes representatives from different locations and functions. It meets at a different location each time and is hosted by local employees, with the agenda focused on a wide range of issues such has Group strategy, sustainability, diversity and inclusion, and purpose, mission and values. Dr Tim Miller, our Board-appointed non-executive Director for Employee Voice, attends and chairs the forum, ensuring the Board hears directly from our people about their experience of working for Equiniti. The Board also receives regular updates on HR topics, feecback from employees and discusses the results of the annual engagement survey.

Learning and Talent

Our primary learning focus this year was on leadership and management development, and supporting those teams focused on business growth. We have completed phase 1 of two Group programmes: Leadership and Management – Future & Fundamentals and Sales & Business Growth. Over 400 of our colleagues have attended some or all of these modules, with an average engagement and practical application rating of 9.2 out of 10. We have also continued to invest in our e-learning system. This allows our colleagues to easily complete the compliance and regulatory learning requirements and also select from a wide range of on-line training modules, designed to focus on the skills required to both fulfil their current roles confidently and also develop those skills required for succession and career advancement. These modules include core topics such as Managing Performance Conversations and specific, technical skills such as Advanced Project Management Techniques; covering a wide range of business and development areas.

We continue to work extensively with our rising stars; offering coaching, networking opportunities and workshops designed to accelerate the progress of talented employees through development, mentoring and stretch projects. We have also focused heavily on diversity and gender support this year with opportunities such as networking, lectures and forums through our sponsorship of the FT Women in Business Forum, internal workshops on diversity, inclusion and communication and a range of mental health awareness coaching and buddy events. Our apprenticeship programme achieved our first qualified apprentices this year and we continue to develop this scheme more widely across the Group.

Each year, the Group runs people and talent reviews in all divisions and functions worldwide. This allows us to build a comprehensive understanding of our leadership and develop a 'talent map', which supports succession planning. Diversity considerations are at the heart of this process. The reviews have helped us to make numerous internal promotions this year, including four new members of the Executive Committee and a further 15 senior appointments. In total, internal candidates filled 35% of our vacancies in 2019.

Diversity and Inclusion

The Group has a formal global Diversity & Inclusion policy. This reflects our recognition that we operate in increasingly diverse communities, both in the UK and internationally. Equiniti therefore needs to reflect this diversity and create an open and inclusive culture able to support, sustain and develop our diverse workforce, so we can in turn support our customers and the markets we serve.

We take a 'top down, bottom up' approach to diversity and inclusion, with direction set at the executive level and implementation led by diversity networks comprising colleagues from different levels and across the organisation. Our four main diversity networks cover gender; wellbeing, mental health and disability; multicultural; and LGBT+. Each network is chaired by an Executive Committee member or other senior leader.

During 2019 we also created a Global Diversity Council, which meets quarterly to support the networks' key initiatives and coordinate them globally where possible. The implementation of Workday as our new HR data system in 2020 will give colleagues the opportunity to submit their diversity data on a voluntary and anonymous basis. This will enable us to analyse, report and understand our workforce composition, forming the basis of targeted initiatives to drive diversity and inclusion and measure change.

Gender Diversity

The Gender Network was formed to nurture an environment where everyone can succeed regardless of gender. The network runs initiatives which support the development of women, while being open to all employees. Equiniti works with a number of organisations to support female talent, including Every Woman, the 30% Club and the FT Women in Business Forum which Equiniti joined during the year. The Forum encourages the development of female middle managers and aims to reduce the gender pay gap.

The table below shows Equiniti's gender diversity at the year end:

	2019		2018	
	MEN	WOMEN	MEN	WOMEN
Board	6	3	6	3
Senior management	77	51	71	44
Other employees	2,646	2,491	2,613	2,442
Total	2,729	2,545	2,690	2,489

The Group has a good gender balance overall and we continue to work to increase the number of women in senior positions. For example, it is mandatory for shortlists for our leadership appointments to include female candidates. The internal promotions described under Learning and Talent on page 46 mean that 30% of the Executive Committee is now female and in total, eight of the 19 senior promotions were women. Women were appointed to 51% of all vacancies across the Group in 2019, up from 47% in 2018.

Whilst we continued to have a gender pay gap in 2019, we are delighted to report a reduction in that gap from 2018. Reducing the gender pay gap continues to provide the opportunity to encourage the diversity, mobility and flexibility of our teams, and remains an important corporate objective both for now and the future. Further detail can be find on our website https://equiniti.com/uk/about-us/corporate-responsibility/policies/gender-pay-report/

Wellbeing, Mental Health and Disability

This network was formed to champion issues around disability and mental health and raise awareness at Equiniti. The primary focus is to create an inclusive workplace, in which employees feel welcome and confident to propose ideas for improving both physical and mental health at work.

The network has undertaken a wide range of events in 2019 and provided information and awareness communications to support its agenda. Activities included taking part in Suicide Prevention Day and World Mental Health Day, running sessions for men to speak about their experiences of mental health, and joining the Business Disability Forum. In addition, a further 16 mental health first aiders were trained this year, taking the total to 28 across our UK sites. The mental health first aiders are very visible to our people and numerous colleagues have used them to access support.

> “We have 28 mental health first aiders across our UK sites”

Multicultural Network

The Multicultural Network was formed to promote and celebrate the diverse nature of our workforce. It helps Equiniti to become an employer of choice and to attract and retain top talent, irrespective of race, ethnicity or culture. One of the network’s objectives is to create awareness of various cultures, which are representative of employees’ cultural backgrounds. During the year, its initiatives included celebrating and raising awareness of a number of cultural events, including Easter, Eid, Raksha Bandhan, Diwali and Thanksgiving.

LGBT+ Network

The LGBT+ Network was formed to raise awareness of issues faced by our LGBT+ community and to work towards a fully inclusive workplace. The Network represents Equiniti employees who identify as lesbian, gay, bisexual or transgender, along with all other sexual and gender orientations. During the year, members of the network took part in local Pride events, attended conferences and training courses to broaden their knowledge of LGBT+ topics, and published articles on our intranet to celebrate events and raise awareness.

Performance and Reward

The People and Talent reviews also consider the performance of our people. This enables us to identify and create plans to address any underperformance, and to identify high performers who are candidates for promotions and internal moves.

During the year, we introduced a new career and reward framework. This assigns all of our people to one of nine grades or levels, helping us to understand the composition of our workforce and to manage personal development and promotions more easily and transparently. The next phase of this programme will be to create a methodology for managing careers and rewards within this framework.

Our People Policies

Equiniti has a wide range of people policies, covering every aspect of the employee lifecycle. This includes resourcing and recruiting, from how candidates are vetted, through to on-boarding and induction. A number of policies cover issues such as holiday entitlement, sickness, maternity and paternity arrangements, while a series of other polices relate to the facilities our people make use of at work, such as data, equipment and systems. Finally, we have policies outlining our approach to informal complaints, grievances, whistleblowing and disciplinary matters, as well as redundancy and termination.

The Compliance Team are the guardians of our policies, making sure they are legally compliant and reflect best practice, so we remain an attractive employer. Our People Policy Manager is responsible for working through policy changes required, for example due to new regulations, and for proactively recommending changes where we believe our policies need to advance.

All of our people have access to the full range of policies via our intranet. We also run training and update sessions for key policies, to ensure they are widely understood and upheld.

Our line managers are responsible for ensuring our policies are complied with and they are supported by our People Services team in Chennai. All contacts with the People Services team are logged to track reported issues. This enables us to identify issues in a particular location or to spot trends in particular enquiries, which may indicate that we need to update policies to match changing expectations among our people.

COMMUNITY

Our community activities look to support social mobility and education. We run a successful apprenticeship programme across a number of areas of the business. We also continue to run Movement to Work with the Prince’s Trust, which helps unemployed young people into work through training, development and work experience.

We regularly support careers activities in schools. This includes offering work experience placements, sponsoring school fundraising activities, partnering with schools to run employability workshops and jointly celebrating events such as International Women’s Day. As we continue to build relationships with local schools and enterprise partners, we will look for opportunities to do more in this space.

Volunteer Days

All Equiniti colleagues can use two days per year out of the office, in addition to their annual leave entitlement, to support a charity or community project of their choice. This year has seen increased take-up, with a total of 220 days taken. Supported projects have ranged from gardening at a hospice to beach cleans and a bone-marrow drive.

Giving

In 2019 we launched a sponsorship programme, which allows colleagues to request support for activities in their local areas. During the year, we provided sponsorship to charities supporting former soldiers, homeless people and mental health. Equiniti also has a JustGiving page, which raised £143k in 2019 and £252k to date.

> "Equiniti has a JustGiving page, which has raised **£252k** to date"

ENVIRONMENT

The environmental impact of our products and services, and the physical impacts of climate change on our business, were highlighted as key issues for our business in our materiality assessment. In particular, our colleagues are increasingly interested in how we can deliver our services in ways which minimise our environmental impact.

Environmental Policy and Risk Management

We have a Group-wide policy that sets out our environmental control objectives, covering sustainability, resilience and the physical impacts of climate change. Using our enterprise risk framework, all of our business and support areas are required to assess the design and effectiveness of these controls on a regular basis, to ensure continual improvement. This helps us to reduce our carbon footprint and to build further resilience into our business processes to cater for the changing nature of our weather.

Organisational resilience and business continuity has long been a bedrock of our process management and in 2020 our theme will be the effects of climate change. This will see increased focus on testing and exercises, as all parts of the Group run scenarios around climate-based events that affect our ability to run our business.

Our Activities in 2019

Following our switch in 2018 to using renewable energy wherever possible, this year we have focused on three key areas. These are:

1. Improving how we measure and report our impacts, which will enable us to set realistic targets in 2020 for reducing our carbon emissions.
2. Embedding climate risk into our risk management framework and practices.
3. Engaging with colleagues to make changes to how we do things.

To encourage colleagues to get involved in reducing our environmental impact, we have introduced an Eco Champion network. Eco Champions collect ideas and support green initiatives in their local offices. In 2019, the network collaborated to share tips and expertise on recycling and waste management and to reduce our reliance on using paper. Throughout our operations we are constantly reducing our reliance on paper, and upskilling our colleagues to find digital alternatives to paper-based ways of working.

We also endeavour to help our clients by digitising the services we offer, generating both cost savings and environmental benefits. As an example, digitising quarterly statements in our Investment Solutions division has saved in excess of one million hard copy statements from being mailed which is in addition to the 12 million hard copy statements already saved annually following the introduction of digital nominee statements in 2018.

Our Environmental Performance

Greenhouse Gas Emissions (Tonnes of CO_2)

	2019	2018	2017
Buildings	5,013	4,813	5,011
Air travel	1,418	1,478	683
Vehicles	271	372	362
Rail travel	116	158	143
TOTAL	6,818	6,821	6,199

Carbon Intensity

CI	2019	2018	2017
Tonnes of CO_2 per £m revenue	12.3	12.8	15.3
Turnover £m	556	531	406
Tonnes of CO_2 per employee	1.29	1.31	1.37
Employees	5,274	5,179	4,511

While revenue in the year increased by 4.7% and number of employees increased by 1.8%, the tonnes of CO_2 per £m revenue reduced by 3.9% and the tonnes of CO_2 per employee reduced by 1.5%.

Transport

Vehicle business travel is based on the use of a medium sized car of average value, from the financial records each year ending 31 December. Overall business travel by car has decreased by 27.2% in 2019. Air travel is based on data from financial records each year ending 31 December. Air travel decreased by 4.1% in 2019.

Facilities

Buildings emissions are based on data for the years ended 31 March 2018/19. Overall the emissions from our building usage has shown a 4.2% increase year-on-year. whilst employee headcount increased at a higher rate of 14.8%.

Non-Financial Information Statement

The Companies Act 2006 requires us to disclose certain non-financial information in the Annual Report and Accounts. This information can be found on the following pages:

- environmental matters – page 49;
- employees – pages 45 to 48;
- social matters – pages 40 to 41;
- human rights – page 44;
- anti-bribery and corruption – page 44;
- business model – pages 8 to 9;
- principal risks and uncertainties – pages 52 to 55; and
- non-financial key performance indicators – pages 16 to 17.

Section 172(1) Statement

This statement describes how the Directors have taken account of the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, when performing their duty to promote the success of the company. Much of this content is included in the Sustainability section of the Strategic Report, as listed below.

The matters set out in section 172(1) (a) to (f) are:

(a) the likely consequences of any decision in the long-term – see Key Decisions in 2019 (below);

(b) the interests of the company's employees – pages 45 to 48;

(c) the need to foster the company's business relationships with clients, end customers, suppliers and regulators – pages 42 to 44;

(d) the impact of the company's operations on the community and the environment – page 49;

(e) the desirability of the company maintaining a reputation for high standards of business conduct – see clients (page 42), anti-bribery and corruption (page 44) and our values (page 45); and

(f) the need to act fairly between members of the company – see Key Decisions in 2019 (below).

Key Decisions in 2019

The Board is fully aware of its duty under s172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of members as a whole. The Group's stakeholder engagement activities help to inform the Board's decisions, by ensuring the Directors are aware of stakeholders' interests. The Board takes a long-term view in reaching key decisions, and, when taking decisions, the Board looks to act in the interests of stakeholders as a whole and to ensure all stakeholders are fairly treated.

Key decisions and focus for the Board in 2019 are set out in Board activities during the year on page 69.

Some of the charities our employees support

breast cancer care

CANCER RESEARCH UK

mind

NSPCC

BBC Children in Need

Chestnut Tree House

Our colleagues are increasingly interested in how we can deliver our services in ways which minimise our environmental impact

PRINCIPAL RISKS AND UNCERTAINTIES

We provide business-critical services to our clients, often in highly regulated and complex environments. As we grow, our business and our risk environment also become more complex.

It is therefore vital that we effectively identify, evaluate, manage and mitigate the current and emerging risks we face, and that we continue to evolve our approach to risk management. We recognise that a number of our principal risks, such as increasing and changing regulation, also create opportunities for us, as we can develop products and services that help our clients to manage their own regulatory burdens. Information about our risk management framework, including that for our regulated entities, can be found in the Risk Committee Report on pages 84 to 89.

OUR RISK PROFILE

Managing risk effectively is fundamental to delivering our strategy and to us operating successfully. We believe that a robust risk management culture is vital for sustainable growth and must be at the centre of everything we do. Our approach to risk is supported by a policy and control framework, which guides and informs our colleagues' work behaviours and the decisions they make. Our risk culture and risk appetites support effective decision-making and enable us to deliver against our strategic priorities.

Although we have diversified geographically with the acquisition of our US business and continue to develop growth in the US, we remain predominantly a lower-risk, UK-focused business. Whilst there is continuing uncertainty in the economic and regulatory environment, particularly as a result of Brexit, our overall operational risk profile has remained broadly stable during 2019.

We do not consider that Brexit has a material direct operational impact on our business. However, the influence that it could potentially have on the UK economy and particularly on the core markets through which the Group transacts for customers in 2020 will require close monitoring. During 2019 we have continued to undertake detailed assessments of the potential Brexit scenarios that have emerged and their impact on the Group, and have ensured that operational plans are in place to mitigate areas of potential operational disruption. The ability of the Group to manage a range of Brexit market stresses has been reviewed during the year, and as part of the 2019 viability statement on pages 56 to 58.

The establishment of the US business was completed successfully in May 2019 through the launch of new supporting technology which enabled us to move away from the Transition Services Agreement with Wells Fargo. Our client retention in the US remains strong and we are continuing to develop and deliver new products and services to our US clients.

Opportunity and risk emanating from the US business is now being assessed and reported as part of our integrated Group reporting. The US business assesses risks at a local level and these are then reviewed through the Group's risk management framework, and where applicable are captured within the Group's principal risks (for example, the resilience of our IT infrastructure). A focus on embedding further the Group's risk management framework in the US business will continue over the next 12 months.

In response to the novel corona virus we have initiated our Group-wide response programme. The executive crisis management team, led by the Group Chief Risk Officer and Group Chief Operating Officer, is overseeing the Group-wide response. We are activity supporting colleagues who have a risk of exposure in line with governance guidance, and have ensured that all offices in the Group are following a high level of hygiene, including managing travel risk. We have undertaken scenario testing within all key departments to ensure the active management of systems and processes under a number of changing circumstances. Where practical, IT and operational practices are able to support a range of remote working options, which provides a greater level of flexibility and resilience. We are working closely with key clients and suppliers to ensure that core services are maintained under higher risk scenarios.

OUR RISK APPETITE

The Board has defined risk appetite statements for the main risks that we face during the normal course of business. By assessing the level of each risk against our appetite for it, we ensure that we focus appropriately on the risks that need additional attention. Risks that are within our appetite require no further mitigating actions, but we continue to actively monitor them.

Given the nature of our services and the regulatory environment we operate in, we have a lower risk appetite for many of the risks we face and no appetite for breaches of policy or control in certain critical areas, such as regulatory reporting or breaches of our anti-money-laundering controls.

PRINCIPAL GROUP RISKS

GROUP RISK CATEGORY	IMPACT	MITIGATION	TREND*
DATA PROTECTION Risk of loss, corruption or compromise of personal data (also known as personally identifiable information) which can relate to customers, staff or any other natural person.	The loss, corruption or compromise of personal data could lead to a poor customer experience, customer detriment, reputational harm, regulatory, legal or financial sanction, loss of customers and increased costs.	• Dedicated Data Protection Office. • Staff training and awareness programmes. • First line ownership of data protection risk. • Deployment of security software, encryption and data back-up. • Regular vulnerability assessments undertaken. • Third-party data security evaluations and assurance.	Links to the following strategy element 1 2 3 4

GROUP RISK CATEGORY	IMPACT	MITIGATION	TREND*
SECURITY Cyber risk, involving the disruption or corruption of systems and connectivity, or loss or leakage of data from accidental or malicious actions. Risks arising from a physical security breach including property damage, staff injury, theft or inappropriate access to premises, systems or information.	An information or physical security breach could reduce the quality of our services to customers or result in us breaching the law or our contracts, which in turn could damage our reputation, increase our costs and reduce our revenues.	• Ongoing investment in internal and external cyber security. • ISO27001 aligned control framework. • Ongoing review of cyber security capability and emerging threats. • Regular penetration testing. • Security measures to prevent unauthorised access to systems and premises and to protect personnel. • Staff training and awareness programmes.	Increasing Our ongoing programme of investment in improved controls ensures we maintain our position, in an environment where the external threat remains challenging Links to the following strategy element 1 2 3
INFORMATION TECHNOLOGY Risk of poor quality infrastructure, software or business tools, as a result of our failure to upgrade or invest in our systems as necessary.	The majority of our products and services are enabled by a resilient technical infrastructure. Disruption to this systems infrastructure could lead to a failure of client service, which in turn could result in a failure to meet our contractual obligations, cause detriment for our customers, damage our reputation and productivity, increase our costs and lead to financial penalties and potential regulatory sanction.	• IT transformation programme being deployed across key systems. • IT architecture plan in place ensuring all key systems are aligned. • Continual performance monitoring of the internal and external IT environment. • Operational planning and prioritisation of IT development.	No change Links to the following strategy element 1 2 3 4
ORGANISATIONAL RESILIENCE Risk of slow or flawed recovery following unexpected events, such as loss of a key building or a major IT system failure.	Failure to effectively plan for and manage unexpected events could lead to a poor customer experience, customer detriment, reputational harm, regulatory sanction, loss of customers, lower productivity, reduced revenues and increased costs.	• Business continuity and disaster recovery plans in place and tested regularly. • Dual hosting of critical servers, telecommunications and applications. • Separate business continuity disaster recovery sites available. • Liaison with regulated clients to ensure their own resilience.	No change Links to the following strategy element 1 2 4
PRODUCT DEVELOPMENT, CHANNEL AND PRICING Risk of poor products that fail to meet the demands of our clients and prospective clients or that do not comply with our regulatory or legal obligations. This risk also includes the potential for poor product distribution (so clients or potential clients are unable to access our products) and inappropriate pricing strategies.	If Equiniti fails to provide appropriate products, propositions and services to the market at suitable prices, it could suffer lower revenues or margins, customer dissatisfaction or regulatory or legal sanction.	• Executive and Board focus on propositional design and service enhancement. • Dedicated resource focused on customer proposition and customer experience. • Client engagement and testing initiatives and workshops. • Group-wide product governance policy and controls deployed.	No change Links to the following strategy element 1 2 3 4 5

Key to the strategy elements

1 Grow sales to existing clients
2 Win new clients
3 Develop and acquire new capabilities
4 Drive operating leverage
5 Reinvest strong cash flows

*Trend indicates perception of how risk has moved year-on-year.

Increasing
Decreasing
No change

GROUP RISK CATEGORY	IMPACT	MITIGATION	TREND*
REGULATORY Risk of regulatory action stemming from weaknesses or failure in: • analysis of regulations, laws and codes; • development of appropriate policies, processes and controls; • training and education of first-line teams; • capacity to monitor and respond to rate of change; • effectiveness of first-line surveillance in identifying and preventing breaches; • project management and documentation of regulatory issues; • Board and senior management governance and engagement on regulatory matters; and • regulatory reporting and disclosure.	Failure by Equiniti to adhere to any of its legal or regulatory requirements could lead to legal and regulatory sanctions, redress costs, reputational risk, contract breach and, ultimately, loss of operating licences or invalid contracts, resulting in reduced revenues.	• Dedicated second-line risk and compliance teams. • Monitoring for upcoming regulatory change. • Capital investment programme to manage regulatory change. • Training and awareness programme for all staff working in regulated areas. • Separate legal entities used for regulated activities with their own Boards and governance. • Development of new services and products to help clients manage regulation.	Links to the following strategy element 1 2 3
PURCHASING, SUPPLY AND OUTSOURCING Risk of a business critical partner, subcontractor or supplier failing to deliver and/or perform to the required standards.	Partner, subcontractor or supplier failure could result in Equiniti being unable to meet its customer obligations or perform critical business operations. This could result in reputational impact, reduced business agility, customer detriment, increased cost and lower revenue.	• Dedicated procurement function. • Procurement due diligence policies and standards deployed. • Key supplier financial health checks. • Audit of key suppliers' operational resilience plans. • Supplier failure risk considered as part of our own resilience planning.	Links to the following strategy element 3 4 5
PEOPLE Risk of low operating efficiency stemming from poor staff morale and experience, higher staff attrition, increased sickness, higher retention and recruitment costs, and unfilled positions.	Failure to attract or retain the right people would limit Equiniti's ability to deliver its business plan commitments and its ability to grow.	• Strategy in place to attract, retain and develop high-calibre people. • Promotion of the Group's values and behaviours to all staff. • Remuneration policies linked to appropriate staff behaviour. • Skills and resource management aligned with customer needs. • Employee engagement forum, surveys and action plans. • Diversity and inclusion groups. • Gender pay gap management.	Links to the following strategy element 1 2 3 4 5

GROUP RISK CATEGORY	IMPACT	MITIGATION	TREND*
CHANGE AND DEVELOPMENT Risk of disruptive change leading to lower business agility, lower productivity, regulatory sanction, poor customer relationships, increased costs and lower revenues.	A continuing level of change and development may lead to material management and resource stretch which in turn could impact the Group's ability to achieve its key business objectives.	• Key change projects aligned with the Group's principal risk mitigation plans. • Key change projects supported by dedicated programme management and reporting. • Investment in staff, resource and expertise to deliver change.	No change Links to the following strategy element 1 2 3 4 5
CONDUCT Risk of the business being unable to demonstrate and document good corporate, staff or market conduct, for example: • Board, executive and senior management leadership of the corporate culture; • identifying and managing conflicts of interest; • controlling staff behaviour which could result in potential market abuse; or • compliance with legal and regulatory requirements.	Poor conduct could lead to sub-optimal decision making, customer detriment, poor staff experience, legal or regulatory sanction, increased counterparty risk-based pricing, reduced availability of counter parties and reputational harm to us and our clients. This in turn could result in a loss of trust and confidence amongst our stakeholders.	• Conduct risk measures which demonstrate how products and services perform for customers. • Root cause analysis of operational errors and failures. • Clear customer accountabilities for staff. • Staff reward driven by customer-centric metrics. • Framework in place to identify and support vulnerable customers. • Monitoring for changes in governance requirements and standards. • Measures in place to meet the FCA's Senior Managers and Certification Regime (which applied to the Group's UK regulated entities from December 2019).	Increasing There remains an increasing expectation from our markets and customers to demonstrate how we conduct our business appropriately and ethically. We are well placed to manage this and during 2020 we will further develop and enhance our conduct training, policies and associated controls across the Group. Links to the following strategy element 1 2
MARKETS AND COMPETITION Risk of lower corporate performance stemming from: • a failure to identify or understand strategic market opportunities; • the emergence of alternative competing markets, such as digital transformation; • a change in customer outlook for example because of economic conditions or geo-political issues; • an inability to identify and analyse existing or emerging competitors; • longer-term increased competitive pressures, due to a failure to deliver technical change or innovation; and • short to medium-term competitor tactics, such as pricing.	Equiniti's prospects and growth strategy depend on us retaining key customers and taking opportunities to grow and diversify our business. If we do not respond effectively to trends in our market, we could lose key clients or fail to win new business, which could significantly affect our revenues and profits.	• A well-diversified client base and portfolio of services. • Client relationship management and liaison. • Monitoring for changes in demand, the competitive environment and new technologies. • A strong pipeline of opportunities which we actively manage. • Development of new products and services. • Monitoring of trends in corporate actions and other market activity.	Increasing Market demand for cost-effective outsourcing remains stable. However, inherent risk has increased as political and economic factors may have an adverse impact on this in the short to medium-term. Links to the following strategy element 1 2 3 5

Key to the strategy elements

1 Grow sales to existing clients 2 Win new clients 3 Develop and acquire new capabilities 4 Drive operating leverage 5 Reinvest strong cash flows

*Trend indicates perception of how risk has moved year-on-year.

Increasing Decreasing No change

VIABILITY STATEMENT

1. ASSESSMENT OF PROSPECTS

Equiniti conducts a significant portion of its business through recurring revenue secured via long-term contracts and has a stated modest growth strategy, evidenced both by its past performance and resilience and the position it occupies in the market. Business resilience has been strengthened by the acquisition of Wells Fargo Shareowner Services in 2018. A period of three years has been chosen to base the Viability Statement on because, although forecasts are prepared for longer periods, there is inevitably more uncertainty associated with a longer time frame and the Directors have a reasonable confidence over this time horizon. The viability assessment reflects financial stress placed on the business arising from the scenarios identified in the Principal Risks and Uncertainties section of the Annual Report.

The Group's strategy remains unchanged:

- Grow sales to existing clients
- Win new clients
- Develop and acquire new capabilities
- Expand margin through operating leverage
- Reinvest strong cash flows

The key factors supporting the Group's prospects are:

Long-term, loyal, blue-chip clients – We have a large and diverse client base, including c70 of the FTSE 100 and 120 of the FTSE 250. Our average relationship with FTSE 100 share registration clients is more than 29 years and our clients typically take an average of 10 services from us.

Technology – Our well-invested and scalable proprietary technology platforms give us a competitive advantage and form a barrier to entry, given the substantial experience, time and money required to build them. We have more than 30 platforms, all on UK-based infrastructure. Our primary platforms are Sirius (share registration, dividend and share plan management); Xanite (custody, investment and wealth management); Compendia (pension administration and payroll); and Charter (case and complaints management).

Leadership positions – We are leaders in large and growing markets giving us significant growth opportunities and strong momentum.

Scale – The scale of our business means we can successfully handle the biggest transactions. In 2019, in the UK alone, we made payments of £115 billion, interacted with c28 million shareholders and pensioners, and held c70m shareholder records.

Specialist people – We employ people who are experts in their fields. At the year end, we had over 5,200 employees, with over 900 at our offshore facilities in India.

Strong acquisitions track record – We have a strong track record of acquiring new platforms and capabilities, successfully integrating them into the Group and generating growth from them. Since 2007, we have completed 25 transactions.

Equiniti's financial viability would be endangered either due to a lack of funding or breaching the financial covenants included in the Senior Facilities Agreement. The Group's liquidity and debt position as at December 2019 can be summarised as follows:

Equiniti had access to cash amounting to:

- £72.6m Cash and Cash Equivalents.
- £145.0m headroom on the Revolving Credit Facility – £260m total less £115m utilised.

The leverage ratio at December 2019 was 2.2x excluding the Finance Lease Liability debt (the leverage measure used in the Senior Facilities Agreement). For Equiniti to breach the financial covenant included in the Senior Facilities Agreement, the leverage ratio would need to increase to 4.0x in 2020, 3.75x in 2021 and 3.50x in 2022. Debt of £343.6m as at December 2019 would need to increase by £200.2m to £544.0m (if underlying EBITDA is £136.0m) for leverage to be 4.0x or underlying EBITDA would need to decline to £85m. Both scenarios are deemed highly unlikely.

2. THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

The Group's prospects are assessed primarily through its strategic and financial planning process. This includes a detailed annual review of the ongoing plan, led by the Group Chief Executive and Chief Financial Officer in conjunction with divisional and functional management teams. The Board participates fully in the annual process by means of an extended Board meeting.

The output of the annual review process is a set of objectives, detailed financial forecasts and a clear explanation of the key assumptions and risks to be considered when agreeing the plan. The latest updates to the plan were finalised in December 2019. This considered the Group's current position and its prospects over the forthcoming years, and reaffirmed the Group's stated strategy.

Detailed financial forecasts are prepared, with the first year of the financial forecast forming the Group's operating budget which is subject to a rolling forecast process throughout the year. Subsequent years of the forecast are extrapolated from the first year, based on the overall content of the strategic plan. Progress against financial budgets and key objectives is reviewed in detail on a monthly basis by both the Group's executive team and Board. Mitigating actions are taken whether identified through actual trading performance or the rolling forecast process.

The key assumptions within the Group's financial forecasts include:

- low single-digit per annum revenue growth, supported by market trends and increased cross selling into our customer base;
- modest margin improvement driven by operating leverage, offshoring, automation, property rationalisation and increasing mix of software licenses;
- no change in the stated dividend policy; and
- long-term access to liquidity. In July 2019, the Group refinanced its Senior Debt Facilities to provide ongoing committed funding. The £520.0m term loan and revolving credit facility has been extended to July 2024. The Group has substantial liquidity to support its growth ambitions and ongoing working capital requirements

The viability statement and projections carried out to support it are made assuming the current business model and balance sheet structure remain as is and future finance facilities, that mature during the three-year period, will be refinanced on similar terms.

3. ASSESSMENT OF VIABILITY

Although the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has also assessed the financial impact of a range of alternative scenarios. These represent stresses which include the following potential six scenarios.

These scenarios have been derived by assuming one or more of the Group's Principal Risks occurs. The Group's Principal Risks are set out on pages 52 to 55.

The Viability Statement evaluates the following six scenarios:

1. Lower revenues and higher costs resulting from a change in economic outlook that leads to: a) a higher cost to service debt and b) a reduction in corporate actions due to depressed market activity.
2. Reduction in revenue growth for a prolonged period of time due to products that no longer meet the demands of the Group's clients, with a lag in cost reduction action.
3. Significant change programmes (offshoring/automation/ property rationalisation) do not deliver anticipated benefits as a result of lower business agility and productivity.
4. Equiniti is subject to a cyber-attack resulting in the theft of all of the 3.7m client data records held on Sirius and a significant investment in capital expenditure to eliminate future cyber security threats.
5. Scenarios 1 – 4 above all happening at the same time.
6. A number of financial shocks to the business leading to a 40% reduction in planned underlying EBITDA across a three year period; the loss of all customer remediation work post PPI, a reduction in interest rates (UK/US) of 75ps, a 30% strengthening of the pound vs the dollar and 30% lower trading in Investment Solutions.

We have not created a specific scenario for Covid-19 as it is an emerging and evolving issue. However, we have considered the overall scenarios presented and have concluded that they sufficiently deal with examples of potential issues as complex or impactful as Covid-19.

VIABILITY SCENARIOS AFFECTED BY EQUINITI'S PRINCIPAL RISKS

Principal risks and uncertainties	Change in Economic Outlook	Reduction in revenue growth for a prolonged period of time	Cost programmes do not deliver anticipated benefits	Equiniti subject to cyber attack	1 – 4 scenarios happening together	A number of financial shocks to the business
Data Protection	Low	Low	Low	High	High	Low
Security	Low	Low	Low	High	High	Low
Information Technology	Medium	High	High	High	High	Medium
Organisational Resilience	Low	Low	Low	High	High	High
Regulatory	Low	Low	Low	High	High	Medium
Purchasing, Supply and Outsourcing	Low	Low	Low	Low	Low	Low
People	Medium	Medium	Medium	Medium	Medium	Medium
Change and Development	Medium	High	High	Medium	Medium	Medium
Conduct	Low	Low	Low	Low	Low	Low
Markets and Competition	Medium	High	Low	Low	High	High
Product Development, Channel and Pricing	Medium	High	Low	Low	High	High

Effect of Principal Risk on Viability scenarios:

High Medium Low

VIABILITY STATEMENT

The results of the stress testing (including combining scenarios 1 – 4) demonstrate that due to the Group's ability to generate cash and access to additional funds Equiniti would be able to withstand the impact in each case. Reductions considered as part of this stress testing included cost efficiency programmes, dividend reductions, cancellation of EBT share purchases and a rationalisation of capital expenditure. The reductions are considered reasonable as they are all within management and Board direct control (for example, the Board approves each interim and final dividend payment and management can cancel or defer non-critical capital expenditure projects).

4. VIABILITY STATEMENT

Based on the results of the analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

5. GOING CONCERN

The Group is also required to confirm it has adopted the going concern principle in preparing the accounts, which underpins IAS 1. The Code requirement has narrowed this down to the accounting purpose of going concern (Code C.1.3). As such, there is no requirement to make reference to the going concern in the Strategic Report, although good practice is taking the form of a simple reference confirming the Directors consider it appropriate to prepare the financial statements on the basis of a going concern, as set out in the basis of preparation on page 190.

The key points to consider in relation to asserting Equiniti's going concern status are:

- The Group has positive net assets.
- The Group's three-year business plan demonstrates it is able to generate significant cash flows in the next 12 months to service its liabilities as they fall due and pay down debt, based on modest growth and cost reduction ambitions.
- At 31 December 2019, the Group had total cash of £72.6m together with available headroom of £145m under its committed bank facilities. Net debt to underlying EBITDA must be less than 4.0:1; it is currently 2.2:1 (excluding property leases) and is expected to reduce below this figure over the next 12 months.
- During 2019, the Group extended its Senior Facilities Agreement to provide ongoing committed funding to July 2024.

As such, we consider the going concern basis of preparing the accounts to be applicable. With the analysis concluding the Group has sufficient cash flow and undrawn debt facilities for the next three years on a number of down side scenarios, the Directors also have a reasonable expectation the business will continue as a going concern for the next three years.

Share Scheme Provider Of The Year
– the WSB Awards

02 Governance Report

PHILIP YEA, CHAIRMAN

Chairman's Introduction to Governance

DEAR SHAREHOLDER

Strong corporate governance is fundamental to Equiniti's success and I remain determined that we will maintain the highest standards. During the year, Equiniti complied in full with the 2018 UK Corporate Governance Code (the Code). This is the latest version of the Code and it became applicable for us from 1 January 2019. Preparation for compliance began in 2018. Since then we have implemented all the required changes to our policies and practices. This has included, for example, introducing a post-cessation element to our remuneration policy, ahead of the approval of the policy at the Annual General Meeting in May 2019. We also developed our approach to understanding the Employee Voice (see below) and monitoring whistleblowing matters that should be directed to the Board.

BOARD VISITS

Members of the Board continued to visit a number of the Group's operations during the year, including our offices in Minnesota, Poland and India. This allows the Directors to talk directly to local management and see the Group's products in action. Attendees at these visits then provide feedback to the Board as a whole. Through these visits we gain greater insight into performance and how our teams are responding to clients' needs, which informs our Board discussions and decision-making when approving strategic initiatives.

PEOPLE, CULTURE AND EMPLOYEE VOICE

Visits to our sites also give the Board a feel for the culture out in the business. As noted in my statement on page 18 and the Chief Executive's statement on page 20, the Group is undergoing a process of cultural change. The Board recognises that this is a journey rather than an event, and we continue to support Guy's efforts in this regard. Diversity and inclusion are fundamental parts of this cultural agenda and there is considerable work going on across the Group to drive further progress. More information can be found in the Strategic Report on page 45.

In my report to you last year, I noted that we had designated Dr Tim Miller as the non-executive Director responsible for conveying Employee Voice to the Board. As part of this work, in early 2019 we extended the existing Employee Forum in the UK to create a Global Employee Forum, with members from India, the US, the Netherlands and South Africa. We subsequently merged this forum with the Communications Forum, to create the Equiniti Global Colleague Forum (the Forum). The Forum's objectives are to build understanding of our strategy, promote two-way discussion, build trust, improve performance and shape the Group's culture. Tim attends the Forum's quarterly meetings, as well as other forums below the Global one, and reports to the Board after each meeting. During 2019, no important issues emerged from these forums that the Board was not already aware of.

BOARD EVALUATION

Towards the end of the year, we ran an internal evaluation of the Board and its Committees, following the externally facilitated evaluation in 2018.

The evaluation concluded that overall the Board functioned very well but identified a number of areas for focus over the coming year, including continued attention to progress with our culture programme and to senior executive succession. Directors are aware of the opportunity to improve shareholder communications and address those areas where confidence needs to be earned. The non-executive Directors requested more regular reviews of competitors, and would welcome more opportunity to interact with customers/clients.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company applied the main principles and complied with the relevant provisions set out in the UK Corporate Governance Code 2018 (the Code) throughout the period under review. Details demonstrating how the main principles and relevant provisions of the Code have been applied can be found throughout the Corporate Governance report, the Directors' Report, each of the Board Committee reports and the Strategic Report.

Directors had benefitted from site visits and felt it was important to continue these, where appropriate on a less formal basis. Greater access to product roadmaps was also a theme. Appropriate steps have been agreed to address the above points over the coming period. Further detail is provided on page 73.

GOVERNANCE AND RISK

Our operating environment continues to evolve and it remains critical for the Group to have a rigorous approach to identifying, managing and mitigating risk. In 2019, the Risk Committee has undertaken a detailed programme of work, including deep dives to create longer-term strategic plans for managing a number of our most significant risks. We have also continued to embed our enterprise-wide risk management framework in the business and have implemented the framework in EQ US, ensuring it has the same risk-management toolkit as the rest of the Group.

CONCLUSION

This has been another year of progress, as we have further strengthened our corporate governance structure. We will continue to evolve our governance structure, to help the business deliver its strategy, create value and safeguard our stakeholders' interests.

Philip Yea

Chairman

12 March 2020

BOARD OF DIRECTORS

PHILIP YEA
CHAIRMAN
Appointed: July 2017 (Independent upon Appointment)

Philip was chief executive of 3i Group plc from 2004 to 2009. A qualified accountant, he is also a former finance director of Diageo plc and, as finance director of Guinness PLC, was closely involved in the creation of Diageo through Guinness's merger with GrandMet in 1997.

Skills and Experience Beneficial to the Company:
Philip is an experienced Chairman with in-depth knowledge of both the quoted and private equity sectors. With his considerable executive experience, he brings valuable skills to the Board. His knowledge of the international business environment will be of particular importance as Equiniti continues on the next stage of its growth and development as an international business.

Other Appointments:
Non-executive Director of Aberdeen Standard Asia Focus plc

Non-executive Director of Marshall of Cambridge (Holdings) Ltd

Non-executive Director and Chairman-designate of Mondi plc

CHAIR N
D

GUY WAKELEY
CHIEF EXECUTIVE
Appointed: January 2014

Prior to joining the Company, Guy was chief executive of Morrison plc for five years and before that held divisional leadership positions with Amey, The Berkeley Group, General Electric and Rolls-Royce. Guy has an MA in Engineering Science from the University of Cambridge and a PhD in applications of artificial intelligence to engineering design.

Skills and Experience Beneficial to the Company:
Guy is an experienced chief executive, with extensive IT experience. This has enabled him to forge a strong, focused, management team for the Company. This team, led by Guy, has enabled the Company to grow from a private equity-run business to a main market, FTSE 250 business, with a clear, focused strategy for its future growth.

Other Appointments:
Non-executive Director of HgCapital Trust plc

Member of the CBI's Public Services Strategy Board

CHAIR E B SB
D ERC GC

JOHN STIER
CHIEF FINANCIAL OFFICER
Appointed: June 2015

A qualified accountant, prior to joining the Company John was the Chief Financial Officer of Northgate Information Solutions Ltd for over 10 years. Prior to that, he was the Chief Financial Officer of Subterra Ltd, a subsidiary of Thames Water plc, which delivered engineering services to businesses across Europe.

Skills and Experience Beneficial to the Company:
John's considerable finance experience, and his extensive executive experience, has been invaluable in his role as Chief Financial Officer, in managing the Company's balance sheet and ensuring it has the firm financial foundation from which it has grown from being a private-equity run business to a main market, FTSE 250 business.

Other Appointments:
None

CHAIR RC ERC GC
D E B SB

DARREN POPE
SENIOR INDEPENDENT DIRECTOR
Appointed: December 2016

Darren is a qualified accountant with over 30 years of experience in the financial services industry, the majority of which has been spent in retail financial services. Most recently Darren served as CFO of TSB Bank plc, having led the initial stages of its separation from Lloyds Banking Group. He was a non-executive director of Virgin Money Holdings (UK) plc prior to its merger with CYBG plc.

Skills and Experience Beneficial to the Company:
Darren's considerable accounting experience and his in-depth knowledge of the retail financial services sector, a key business sector for the Group, is beneficial to his role as Chair of the Audit Committee and as a member of the Board.

Other Appointments:
Non-executive Director of Virgin Money UK PLC

Non-executive Director of Network International Holdings plc

CHAIR ERC A
R N

ALISON BURNS
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: April 2018

Alison has held executive and non-executive roles within Aviva plc, including the position of CEO of Aviva Ireland. She has extensive financial services experience, gained in senior roles with Santander, Lloyds TSB and AXA UK.

Skills and Experience Beneficial to the Company:
Alison has in-depth knowledge of the insurance and financial services sectors, two key markets for the Group. Alison's experience has provided her with an insight into the customer's viewpoint, alongside operational experience, which are skills required by the Board.

Other Appointments:
Non-executive Director of Hastings plc

Non-executive Director of National House Building Council

A Rm

KEY

BOARD COMMITTEES

- A Audit Committee
- D Disclosure Committee
- N Nomination Committee
- Rm Remuneration Committee
- R Risk Committee

EXECUTIVE COMMITTEES

- E Executive Committee
- B Business Committee
- SB Sales and Bid Committee
- RC Resource Committee
- GC Group Investment and Change Committee
- ERC Executive Risk and Compliance Committee

MARK BROOKER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: November 2018

Mark's executive career has involved senior roles in technology-centric businesses, including Betfair where he was COO and Trainline, where he held a similar role, providing strong management and operations experience. He also spent 17 years in investment banking, with Rothschild, NatWest Markets, Merrill Lynch and Morgan Stanley.

Skills and Experience Beneficial to the Company:
Mark brings strong management and operational experience from technology-centric businesses and his time in investment banking is very relevant to our marketplace.

Other Appointments:
Non-executive Director of AA plc

Non-executive Director of William Hill plc

Non-executive Director of Seedrs Limited

Non-executive Director of Findmypast Limited

A Rm

SALLY-ANN HIBBERD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: August 2016

Sally-Ann previously served as COO of the international division and latterly as Group Operations and Technology Director of Willis Group, and held a number of senior executive roles at Lloyds TSB.

Skills and Experience Beneficial to the Company:
Sally-Ann's extensive experience of the financial services sector, together with her experience of the insurance sector, two key business sectors for the Group, has been beneficial when conducting her role as Chair of the Risk Committee and as a member of the Board.

Other Appointments:
Non-executive Director of IG Group Holdings plc

Non-executive Board member of Loughborough University

Advisory Board member of Go Beyond Partners

Non-executive Director of The Co-operative Bank plc

CHAIR R

A Rm N

DR TIM MILLER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: February 2015

During his 14 years at Standard Chartered Bank, Tim held a number of director level positions with global responsibility for areas including human resources, compliance, audit, assurance, financial crime and legal. Tim was also a non-executive Director of Page Group, the recruitment services provider, for nine years.

Skills and Experience Beneficial to the Company:
Tim's extensive experience across a range of areas, especially in human resources, has assisted him in his role of Chair of the Remuneration Committee. Tim's experience made him the ideal choice to be appointed as the Board's designated non-executive Director to engage with the Group's wider workforce.

Other Appointments:
Non-executive Director of Equiniti Financial Services Limited (the Group's most significant FCA regulated entity in the UK)

Non-executive Director of Clarkson plc

Non-executive Director of Scapa Group plc

Non-executive Director of Otis Gold Corporation, a Toronto Stock Exchange listed company

CHAIR Rm

R N

CHERYL MILLINGTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: November 2018

Cheryl's experience has been gained through her senior leadership roles in technology across a variety of sectors, including financial services and retail, most recently as Chief Digital Officer at both Travis Perkins and Waitrose. Her prior roles include CIO at Asda and senior line management roles in retail at HBOS. Cheryl was previously an independent non-executive Director of National Savings and Investments.

Skills and Experience Beneficial to the Company:
Cheryl brings deep technological, business leadership, and customer centric experience gained across a variety of sectors, including financial services and retail, which is very relevant to our marketplace.

Other appointments:
Non-executive Director of Atom Bank plc

Non-executive Director of Hays plc

Non-executive Director of intu properties plc

A R

KATHY CONG
COMPANY SECRETARY

Appointed: July 2016

Prior to joining the Company, Kathy worked at FTSE 250 specialist banking group, Investec plc, for over 13 years. During her time at Investec, Kathy worked closely with senior management and subsidiary directors to ensure appropriate governance systems were established and maintained, particularly in relation to Directors' duties, relevant regulatory requirements and related party transactions, including FCA-regulated firms.

Kathy is an active industry contributor, having held the position of Secretary of the Association of Women Chartered Secretaries and the London Money Market Association.

Other appointments:
Director of Equiniti Share Plan Trustees Limited

Non-executive Director of The Pioneer Academy

Company Secretary to the Equiniti Group UK subsidiary companies

D

EXECUTIVE COMMITTEE

KEY

EXECUTIVE COMMITTEES

E Executive Committee

RC Resource Committee

B Business Committee

GC Group Investment and Change Committee

SB Sales and Bid Committee

ERC Executive Risk and Compliance Committee

GUY WAKELEY
CHIEF EXECUTIVE

See page 64 for details

JOHN STIER
CHIEF FINANCIAL OFFICER

See page 64 for details

E B SB RC GC ERC

THERA PRINS
CHIEF OPERATING OFFICER AND CEO, EQ INVEST (INVESTMENT SOLUTIONS DIVISION)

Joined the Group in November 2016

Thera is responsible for ensuring that the Group has the resources and functions in place to deliver the Board's strategy. In addition, she manages the division that operates the various platforms that investors can use to access the market and buy, sell and hold investments in a cost effective way.

Prior to joining the Group, Thera spent 20 years in retail financial services working for Visa Europe, Barclays and Lloyds Group, where she specialised in customer services, new product development solutions and global expansion initiatives.

E B SB RC ERC

LINA BROWN
CHIEF COMMERCIAL OFFICER

Joined the Group in July 2013

Lina leads a number of corporate functions: Commercial, Legal, Sales Operations and People. She is responsible for sales operations, all pricing matters, contract negotiations and all legal operations across the Group. Since August 2019, on an interim basis, she has been heading Equiniti's global People team, with full responsibility for global resourcing, people operations, reward and colleague engagement.

Prior to joining Equiniti, Lina held a variety of senior commercial roles within FTSE 100, FTSE 250 and Fortune 500 companies and worked internationally.

E SB

AMY MADDEN
CHIEF CUSTOMER OFFICER

Joined the Group in May 2005

Amy is the Chief Customer Officer for Equiniti, championing customers, and driving growth by embedding a culture of customer satisfaction and advocacy across the business.

Amy knows Equiniti's customers, and the insights we gain from them, and leads innovative programmes across brand and creative, sales enablement and marketing, communications and corporate responsibility. She is passionate about sustainability and inclusive growth.

Amy has been with Equiniti since 2005. As Director of Marketing and Communications during the Company's 2015 IPO and 2018 expansion into the US market, she was part of the team that led the business transformation, bringing her strategic forward-thinking energy to the programme of change. She spent 18 months in Minneapolis, positioning EQ US as a leading industry force in customer experience and service excellence.

E B SB RC GC ERC

KEVIN O'CONNOR
CHIEF INFORMATION OFFICER

Joined the Group in January 2018

Kevin is responsible for leading the Group's digital and technology agenda. He has extensive global experience in building and leading teams that deliver and support high performance and highly secure systems for both the B2B and B2C markets, in both highly regulated and unregulated markets, across a range of industries including investment banking, gaming and travel.

E B SB ERC

PAUL MATTHEWS
CEO, EQ BOARDROOM (INVESTMENT SOLUTIONS DIVISION)

Joined the Group in February 2011

Paul is responsible for working with the UK's leading businesses to deliver successful transactions including IPOs and corporate actions for a client base covering circa 50% of the FTSE 100 and circa 40% of the FTSE 250. With over 30 years of experience, his background and knowledge of the securities industry brings an important skill set to the Group's senior team, helping shape the Group's offering to listed companies both in the UK and globally.

E B ERC

TODD MAY
CEO, EQ US

Joined the Group in February 2018

Todd is responsible for leading the Group's US transfer agent business. He joined Wells Fargo Shareowner Services, now EQ US, in 2007. Under his leadership, the business implemented key regulatory changes, executed significant enhancements to issuer and shareowner websites in meeting customer needs, and increased product offerings while consistently being known as a leading service provider. Todd has over 25 years' experience in financial services and corporate development.

E SB GC ERC

ADAM GREEN
CHIEF RISK OFFICER

Joined the Group in March 2015

Adam is responsible for managing the Group's global risk profile. He has a wide range of experience in financial services, risk management, regulation and business change. Adam was previously interim Head of UK Compliance for Bupa and prior to that managed a core transition workstream at the Financial Services Authority, as it established the Financial Conduct Authority and Prudential Regulatory Authority.

E B ERC

DUNCAN WATSON
CEO, EQ PAYMASTER (PENSION SOLUTIONS DIVISION)

Joined the Group in March 2015

Duncan is responsible for the EQ Paymaster business lines and for ensuring that its clients and their members, policyholders and employees receive outcomes that are of the highest quality.

Duncan joined the Group from Aon Hewitt where he was UK Chief Operating Officer. He is a Pensions Actuary who has worked in financial services for 27 years and has significant experience in both advising clients and the delivery of change and operational excellence.

E B ERC

ENRIQUE SACAU
CEO, EQ DIGITAL (INTELLIGENT SOLUTIONS DIVISION)

Joined the Group in November 2017

Enrique is currently responsible for the EQ Digital business lines. Prior to this position, he was Head of Financial Services in Group Sales, to lead business development. Previously he was Managing Director Europe and ExCo member at FNZ, the leading B2B wealth management platform provider. Prior to this, Enrique held senior customer-facing roles at Xchanging (now DXC).

He has wide-ranging experience in growing regulated technology and outsourcing businesses, as well as M&A. Enrique has deep expertise in international growth and has worked in Europe, Asia and the USA. His areas of focus are digital products, international expansion and growth with new industry verticals. He chairs EQ's Diversity and Inclusion Council.

EXECUTIVE COMMITTEE

BOARD MEMBERSHIP AND ATTENDANCE

The Board comprises a non-executive Chairman, the Chief Executive, the Chief Financial Officer and six independent non-executive Directors. The members of the Board who served during the year and as at the date of this report are shown in the table below, together with their attendance at the 10 Board meetings held during the year:

NAME	ATTENDED
Philip Yea (Chairman)	10/10
Guy Wakeley (Chief Executive)	10/10
John Stier (Chief Financial Officer)	10/10
Darren Pope (Senior Independent Director)	10/10
Alison Burns	10/10
Mark Brooker	10/10
Sally-Ann Hibberd	10/10
Dr Tim Miller	10/10
Cheryl Millington	10/10

Details of the Directors, including the skills and experience they bring to the Board, can be found on pages 64 to 65.

GOVERNANCE

During the year, all procedures were updated to ensure full compliance with the 2018 UK Corporate Governance Code (the Code) by the end of 2019. The Code, which came into effect on 1 January 2019, replaced the previous, 2016 Corporate Governance Code and placed a greater emphasis on relationships between companies and their shareholders and stakeholders. During 2018, we began the process of implementing policies and procedures to enhance our engagement with all of our stakeholders and developed a Code Compliance dashboard that tracked the progress of actions already undertaken, and those we needed to undertake to ensure full compliance with the new Code. A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

ROLE OF THE BOARD

The Board is collectively responsible for promoting the long-term sustainable success of the business and generating value for shareholders and contributing to wider society. The Board delegates the day-to-day management of the business to the executive management team. However, there is a schedule of matters reserved for the Board's decision, together with a delegated authority framework, to ensure that unusual or material transactions are brought to the Board for approval. The schedule is reviewed regularly to ensure that it is kept up to date with any regulatory changes and is fit for purpose. The last review and revision was undertaken in June 2019.

The schedule of matters reserved for the Board includes, amongst other things:

- approval of strategic plans;
- approval of annual budgets;
- approval of acquisitions and disposals;
- approval of treasury policies;
- ensuring a sound system of internal controls and risk management is maintained throughout the Group's operations;
- approval of an appropriate method for engaging with the workforce;
- approval of half-year and full-year results announcements;
- approval of the Company's Annual Report and Accounts; and
- appointment or resignation of Directors and the Company Secretary.

The delegated authority schedule sets out the financial parameters of authority, covering the delegation of all areas of the Group's activities below Board level to the executive Directors, divisional CEOs, or business unit managers. Certain authorities, such as approval of capital expenditure, have different delegated authority limits depending on whether the particular expenditure was included in the annual budget or is an additional item of expenditure where a higher degree of oversight and approval may be appropriate.

DIVISION OF RESPONSIBILITIES

In line with the Code, the Board's terms of reference state that at least half of the Board should be made up of non-executive Directors and this requirement was complied with throughout the year.

The terms of reference also state that one of the non-executive Directors should also be appointed as the Senior Independent Director (SID). This role was undertaken by Darren Pope.

In addition, the terms of reference require that the roles of the Chairman and Chief Executive should be exercised independently of each other. The Chairman is responsible for the leadership of the Board and the Chief Executive is responsible for managing and leading the business. These roles were carried out independently of each other throughout the year.

Each Director has access to the advice and services of the Company Secretary and can arrange for independent, professional advice at the Company's expense where they judge it is necessary in order to discharge their responsibilities as Directors. There is an agreed procedure enabling them to do so, which is managed by the Company Secretary. No such advice was sought during the year.

CONFLICTS OF INTEREST

The Board has an established framework for the identification, approval and recording of actual or potential conflicts of interest of its Directors and subsidiary company Directors. All conflicts of interest must be declared to the Board and are recorded in Equiniti's register of Directors' interests. The Companies Act 2006 (the Act) and the Company's Articles of Association contain detailed provisions for the proper management of conflicts of interest.

The circumstances in which the Board can approve the ongoing participation by a conflicted Director in any discussions or decisions of the Board, where the Director does or may have a conflict, are clearly defined.

As part of the framework referred to above, towards the end of the year, each Director is provided with a copy of the information held about them – personal information, declared conflicts, shareholding in the Company, who their connected persons are – requesting that they confirm that the details held are still valid and up to date. This annual attestation process ensures that the Director is aware of the details held on them and that the details are correct.

The Board maintains oversight of each Directors' external interests, to ensure that they continue to be able to devote sufficient time to discharge their duties and responsibilities effectively and efficiently. Where there are external commitments, the Board makes sure it is satisfied that these do not have any adverse effect on the Company or the ability of any particular Director to discharge their duties fully.

More information about members of the Board and the Executive Committee is available on pages 64 to 67.

BOARD ACTIVITIES DURING 2019

FOCUS	WHAT THE BOARD HAS CONSIDERED		LINK TO STRATEGIC DRIVERS
Operational performance For a detailed update on our operational performance see our Strategic Report on pages 22 to 29	• Chief Executive reports • Market updates • Business reviews: EQ Boardroom, EQ Digital, EQ US, EQ Paymaster and EQ Invest • Separation of EQ US from Wells Fargo Shareowner Services	• Strategy and business transformation projects • Operational transformation updates	1 2 3 4 5
Financial performance and risk More information on our financial performance and risk can be found on pages 30 to 39, and 52 to 55	• Chief Financial Officer reports • Review and approve new Debt refinancing • 2018 Annual Report and Accounts and preliminary results • H1 financial statements and interim results announcements	• Workday implementation • Interim and final dividends • Group financial forecasts • Group insurance renewal • Group budget	3 4 5
Governance For further details of the evaluation of the Board's performance, see page 73	• Regular updates from the Company Secretary on key governance developments, disclosure requirements and recommendations • Notice of 2019 AGM and arrangements for 2019 Hybrid AGM • Review of the structure of the Executive Committee	• Committee and subsidiary updates • Review of Schedule of Matters Reserved to the Board • Review of Group policies (AML & ABC related policies, CSR and Modern Slavery) • 2019 Board and Committee evaluation	1 2 3 4 5
Strategy For an update on Strategy, see our Strategic Report on pages 14 to 15	• Review of Strategy day discussion and re-confirmed 10 year vision and strategic plan framework • Monitoring of delivery of strategy • Review of global registration opportunities • Review of corporate social responsibility strategy	• Review of competitor and product cycle • Regular strategic project updates • Updates on IT transformation plan	1 2 3 4 5
Culture and stakeholders More information on stakeholder engagement can be found on pages 40 to 50	• Review of Culture and Values programme • Review of Company brokers • Updates on investors and market perspective • Health and safety updates • Results of employee survey • Updates on the reward policy and gender pay gap reporting	• Arrangements for UK and Global Employee Engagement Forums • Whistleblowing updates • Employee Voice updates • Cultural transformation plan updates • Customer experience update • Review of customer complaints reports	3 4

BOARD AND COMMITTEE STRUCTURE

BOARD

The Board is collectively responsible for promoting the long-term sustainable success of the business and generating value for shareholders and contributing to wider society. The Board delegates the day-to-day management of the business to the executive management team.

Audit Committee

Composition:
Non-executive Directors

Purpose: Reviews the integrity, adequacy and effectiveness of Equiniti's system of internal control and risk management and the integrity of Equiniti's financial reporting, whistleblowing and anti-bribery and corruption obligations

A

Risk Committee

Composition:
Non-executive Directors

Purpose: Reviews the effectiveness of Equiniti's risk management and processes to ensure that key risks are adequately mitigated

R

Remuneration Committee

Composition:
Non-executive Directors

Purpose: Establishes the remuneration policy and oversees implementation for the Group as a whole, specifically the Directors and senior leadership team

Rm

Nomination Committee

Composition:
Non-executive Directors

Purpose: Determines appropriate succession and contingency plans for the Directors and senior managers and undertakes appropriate searches for new Directors, as required

N

Executive Committee

Composition: see pages 66 to 67

Purpose: Meets monthly to review performance and the allocation of resources and directs activity to deliver the business plan

E

Disclosure Committee

Composition:
The Chairman, Chief Executive, Chief Financial Officer and the Company Secretary

Purpose: Oversees the Company's compliance with its obligations (as laid down by the FCA's Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Company

D

MANAGEMENT COMMITTEES

The Executive Committee is supported by five main management sub-committees

Executive Risk and Compliance Committee

Chairman:
Chief Financial Officer

Frequency: at least quarterly

Purpose: Ensures performance of the business is in accordance with policies, legislation and agreed risk appetite

ERC

Group Investment and Change Committee

Chairman:
Chief Financial Officer

Frequency: monthly

Purpose: Reviews capital expenditure requests, key priority projects and corporate development activity

GC

Sales and Bid Committee

Chairman:
Chief Executive Officer

Frequency: monthly

Purpose: Reviews sales submissions, tenders and contract renewals and sets the commercial and pricing strategy for the Group, including brand, marketing and new product launches

SB

Business Committee

Chairman:
Chief Executive Officer

Frequency: weekly

Purpose: Oversees business planning and performance and directs resources during the month to achieve business goals

B

Resource Committee

Chairman:
Chief Financial Officer

Frequency: weekly

Purpose: Oversees people related resourcing and travel policy decisions in the UK and Europe, balancing organisational effectiveness and business requirements against cost considerations. US and India operate their own resource committee process

RC

KEY

BOARD COMMITTEES

- A Audit Committee
- D Disclosure Committee
- N Nomination Committee
- Rm Remuneration Committee
- R Risk Committee

EXECUTIVE COMMITTEES

- E Executive Committee
- B Business Committee
- SB Sales and Bid Committee
- RC Resource Committee
- GC Group Investment and Change Committee
- ERC Executive Risk and Compliance Committee

BOARD COMMITTEES

More detailed explanations of the work of the Audit, Risk, Nomination and Remuneration Committees can be found on pages 76, 84, 90 and 94 respectively.

EXECUTIVE COMMITTEES

In addition to the oversight provided by the Board and Committees, the executive Directors are supported by a number of executive management committees, which help them to discharge their duties. These include preparation and implementation of the Group strategic plan, delivery of the budget and reviews with the senior and divisional management teams, covering areas such as business performance and development, financial management, risk management, HR, IT and operational performance.

The Chief Executive leads the Group's operational management and is supported by the executive management team. The executive management team gives strategic focus and is responsible for managing the operational and financial performance of the Group, by coordinating the work of the specialist business areas. This enables the efficient and effective day-to-day operation of the Group's businesses.

The Board is kept up to date with developments in the business, including the work of the senior and divisional management teams, through the Chief Executive and Chief Financial Officer's regular reports, which are discussed in detail at each Board meeting.

The Executive Committee is the most senior executive management committee. Its members are listed on pages 66 to 67.

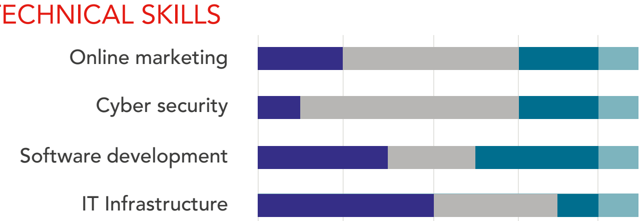
BOARD SKILLS

It is a core feature of good corporate governance that the Board and its Committees have an appropriate balance of skills and experience, independence and knowledge, to enable the effective discharge of their duties and responsibilities, whether individually or collectively. Part of the role of the Chairman and the Nomination Committee is to keep the balance of skills and expertise on the Board and its Committees under review and make recommendations to the Board where changes are appropriate to maintain that balance.

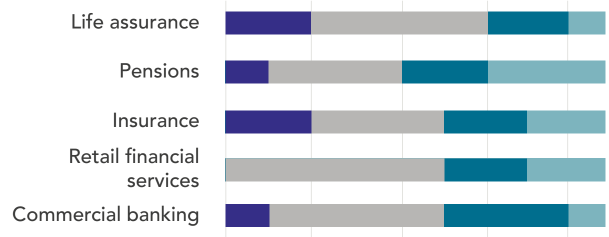
The individual experience and background of each Director are set out in their biographies on pages 64 to 65. The Board considers that the range of skills, experience and background of each of the Directors is sufficiently relevant and complementary to allow appropriate oversight, challenge and review of the Company's progress in achieving its corporate goals.

The following charts illustrate the broad spectrum and depth of experience that the nine members of the Board have and how, collectively, they cover the sectors and businesses in which the Group operates.

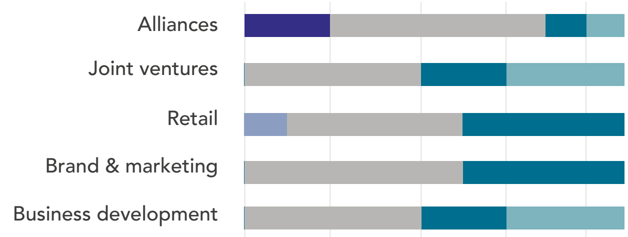
TECHNICAL SKILLS



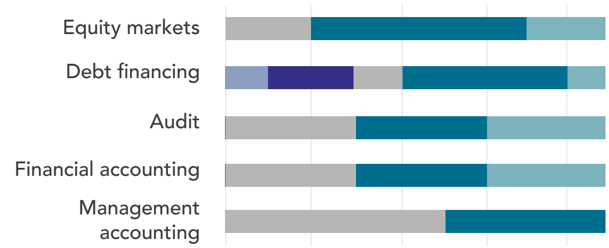
SECTOR EXPERIENCE



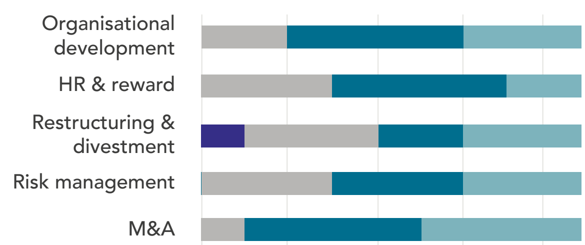
SALES SKILLS



FINANCE SKILLS



OTHER SKILLS



KEY

BOARD SKILLS

Not applicable · Not so familiar · Somewhat familiar · Very familiar · Extremely familiar

DIVERSITY

The Board, supported by the Nomination Committee, values diversity in its broadest sense and when considering new non-executive Director appointments will, in addition to considering gender, age, disability, ethnicity, geography or experience, look to maintain within the boardroom the appropriate balance of skills, experience, independence and knowledge of the Company and the industry as a whole.

The Board is currently comprised of nine Directors, three of whom are women, and so has already reached the aims of the Hampton-Alexander review and the aspiration to achieve at least 33% representation of women on FTSE 350 boards by 2020. The Board continues to strengthen the pipeline of senior female executives within the business, and to ensure that there are no barriers to women succeeding at the highest levels within the Group. Further details on the Company's gender diversity statistics as at 31 December 2019 and details of the Group's diversity and inclusion policy can be found on page 47.

BOARD EVALUATIONS

BOARD AND COMMITTEE EVALUATIONS

2018 Key Recommendations – how did we address them?

KEY RECOMMENDATION	ACTION TAKEN
Timing of committee meetings	Certain committee meetings have been re-scheduled to be held on a different day to Board meetings, to ensure sufficient time is given to the meetings.
Integration of new non-executive Directors and composition of committee memberships	The induction process has been reviewed and provisions put in place to ensure a smooth integration of new non-executive Directors. The reorganisation of committee memberships has provided flexibility and ensures full participation of committee members at meetings.
Board to monitor closely the enhancement of the audit and risk functions for EQ US	There was increased focus at the Audit and Risk Committee meetings on the monitoring of EQ US. Specifically, the separation from Wells Fargo which completed in May 2019, was made a standing agenda item to ensure that the Board remained informed on the process.
Directors to meet with a greater number of talented employees below the senior management level	Two Board dinners for Executive Committee members' direct reports and key talent identified two levels down, were organised as well as a Directors' visit to Chennai, with the opportunity to meet the leadership team based in Chennai and the Indian workforce.
Remuneration Policy to be communicated to shareholders	The Remuneration Policy was presented and approved by shareholders at the Company's AGM held on 2 May 2019.
Ensure that the new Remuneration Policy is applied, matching reward to both performance and behaviour	The Remuneration Report on pages 94 to 119 sets out how the new Remuneration Policy is applied, matching reward to both performance and behaviour.
Develop a strategic view of the risk profile over the next four to five years	The Risk Committee has begun work on developing a strategic view of the risk profile over the next four to five years and evidence of this is set out in the Risk Committee report on pages 84 to 89.
Review of changes in corporate governance to ensure that the Board and its Committees are compliant	With the assistance of the Company Secretary, the necessary changes as a result of the new UK Corporate Governance Code have been implemented to ensure compliance. The Company's compliance statement is set out on page 63.
Continued support and involvement in the programme regarding the culture and behaviours of the Group	The Board programme for 2019 has included focused presentations and updates from management on the Company's culture, employee engagement survey, development of the corporate social responsibility strategy and Employee Voice.

2019 Board and Committee Evaluations

An informal evaluation of the Board, its Committees and the performance of the Chairman was undertaken during 2019. Lintstock, an independent third-party provider of board evaluation services, has again been engaged to assist with the evaluation of the Board, its Committees and the Chairman's performance. Lintstock does not undertake any other services for the Company. The evaluation followed the process summarised above and expanded on below:

Questions → **Analysis** → **Interviews** → **Evaluation & Report** → **Discussion** → **Action Points**

2019 BOARD REVIEW

We engaged the services of Lintstock to assist with the 2019 review of Board performance. Lintstock is a corporate governance advisory firm specialising in Board Reviews, and has no other relationship with the Company.

The first stage of the review involved Lintstock engaging with the Chairman and Company Secretary to set the context for the evaluation and to tailor the survey content to the specific circumstances of the Company. All Board members were then invited to complete an online survey assessing the performance of the Board and its Committees.

The exercise was weighted to ensure that core areas of Board and Committee performance were addressed, as well as having a particular focus on the following areas:

- the monitoring of culture and behaviours, the progress made on the Culture Transformation Plan, and how the mechanisms by which the Board engages with employees ought to develop further;
- the adequacy of the organisational structure and the HR function, the oversight of talent management and succession, and the top people priorities facing the Group over the coming years;
- the quality of investment proposals brought to the Board, the Board's review of the effectiveness of past decisions, and events that have occurred over the past year from which the Board could draw lessons to improve its own performance;
- the ability of the Board to oversee and direct challenge of technological opportunities and threats, and the development of the Board's oversight of risk more widely;
- the Board's focus on strategy and growth, in particular organic and inorganic opportunities, and the understanding of the capacity of the organisation to deliver the strategy;
- the clarity of the Group's strategy, the level of ambition expressed in the strategic plan, and the communication of the strategy;
- the Board's understanding of key stakeholder groups, including investors, customers and employees; and
- the atmosphere and dynamics at Board meetings, the standard of support, induction and training available to Board members, and potential improvements that could be made to the quality of the Board packs.

The composition of the Board, including key changes that should be made to the Board over the next three to five years in the context of the Group's strategic goals.

Lintstock subsequently produced reports considering the performance of the Board, the Committees and the Chairman. The Chairman discussed the feedback on Board performance with each Directors and the Company Secretary, while the Senior Independent Director similarly discussed feedback on the performance of the Chairman with each of the Directors and the Company Secretary.

The output of the Board Review was discussed at the January 2020 Board meeting.

KEY RECOMMENDATIONS FROM THE 2019 EVALUATION:

- Both succession planning and talent and culture were highlighted as important areas of focus in last year's review and it was agreed that these remain important topics for 2020.
- Some of our non-executive Directors felt that they would like more exposure to employees and so appropriate site visits will be organised.
- We will seek to maintain and improve the quality of shareholder communications.
- We will look to improve the information we provide to our non-executive Directors about our competitors and allocate more time on our rolling strategy agenda to review competitor strategies and performance.
- We will endeavour to find appropriate ways for our non-executives to enjoy greater exposure to customers/clients, perhaps through attendance at company events.
- Our non-executive Directors expressed a desire to have a greater understanding of our Intelligence Solutions business, and so we will ensure that this is addressed with appropriate presentations in 2020.
- We will continue to monitor our governance activities to ensure that they remain appropriate.
- We will ensure that we use our non-executive Directors' considerable commitment and time in an efficient way that is not duplicative and look to streamline some of the information provided in Board packs.

BUSINESS MANAGEMENT

The Chief Executive is responsible for delivering the Company's agreed strategy and, with the Chief Financial Officer, prepares the annual budget, which is subject to formal scrutiny and approval by the Board. Progress in delivering this annual budget is reported on at each Board meeting.

Monthly business forecasts are prepared by the operating divisions to identify variances against the annual budget at the earliest opportunity, reflecting changes in expectations and market conditions. Negative variances to budget are subject to rigorous challenge at executive business review meetings, prior to progress updates being reported to the Board.

There are clear policies outlining delegated authority limits for all types of business transactions and associated authorised signatories. The authority limits and processes are verified by reviews undertaken by compliance and Group internal audit. Additional detail on the work of the compliance and internal audit functions is set out on page 81.

All employees are required to undergo an objective-based personal appraisal process, with individual objectives derived from the corporate strategy and the objectives of their line managers.

THE BOARD'S REVIEW OF THE SYSTEM OF INTERNAL CONTROL

The Board has responsibility for the Company's overall approach to risk management and internal controls and considers their effectiveness fundamental to the achievement of the Company's strategic objectives. During 2019, the Board, through its Audit and Risk Committees, built upon its 2018 review of the process for identifying, evaluating and managing the principal risks faced by the Group.

The Group internal audit function advises the executive management team on the extent to which systems of internal control are adequate and effective for managing business risk, safeguarding the Company's resources, and ensuring compliance with Group policies and legal and regulatory requirements, as well as advising on ways in which areas of risk can be addressed. It provides objective assurance on risk and controls to senior management, the Audit Committee and the Board.

The Group internal audit's work is focused on the Group's principal risks. The mandate and programme of work of the Group internal audit team is considered and approved by the Audit Committee. Based on the approved internal audit plan, a number of internal audits took place across the Group's divisions to facilitate improvement of the Group's internal controls. Findings were reported to the relevant operational management and the Audit Committee. Group internal audit follows up on the implementation of recommendations and reports on progress to senior management and to the Audit Committee.

The Group Chief Audit Executive, reports regularly to the Chair of the Audit Committee and attends each Audit Committee meeting to present the internal control findings from the internal audits performed. The Audit Committee reviews and discusses the effectiveness of internal audits on an annual basis with the Group Chief Audit Executive. This is done by the review of the internal audit plan of work for the year and monitoring progress against the plan and actions identified by internal audit. The Group Chief Audit Executive meets with the Audit Committee at least twice a year without executive Directors present, and is a regular attendee at the Risk Committee meetings.

REGULATED ACTIVITIES

A number of the Group's businesses include regulated activities, with several of the Company's subsidiaries being regulated. Two of these are major businesses within the Group.

The first such business is Equiniti Financial Services Limited (EFSL), which has a Board consisting of two independent non-executive Directors and five executive Directors. The EFSL Board ensures that appropriate governance is followed in respect of all FCA related activities and has the full support of the Board in delivering against this requirement

The second such business is Equiniti Trust Company in the US. This is governed by its own independent board (the US Board). The Board maintains oversight of the US business by receiving regular reports and presentations from the Chief Executive and Chief Financial Officer, who are non-executive Directors of the US Board, and also directly from the US senior management team. In addition, copies of the US Board and committee minutes are made available to the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business. A copy of the financial statements is available on Equiniti's website: http://investors.equiniti.com/investors

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in pages 64 to 65 confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

STATEMENT OF DISCLOSURE OF INFORMATION TO EXTERNAL AUDITOR

As required by section 418 of the Act, each Director has approved this report and confirmed that, so far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its audit report) of which the Company's auditor is unaware. They have also confirmed that they have taken all the steps they ought to as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GOING CONCERN

The Company's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 20 to 29. The financial position of the Company, its cash flows, liquidity position and borrowing facilities, as well as the Company's objectives, policies and processes for managing capital, are described on pages 30 to 39. Financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity risk are described in note 6.11 to the Accounts on pages 169 to 171.

During the year, the Directors assessed the viability of the Company over a three-year period, taking into account the Group's current financial position and the principal risks, particularly those that could threaten the business model and the ability of the Group to renew its finance. The Directors consider that the Company's business activities and financial resources ensure that it is well placed to manage its business risks successfully. The Group viability statement can be found on page 56.

The Directors are satisfied that:

- the Company's and the Group's activities are sustainable for the foreseeable future, and that the business is a going concern; and
- it is appropriate to continue to adopt a going concern basis in the preparation of the financial statements.

Philip Yea

Chairman

12 March 2020

AUDIT COMMITTEE REPORT

DARREN POPE, CHAIR OF THE AUDIT COMMITTEE

DEAR SHAREHOLDER

I am pleased to present the Audit Committee (the Committee) report for the year ended 31 December 2019.

During the year, the Committee continued to focus on further increasing disclosure and the transparency of the Company's external reporting and worked with the external Auditor to ensure that the Group's financial disclosures continued to be aligned with best practice, the 2018 UK Corporate Governance Code (the Code) and FRC recommendations.

There has additionally been an increased focus on the detail of reports submitted to the Committee by management during the year, to allow a more forensic analysis of management judgements as well as the introduction of new accounting standards.

2019 saw less progress than anticipated in reducing the absolute number of overdue high-risk audit issues. This was a direct consequence of the efforts required from our IT colleagues to deliver the successful separation of the Wells Fargo business earlier in the year. However, the average age of overdue items has reduced. This remains a key focus of both management and the Committee.

The Committee carried out its annual effectiveness review, by way of completion of questionnaire by each Committee member. Overall, the Committee was seen to be working very effectively.

PRIORITIES FOR 2020

In addition to continuing to focus on the areas stated above, we have commissioned an external review of the quality and effectiveness of our Internal Audit function as set against professional standards for internal auditors, which is to be undertaken by BDO. We will report on the findings of this review in next year's report.

Now that separation of the US business has been completed we will, during 2020, review the work of EQ US Examining Committee, and the strength of the internal controls in the newly separated business.

I would like to thank my fellow Committee members, the finance and internal audit teams within the Group, and the team at PwC for their work during the year.

Darren Pope

Chair of the Audit Committee

12 March 2020

COMMITTEE MEMBERSHIP & ATTENDANCE

The Committee is made up exclusively of independent non-executive Directors. The members of the Committee who served during the year and as at the date of this report are shown in the table below, together with their attendance at the six committee meetings held during the year:

NAME	ATTENDED
Darren Pope (Committee Chair)	6/6
Alison Burns	6/6
Mark Brooker	6/6
Sally-Ann Hibberd	6/6
Cheryl Millington	6/6

GOVERNANCE

The Committee acts independently of management and reports and makes recommendations directly to the Board.

The Committee structure requires the inclusion of at least one member with significant, recent and relevant financial experience and competence in accounting or auditing (or both). The Committee Chair fulfilled this requirement during the year.

The Committee structure also requires the inclusion of at least one member to also be a member of the Company's Risk Committee. Sally-Ann Hibberd is the Risk Committee Chair and Darren Pope and Cheryl Millington are also members of the Risk Committee. This facilitates efficient cross communication between the two committees, which ensures that all audit and risk issues are addressed effectively.

All Committee members are expected to be financially literate and to have an understanding of key aspects of the Company's operations including the internal control environment, the regulatory framework for the Company's business and matters which may influence the presentation of accounts and key figures.

The Committee as a whole has competence relevant to the sectors in which the Company operates.

The Committee invites the Chief Financial Officer, the Chief Executive, the Chairman, Group Chief Audit Executive, Chief Risk Officer and senior representatives of the external auditor to attend its meetings in full, although it reserves its rights to request any of those individuals to withdraw. Other senior managers are invited to present such reports as are required for the Committee to discharge its duties.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external Auditor.

During the year, the Committee regularly met with the senior representatives of the external Auditor, and also with the Group Chief Audit Executive, without management and/or any executive member of the Board being present.

The Committee may take independent professional advice on any matters covered by its terms of reference, a copy of which can be found in the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance. During 2019 the Committee did not seek independent professional advice other than from the external Auditor.

ROLE OF THE AUDIT COMMITTEE

In accordance with its terms of reference, the Committee provides an independent overview of the effectiveness of the internal financial control systems and financial and narrative reporting processes. Its responsibilities include:

FINANCIAL REPORTING

- monitoring the integrity of the financial and narrative statements of the Company, including the annual and half-year results announcements and other formal announcements relating to its financial performance;
- reviewing the accounting principles, policies and practices adopted throughout the period;
- reporting to the Board on any significant financial reporting issues and judgements;
- monitoring and reviewing the appropriateness of the going concern assumption and viability statement disclosures;

EXTERNAL AUDITOR

- monitoring and overseeing the relationship with the external auditor;
- recommending their appointment, re-appointment and removal to the Board for approval by shareholders;
- ensuring that at least every 10 years, in compliance with all relevant legislation, that the external audit is put out to tender;
- reviewing and approving the annual and half-year audit plans;
- recommending the external auditor's remuneration;
- reviewing and approving the non-audit services policy and fees;
- reviewing the effectiveness and objectivity of the audit process on an annual basis, including the quality control procedures and considering the expertise and resources of the external auditor;

INTERNAL CONTROL

- in conjunction with the Risk Committee, reviewing the adequacy and effectiveness of the Group's internal financial controls;
- reviewing the manner in which management ensure and monitor the adequacy of the nature, extent and effectiveness of internal controls;
- ensuring that the review covers all material controls including financial, operational, and compliance;

INTERNAL AUDIT

- monitoring and reviewing the effectiveness of the Group's internal audit (GIA) function;
- reviewing and approving the internal audit programme at least annually and when significant changes occur;
- reviewing the GIA reports and procedures to ensuring implementation by management of audit recommendations;
- approving the charter of the GIA function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform to appropriate professional standards for internal auditors; and
- monitoring the working relationship, co-ordination and exchange of information between the external and internal audit teams, ensuring there are no inappropriate restrictions.

AUDIT COMMITTEE REPORT

COMMITTEE ACTIVITIES DURING 2019

The Committee met on six occasions during the year. At those meetings, the Committee carried out its remit, which primarily included the following:

JANUARY

- reviewed the GIA report;
- approved and adopted a four-tier Internal Audit Report Rating System;
- reviewed an update on the GIA quality assurance programme;
- reviewed a PwC update on the 2018 Audit;
- reviewed the independence and objectivity of the external auditor;
- approved the exemption of audits for certain subsidiary companies under s479 of the Companies Act 2006 & UK GAAP FRS101;
- reviewed the key judgements and proposed sensitivities disclosures for the 2018 Annual Report;
- reviewed the FRC Thematic Reviews for the 2018 Annual Report;
- reviewed the progress made in producing the 2018 Annual Report;
- reviewed the report on UK payment practices and performance applied to relevant subsidiaries within the Group; and
- reviewed the findings from the 2018 Audit Committee Effectiveness Review.

MARCH

- reviewed the GIA report;
- reviewed the assurance reports on the internal control environment, covering internal audit outcomes, risk and compliance, and financial controls;
- reviewed tax implications and APMs, and analysed policies on IFRS15 compliance which included the US;
- reviewed and approved letters of support to be issued to relevant subsidiaries;
- reviewed and approved the draft viability and going concern statements for inclusion within the 2018 Annual Report;
- approved the significant judgements statement in the 2018 Annual Report;
- reviewed the external auditor's audit findings report for the 2018 financial year;
- reviewed the 2018 Annual Report, including the financial statements, and recommended their approval to the Board;
- reviewed the full-year results announcement and recommended its approval to the Board;
- reviewed and recommended a final dividend of 3.49 pence for approval; and
- reviewed the Committee's Terms of Reference.

JUNE

- reviewed the GIA report;
- approved the annual update to the internal audit charter;
- approved the annual update to the internal audit methodology;
- reviewed payment practices report, analysis of intangible assets and supporting analysis of value and H1 2019 key accounting judgements;
- reviewed the external auditor's half-year review;
- reviewed the report on the effectiveness of the external auditor; and
- received the EFSL Audit Committee and EQ US Examining Committee reports.

JULY	• reviewed the GIA report; • received an update on the GIA quality assurance programme; • reviewed the H1 statement on basis of preparation; • reviewed the external auditor's interim review findings; • reviewed the half-year results announcement and recommended its approval to the Board; and • reviewed the effectiveness of the external Auditor, which included the CASS audit for EFSL which is a client asset assurance engagement that involves providing a Client Assets Report to the FCA.
SEPTEMBER	• reviewed the GIA report; • received an update on working capital management and receivables and income accruals analysis; • received a technical update from PwC on audit quality, corporate governance and information security; and • received the EFSL Audit Committee Report.
NOVEMBER	• reviewed the GIA report; • approved the 2020 internal audit plan; • received an update on business year-end readiness plan, accounting policies and potential change to external reporting/cash KPIs; • reviewed the external auditor's year-end pre-planning approach; • reviewed the Company's year-end external audit plan; and • received the EFSL Audit Committee and EQ US Examining Committee reports.

AUDIT COMMITTEE REPORT

SIGNIFICANT ISSUES RELATING TO THE FINANCIAL STATEMENTS

In considering the financial results contained in the 2019 Annual Report, the Committee reviewed the significant issues and judgements made by management to determine those results and these are set out in the following table:

AREA OF FOCUS	WHY WAS THIS SIGNIFICANT?	HOW DID THE COMMITTEE ADDRESS THIS ISSUE?
Revenue recognition	The Group has entered into a number of revenue contracts. These arrangements can include multiple performance obligations, including licence delivery, and as a result revenue recognition in connection with these contracts can involve a significant degree of management judgement around the allocation of revenue to performance obligations and the timing of the revenue in accordance with IFRS15 and the Group's stated accounting policy for such items.	Management presented the accounting judgement relating to material transactions that included multiple performance obligations and significant licences to the Committee. Evidence was provided and discussed to support the value and the timing of these transactions and how they aligned to the Group's accounting policy and IFRS 15.
Software development	The Group exercises judgement in assessing whether the costs of a particular project should be capitalised or expensed. IAS 38 Intangible assets sets out five key criteria that are required to be met in order for development costs to be capitalised.	Management presented the accounting judgements relating to the capitalisation of software development costs to the Committee. Evidence was provided and discussed to show that the judgements satisfied criteria under accounting standard IAS 38 and discussed the internal controls around this.
Pensions	The Group has three defined benefit pension schemes. The present value of the net defined benefit pension obligation is dependent on a number of factors that are determined on an actuarial basis, using a number of assumptions which include salary rate increases, mortality rates and discount rates. The defined benefit pension obligation is sensitive to changes in assumptions, so judgement must be exercised to ensure that these assumptions are reasonable.	The Committee discussed, and agreed with the assumptions used by management, as informed by the Schemes' actuaries, in determining the net defined benefit pension obligation.
Contingent consideration	The Group recognises contingent consideration in the statement of financial position for acquisitions where the level of consideration payable dependant on post-acquisition performance. In order to assess the amount of contingent consideration payable, management estimates the future performance of the acquired businesses to determine whether the required thresholds for payment will be achieved.	Management presented the business forecasts and the assumptions around the calculation of contingent consideration payable. Evidence was provided to support the value of contingent consideration recognised in the statement of financial position and how this complies with accounting standard IAS 37.

INTERNAL AUDIT

The Group has a dedicated in-house Internal Audit team (GIA). This team is supported, when required, via a co-source agreement with KPMG LLP, which provides additional specialist expertise. GIA drew on this agreement to conduct a CASS-related audit with CASS specialists from KPMG.

The Group Chief Audit Executive reports directly to the Committee Chair and in addition reports on an administrative basis to the Chief Financial Officer. GIA strengthened the depth of the function with additional capabilities during 2018, including a Deputy Chief Audit Executive and a new analytics capability and leveraged these during 2019 to continue to enhance the audit methodology and coverage. During 2019, the internal audit quality assurance and improvement programme was further embedded, establishing a continuous cycle of review and improvement within the function.

GIA principally reviews the design and effectiveness of governance, risk management and controls operating within the business by undertaking an agreed schedule of independent audits each year.

The Committee determines the nature and scope of the annual internal audit programme (which is derived from an audit universe including financial and commercial processes, governance considerations and key corporate risks) and revises it from time to time, in response to changes to business circumstances and risk profiles.

The findings of the internal audits are reported to executive management, and any necessary corrective actions are agreed and tracked. Summaries of these reports and resulting themes and insights are presented to, and discussed with, the Committee at each Committee meeting, along with details of progress against management action plans as appropriate.

The Committee agrees the annual Internal Audit plan for the year and ensures that GIA has appropriate resources available to it to complete that plan. The Committee has assessed the effectiveness of the internal audit function as part of its effectiveness review, and is satisfied that the current arrangements remain appropriate and effective for the Company. The Committee will keep under review the remit of the Internal Audit function.

The Committee remains very focused on timely completion of agreed management action plans to address audit findings. During 2019, progress on reducing the number of overdue audit issues was disappointing, with no material change in overdue medium and high-risk issues from the previous year. Progress was primarily constrained by the demands on our IT colleagues relating to the separation of Wells Fargo in the first half of the year and the creation of a strategic IT delivery plan in the second half of the year. Some older outstanding issues were however resolved during 2019, which was more encouraging. This remains a focus for the Committee during 2020. The same constraints additionally caused some 2019 audit activity to be deferred into 2020. However, this will not compromise the 2020 plan.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee and the Risk Committee both support the Board when considering the nature and management of the Group's risks, its risk management framework and its risk appetite.

Details of these are included within the Risk Committee report which can be found on pages 84 to 89. Details of the Group's principal risks and uncertainties can be found in the Strategic Report on pages 52 to 55.

The Committee has overall oversight of the Group's systems of financial controls, including their design, implementation and effectiveness, and details of these controls can be found on page 88 to 89.

Having considered reports from Risk, Finance and GIA, the Committee is satisfied that the internal controls over financial reporting and risk management systems were appropriately designed and were operating effectively in all material respects during 2019.

WHISTLEBLOWING AND ANTI-BRIBERY

The Group is committed to the highest standards of quality, honest, openness and accountability.

Accordingly, the Group has whistleblowing, anti-bribery and corruption risk policies in place. The Committee reviewed the whistleblowing policy during the year. The Chair of the Committee is responsible for overseeing the integrity, independence and effectiveness of the whistleblowing procedures and is informed of all reported cases. The Chair of the Committee was content that management's response and handling of reported cases remained appropriate.

Further details on these policies can be found in the Strategic Report on pages 44 and in the Risk Committee Report on page 85.

EXTERNAL AUDITOR

The Committee is responsible for overseeing the Group's relationship with its external auditor, PricewaterhouseCoopers LLP (PwC).

The Committee considers the nature, scope and results of PwC's work and reviews, develops and implements the policy on the supply of any non-audit services that are to be provided by PwC. The Committee receives and reviews reports from PwC relating to the Company's Annual Report and Accounts and the external audit process.

EFFECTIVENESS AND INDEPENDENCE

During the year, an assessment of the quality and effectiveness of the external audit process was undertaken by GIA. The team sought the views of the divisional finance directors, the Group finance team, the Chief Financial Officer, the Chair of the Audit Committee, and members of the Executive Committee who had interacted with PwC, to assess whether the audit had been conducted in a comprehensive, appropriate and effective manner.

The report was then discussed by the Committee at its meeting in June 2019, with the Committee concluding that the audit had been conducted in a professional, challenging and robust manner and that the audit plan agreed by the Committee had been followed. It was agreed that the new audit partner had added significant value to the overall audit.

The Committee also reviewed PwC's objectivity and independence and confirmed that sufficient procedures are in place to safeguard those.

AUDIT COMMITTEE REPORT

TENURE

The Committee undertook a full tender of the Company's external audit services in 2016, following which the recommendation to approve the reappointment of PwC as external auditor was approved by the Board and subsequently by shareholders at the 2017 AGM. The Committee is not looking to re-tender the external audit services in the near term and will be recommending PwC be re-appointed as the Company's external auditor for a further year at the 2020 Annual General Meeting. Darren Meek was first appointed as the lead audit partner for the 2018 audit, and in line with the policy on lead partner rotation is anticipated to rotate off the Group's audit in 2024.

NON-AUDIT SERVICES POLICY AND FEES

While the insight gained as the Group's auditor may sometimes make it logical for PwC to undertake work outside of the annual audit, the Committee recognises that its engagement to provide non-audit services to the Group may impact on perceptions of PwC's independence.

Accordingly, the Group has established a policy which governs the provision of any non-audit services. The policy specifies services which cannot be carried out by PwC as external auditor (primarily activities which would involve PwC taking up management responsibilities) and sets the framework within which non-audit work may be provided. The policy states that PwC will only be able to perform non-audit work in limited circumstances and where approved by the Committee.

The Group paid £584,000 in audit and audit-related fees, and £334,000 in non-audit related fees, for the financial year ended 31 December 2019. Non-audit work solely related to independent assurance services primarily performed in relation to the CASS audit of Equiniti Financial Services Limited (EFSL).

The Group has committed to maintain the ratio of non-audit to audit fees to a maximum of 70% of the average statutory audit fee. For further information on how the non-audit fees are broken down, please see note 7.4 on page 177.

VIABILITY STATEMENT

The viability statement can be found on page 56. The Committee reviewed management's work in conducting a robust assessment of the business model, the risks that could threaten the model, and the future viability of the Company. This assessment included assessing a reasonable time period for the review, reviewing financial forecasts for that period, identifying severe but plausible scenarios for each of our principal risks, as well as considering their interdependencies and scenarios involving multiple risks. To support the final conclusion on viability, the assessment also took into account the mitigations available to the Company to protect against these downside scenarios and also the adequacy of the internal control environment. Particular attention was paid to the credibility of proposed mitigations in the most severe scenarios. In all cases the mitigations were deemed to be achievable and proportionate even under stress. Based on this analysis, the Committee recommended to the Board that it could approve and make the viability statement.

STATEMENT OF COMPLIANCE

Having tendered the audit in 2016, the Company confirms that it has complied with the terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order) throughout the year.

In addition to requiring mandatory audit re-tendering at least every 10 years for FTSE 350 companies, the Order provides that only the Audit Committee, acting collectively or through its Chair, and for and on behalf of the Board is permitted:

- to the extent permissible in law and regulation, to negotiate and agree the statutory audit fee and the scope of the statutory audit;
- to initiate and supervise a competitive tender process;
- to make recommendations to the Directors as to the auditor appointment, pursuant to a competitive tender process;
- to influence the appointment of the audit engagement partner; and
- to authorise an auditor to provide any non-audit services to the Group, prior to the commencement of those non-audit services.

FAIR, BALANCED AND UNDERSTANDABLE

The Board is committed to ensuring that all external financial reporting presents a fair, balanced and understandable assessment of the Group's position and prospects. In line with Section 27 of the Code, the Committee has been requested by the Board to consider whether it supports the view that the Company's Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and, further, that it provides shareholders with the information necessary to assess the Company's position and performance, business model and strategy.

In forming its view, the Committee has considered the processes undertaken to prepare for, and produce, the Annual Report and how consideration was given for each of the fair, balanced and understandable criteria in the compilation of the narrative and presentation of the numbers, themes and highlights, with particular attention given to alternate performance measures. To support this, the Committee received a detailed briefing note as an integral part of the Annual Report sign off process, which set out how this had been achieved by the internal teams who prepared the report. Furthermore, the Committee received briefings and updates during the course of the year, appraising them of the Code requirements and business performance. The Committee was presented with a draft of the 2019 Annual Report with sufficient time to review, challenge and provide feedback.

The briefing note:

- explained the process of preparing and compiling the report across the business's internal teams (Investor Relations, Finance, HR and Company Secretariat) the involvement of specialist advisors with the requisite skills to structure and review the 2019 Annual Report;

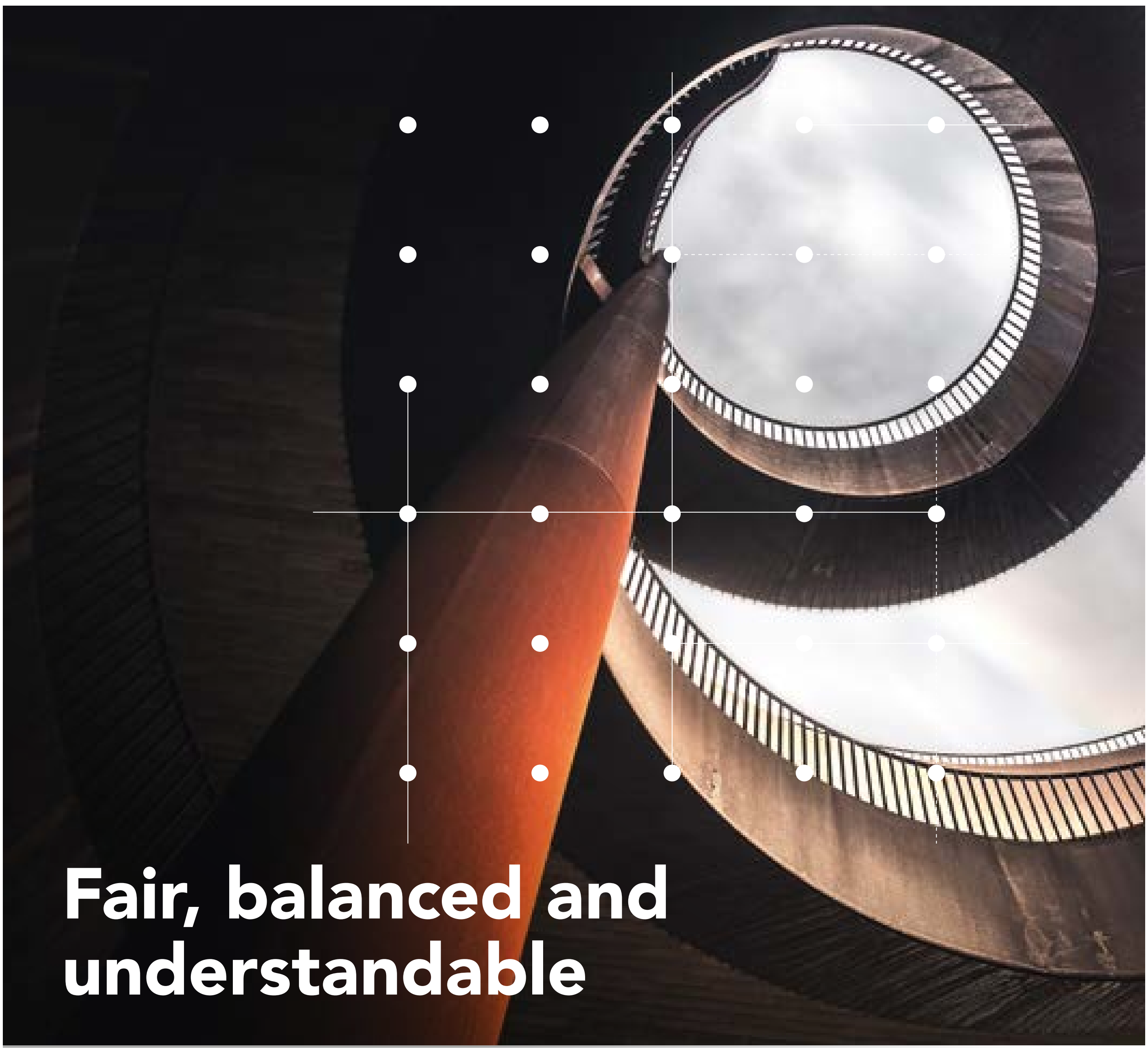
- explained how the 2019 Annual Report was designed to be understandable, with consistent presentation of key messages throughout the report. In arriving at their conclusion, the Committee also noted that internal reporting aligned to the KPIs, key financial measures and narrative themes as presented in the 2019 Annual Report;
- allowed the Committee to ensure a fair picture was presented by drawing out the key judgements formed in preparing the accounts and where any challenges lay; and
- demonstrated that the 2019 Annual Report was put together in a balanced manner, with the narrative aligning to the business model, strategy and financial performance. This was achieved through our business leaders reviewing and signing off on the content.

The Committee therefore concluded that the 2019 Annual Report and Accounts are presented in a fair, balanced and understandable manner, allowing shareholders to assess the Group's performance, strategy, risk and business as a whole.

Darren Pope

Chair of the Audit Committee

12 March 2020



RISK COMMITTEE REPORT

SALLY-ANN HIBBERD, CHAIR OF THE RISK COMMITTEE

DEAR SHAREHOLDER

I am pleased to present the Risk Committee Report for 2019, which details our work during the year.

In my report to you last year, I set out the following objectives for 2019. These were to:

- continue to embed our Enterprise-wide Risk Management (EWRM) Framework and risk management tool within the Group;
- continue to enhance the corporate governance processes within EQ US; and
- develop a long-term strategic view of the risk profile for the next four to five years.

The Committee met all of these objectives during the year, although we recognise that the first two in particular are multi-year challenges. We continued to embed the EWRM framework and bolstered the first line of our three lines of defence model across the Group. This included clarifying responsibilities and employing additional resource to ensure effective management of first line risk.

In the US, completing the separation of the business from Wells Fargo has materially reduced the overall risk profile, by giving us complete control over the US operations and its underlying systems. We have implemented our EWRM framework and are in the process of refining and embedding it, ensuring the US has the same risk management toolkit as the rest of the Group.

The Committee also developed its view of the longer-term profile of a number of the Group's principal risks. As part of this, we conducted deep dives in four main areas: cyber security, data protection, information technology and business continuity management. This has enabled us to put in place a longer-term strategic IT risk programme to address the root causes of those risks, rather than responding to individual developments as they arise. This allows us to align risk management with our capital expenditure considerations, as part of our five-year planning process.

Our work during the year also included a detailed review of the potential impact of Brexit, including the effect on Euro payments, market volatility and data location and transfer. Our conclusion remains that Brexit will not have a material impact on the Group, although it has the potential to affect the macroeconomic environment and the decisions made by our clients in areas such as mergers and acquisitions.

Other notable activities included the Group's UK FCA-regulated business undertaking a programme of work to ensure it was compliant with the Senior Managers and Certification Regime by the 9 December 2019 deadline. We also conducted a review of the Group's insurance provision, enabling us to increase cover in specific areas.

EFFECTIVENESS OF THE RISK COMMITTEE

An internal evaluation of the Committee was undertaken during the year, which concluded that the Committee continues to operate effectively. Details of the evaluation and its results can be found on page 73.

2020 PRIORITIES

In 2020, the Committee will focus on:

- ensuring that the strategic IT risk programme is delivering to scope and effectiveness;
- increasing focus on risk from a product/service perspective; and
- continuing to embed our EWRM framework and risk management tool within the Group, including reviewing the scope of the second line.

Sally-Ann Hibberd

Chair of the Risk Committee

12 March 2020

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Committee is made up exclusively of independent non-executive Directors. The members of the Committee who served during the year and as at the date of this report are shown in the table below, together with their attendance at the five committee meetings held during the year:

NAME	ATTENDED
Sally-Ann Hibberd (Committee Chair)	5/5
Tim Miller	5/5
Cheryl Millington	5/5
Darren Pope	5/5

GOVERNANCE

The Committee acts independently of management and reports and makes recommendations directly to the Board.

The Committee's Terms of Reference requires the participation by the Chair of the Audit Committee and Darren Pope is a member of the Committee. Sally-Ann Hibberd and Cheryl Millington are also members of the Audit Committee. This facilitates efficient cross-communication between the two committees, which ensures that all audit and risk issues are addressed effectively.

The Company Secretary acts as secretary to the Committee and attends all meetings. The Committee invites the Chairman, Chief Executive, Chief Financial Officer, Chief Risk Officer and Group Chief Audit Executive to attend its meetings in full, although it reserves its rights to request any of those individuals to withdraw. Other senior managers are invited to present such reports as are required for the Committee to discharge its duties.

During the year, the Committee regularly met with the Chief Risk Officer, without management and/or any executive member of the Board being present.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company.

The Committee may take independent professional advice on any matters covered by its Terms of Reference. These Terms of Reference were updated during the year to reflect the new UK Corporate Governance Code 2018. A copy of the Terms of Reference can be found in the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/ corporate-governance.

ROLE OF THE RISK COMMITTEE

In accordance with its Terms of Reference, the Committee provides an independent overview of the effectiveness of the internal operational and financial control systems. Its responsibilities include:

RISK STRATEGY

- advising the Board on the development of the Company's overall current and future risk appetite, tolerance and strategy;
- overseeing and advising the Board on the current and emerging risk exposures;

RISK ASSESSMENT

- in conjunction with the Audit Committee, keeping under review the Company's overall risk assessment process that informs the Board's decision making;
- regularly reviewing and approving the parameters used in these measures and the methodology adopted;
- setting standards for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- reviewing the Company's ability to identify and manage new risk types;

INTERNAL CONTROL

- in conjunction with the Audit Committee, reviewing the adequacy and effectiveness of the Group's internal controls:
- overseeing the Enterprise-Wide Risk Management (EWRM) Framework;
- reviewing reports on any material breaches of risk limits and the adequacy of proposed action;
- reviewing the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal controls;
- reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- reviewing the Company's procedures for managing material compliance requirements, including fraud, bribery and corruption, financial crime, data protection, health and safety, and financial services regulatory compliance; and
- considering and approving the remit of the risk management function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively.

RISK COMMITTEE REPORT

COMMITTEE ACTIVITIES DURING 2019

The Committee met on five occasions during the year. At those meetings, the Committee carried out its remit, which primarily included the following:

FEBRUARY

- reviewed and discussed the Group's principal risks;
- reviewed the quarterly report on risk and compliance;
- reviewed risk committee updates from the Executive Risk and Compliance Committee (ERCC) (including the ERCC Risk Acceptance Report) and the EFSL Risk Committee;
- received a discussion paper on key Brexit risks;
- received and discussed management reports covering Data Protection, Financial Crime and Information Security;
- reviewed the relevant sections of the 2018 Annual Report;
- received and discussed second line monitoring covering risk action and second line assurances and subsequent management actions;
- reviewed the findings of the 2018 Committee evaluation exercise;
- reviewed a proposed 2019 agenda schedule; and
- reviewed governance developments for the reporting period.

JUNE

- reviewed and agreed amendments to the Committee's Terms of Reference to bring it in line with the new Corporate Governance Code 2018;
- reviewed risk committee updates from the ERCC, EFSL and ETC Examining Committees;
- received and discussed an in-depth presentation on Group Operations and Group IT risks;
- received and noted an update on Group Principal risks, including the US top risks;
- received and discussed a paper on Financial Crime and MLRO updates;
- received and noted an analysis of the Group Insurance Programme;
- received and noted a paper on Second Line Assurance;
- discussed and resolved to recommend to the Board policies on: Vulnerable Customers; CSR; Risk Management; Policy Governance; and Whistleblowing;
- reviewed the Whistleblowing reports;
- received a Regulatory Horizon update on regulatory changes likely to impact the Group and its clients up to 2022;
- received and noted the Risk Acceptances update;
- received and noted Cyber Security and Data Protection updates; and
- received a discussion paper around supplier contracts and client contracts.

SEPTEMBER

- reviewed and discussed a presentation paper on the principal risks across the Group;
- received an update on Group-wide IT risks;
- received and discussed a paper on US key risks;
- received the annual MLRO report for review;
- received and discussed an update on Brexit;
- received and noted a Regulatory update;
- discussed and resolved to recommend to the Board policies on: Legal Risk Management; Public Relations; Responsible Business; Supplier Relationship Management; Corporate Governance; Creative and Brand; Building and Physical Security; Competition Law; Compliance; and Conflicts of Interest;
- received an update on assurance activities, including closure of overdue monitoring actions; and
- reviewed risk committee updates from the ERCC and EFSL Risk Committees.

NOVEMBER

- received and discussed an update on Group Principal Risks;
- reviewed and discussed a detailed presentation from the CIO on IT, Cybersecurity and Data Protection;
- received a presentation on business continuity and resilience; and
- received and discussed an update on Brexit.

DECEMBER

- reviewed and discussed each of the Group's material principal risks;
- reviewed risk committee updates from ERCC and the EFSL Risk Committee; and
- reviewed the Group's Environmental Policy, Client Credit Risk Policy and Modern Slavery and Human Trafficking Policy.

RISK MANAGEMENT AND INTERNAL CONTROLS

OUR APPROACH TO RISK MANAGEMENT

The Group operates an Enterprise Wide Risk Management (EWRM) Framework; a single method which allows all areas of the business and the supporting service lines to assess and classify risk using a shared methodology. This provides a structured way of thinking about the kind of risks and opportunities the Group may experience.

The EWRM Framework is based on the following model:

1. Our risk leaders are responsible for proactive risk identification and application of systems and controls in line with the EWRM Framework. Using our online risk management tool, risks are input and actions taken to mitigate those risks are monitored to ensure they are on track. The risk management tool also enables oversight of those "accepted" risks which are outside the Group's risk appetite but where no mitigation is taking place.
2. Our risk leaders attend quarterly Executive Risk & Compliance Committee (ERCC) meetings chaired by the Chief Financial Officer and attended by the Chief Executive, the Chief Risk Officer, the Group Chief Audit Executive and divisionals CEOs. At these meetings, the EWRM Framework is reviewed to ensure that it remains effective, risks for each business are raised and discussed, and actions to mitigate these risks approved. Where new risks are identified, these are ranked from low to high in probability and impact so that they can be included within the EWRM Framework for ongoing tracking.
3. While the Board has ultimate responsibility for the system of risk management and internal control, it has delegated authority for overseeing and directing the EWRM Framework's development to the Committee. The Chief Risk Officer oversees the risk management system as a whole and, together with the Group Chief Audit Executive, ensures that all parts of the business, with regards to compliance monitoring and internal audit reviews, are covered and regularly reviewed. Members of the ERCC attend the Committee meetings and the Chief Risk Officer presents his report to the Committee for its review.

RISK COMMITTEE REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

Details of our principal risks and uncertainties, both current and emerging, are set out on page 52 to 55. These are linked to KPIs and the Remuneration Committee reviews those KPIs with the Chief Risk Officer when considering the remuneration and bonuses of the executive Directors and members of the Executive Committee.

GOVERNANCE OF UK REGULATED ENTITIES AND PRUDENTIAL CAPITAL RISK

In the UK we have subsidiary companies which are subject to FCA regulatory capital requirements, where they must maintain minimum levels of capital in order to manage their affairs.

The Group's most significant FCA regulated entity is Equiniti Financial Services Limited (EFSL). EFSL is categorised as a P2 prudentially significant firm, which means that its disorderly failure would have a significant impact on the functioning of the market in which it operates. It must ensure that it can meet its regulatory capital requirements and has sufficient liquidity to meet its liabilities as they fall due, including under potentially highly-stressed circumstances. It must also comply with a range of other regulatory obligations, such as the FCA's conduct of business rules and the need for periodic regulatory supervisory visits.

To help it meet these requirements, EFSL has its own governance structure. This includes a Board with an independent chair, who also chairs EFSL's Audit Committee. One of the Group's independent non-executive Directors, Dr Tim Miller, is also a non-executive Director of EFSL and chairs the EFSL Risk Committee.

EFSL has monthly Board meetings and quarterly Risk and Audit Committee meetings, with its Remuneration and Nomination Committees meeting biannually. EFSL's Risk Committee reviews and challenges EFSL's risk assessment and log, which flow up from its executive management and risk processes. This is reviewed by the Chief Risk Officer, to ensure risk management is consolidated across all of Equiniti.

A detailed description of EFSL's risk management approach, risk governance and risk appetite can be found in its Capital Requirement Directive "Pillar 3 disclosures", which are available on our website at https://equiniti.com/uk/about-us/statutory-and-regulatory-reports/capital-requirements-directive-2019/

The second such subsidiary company is Paymaster (1836) Limited (Paymaster). Paymaster is categorised as a P3 prudentially non-significant firm, which means that its failure, even if disorderly, would be unlikely to have a significant impact on the market in which it operates. As a MiFID exempt firm, Paymaster is not bound to comply with the Capital Requirements Directive.

Paymaster does, however, assess its capital requirements and is subject to Equiniti's EWRM and three lines of defence risk management model.

In July 2018, the FCA granted Paymaster an e-money licence. The licence enables the company to provide payment services and issue digital cash alternatives, which can then be used to make card, internet or phone payments globally. In February 2019, Equiniti Global Payments Limited also obtained an e-money licence.

GOVERNANCE OF US REGULATED ENTITIES

In the US we have a subsidiary company, Equiniti Trust Company (ETC) that is regulated by the New York State Department of Financial Services (DFS). ETC is approved by the DFS as a fully-licenced limited purpose trust company bank under the New York State Banking Laws and has its capital requirements set by the DFS. During July 2019, ETC was examined by the DFS. Over a period of four weeks, the DFS reviewed documentation and conducted interviews with a number of employees, to gain an understanding of the controls in place at ETC. At the conclusion of the examination, a Confidential Report of Examination (Report) was issued. While the Report identified areas that the DFS felt required additional maturity, there were no areas that were cause for concern.

To help meet its regulatory requirements, ETC has its own governance structure which includes a Board with independent non-executive Directors; an Examination Committee; a Risk Committee; and an Executive Committee. ETC has monthly Board and quarterly Examination and Risk Committee meetings which review risk, compliance and audit matters. The Examination Committee is chaired by a senior independent non-executive Director of ETC.

In November 2019, the Group purchased Corporate Stock Transfer (CST) a US transfer agent based in Denver, Colorado. This entity is regulated by the SEC.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in interest rates on debt and cash balances. The EWRM Framework seeks to limit the adverse effects on the Group's financial performance, by monitoring levels of cash and debt finance and the related financial impact.

The Group's principal financial instruments comprise sterling and US dollar cash and bank deposits, bank term loans and a revolving credit facility, and a portfolio of interest rate swaps, together with trade debtors and trade creditors that arise directly from its operations.

CASH FLOW INTEREST RATE RISK

The Group is exposed to interest rate risk in three main respects and protected against this as outlined below:

- interest based on floating rates is generally earned on client and corporate cash balances, this is partially fixed by interest rate derivatives with maturities to September 2023;
- the mid-term risk of change in long-term interest rate swaps, through which income is earned on our SAYE share-plan products, is protected by notional fixed rate interest rate swap agreements; and
- expenses relating to our bank term loans, which incur interest at a variable rate and include the £190m and $92m term facilities, are offset by interest income earned on unhedged cash balances. The Group does not hedge the revolving credit facility as this is a flexible instrument and the drawn proportion of the facility is also offset by interest income earned on unhedged cash balances.

CREDIT RISK

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group. The Group's principal financial assets are bank deposits, cash and trade debtors. These represent our maximum exposure to credit risk in relation to financial assets.

We have strict controls around, and regularly monitor, the credit ratings of institutions with which we enter into transactions, either on our own behalf or for clients. Although our credit risk arises mainly from our receivables from clients, this risk is not significant as it is spread across a large and diverse client base and the majority of our trade receivables are with FTSE 350 companies and public sector organisations. The Group does have trade credit insurance against some key customers, which underpins the use of the receivable facility. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful debts, which are estimated by management based on prior experience and an assessment of the current economic environment. Losses have only occurred infrequently in previous years and have never been material.

FOREIGN CURRENCY RISK

There is some exposure to foreign currency risk, particularly in relation to the Group's operations in the US, Poland and India. FX risk is actively managed by our Group Treasury. Natural internal hedges are used where available, with all residual FX risk managed via a structured programme of rolling forward foreign exchange contracts.All defined material exposures are completely hedged. The Group will continue to monitor both its exposure to, and management of, this risk.

PRICE RISK

Price risk results from changes in market prices such as interest rates, foreign exchange rates and equity dealing prices, which influence our income or the value of our financial instruments.

The Group earns income in relation to client monies as well as interest on its own deposits. We are therefore exposed to movements in the interest rate in both our intermediary fee revenue and net finance costs. Intermediary fee revenue is primarily linked to the bank base rate, while both our term and revolving credit facilities are linked to LIBOR.

As noted previously, interest rate swaps are used to manage medium-term exposure to movements in interest rates.

In 2017 and 2018, Equiniti entered into interest rate swaps for a total of $700m and £1,025m, agreeing to receive fixed rate income in exchange for variable rates for a range of maturities to September 2023.

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

CAPITAL RISK MANAGEMENT

Our objectives when managing capital are to maximise shareholder value while safeguarding our ability to continue as a going concern. We continue to proactively manage our capital structure (for example through debt repayment, share issuance and repurchase or management of dividend payments), while maintaining flexibility to take advantage of opportunities to grow our business. One element of our strategy is to make targeted, value-enhancing acquisitions. The availability of suitable acquisitions, at acceptable prices is, however, unpredictable.

LIQUIDITY RISK AND GOING CONCERN

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as is possible, that we will have sufficient liquidity at all times to meet the Group's liabilities when due, under both normal and stressed conditions.

We have used our business plan as the basis for projecting cash flows and measured the resulting outcomes on cash availability and bank covenant test points for the next three years. The Group has a very high level of client retention, which gives us a high degree of comfort about the certainty of our revenue.

Our principal uncertainties about our income relate to activities that are more difficult to predict, such as corporate action income. These depend on the specific activities of corporate clients, the timing of which may be influenced by underlying market conditions.

During the three-year period covered by the business plan we expect to remain compliant with all covenants. As such, the Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of these accounts.

NOMINATION COMMITTEE REPORT

PHILIP YEA, CHAIRMAN

DEAR SHAREHOLDER

I am pleased to present the Nomination Committee Report or 2019. In my last report, I set out five main areas of focus for the Committee. These were:

- continue developing and growing our talent pool;
- continue to assess, benchmark and develop our senior executive team;
- monitor the progress of the culture transformation plan;
- assist management in managing the Group's gender pay gap; and
- continue to monitor the progress with implementing the Group's Diversity and Inclusion Policy.

We have made progress in each of the areas and more detail is set out in the body of the following report. However despite the progress, much remains to be done and many of the initiatives with respect to cultural change and diversity will require a number of years to bear fruit.

We undertook an internal evaluation of the Nomination Committee during the year, and concluded that the Committee continues to operate effectively. Details of the broader Board evaluation process and its results can be found on page 73.

In the coming year, the Committee will give particular focus to maintaining progress with the culture transformation plan and monitoring the progress with addressing the Group's gender pay gap issues, in addition to its regular agenda items.

I look forward to reporting again on our progress in the 2020 Annual Report and Accounts. I should like to close by thanking members of the Committee for their support during the year.

Philip Yea

Chair of the Nomination Committee

12 March 2020

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Committee comprises only non-executive Directors and is chaired by the Chairman of the Board, Philip Yea.

The members of the Committee who served during the year and as at the date of this report are shown in the table below, together with their attendance at the Committee meetings held during the year.

NAME	ATTENDED
Phillip Yea (Committee Chair)	2/2
Sally-Ann Hibberd	2/2
Dr Tim Miller	2/2
Darren Pope	2/2

GOVERNANCE

The Committee acts independently of management and reports and makes recommendations directly to the Board.

The Committee's Terms of Reference state that the Committee shall be comprised of at least three independent non-executive Directors and this was complied with throughout the year.

The Company Secretary acts as Secretary to the Committee and attends all meetings. The Committee invites the Chief Executive and the Chief People Officer to attend its meetings in full, although it reserves its rights to request either of those individuals to withdraw. During the year, the Committee Chair met on several occasions with the Chief People Officer without management and/or any executive member of the Board being present. The Committee has unrestricted access to Company documents and information, as well as to employees of the Group.

The Committee may take independent professional advice on any matters covered by its Terms of Reference, a copy of which can be found in the investor section of Equiniti's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

ROLE OF THE NOMINATION COMMITTEE

In accordance with its Terms of Reference, the Committee develops and maintains a formal, rigorous and transparent procedure for recommending appointments and reappointments to the Board.

Its responsibilities include:

BOARD AND SENIOR LEADERSHIP TEAM STRUCTURE AND COMPOSITION

- regularly reviewing the structure, size and composition of the Board, to ensure it has an appropriate balance of skills, independence, knowledge, experience and diversity;
- regularly reviewing the knowledge, skills and experience of individual members of the Board;
- regularly considering the succession plans for Directors and senior executives;
- identifying and nominating for approval of the Board, candidates to fill Board and senior executive vacancies, as and when they arise;
- ensuring the necessary due diligence and conflicts of interest checks have been undertaken before an appointment is made;
- ensuring that an annual evaluation is undertaken of the effectiveness of the Board, each committee of the Board, and the contribution of each Director, such evaluation to be externally facilitated at least once every three years;

GROUP POLICIES AND BEST PRACTICES

- having regard to established and evolving best practice corporate governance standards, including where relevant, standards set by voting agencies and voluntary codes;
- monitoring whether satisfactory induction is provided for new Directors, with respect to their Board and Committee responsibilities;
- ensuring an appropriate ongoing training programme is in place for existing Directors;
- in conjunction with the Remuneration Committee, monitoring the progress with addressing the Group's gender pay gap issues; and
- conducting an annual review of the Group's conflicts register.

DIRECTORS' INDUCTION AND TRAINING

Following the appointment of two new non-executive Directors last year, the composition of the Board did not change during 2019 and so no induction was necessary.

As part of the internal review of the Board's effectiveness, the Chairman discusses training requirements with each Director, and also considers relevant meetings, site visits or other information which might help Directors' performance. As part of their ongoing development, Directors are supplied with appropriate information in a suitable format. All Directors have access to the advice and services of the Company Secretary and independent professional advice.

TALENT MANAGEMENT

The Committee recognises that the people strategy is fundamental to achieving the Group's strategic goals. The Group's people strategy was refreshed in 2019 and includes an approach to managing learning and talent.

New talent is brought into the Group at apprentice level, as well as through the recruitment of experienced people. A number of programmes exist to accelerate the progress of talented employees. The Committee is satisfied that the learning and talent programmes are working well and contributing to the strength and depth of the Group's talent pool.

More information on each of these areas can be found on pages 45 to 47 of the Strategic Report.

ASSESSING, BENCHMARKING AND DEVELOPING OUR SENIOR EXECUTIVE TEAM

During the year, the company ran a leadership evaluation facilitated by Heidrick & Struggles, a major executive search and consulting firm. Around 20 of our executives and other senior leaders underwent the evaluation, allowing us to document their strengths and future potential and identify their development needs.

MONITORING THE PROGRESS OF OUR CULTURE TRANSFORMATION PLAN

The Committee continued to monitor progress with the cultural transformation of the Group, including assessing the results of the employee engagement survey during the year. These results indicated that while the Group's culture is moving in the right direction, there remains further to go to achieve the culture we desire. More information on this can be found in the Chief Executive's Statement on page 21.

ASSISTING MANAGEMENT IN MANAGING THE GENDER PAY GAP

At its November 2019 meeting, the Committee discussed the commitments management had made to reducing the Group's gender pay gap and the progress against those commitments. A key area of focus is addressing as far as possible the various obstacles to placing more women into middle-management positions.

The Group's gender pay gap report can be found on our website: https://equiniti.com/uk/about-us/corporate-responsibility/policies/gender-pay-report/.

SUCCESSION PLANNING

One of the Committee's key roles is to ensure that the Group has appropriate plans for progressively refreshing the Executive and Board.

The succession plan is linked to the talent development and learning programmes described previously. The Committee continued to review the succession plan during the year, ensuring that both the Board and the Committee have visibility of a wide range of individuals with leadership potential, together with their individual development plans. This will remain a focus area for 2020.

DIVERSITY AND INCLUSION

The Board and Committee recognise the benefits that a diverse workforce brings. The Group is committed to ensuring that it treats its employees fairly and with dignity. This includes being free from any direct or indirect discrimination, harassment, bullying or other form of victimisation. The Whistleblowing Policy and associated policies encourage employees to speak up about any inappropriate practices or behaviour, including through an independent whistleblowing contact facility.

NOMINATION COMMITTEE REPORT

The Board approved a Diversity and Inclusion (D&I) policy in February 2017. During 2019, the Group continued to apply the policy, with a range of initiatives across the Group. There has been good engagement and awareness of the policy throughout the Group and there are currently four employee network groups, including a disability taskforce, run by staff who are interested in supporting D&I. As D&I has become more embedded within the Group, it has evolved and the Committee is keen that the business adapts to accommodate this. Accordingly, the Committee reviews the policy annually and receives regular updates on the effectiveness of the various D&I related initiatives and activities being undertaken within the business.

During the year, the Committee received a report from the Chief People Officer on diversity and inclusion in Equiniti. This covered:

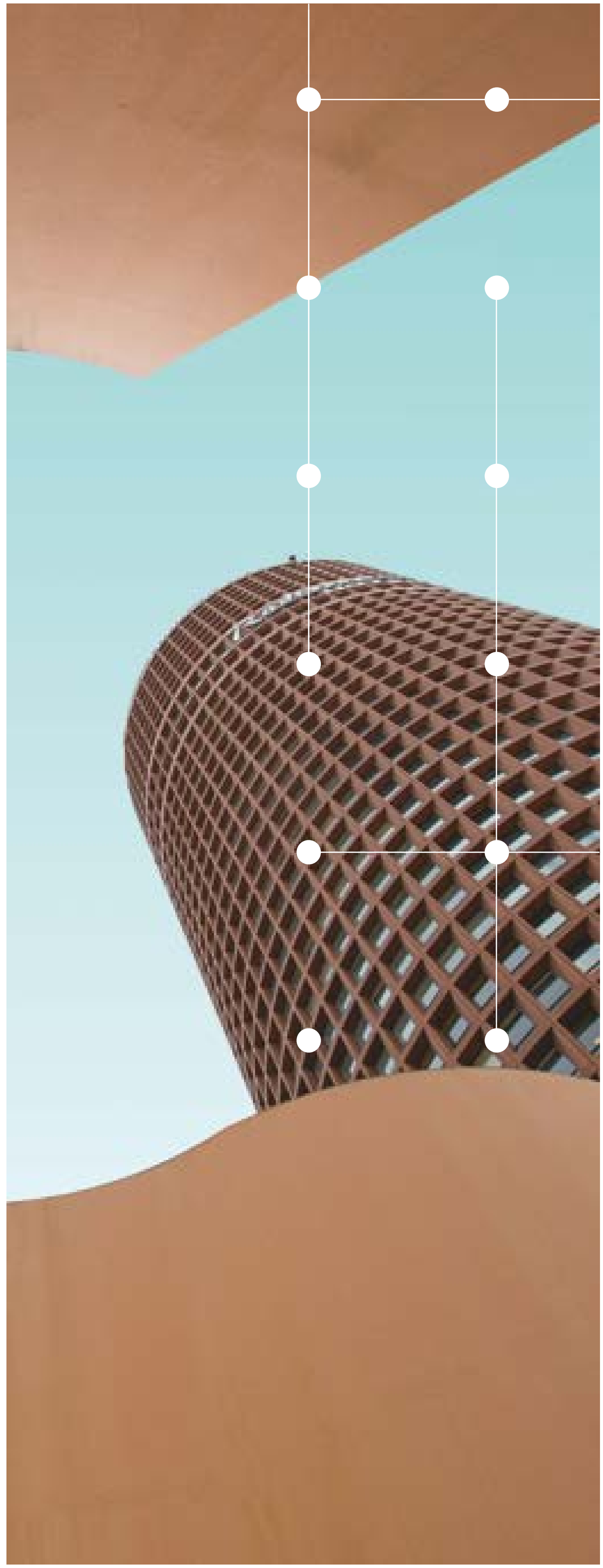
- the formation and operation of the new Global Diversity & Inclusion Council;
- the work of the diversity and inclusion networks;
- enhancements to employee diversity monitoring, through the planned implementation of the Workday platform;
- specific initiatives to improve gender diversity; and
- global diversity and inclusion events.

More information on diversity and inclusion activities can be found on page 47.

BOARD DIVERSITY

The Board comprises nine Directors, three of whom are women, representing 33% of the Board. The Board therefore meets the 25% target established by the Davies Report and the increased target of 33% by 2020 established by the Hampton-Alexander Review.

In addition to considering gender, age, disability, ethnicity, geography and experience, the Committee seeks to ensure that the Board has an appropriate balance of skills, experience, independence and knowledge of Equiniti and the industry as a whole. A similar approach is used for the senior leadership team.



COMMITTEE ACTIVITIES DURING 2019

The Committee met twice during the year, in April and November. At those meetings, in line with its remit and the priorities described above, the Committee addressed the following topics

APRIL

TOPIC	OUTCOME
Leadership, Succession and Contingency	The Company had previously engaged Heidrick & Struggles to advise on succession planning for the Group's most senior roles. The Committee discussed the report and from that made recommendations to the Board on succession planning.
Leadership Development	Heidrick & Struggles was also engaged to assess the career aspirations of the Executive Committee members and certain members of the senior leadership teams. The Committee reviewed the report and made the appropriate recommendations to management with regards to career development plans.
Cultural Transformation update	The Committee received a presentation on the ongoing Culture and Values programme and discussed its impact on the future corporate direction and strategy.
Diversity & Inclusion update	The Committee reviewed the initiatives and activities undertaken in the first quarter and requested status updates to track effectiveness. The Committee also reviewed the Diversity & Inclusion policy.
Employment Screening and Security vetting	The Committee approved the Group Employment Screening and Security Vetting Policy.
2018 Board Evaluation Exercise	The Committee reviewed the findings of the Committee evaluation exercise and received a presentation on Board skills, rotation and effectiveness and non-executive Directors' tenure.
Terms of Reference Review	The Committee reviewed its own terms of reference to expand its purpose to ensure compliance with the 2018 UK Corporate Governance Code and made recommendations to the Board.

NOVEMBER

TOPIC	OUTCOME
Performance, Talent and Succession	The Committee reviewed the outcome of the annual People and Talent review process, in particular focussing on the level of internal promotions and strengthening of succession plans.
Leadership Development	The Committee reviewed the effectiveness of leadership development-related programmes to address gender imbalance within middle management.
Gender Pay Gap Reporting	The Committee reviewed the approach on gender pay gap reporting and the activities to address gender pay gap issues and requested that additional performance indicators be developed to track effectiveness.
Diversity & Inclusion update	The Committee reviewed the initiatives and activities undertaken in the second quarter and the work of the Global Diversity & Inclusion Council.
Board tenure	The Committee reviewed each Directors' tenure and decided to address long-term succession plans, to ensure future Board retirements are appropriately staggered.

DIRECTORS' REMUNERATION REPORT

DR TIM MILLER, CHAIR OF THE REMUNERATION COMMITTEE

REMUNERATION COMMITTEE CHAIR'S ANNUAL STATEMENT 2019

DEAR SHAREHOLDER

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2019 (the Report).

The Report includes the following:

- the Annual Report on Remuneration, which sets out details of the remuneration paid to our Directors in 2019 and an explanation of the link to Company performance; and
- the Directors' Remuneration Policy (Policy) which was approved at the Company's AGM in 2019. The Committee keeps the Policy under review to ensure that it continues to meet our goals. We believe that the Policy continues to be appropriate and has operated as intended over the year.

During the year, the Remuneration Committee focused on the following priorities:

RENEWAL OF THE REMUNERATION POLICY

Following a comprehensive review of the approach to remuneration for executive Directors and the senior leadership team, an updated Policy was proposed for shareholder approval at the AGM held on 2 May 2019. We were pleased that the Policy was overwhelmingly approved by shareholders, with 99.86% of votes cast in favour. The Policy ensures that the executive Directors and senior leadership are focused on the delivery of the same objectives and that success is shared appropriately. It also reflects the provisions of the 2018 UK Corporate Governance Code, which applied to Equiniti from 1 January 2019.

EFFECTIVENESS OF THE REMUNERATION COMMITTEE

During the year, an internal evaluation of the Board and its Committees was undertaken, as described on page 73. This found that the Remuneration Committee continued to operate effectively.

The 2018 evaluation contained two recommendations for the Committee. These were that the Company should ensure that:

- the proposed new Remuneration Policy is effectively communicated to, and supported by, shareholders; and
- the proposed new Remuneration Policy is applied, matching reward to both performance and behaviour.

The Committee met both recommendations during 2019.

In 2020, we will explore alternative incentive mechanisms for the senior leadership team below the Board and will continue to monitor remuneration arrangements within the wider workforce.

REMUNERATION FOR 2019

The Group made further strategic progress in 2019, in particular the completion of the separation of the US business and delivered growth in that market. This business is delivering organic growth on the back of new client wins and the launch of new products, while achieving the cost synergies expected at the time of the acquisition. The UK business has remained resilient, retaining all its major clients and winning important new business across all of its divisions. Continued investment in the Group's infrastructure is increasing its resilience and efficiency, with new operating sites opening in Poland, India and the US. The Group has also continued to add to its capabilities through bolt-on acquisitions.

Equiniti's financial performance in the year was solid, in the face of a challenging environment. Revenue was within the range of market expectations, having grown by 4.7% in 2019. Organic revenue growth was 1.4%. However, underlying profit was at the bottom end of market expectations, with a good performance in all divisions offset by the expected softness in Pension Solutions. Operating cash flow conversion was robust at 91%, compared with our medium-term target of 95%.

The Committee reviewed this performance against the targets set for the annual bonus in 2019. As in previous years, these targets were total revenue, profit before tax and operating cash flow conversion, together with personal objectives agreed at the start of the year. Based on performance achieved against targets, and taking into account delivery against personal objectives, the formulaic outcome of the annual bonus would have resulted in an award of 33.8% of salary for the Chief Executive and 43.7% of salary for the Chief Financial Officer. This outcome was above the level of bonus funding for the broader employee population, and the Committee therefore decided to exercise its discretion to apply a downwards adjustment to the bonus awards for both Executive Directors. Therefore, the Chief Executive and Chief Financial Officer were awarded bonuses for the year of 21.4% and 27.6% respectively of salary. In line with our policy, 30% of the bonus will be deferred for three years into shares.

The 2017 Performance Share Plan (PSP) award, which vests in March 2020, was based on EPS and total shareholder return performance. Based on performance delivered over the three year period, 0% of this award will vest. The Committee reviewed this outcome and no discretion was exercised in respect of this award.

REMUNERATION FOR 2020

There will be no change to the base salaries for the executive Directors for 2020. Employees throughout the Group are expected to receive an average increase of 2% across 2020.

There will also be no change in the maximum award levels under the annual bonus or PSP for 2020. For the bonus, the weighting of measures has been reviewed, together with the specific targets which will apply under the PSP. In summary, the only changes we are making for 2020 are to amend the cash measure used under the annual bonus plan and the EPS targets for the 2020 PSP. For the 2020 bonus, the cash element of the bonus will be assessed based on Free Cash Flow to Equity Holders to better align incentivisation with the cash generation characteristics of the business. For the 2020 PSP, the threshold EPS metric has been reduced to 4% per annum to reflect the increasing challenging operating environment. There is no change to the growth required for maximum payout against this element of 12% p.a., which the Committee continues to believe is a very stretching benchmark. In line with best practice governance, the Committee will review the vesting outcome from the scheme to ensure that it is considered appropriate in the round.

The Committee believes that the current incentive structures and performance measures continue to be aligned with Equiniti's strategy of driving organic growth and winning new clients to deliver earnings growth and investor returns over the medium to long-term.

Further details are set out in the 'At a Glance' table below.

UK CORPORATE GOVERNANCE CODE

Within the principle of best practice, the Committee reviews its Terms of Reference on an annual basis. In anticipation of the revised 2018 UK Corporate Governance Code (the Code), a thorough appraisal was undertaken in 2018 where the Board and Committees had spent considerable time reviewing the new requirements as part of our Policy renewal at the 2019 AGM.

A number of amendments were made to our Policy last year in light of the Code, including the introduction of post-employment shareholding requirements, a reduction in pension benefits for new executive Director appointments to the Board, and the ability for the Committee to apply discretion to adjust the formulaic outcome of PSP awards. The focus in 2019 was to monitor compliance against the Code, which included consideration by the Committee of the broader workforce pay practices and policies.

We have also included our CEO pay ratio disclosure for the first time on page 118.

WIDER WORKFORCE PAY ARRANGEMENTS

In my letter to you last year, I noted that the Committee would be exploring ways in which we could have greater visibility of the pay and policies relating to the Group's wider workforce. Throughout the year, the Committee debates and discusses oversight of key people policy areas such as performance management and diversity and inclusion, as well as gender pay reporting and reward framework and budgets.

The Committee's activities in this area includes the following:

- regular briefings on the implementation of a new international job levels framework across the Group; and
- examining and discussing some of the local and divisional remuneration schemes.

In addition, in my role as the Designated non-executive Director, I have attended the new Global Colleague Forum to listen to employee views on a range of topics. Part of this discussion was to explain and discuss the Group's remuneration practices and how executive remuneration aligns with the wider company pay policy.

SHAREHOLDER ENGAGEMENT

The Committee considers investor feedback and the AGM voting results each year. We were pleased to continue to receive a high level of support for the Remuneration Report, with 99.95% of votes cast in favour at the AGM in May 2019.

I look forward to welcoming you to the 2020 AGM in May and hope you will support the resolution relating to remuneration.

As always, I would like to thank my fellow Committee members, and those who support the Committee, for their commitment and guidance during the year.

Dr Tim Miller

Chair of the Remuneration Committee

12 March 2020

DIRECTORS' REMUNERATION REPORT

AT A GLANCE: IMPLEMENTATION OF REMUNERATION POLICY FOR 2020 AND KEY DECISIONS IN 2019

The table below summarises how key elements of the Remuneration Policy will be implemented in 2020 and key decisions taken by the Committee in relation to base pay and incentives for executive Directors in respect of the year ended 31 December 2019.

ELEMENT	CHIEF EXECUTIVE GUY WAKELEY	CHIEF FINANCIAL OFFICER JOHN STIER
Base salary from 1 April 2020	£471,500	£ 328,000
Pension	15% cash in lieu of pension	15% cash in lieu of pension
Annual bonus	Maximum: 150%	Maximum: 150%
Annual bonus measures	• Financial: Reported profit before tax (40%); Total reported revenues (40%); and Free cash flow to equity holders (20%). • Non-financial: Performance against the individual non-financial metrics act as a multiplier ranging from 0 to 150%, determined through the Committee's review of performance against personal objectives, with a multiplier of up to 100% for good performance. • A cap on the overall bonus pool to ensure above target bonus payments do not exceed 40% of incremental profit in excess of budget. • The targets and objectives are not prospectively disclosed as they are considered to be commercial sensitive as a result of their alignment with Equiniti's strategic goals and objectives over the coming year. These will be disclosed in the 2020 Annual Report and Accounts.	
Deferred Annual Bonus Plan	30% of earned bonus is compulsorily deferred into an award over shares, which normally vest after three years.	
Performance Share Plan (PSP)	Maximum: 150%	Maximum: 150%
PSP measures	• Three-year performance period. 25% vests for threshold performance. • EPS (50% of award) – average normalised EPS growth over three financial years. An EPS growth range of 4% to 12% will apply to the 2020 PSP awards. • TSR (50% of award) – relative to the FTSE 250 index (excluding investment trusts).	
Holding requirement	Vested shares from the PSP to be held for two years post vesting (after payment of tax).	
Shareholding requirement	• 200% of salary within five years of appointment to the Board. • A post-employment shareholding requirement will also apply.	
Malus and clawback	• Recovery and withholding mechanisms apply for a period of three years from the date of payment for the annual bonus and in respect of PSP awards for a period of three years of vesting. • At the Committee's discretion.	
Changes for 2020	• Change in cash measure used under annual bonus for 2020. • EPS growth range of 4% to 12% to be applied on the 2020 PSP awards.	
Year-end decisions made:		
1 April salary review	0%	0%
2019 Bonus outcome:		
• Value	£100,932	£90,575
• % of salary	21.4%	27.6%
• % of maximum	14.3%	18.4%
• % of deferred	30%	30%
2017 PSP outcome:		
• Vesting (% of maximum)	0%	0%
Non-executive Directors		
	No change	

HOW OUR REMUNERATION POLICY ALIGNS WITH THE 2018 UK CORPORATE GOVERNANCE CODE

In considering the Directors' Remuneration Policy (the Policy) and its implementation for 2019 and 2020, the Committee has considered the factors below:

Clarity	• The Policy is designed to support the financial and strategic objectives of the Company, taking into account UK corporate governance expectations and best practice. • We are committed to providing open and transparent disclosure of our approach to pay with our stakeholders.
Simplicity	• Equiniti's remuneration structure is simple, comprising three main elements: fixed pay (base salary, benefits and pension); annual bonus; and performance share plan awards. • The performance measures used to determine annual bonus awards are drawn from the Company's business plan. • The reward structures for the executive Directors are consistent with those applied for the senior leadership team below the Board.
Risk	• The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. Performance is based on a balance of metrics and, from 2019, the Committee has the ability to apply discretion to PSP outcomes to take into account the broader performance context, including risk. • The Committee follows a robust process when setting performance targets to ensure that targets are sufficiently stretching and balanced. Awards are capped and are not considered excessive. • The use of deferral on the annual bonus, a holding period on the PSP and shareholding requirements ensure that executive Directors are exposed to the long-term performance of the Company. Variable pay awards are also subject to malus and clawback.
Predictability	• The Policy sets out the maximum opportunity levels for different elements of pay. Actual incentive outcomes will vary depending on the level of performance achieved against specific measures.
Proportionality	• The remuneration framework does not reward poor performance and the Committee has the ability to exercise discretion. • Payment of the annual bonus and awards under the PSP are subject to the achievement of stretching performance targets. The targets are considered annually and take account of business expectations and strategic priorities at the time.
Alignment to culture	• When designing the Company's variable incentive schemes, the overall purpose, values and strategy of the Company is carefully considered. The Committee takes into account this broader context when determining pay awards for the Directors.

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy was approved by shareholders at our 2019 AGM, with 99.86% of votes in favour (the Policy). The full Policy is set out below.

POLICY TABLE

The following table sets out each element of reward and how it supports the Company's short and long-term strategic objectives.

ELEMENT	PURPOSE AND LINK TO POLICY	OPERATION (INCLUDING FRAMEWORK USED TO ASSESS PERFORMANCE)	OPPORTUNITY
BASE SALARY	Provides a competitive and appropriate level of basic fixed pay, to help attract and retain Directors with the skills and experience required to deliver Equiniti's strategic goals and business objectives. Reflects an individual's experience, performance and responsibilities within the Group.	Set at a level which provides a fair reward for the role and which is competitive amongst relevant peers. Normally reviewed (but not necessarily increased) annually with any changes taking effect from 1 April each year. Set taking into consideration individual and Group performance, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and Equiniti's key dependencies on the individual. Reference is also made to salary levels amongst relevant peers and other companies of equivalent size and complexity. The Committee considers the impact of any basic salary increase on the total remuneration package.	There is no formal maximum. However, increases will normally be in line with the general increase for the broader employee population. More significant increases may be awarded from time to time, to recognise, for example, development in an individual's role and change in position or responsibility. Current salary levels are disclosed in the Annual Report on Remuneration.
BENEFITS	Provides a competitive, appropriate and cost-effective benefits package.	The main benefits provided currently include a company car allowance, private medical insurance and life assurance. The benefits provided may be subject to minor amendment from time to time by the Committee within this Policy. In addition, executive Directors are eligible for other benefits which are introduced for the wider workforce, on broadly similar terms. Equiniti may also reimburse any reasonable business related expenses (including tax thereon) incurred in connection with their role, if these are determined to be taxable benefits.	A car allowance of £15,000 is provided. The cost of the provision of other benefits varies from year to year depending on the cost to Equiniti and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.
PENSION	Provides a competitive, appropriate and cost-effective pension package.	Each executive Director has the right to participate in one of Equiniti's defined contribution pension plans or elect to be paid some or all of their contributions in cash.	Pension contributions and/or cash allowances in lieu of pension contributions are capped at 15% of salary for current executive Directors. Pension benefits for new appointments will be capped at 10% of salary, in line with the level of benefit for the wider workforce.

ELEMENT	PURPOSE AND LINK TO POLICY	OPERATION (INCLUDING FRAMEWORK USED TO ASSESS PERFORMANCE)	OPPORTUNITY
ANNUAL BONUS	Incentivises the execution of key annual goals, by driving and rewarding performance against individual and corporate targets. Compulsory deferral of a proportion into Equiniti shares provides alignment with shareholders.	Paid annually, the bonus is subject to achievement of a combination of stretching corporate financial and personal performance measures. Financial measures determine the majority of the annual bonus opportunity. The Committee has overall discretion to adjust the extent to which bonuses are paid (in line with the 2018 UK Corporate Governance Code). 30% of bonus earned will be deferred into awards over shares under the Deferred Annual Bonus Plan (the DABP), with awards normally vesting after a three-year period. The Committee has the discretion to increase the deferral percentage if required. Awards are subject to malus and clawback provisions, as set out in the notes to this table.	The maximum bonus payable to executive Directors is 150% of base salary. The bonus payable at the minimum level of performance varies from year- to-year and is dependent on the degree of stretch in the targets set.
PERFORMANCE SHARE PLAN (PSP)	Rewards the achievement of sustained long-term financial performance and shareholder returns and is therefore aligned with the delivery of value to shareholders. Facilitates share ownership to provide further alignment with shareholders. Granting of annual awards aids retention.	Annual awards of performance shares which normally vest after three years, subject to performance conditions and continued service. Performance is normally tested over a period of at least three financial years. Awards are subject to a financial growth measure and total shareholder return (TSR) relative to the constituents of a relevant comparator index or peer group. 25% of the award vests at threshold, with straight-line vesting for performance between threshold and maximum. From 2019 awards onwards, the Committee has the discretion to adjust the extent to which awards will vest (in line with the 2018 UK Corporate Governance Code). Following vesting, a further holding period (normally two years) will apply to the awards, whereby executive Directors will be restricted from selling the net of tax shares which vest. Awards are subject to malus and clawback provisions, as set out in the notes to this table.	The maximum opportunity for executive Directors is 150% of base salary. In exceptional circumstances, this may be increased to 300% of salary.
ALL-EMPLOYEE SHARE PLANS	Encourages employee share ownership and therefore increases alignment with shareholders.	Equiniti may from time to time operate all-employee share plans (such as the HMRC approved Save As You Earn Option Plan and Share Incentive Plan) for which executive Directors are eligible to participate on the same terms as other employees.	The schemes are subject to the limits set by HMRC from time to time.
SHAREHOLDING GUIDELINE	Encourages executive Directors to build a meaningful shareholding in Equiniti, so as to further align interests with shareholders.	Each executive Director must build up and maintain a shareholding in Equiniti equivalent to 200% of base salary within five years of their appointment to the Board.	Not applicable.

MALUS AND CLAWBACK

Malus and clawback provisions apply to the annual bonus and PSP awards in the case of: gross misconduct; material misstatement of Equiniti's results or accounts; an error made in assessing the satisfaction of any performance conditions applicable to the award; or other such adverse circumstances determined by the Committee (which might include fraud, material reputational damage and/or corporate failure). These provisions apply in respect of annual bonus awards within three years of the date of payment (cash and DABP), and in respect of PSP awards for a period up to three years post-vesting.

PERFORMANCE MEASURES AND TARGETS

The table below sets out the rationale for the performance conditions chosen for annual bonus and PSP and how the targets are set.

ELEMENT	PERFORMANCE MEASURES AND RATIONALE	HOW TARGETS ARE SET
ANNUAL BONUS	Financial and personal performance measures. Financial measures are set taking account of Equiniti's key operational objectives but will typically include measures of revenue, profitability and a cash flow metric, as these are KPIs aligned with Equiniti's strategy. Personal performance objectives are agreed by the Committee at the beginning of the year and will typically include measures relating to risk, client and/or key strategic goals, as well as individual conduct and behaviours.	The Committee reviews the focus each year and varies them as appropriate to reflect the priorities for the business in the year ahead. A target range is set for each performance measure to encourage continuous improvement and challenge the delivery of stretch performance and budgeted performance against the financial metrics.
PERFORMANCE SHARE PLAN	Financial growth measure and TSR performance. Relative TSR has been selected as it reflects comparative performance against a broad index of companies. It also aligns the rewards received by executives with the returns received by shareholders. Average growth in normalised EPS has been used as a performance measure, as it rewards improvement in Equiniti's underlying financial performance and is a measure of Equiniti's overall financial success.	The Committee will review the choice of performance measures and the appropriateness of the performance targets and TSR peer group prior to each PSP grant. Different performance measures and/or weightings may be applied for future awards as appropriate. However, the Committee will consult in advance with major shareholders prior to any significant changes being made.

USE OF DISCRETION

The Committee operates various incentive plans, according to their respective rules. To ensure the efficient operation and administration of these plans, the Committee retains discretion in relation to a number of areas. Consistent with market practice, these include (but are not limited to) the following:

- selecting the participants;
- the timing of grant and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy Table);
- the form of awards (granting awards as conditional awards, nil-cost options (exercisable up to the tenth anniversary of the grant date), or equivalent instruments);
- the extent of vesting, based on the assessment of performance and any other factors the Committee considers relevant;
- determination of a good leaver and, where relevant, the extent of vesting in the case of the share-based plans;
- treatment in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of Equiniti and its shareholders;
- making the appropriate adjustments to awards required in certain circumstances (such as rights issues, corporate restructuring events, variation of capital and special dividends);
- cash settling awards in exceptional circumstances, where it is not commercially feasible to settle awards in shares; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans, from year to year.

Any performance conditions may be amended or substituted if one or more events occur which cause the Committee to reasonably consider that the performance conditions would not, without alteration, achieve their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

Awards granted under the Company's share plans may incorporate the right to receive the value of dividends, that would have been paid on the shares that vest, in respect of dividend dates occurring during the vesting period and where awards are subject to a holding period. This amount will normally be delivered in shares but may be delivered in cash in exceptional circumstances, where it is not commercially feasible to deliver in shares. The amount may be calculated assuming the dividends had been reinvested in the Company's shares.

LEGACY AWARDS

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy, where the terms of the payment were agreed:

i. before 26 April 2016 (the date on which the Company's first shareholder-approved Directors' Remuneration Policy came into effect);

ii. before the Policy set out on pages 98 to 99 came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or

iii. at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

REMUNERATION POLICY FOR OTHER EMPLOYEES

The Policy, described in the previous table, applies specifically to the executive Directors of the Company. In practice, the Committee also has responsibility for setting the policy for, and determining the remuneration of, senior management roles at Equiniti, being those roles on the Executive Committee, including the Company Secretary. In all cases, the Committee is mindful of the remuneration policy which applies for the broader workforce and seeks to ensure that the underlying principles which form the basis for decisions on executive Director and senior management pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the executive Directors. The range of information reviewed by the Committee on broader workforce remuneration and related policies had been extended during 2019, in line with the 2018 UK Corporate Governance Code.

The Committee believes that the structure of senior management reward at Equiniti should be linked to Group strategy and performance. A greater proportion of the package for senior leadership roles is therefore based on performance-based pay through the quantum and participation levels in incentive schemes. This ensures that the remuneration of the executive Directors and the senior leadership team is aligned with the performance of Equiniti and therefore the interests of shareholders.

For the broader workforce, we have a commitment to responsible levels of pay in all of our geographies, including a long-term commitment to paying the Real Living Wage in the UK. All-employee share ownership is encouraged through the use of all-employee share plans. In 2018, we launched a new cycle of the Sharesave Plan, with participation extended to all of our key international locations. Circa 66% of the Group's employees are currently participating in these all-employee share plans.

The table below explains how the Policy has been cascaded below executive Directors, to achieve alignment of policy across the Company.

ELEMENT	DIFFERENCE IN REMUNERATION POLICY FOR OTHER EMPLOYEES
Base salary	The same principles and considerations that are applied to the executive Directors are, as far as possible, applied to all employees.
Benefits	Equiniti has provisions for market-aligned benefits for all employees.
Pension	The Group operates a number of defined benefit and defined contribution schemes. The maximum company contribution under the defined contribution schemes is 10% of salary.
Annual bonus	Approximately 600 members of the management team are eligible for a bonus award under The Leadership Incentive Scheme.
Deferred Annual Bonus Plan (DABP)	Members of the Executive Committee normally have 30% of their earned bonus deferred into an award over shares, on the same terms as the executive Directors.
Performance Share Plan (PSP)	The PSP is typically awarded to members of the Executive Committee and key individuals in the senior leadership team. A select number of small discretionary awards will also be made to junior employees identified as future talent.
Sharesave	An all-employee plan. Options are normally granted at a discount to the market value.
Share Incentive Plan	An all-employee plan. Employees can typically purchase up to £1,800 of partnership shares each year from gross salary. For every three partnership shares participants purchase, they normally receive two free matching shares, on the first £180 that they invest annually.

DIRECTORS' REMUNERATION REPORT

CONSIDERATIONS OF CONDITIONS ELSEWHERE IN THE GROUP

In line with Equiniti's broader remuneration framework, which is intended to ensure consistency and common practice across Equiniti, and in determining the overall levels of remuneration of the executive Directors, the Committee also pays due regard to pay and conditions elsewhere in the organisation.

The Committee did not consult directly with the broader workforce on the 2019 Remuneration Policy. Following the changes to the UK Corporate Governance Code, during 2019 the Board put in place arrangements to facilitate engagement with the broader workforce on a range of matters including remuneration, see page 46.

The Committee reviews the design of all share incentive plans operated by Equiniti, for approval by the Board and shareholders where appropriate. For such plans, the Committee determines each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive Directors and other senior management, and the performance targets to be used. The Committee is responsible for determining the proportion of share-based awards which vest following the end of the relevant performance period. The Committee also reviews the recommendations of Equiniti Financial Services Limited's Remuneration Committee and approves, where appropriate, certain Code Staff bonus and salary recommendations.

CONSIDERATION OF SHAREHOLDER VIEWS

Equiniti values and is committed to dialogue with its shareholders. The Committee regularly considers investor feedback and the voting results received in relation to relevant AGM resolutions each year. As part of the development of the Policy, the Committee engaged with a number of Equiniti's largest shareholders before finalising the proposed changes and the views of those shareholders informed the final Remuneration Policy.

APPROACH TO RECRUITMENT REMUNERATION

In the event of hiring a new executive Director, the ongoing remuneration package would be set in accordance with the terms of the approved Directors' Remuneration Policy at the time of appointment and the maximum limits set out therein.

Salaries may be set below market level initially, with a view to increasing them to the market rate subject to individual performance and developing into the role, by making phased above-inflation increases.

Benefits will be provided in line with those offered to other executive Directors, although these may be varied for an overseas appointment, taking account of local market practice.

Annual bonus payments will not exceed 150% of base salary and PSP payments will not normally exceed 150% of base salary (not including any arrangements to replace forfeited entitlements). In all cases, PSP awards will be within the overall 300% of base salary exceptional limit in the plan.

Where necessary, specific annual bonus and PSP targets and different vesting and/or holding periods may be used for an individual for the first year of appointment, if it is appropriate to do so to reflect the individual's responsibilities and the point in the year in which they joined the Board. A PSP award can be made shortly after an appointment (assuming Equiniti is not in a close period).

The Committee retains flexibility to offer additional cash and/or share based awards on appointment, to take account of remuneration or benefit arrangements forfeited by the individual on leaving a previous employer. If shares are used, such awards may be made under the terms of the PSP or as permitted under the Listing Rules.

Such payments would take into account the nature of awards forfeited and would reflect (as far as possible) performance conditions, the expected value foregone and the time over which they would have vested or been paid. Awards may be made in cash if Equiniti is in a close period at the time an executive joins.

The Committee may agree that Equiniti will meet certain relocation, legal, tax equalisation and any other incidental expenses as appropriate so as to enable the recruitment of the best people, including those who need to relocate.

Where a new executive Director is an internal promotion, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, and adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

ELEMENT OF RECRUITMENT REMUNERATION	MAXIMUM PERCENTAGE OF SALARY
Maximum variable pay comprising:	300% (450% in exceptional circumstances)
• Annual bonus	150%
• Performance Share Plan (PSP)	150% (300% in exceptional circumstances)
• Pension	10% pension contributions / cash in lieu of pension

Note: Maximum percentage of salary for annual bonus and PSP excludes compensation for awards forfeited.

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

The policy for service contracts for executive Directors is shown in the table below. Copies of the executive Directors' service contracts are available for inspection at Equiniti's registered office during normal business hours and will be available for inspection at the AGM.

PROVISION	DETAILED TERMS
Notice period	• 12 months' notice from the Company • 12 months' notice from the executive Director
Termination payment	• An executive Director's employment may be terminated by a payment in lieu of notice comprising: ◦ Base salary ◦ Benefits ◦ Pension allowance • Any payment in lieu of notice may be paid in instalments and be subject to mitigation, should the executive Director find alternative employment during any unexpired notice period. • An executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract. • If the employment of an executive Director is terminated in other circumstances, compensation may include base salary due for any unexpired notice period, pro-rata bonus (subject to the performance conditions having been achieved) in respect of the proportion of the financial year up to the date of termination and any amount assessed by the Committee as representing the value of other contractual benefits and pension which would have been received during the period. • Equiniti may choose to continue providing some benefits, instead of paying a cash sum representing their cost. • Any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services) would be paid as necessary.
Treatment of annual bonus on termination under plan rules	• Any bonus paid to a departing executive Director would normally be paid in cash, at the normal payment date, and reduced pro-rata to reflect the actual period worked.
Treatment of unvested share-based entitlements	• Any share-based entitlements granted to an executive Director under Equiniti's share plans will be treated in accordance with the relevant plan rules. • Usually, any outstanding awards lapse when the individual ceases to be a director or employee of the Group. However, in certain prescribed circumstances, such as death, injury, disability, retirement with the consent of the Committee, the sale of the entity that employs him or her by Equiniti or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. • Where good leaver treatment applies under the PSP, outstanding unvested awards will normally vest at the original vesting date, to the extent that the performance condition has been satisfied, and would normally be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by Equiniti, as a proportion of the vesting period. • The Committee retains the discretion to vest awards (and measure performance accordingly) on cessation and/or to dis-apply time pro-rating. • If an executive Director leaves holding vested awards subject to a holding period, the holding period will normally continue to apply to these awards, unless the Committee decides to bring the holding period to a close. • Under the DABP, unvested awards will vest at the original vesting date, unless the Committee exercises its discretion and allows the award to vest in full on or shortly following the date of cessation.

PROVISION	DETAILED TERMS
Change of control	• Outstanding PSP awards on a takeover, winding up, or, if the Committee considers it appropriate, any other corporate event which will materially affect the Company's share price, will vest and be released from any relevant holding period early to the extent that the performance condition, as determined by the Committee in its discretion, has been satisfied, and could be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date of the relevant corporate event, as a proportion of the vesting period. • The Committee would retain discretion to waive time pro-rating, if it felt it was appropriate to do so. • DABP awards will vest in full at the time of the corporate event. • In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on a basis which would apply in the case of a takeover.
Exercise of discretion	• In determining whether a departing executive Director should be treated as a 'good leaver', the Committee will take into account the performance of the individual and the reasons for their departure.

POST-EMPLOYMENT SHARE INTERESTS

The Committee has a policy to promote interests in share awards following cessation of employment, to enable former executive Directors to remain aligned with the interest of shareholders for an extended period after leaving the Company. Further details of this policy are set out in the Annual Report on Remuneration on page 116.

THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

The table below sets out the Remuneration Policy for the Chairman and non-executive Directors. For a new Chairman or non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

ELEMENT	PURPOSE AND LINK TO POLICY	OPERATION (INCLUDING FRAMEWORK USED TO ASSESS PERFORMANCE)	OPPORTUNITY
NON-EXECUTIVE DIRECTOR FEES	To attract and retain a high-calibre Chairman and non-executive Directors, by offering market competitive fees.	The Chairman is paid a single consolidated fee. The non-executive Directors are paid a basic fee, with additional fees paid to reflect extra responsibilities and/or time commitments, for example the Chairs of the main Board committees and the Senior Independent Director. If there is a temporary yet material increase in the time commitments for non-executive Directors, the Board may pay extra fees on a pro-rata basis, to recognise the additional workload. The level of fees is reviewed periodically by the Committee and Chief Executive for the Chairman and by the Chairman and executive Directors for the non-executive Directors and set taking into consideration market levels in comparably sized FTSE companies, the time commitment and responsibilities of the role and to reflect the experience and expertise required. The Chairman and the non-executive Directors are not eligible to participate in incentive arrangements or to receive benefits, save that they are entitled to reimbursement of reasonable business expenses and tax thereon. They may also receive limited travel or accommodation related benefits in connection with their role as a Director (including tax thereon if these are determined to be taxable benefits).	The fees are subject to maximum aggregate limit of £2m, as set out in Equiniti's Articles of association. The Committee is guided by the general increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility, and/or time commitments. Current fee levels are disclosed in the Annual Report on Remuneration.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR TERMS OF APPOINTMENT

The Chairman and non-executive Directors have letters of appointment with Equiniti for an initial period of three years, subject to annual re-election at the Company's AGM.

The appointment of each non-executive Director may be terminated at any time with immediate effect if he or she is removed as a Director by resolution at a general meeting or pursuant to the Articles. At other times, three months' notice is required from either party. The non-executive Directors are not entitled to receive any compensation on termination of their appointment.

Directors' letters of appointment are available for inspection at Equiniti's registered office during normal business hours and will be available for inspection at the AGM.

ILLUSTRATIVE OUTCOMES FOR EXECUTIVE DIRECTORS UNDER THE REMUNERATION POLICY

Under the Directors' Remuneration Policy, a significant proportion of total remuneration is linked to Equiniti's performance. The following charts illustrate how the executive Directors' total pay package varies under four different performance scenarios:

1. Fixed pay only
2. On-target performance
3. Maximum performance
4. Maximum performance with 50% share price growth

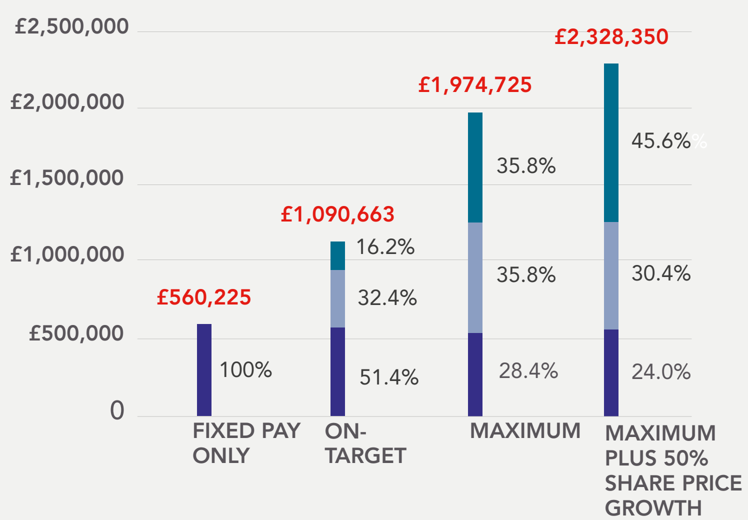
Under scenarios 1, 2 and 3 no share price growth is applied. Dividends are excluded under all scenarios. All assumptions made under these scenarios are noted below:

	FIXED PAY ONLY	ON-TARGET	MAXIMUM	MAXIMUM PLUS 50% SHARE PRICE GROWTH
SALARY	2020 salary	2020 salary	2020 salary	2020 salary
BENEFITS	Estimated value of ongoing benefits	Estimated value of ongoing benefits	Estimated value of going benefits	Estimated value of ongoing benefits
PENSION	15% of salary	15% of salary	15% of salary	15% of salary
ANNUAL BONUS	–	75% of salary (budget performance and 100% multiplier)	100% payout of maximum opportunity (150% of base salary)	100% payout of maximum opportunity (150% of base salary)
PSP	–	25% of maximum award (37.5% of salary)	100% of maximum award (150% of salary)	100% of maximum award (150% of salary)
SHARE PRICE GROWTH APPLIED TO PSP AWARD	–	0%	0%	50%

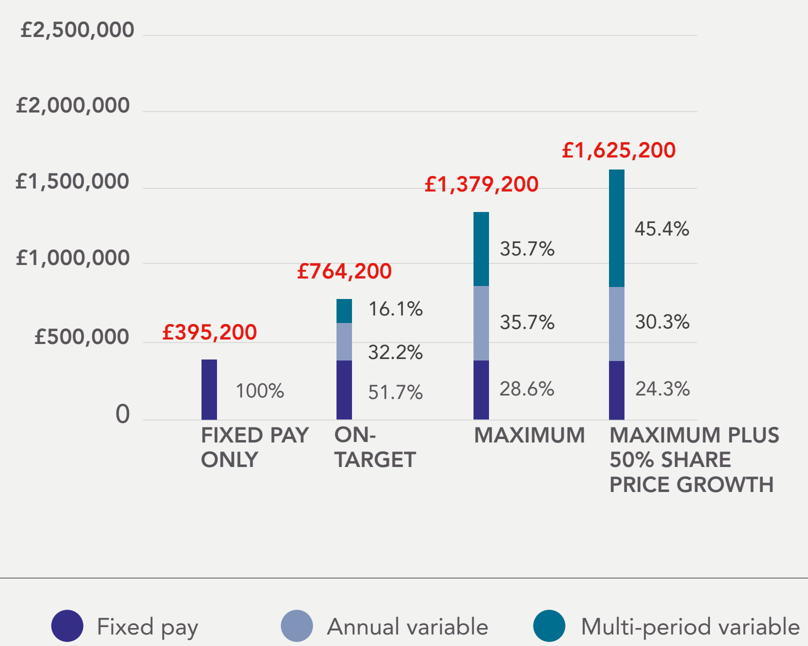
DIRECTORS' REMUNERATION REPORT

The executive Directors can participate in all-employee share schemes on the same basis as other employees. The value that may be received under these schemes is subject to tax approved limits. For simplicity, the value that may be received from participating in these schemes has been excluded from the below charts.

CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report sets out how the 2019 Directors' Remuneration Policy was implemented during the financial year ended 31 December 2019, including the remuneration earned by executive and non-executive Directors in respect of 2019, the outcome of the incentive schemes, together with the link to the Company's performance.

Where stated, disclosures regarding the Directors' remuneration have been audited by the Company's external Auditor, PwC.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Committee comprises only independent non-executive Directors and is chaired by Dr Tim Miller.

The members of the Committee who served during the year and as at the date of this report are shown in the table below, together with their attendance at the four committee meetings held during the year or those held during their tenure:

NAME	ATTENDED
Dr Tim Miller (Committee Chair)	4/4
Mark Brooker	4/4
Alison Burns	4/4
Sally-Ann Hibberd	4/4

GOVERNANCE

The Committee acts independently of management and reports and makes recommendations directly to the Board.

The Committee's Terms of Reference state that the Committee shall be comprised of at least three independent non-executive Directors, one of whom should be Chairman of the Committee, and this was complied with in full during the year.

The Company Secretary, or their nominee, acts as Secretary to the Committee and attends all meetings. The Committee invites the Chief Executive, the Chief People & Transformation Officer, the Chief Commercial Officer, the Rewards Consultant and the external remuneration adviser to attend its meetings in full, although it reserves its rights to request any of those individuals to withdraw. Individuals are not present when their own remuneration is discussed.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Group. It can obtain assurances and, when appropriate, reports from the directors of subsidiary companies which have appointed separate remuneration committees.

The Committee may take independent professional advice on any matters covered by its Terms of Reference, a copy of which can be found in the investor section of Equiniti's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

ROLE OF THE REMUNERATION COMMITTEE

In accordance with its Terms of Reference, the Committee considers, agrees and recommends to the Board an overall remuneration policy and governance framework for executive Directors that is aligned to the Company's long-term business strategy and interests, business objective and values.

It sets the over-arching principles and parameters of the policy and determines the remuneration of the Chairman, the Board and senior executives. The Committee also determines and recommends to the Board the remuneration strategy of the Company as it applies to the broader workforce. The Committee currently receives information on wider pay practices and policies across the Group, but work will continue on broadening the Committee's understanding in this area.

Its responsibilities include:

REMUNERATION POLICY

- working with the Board, senior management and internal teams (including human resources, risk and audit) to set, approve and implement a remuneration policy for the Group's senior executives (executive Directors and members of the Executive Committee);
- ensuring that it adopts a coherent approach to remuneration in respect to the broader workforce;
- determining the contracts of employment, terms of service and remuneration of the Board chairman and executive Directors;
- determining the pensions policy for the broader workforce;
- approving the design of, and determining targets for, all performance-related pay schemes operated by Equiniti and approving the total annual payments made under such schemes;
- reviewing the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee determines each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive Directors and other senior management, and the performance targets to be used;
- ensuring performance objectives for executive Directors are transparent, stretching and rigorously applied and take due account of risk;
- reviewing and approving decisions made by the Remuneration Committee of Equiniti Financial Services Limited (EFSL);

REMUNERATION POLICY MONITORING

- periodically reviewing, at least every three years, the overall appropriateness and effectiveness of all remuneration policies for the Company and its subsidiaries; and
- having regard to applicable good practices such as the Investment Association and Pensions and Lifetime Savings Association guidelines on executive contracts and severance and taking into account the Group's statutory duties in relation to equal pay and non-discrimination.

COMMITTEE FOCUS IN 2019

The Committee met on four occasions during the year. At those meetings, the Committee carried out its remit which included the following:

- reviewing and approving the Committee terms of reference to comply with the Code which includes the Committee's oversight of workforce remuneration and related policies and the Company's culture when setting the policy for incentives and rewards;
- reviewing and approving the design of the Group reward strategy;
- monitoring the roll-out of key elements related to the reward strategy;
- reviewing the gender pay gap reporting and overseeing timely submission;
- reviewing the wider workforce arrangements on pay policies and reviews;
- reviewing and approving the reward structure for senior management and wider workforce; and
- reviewing incentive performance conditions.

EXTERNAL REMUNERATION ADVISER

The Committee has access to external advice as required. The renumeration adviser to the Committee is Deloitte, who were appointed following a tender process in 2018. Deloitte is one of the founding members of the Remuneration Consulting Group and operates in accordance with the Code of Conduct, which can be found at www.remunerationconsultantsgroup.com.

Deloitte has provided advice and support around the following key areas:

- reviewing the implementation of the 2019 Remuneration Policy and 2018 UK Corporate Governance Code requirements;
- advising on the performance share plan and deferred annual bonus plan;
- informing the Committee on market practice and governance issues; and
- responding to general and technical queries.

The total fees paid to Deloitte in relation to advice to the Committee in 2019 were £59,200.

The Committee considers the advice that it receives from Deloitte to be independent. Deloitte has provided other tax and share scheme related advice to the Group during the year.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

		FIXED PAY £'000			VARIABLE PAY £'000			
		SALARY OR FEES	BENEFITS[1]	PENSION CONTRIBUTIONS[2]	ANNUAL BONUS[3]	PSP[4]	SAYE[5]	TOTAL
EXECUTIVE DIRECTORS								
Guy Wakeley	2019	471.5	18	70	101	0	4	665
	2018	460	18	69	476	2,447	4	3,474
John Stier	2019	328	18	49	91	0	4	490
	2018	320	18	48	329	1,623	4	2,342
NON-EXECUTIVE DIRECTORS								
Philip Yea	2019	200	–	–	–	–	–	200
	2018	200	–	–	–	–	–	200
Mark Brooker	2019	55	–	–	–	–	–	55
	2018	9	–	–	–	–	–	9
Alison Burns	2019	55	–	–	–	–	–	55
	2018	41	–	–	–	–	–	41
Sally-Ann Hibberd	2019	65	–	–	–	–	–	65
	2018	65	–	–	–	–	–	65
Dr Tim Miller[6]	2019	115	–	–	–	–	–	115
	2018	115	–	–	–		–	115
Cheryl Millington	2019	55	–	–	–	–	–	55
	2018	9	–	–	–	–	–	9
Darren Pope	2019	75	–	–	–	–	–	75
	2018	72	–	–	–	–	–	72

[1] Benefits – executive Directors are entitled to taxable benefits as described below:

£'000	CAR ALLOWANCE	PRIVATE MEDICAL INSURANCE	LIFE ASSURANCE	TOTAL
Guy Wakeley	15	2	1	18
John Stier	15	2	1	18

[2] A cash allowance of 15% of base salary is received in lieu of pension contributions. No executive Director participates in, or is a deferred member of, an Equiniti pension plan.

[3] 30% of the bonus shown above will be deferred into shares via our Group deferred annual bonus plan (DABP).

[4] The PSP value is stated as zero, as both threshold target for EPS and TSR were not met. The value of the PSP in respect of 2018 has been updated to reflect the actual share prices at vesting of £2.055 and £2.213.

[5] Both executive Directors participate in the Sharesave Scheme and the first invitation matured on 1 January 2019. The value shown is that at the end of the three-year savings period. There are no performance conditions for this Scheme save being an employee of the Group at the maturity date.

[6] The fees for Dr Tim Miller include the £50,000 that he receives for serving on the board of EFSL.

ANNUAL NON-EXECUTIVE DIRECTOR FEES

	Year Ending 31 December		
	2020	2019	% Change
Board Chairman	£200,000	£200,000	0
Basic Fee	£55,000	£55,000	0
Additional fee for Senior Independent Director	£10,000	£10,000	0
Additional fee for Committee Chair	£10,000	£10,000	0

VARIABLE PAY OUTCOMES (AUDITED INFORMATION)

ANNUAL BONUS

For the financial year ended 31 December 2019, annual bonuses for the executive Directors were based on corporate financial and personal objectives. A bonus of up to 150% of salary could be earned. The Committee reviewed the achievements against the targets for the year through the annual performance review process. The tables on pages 111 and 112 show the achievement against the financial and personal performance measures and the resulting bonus payments.

CORPORATE FINANCIAL OBJECTIVES

The corporate financial metrics were based on profit before tax (40%), revenue (40%) and operating cash flow conversion (20%).

INDIVIDUAL PERSONAL OBJECTIVES AND INDIVIDUAL MULTIPLIER

The individual personal objectives were set following consultation between the Committee and each executive Director, and are detailed in the table on page 112. The individual multiplier ranges from 0 to 150%, determined through the Committee’s review of performance against personal objectives, with a multiplier of 100% for good performance. The performance breakdown and resulting multiplier is shown in the table opposite:

Performance Rating	Maximum multiplier
Outstanding	150%
High	125%
Good	100%
Off track	50%
Low	0

A cap on the overall bonus pool will apply to ensure that bonus payments which are above target do not exceed 40% of incremental profit in excess of budget.

OUTCOME OF PERFORMANCE AGAINST INDIVIDUAL PERSONAL OBJECTIVES ACTS AS A MULTIPLIER WITH ANNUAL BONUS CALCULATED USING THE FOLLOWING FORMULA:

Salary × Target bonus opportunity × Corporate financial outcome × Individual multiplier = Annual bonus

The executive Directors have a notional target bonus opportunity of 100% of salary. If budget performance is achieved against the corporate financial measures together with an individual multiplier of 100% for good performance, this would result in a bonus of 75% of salary.

The table below sets out the performance measures and targets used to assess the corporate financial outcome

PERFORMANCE MEASURES	WEIGHTING (%)	THRESHOLD (£000)	BUDGET (£000)	MAXIMUM (£000)	ACTUAL PERFORMANCE (£000)	% OF TARGET BONUS PAYABLE
		0%	75%	125%		
Profit before tax	40	44,370	49,300	59,160	39,800	0.0
Revenue	40	525,754	553,426	581,097	555,700	31.6
Operating cash flow conversion	20	88.0%	93.0%	98.0%	91.0%	6.0
Total						37.6

In addition to the above, the performance of each of the executive Directors was assessed through the annual performance review process. Details of the objectives set and performance delivered are set out on the following page.

Based on their achievements, the Committee determined that performance in the year was ‘good’ and ‘high’, resulting in multipliers for the Chief Executive of 90% and 116.1% for the Chief Financial Officer, respectively.

Taking into account the corporate and individual performance against the targets set, on a formulaic basis, the bonus outcome for the executive Directors would have been an award of 33.8% of salary for the Chief Executive and 43.7% of salary for the Chief Financial Officer.

As part of a consistent company-wide approach, the Committee decided to exercise discretion and applied a downward adjustment to the bonus awards for both executive Directors. Following this exercise of discretion, the final bonus determined for the year was as set out in the table below.

2019 BONUS	Guy Wakeley	John Stier
Bonus amount achieved as % of salary	21.4%	27.6%
Bonus amount achieved	£100,932	£90,575
Paid in cash (70%)	£70,652	£63,403
Deferred in shares (30%)	£30,279	£27,173

THE CHIEF EXECUTIVE AND THE CHIEF FINANCIAL OFFICER'S PERSONAL OBJECTIVES FOR 2019

GUY WAKELEY'S OBJECTIVES WERE TO:	EVIDENCED BY:
Deliver sustainable earnings growth and equity re-rating	Sustainable earnings have been increased. The re-rating of Equiniti shares was not achieved, however, there were external factors influencing this such as lower corporate action income and interest rates.
Consolidate US market position through revenue progression, delivery of synergies, technology separation and new product launch	The US market position has been consolidated with in-year revenues delivered from new products. We have now successfully achieved the technology separation from Wells Fargo.
Sustain organic sales growth, key account progression, and forward revenue cover	Full year organic growth achieved. Key account organic revenue growth met expectations.
Materially improve the efficiency of operations and the delivery of technology and change	Material efficiencies have been achieved with the movement of the control of network operations to offshore locations. A funded programme to deliver global cloud based telephony and chat solutions is on track. Our Milwaukee and Bangalore sites are now fully operational.
Improve customer satisfaction and advocacy for B2B and D2C customers, and advance the digitisation of service	Customer satisfaction for the year is measured at 98% and the Group NPS is at 55.
Lead the establishment of a clearly defined and progressive corporate culture, underpinned by consistent values and leadership behaviours	The Equiniti's vision and values are now embedded into the business and underpin all internal and HR communications. A 2019 colleague engagement survey was insightful and follow up actions will take place in 2020.
Continue the development of the group risk framework	There is now systemic use of the Risk Management Framework throughout the Group. There has been an increased use of automated risk management tools with improved reporting materials.
Create and execute upon a strategic plan for the simplification of the Group	A number of initiatives have been identified and progressed to simplify the Group structure.

JOHN STIER'S OBJECTIVES WERE TO:	EVIDENCED BY:
Support a material equity re-rating through accounting transparency, quality of earnings, and enhanced investor relations	Although the re-rating of Equiniti shares has not progressed during the year, this has been influenced by known external factors. Good progress has been made to improve accounting disclosures, drive additional investor engagement, resulting in more coverage and new shareholders.
Deliver underlying earnings growth through focus on profit and balance sheet efficiency	Sustained our return on capital at 9.8% despite a material investment and transformation in North America. Increased profit attributable to shareholders by 30.8% to 17.2% and DSO is down from 59 to 56 days.
Lead the implementation of HR and finance systems for the global business	The US billing system is now fully live, allowing us to move away from Wells Fargo's systems. Our new Finance and HR system, Workday, has been rolled out and is progressing on plan and on budget.
Deliver a closing year net leverage position of less than 2.4x inclusive of all exceptional and transformation costs, with improved debtor days	Leverage closed at 2.5x net debt to EBITDA, debtor days reduced to 56 days.
Drive further benefit from group procurement and property functions, with particular focus on IT spend and strategic partners	Excellent progress has been made with the rationalisation of several UK offices into one site. There have been savings on IT spend with Procurement exceeding its target savings.
Support the development of an improved corporate culture through strong leadership behaviours, colleague development, and standardised operating models	A successful, annual finance conference was held and quarterly global finance briefings are in place. Succession plans are in place and is monitored regularly.
Ensure that compliance and audit findings are closed on a definitive and timely basis	All finance reviews are complete. The Global Audit Plan progressed in line with service level agreements (SLAs).

DEFERRED ANNUAL BONUS PLAN (AUDITED INFORMATION)

30% of the bonus awarded in respect of the 2018 financial year was deferred into shares for three years (subject to continued service and malus and clawback) and is summarised along with previous awards in the table below.

	Award and Vesting date	1 January 2019	Granted (number)[1]	Lapsed (number)	31 December 2019	Market price at date of grant (pence)[2]
Guy Wakeley	28/03/19 – 28/03/22	–	71,282	–	71,282	200.5
	21/03/18 – 21/03/21	52,329		–	52,329	312.5
	21/03/17 – 21/03/20	34,429	–	–	34,429	194
John Stier	28/03/19 – 28/03/22	–	49,300	–	49,300	200.5
	21/03/18 – 21/03/21	35,220		–	35,220	312.5
	21/03/17 – 21/03/20	25,782	–	–	25,782	194

[1] At the time of grant, the value of the number of shares awarded is equal to the gross value of the bonus deferred.

[2] The market price at date of grant was calculated using the prior day's closing price.

PERFORMANCE SHARE PLAN (PSP) (AUDITED INFORMATION)

The table below details the PSP awards granted to the executive Directors during the year, together with those which were unvested at 31 December 2019.

		MAXIMUM AWARD				SHARES VESTING		
	Award and Vesting date	Number of options awarded[1]	% of salary	Face value at grant £'000	Market price at grant (pence)[2]	Threshold	Maximum	End of Performance Period
Guy Wakeley	28/03/19 – 28/03/22	344,139	150	£690	200.5	25%	100%	31/12/21
	21/03/18 – 21/03/21	220,800	150	£690	312.5	25%	100%	31/12/20
	21/03/17 – 21/03/20	379,833	150	£737	194	25%	100%	31/12/19
John Stier	28/03/19 – 28/03/22	239,401	150	£480	200.5	25%	100%	31/12/21
	21/03/18 – 21/03/21	148,608	150	£464	312.5	25%	100%	31/12/20
	21/03/17 – 21/03/20	251,845	150	£489	194	25%	100%	31/12/19

[1] Due to the rights issue in October 2017, the number of options awarded in 2017 were adjusted and increased in line with market practice.

[2] When PSP options are granted, the market price at date of grant is calculated using the prior day's closing share price. This is used to calculate the number of options to be granted to the participant and is not the price the participant has to pay to receive the options once they have vested. The options are 'nil-cost' options, which means that there is no price to be paid to receive them once they have vested. However, the participant will have to pay income tax and national insurance at their respective tax rate on the overall market value of the vested award, priced at the time of exercise.

[3] Following vesting, a further two-year holding period applies to the PSP awards, details of which are provided in this report.

Awards granted under the PSP are nil-cost options and are subject to the following performance measures:

Performance Measure	Weighting of Measure	Performance Target
EPS growth	50%	Average annual growth in the Company's fully diluted normalised earnings per share (EPS) over three financial years. For 2017 and 2019 awards, if average annual growth in EPS over three financial years is 6% or more, 25% of the award will vest. The award will vest in full for average growth of 12%, with payment on a sliding scale in between these points. No award will vest if growth is below 6%. For 2018 awards only, the threshold EPS target over three financial years was increased to 8%, to reflect the impact of the WFSS acquisition in the first year of the performance period.
Relative TSR	50%	Total shareholder return (TSR) performance over three financial years relative to the constituent companies of the FTSE 250 Index (excluding investment trusts) on date of grant. Vesting of 25% of the award will occur for median ranking and the award will vest in full for upper quartile or above ranking, with straight line vesting in between these points based on ranking. No award will vest if TSR ranks below the median.

VESTING OF 2017 PSP AWARD

The PSP awards granted in March 2017 will vest in March 2020. The Committee reviewed the performance conditions for the award and determined that 0% of the award will vest in total. Performance against both conditions is summarised below. The EPS performance condition was based on the average annual growth in the Company's fully diluted normalised earnings per share over the 2017, 2018 and 2019 financial years. The TSR performance condition was measured over three years from January 2017 to December 2019.

Measure	Weighting	Vesting scale	Base EPS	Fully diluted normalised EPS for year ended 31 December 2019	Average annual growth	% of this element of the award vesting
Average annual growth in the Company's fully diluted normalised EPS	50%	No vesting if average EPS growth is below 6%, 25% vests if average EPS growth is equal to 6%, 100% vests if average EPS growth is 12% or more. Straight line pro rata vesting from 25% to 100% for average EPS growth between 6% and 12%	15.8p	18.1p	5.1%	0%

Measure	Weighting	Vesting scale	TSR performance	Relative performance achieved	% of this element of the award vesting
Relative TSR DR – page 122	50%	No vesting if TSR ranks below the median. 25% vests if TSR is median ranking, 100% vests if TSR is upper quartile or above. Straight line pro rata vesting from 25% to 100% for TSR ranking between median and upper quartile	24%	Below median	0%

As a result of the performance achieved, the 2017 PSP awards will lapse in full.

The number of shares that will lapse in March 2020 for each of the executive Directors as a result of this performance is shown in the table below:

	Number of shares subject to award	% that vested based on EPS and TSR performance	Number of shares that will vest	Estimated value of shares at vesting
Guy Wakeley	379,833	0%	0	£0
John Stier	251,845	0%	0	£0

POST-VESTING HOLDING PERIOD

Following vesting, a further two-year holding period would normally apply to the PSP awards, whereby executive Directors would be restricted from selling their interest in the net of tax shares which vest. These vested shares would be held in an Equiniti investment product for the duration of the holding period.

SAVE-AS-YOU-EARN SCHEME (SHARESAVE)

The Company offers a Sharesave scheme to all employees, including executive Directors. Participants can save a sum of money each month for a period of three years. Under the tax-approved limits, the maximum that each participant can save each month is £500. However, this can be reduced and capped if the Sharesave is oversubscribed. At the end of the three-year period, the money saved can either be returned to the participant or used to acquire shares in the Company at a price set at a 20% discount to a market price, being an amount equal to the average of the daily middle-market quotation of a share over the three dealing days prior to the grant date.

2018 GRANT

The second grant under the Sharesave was made on 27 September 2018 (the 2018 Grant). Again, the Sharesave was oversubscribed and the monthly limit was capped at £100 per month. The grant price is £1.77. The 2018 Grant will mature in 2021.

The 2018 Grant was offered to all of our employees, including those in India, the Netherlands, South Africa and the US. The terms of the Sharesave were the same for all participants, except for those in the US. In the US, the savings period is only for a period of two years. At the end of the two-year savings period, US employees are able to exercise their options, but are restricted from dealing in the shares for a further 12 month period. The discount to the market price is also less for US participants (15%) and therefore the grant price for US participants is £2.23.

SHARE INCENTIVE PLAN

Executive Directors may participate in the Company's Share Incentive Plan on the same basis as all other eligible employees. Employees can purchase up to £1,800 of partnership shares each year from gross salary. For every three partnership shares participants purchase, they receive two free matching shares on the first £180 that they invest annually.

DIRECTORS' SHAREHOLDING REQUIREMENTS AND SHARE INTERESTS (AUDITED INFORMATION)

To align the interests of the executive Directors with shareholders, each executive Director must build up and maintain a beneficial shareholding, excluding share options, in the Company equivalent to 200% of base salary. Executive Directors must meet the shareholding guideline within five years of appointment to the Board.

From 2019 onwards, executive Directors will normally be required to retain a shareholding in the Company for a period of two years after leaving, at the lower of the shareholding requirement in place prior to departure or the actual shareholding on departure.

This applies to shares acquired from incentive plans and may include the net value of outstanding DABP awards and PSP awards subject only to a holding period. The Committee will have discretion to operate the policy flexibly and may waive part or all of the requirement where considered appropriate, for example in compassionate circumstances. The policy is supported by the use of nominee accounts.

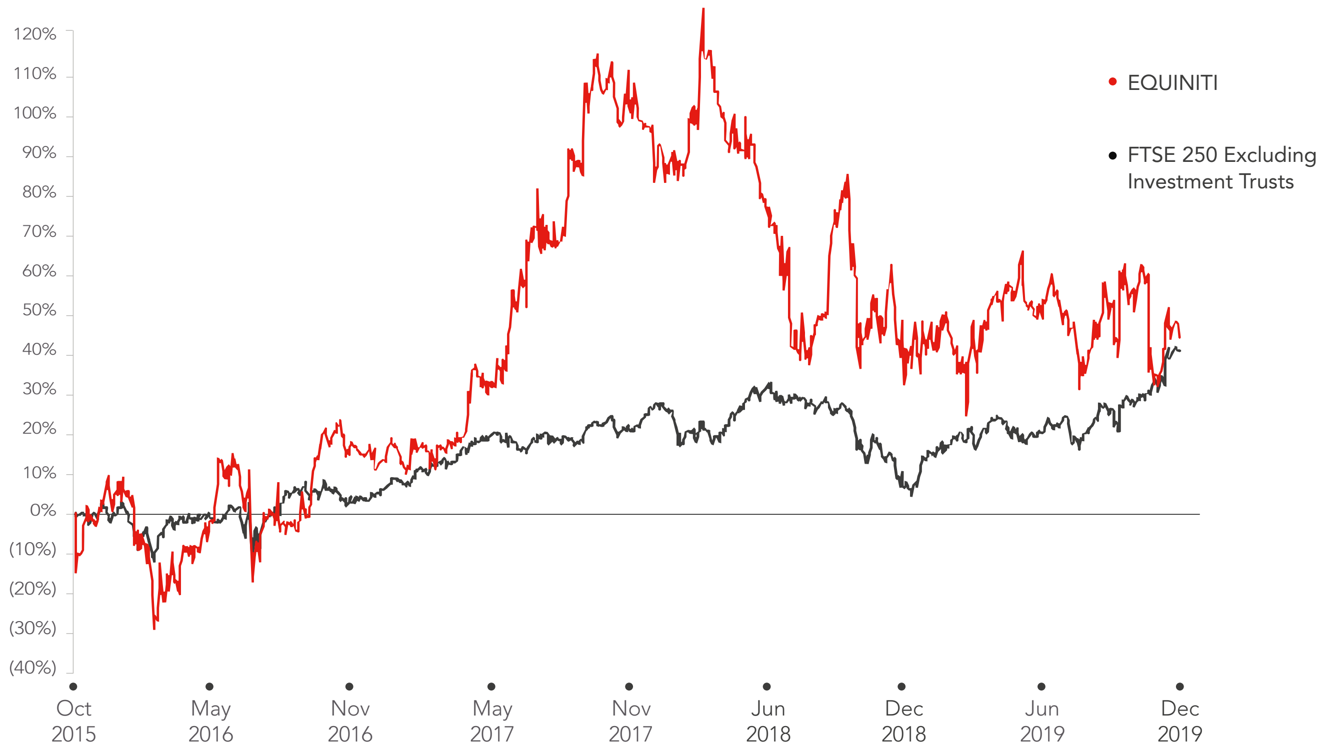
As at 31 December 2019, the Chief Executive beneficially held shares with an equivalent value of 883% of his base salary and the Chief Financial Officer beneficially held shares with an equivalent value of 695% of his base salary. Accordingly all executive Directors have met the shareholding requirements.

DIRECTOR	BENEFICIAL SHARE INTEREST		UNVESTED SHARE OPTIONS			TOTAL INTEREST
	At 31 Dec 19	Vested PSP subject to holding period	PSP with conditions	DABP with conditions	SAYE without conditions	
Guy Wakeley	1,215,802	1,840,542	944,772	158,040	2,033	4,161,189
John Stier	307,830	1,220,358	639,854	110,302	2,033	2,280,377
Philip Yea	180,000	–	–	–	–	180,000
Mark Brooker	–	–	–	–	–	–
Alison Burns	–	–	–	–	–	–
Sally-Ann Hibberd	–	–	–	–	–	–
Dr Tim Miller	157,713	–	–	–	–	157,713
Cheryl Millington	–	–	–	–	–	–
Darren Pope	–	–	–	–	–	–

There has been no grant of, or trading in, shares of the Company between 1 January 2020 and 12 March 2020.

PERFORMANCE GRAPH AND TABLE

The following graph shows the Company's TSR performance from listing in October 2015 to the end of the 2019 financial year, against the FTSE 250 index. The FTSE 250 (excluding investment trusts) has been selected as it comprises companies of a comparable size and complexity and provides a good indication of the Company's relative performance.



CHIEF EXECUTIVE'S PAY IN THE LAST SIX FINANCIAL YEARS

The total remuneration of the Chief Executive over the last six years in shown in the table below:

	YEAR ENDED 31 DECEMBER					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Total Remuneration (£000)	665	3,530	3,106	965	2,743	528
Annual Bonus (as % of maximum opportunity)	14%	69%	70%	57%	65%	37%
PSP vesting (as % of maximum opportunity)	0%	95%[1]	100%[2]	N/A	N/A	N/A

[1] 2018 PSP vesting includes the weighted average of vesting outcomes for the TSR element of the 2015 PSP awards (100% of maximum) and 2016 PSP awards (88.75% of maximum).

[2] 2017 PSP vesting includes the EPS element of the 2015 PSP awards.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE'S REMUNERATION

The table below shows the percentage change in each of the Chief Executive's salary, taxable benefits and annual bonus earned in 2019 and 2018, compared to that for the average employee of the Group (on a per capita basis):

	GUY WAKELEY, CHIEF EXECUTIVE	AVERAGE EMPLOYEE
	% change	**% change**
Salary	2.5%	2.4%
Benefits	0%	0%
Annual Bonus	(78.8)%	(56.3)%

CHIEF EXECUTIVE PAY RATIO

This section discloses the CEO's pay compared to the pay of UK employees for the financial year ended 31 December 2019. Equiniti has chosen to use Option A to calculate the CEO pay ratio, as it believes that it is the most robust way for it to calculate the three ratios from the options available in the regulations.

Total remuneration for all UK employees of the Company as at 31 December 2019 has been calculated in line with the single figure methodology, and reflects their full-time equivalent earnings received in the financial year ended 31 December 2019.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option A	29:1	20:1	12:1

Set out in the table below is the full-time equivalent fixed salary and total pay and benefits for the employees identified at each of the percentiles. The Committee considers that this is representative of the employees of their pay levels.

Employee	Salary	Total pay and benefits
75th percentile	£46,200	£53,224
50th percentile	£30,200	£32,712
25th percentile	£17,800	£23,102

Salaries of all employees are set with reference to a range of factors, including market practice, experience and performance in role. In reviewing the ratios, the Committee also noted that the CEO's remuneration package is weighted more heavily towards variable pay than the wider workforce, due to the nature of the role, and this means the ratio is likely to fluctuate depending on the performance of the business and associated outcomes of the incentive plans in each year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below details the percentage change in dividends and overall expenditure on pay compared with the previous financial year:

	2019 vs 2018	2019	2018
Total dividend paid	3.2%	5.49p	5.29p
Total employee remuneration	1.2%	£222.5m	£219.8m

PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

There were no payments for loss of office made in 2019.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

There were no payments made to any past Directors during the year.

EXECUTIVE DIRECTORS SERVING AS NON-EXECUTIVE DIRECTORS

Since March 2018, Guy Wakeley has served as a non-executive director of HgCapital Trust plc, for which he received a fee of £38,500 during the 2019 financial year. He retained this fee in full.

OTHER SHAREHOLDING INFORMATION (AUDITED INFORMATION)

SHARE PRICE

The closing share price of the Company's ordinary shares at 31 December 2019 was 206.4p and the price range for the financial year was 186.2p to 236.2p.

SHAREHOLDER DILUTION

Awards granted under the Company's share plans may be satisfied by shares purchased in the market or by the issue of new shares when awards vest. The Board monitors the number of shares issued under the various share plans and the impact on dilution limits. The relevant dilution limits established by the Investment Association in respect of share plans is 10% in any rolling 10 year period and in respect of discretionary share plans is 5% in any 10 year rolling period.

Based on the Company's issued share capital as at 31 December 2019, and assuming that all current awards made under the Company's share plans as at that date vest in full, the dilution level was 4.59% against all share plans and 2.72% against discretionary schemes.

DIRECTORS' SERVICE CONTRACTS

	Date of appointment	Date of current contract/ letter of appointment	Notice from Company	Notice from Director	Unexpired period of service contract
EXECUTIVE DIRECTORS*					
Guy Wakeley	27 October 2015	7 September 2015	12 months	12 months	Rolling contract
John Stier	27 October 2015	11 September 2015	12 months	12 months	Rolling contract
NON-EXECUTIVE DIRECTORS**					
Philip Yea	3 July 2017	30 June 2017	3 months	3 months	7 months
Mark Brooker	1 November 2018	16 October 2018	3 months	3 months	22 months
Alison Burns	1 April 2018	22 February 2018	3 months	3 months	15 months
Sally-Ann Hibberd	27 June 2016	26 April 2019	3 months	3 months	32 months
Dr Tim Miller	9 October 2015	23 April 2018	3 months	3 months	20 months
Cheryl Millington	1 November 2018	16 October 2018	3 months	3 months	22 months
Darren Pope	6 October 2016	26 April 2019	3 months	3 months	32 months

* Guy Wakeley joined the Group in January 2014 and John Stier joined the Group in June 2015. When the Company listed in October 2015, they entered into new service contracts and their date of appointment to the listed company was 27 October 2015.

** Non-executive Directors are appointed for an initial term of three years, renewable for a subsequent term of three years.

STATEMENT OF VOTING

The voting outcome at the 2019 Annual General Meeting in respect of the 2018 Annual Report on Remuneration reflected very strong shareholder support.

Shares voted	282,526,426	77.50% of shares in issue
In Favour	282,379,206	99.95% of shares voted
Against	147,220	0.05% of shares voted
Withheld	12,711	–

The Company's current Remuneration Policy was approved by shareholders at the Company's AGM held on 2 May 2019, with a very strong majority vote in favour.

Shares voted	282,525,517	77.50% of shares in issue
In Favour	282,140,183	99.86% of shares voted
Against	385,334	0.14% of shares voted
Withheld	127,751	–

Dr Tim Miller

Chair of the Remuneration Committee

12 March 2020

DIRECTORS' REPORT

INTRODUCTION

Equiniti Group plc (the Company) is incorporated as a public limited company, limited by shares, and is registered in England with the registered number 07090427. The Company is the holding company for the Equiniti Group of companies (the Group). The Company's registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH and its registrar is Equiniti Limited which is situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

The Directors' present their Report for the year ended 31 December 2019, in accordance with section 415 of the Companies Act 2006. The UKLA's Disclosure Guidance and Transparency Rules and Listing Rules also require the Company to make certain disclosures, some of which have been included in other appropriate sections of the Annual Report.

The Directors' Report comprises pages 120 to 123, and the following cross-referenced material is incorporated into this Directors' Report:

Future Developments of the Business	page 21
Viability Statement	page 56
Employees	pages 40 to 49
Greenhouse Gas Emissions	page 49
Section 172(1) Statement	page 50
Governance Report	pages 62 to 119
Compliance Statement	page 63
Directors' Responsibility Statements	pages 74 to 75
Going Concern Statement	page 75
Disclosure of Information to External Auditor	page 75
Financial Instruments and Financial Risk Management	pages 88 to 89

The Annual Report and Accounts have been drawn up and presented in accordance with UK Company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

DIRECTORS

The Directors who have held office during the year ended 31 December 2019 and to date are as follows:

Philip Yea
Guy Wakeley
John Stier
Mark Brooker
Alison Burns
Sally-Ann Hibberd
Dr Tim Miller
Cheryl Millington
Darren Pope

Biographical details of the Directors are set out on pages 64 to 65.

DIRECTORS' RETIREMENT AND REAPPOINTMENT

All of the current Directors will retire and offer themselves for re-appointment at the 2020 Annual General Meeting (2020 AGM).

The Company's Articles of Association regulate the appointment and removal of Directors, as does the Companies Act 2006 and related legislation. In general, the Directors may fill any casual vacancy in the number of Directors, subject to reappointment by shareholders at the next Annual General Meeting. The Articles of Association also contain authority for shareholders by ordinary resolution to remove any Director from office, regardless of the terms of their appointment. The Articles of Association may only be amended by special resolution of the shareholders. The powers of the Directors are described in the Governance Report on pages 68 to 69.

THE DIRECTORS' DUTIES

Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and environment
- the desirability of the company maintaining a reputation for high standards of business conduct and
- the need to act fairly as between shareholders of the company.'

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company and details of this can be found in our Governance Report on pages 70 to 71.

The following paragraphs summarise how the Directors' fulfil their duties:

RISK MANAGEMENT

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and on how we manage our risk environment, please see pages 52 to 55 and our Risk Committee Report on pages 84 to 89.

OUR PEOPLE

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

For further details on our people, please see pages 45 to 49.

BUSINESS RELATIONSHIPS

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships. We value all of our suppliers and have multi-year contracts with our key suppliers.

For further details on how we work with our clients and suppliers, please see page 42.

COMMUNITY AND ENVIRONMENT

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

For further details on how we interact with communities and the environment, please see page 49.

CULTURE AND VALUES

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders. Through the use of employee and management workshops, we have identified five core values that govern how we act as a business and details of these, plus further details on our corporate culture, can be found on page 45.

SHAREHOLDERS

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

For further details on how we engage with our shareholders, please see page 44.

DIRECTORS' INTERESTS

Details of the Directors' share interests in the Company can be found on page 115.

DIRECTORS' INSURANCE

A Directors' and Officers' Liability Insurance policy is maintained for all of our Directors and each Director has the benefit of a Deed of Indemnity given by the Company.

THIRD-PARTY INDEMNITY

The Group has made qualifying third-party indemnity provisions for its Directors, in relation to certain losses and liabilities they may incur in the course of acting as Directors of the Company, its subsidiaries or associates, which remain in force at the date of this report.

DIVIDENDS

The Board has adopted a progressive dividend policy, reflecting the Company's long-term earnings and cash flow potential. We target a pay-out ratio of 30% of underlying profit attributable to ordinary shareholders, which is split one-third and two-thirds between interim and final dividends respectively.

DIRECTORS' REPORT

The Board is recommending a final dividend of 3.54 pence per share which, subject to shareholder approval at the 2020 AGM, will result in a full year dividend of 5.49 pence per share (including the interim dividend of 1.95 pence per share). The final dividend will be paid on 26 May 2020 to shareholders on the register of members at close of business on 17 April 2020. Any shareholder wishing to participate in the Company's Dividend Reinvestment Plan needs to have submitted their election to do so by 1 May 2020.

CHARITABLE DONATIONS

We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. There are no Group sponsored charities. However, there are numerous charitable efforts carried out within the regions in which we are located. The Group also aims to promote economic and social wellbeing around all of our locations and is active in supporting local community projects and initiatives, including supporting a number of local schools and investing in young talent.

POLITICAL DONATIONS

The Group does not make any political donations and does not incur any political expenditure. As a precautionary measure, authority is to be sought at the 2020 AGM to make limited political donations or incur political expenditure and there is a full explanation in the explanatory note of Resolution 18 to the 2020 AGM Notice.

RESEARCH AND DEVELOPMENT

In order to derive new solutions and to enhance our client and customer experiences, improve our services and products and meet the ever-changing regulatory requirements for the services we provide, the Group continues to commit resources to the development of new and improved technologies and capabilities. Expenses incurred are required to be capitalised when it is probable that future economic benefits will be attributable to the asset and that costs can be measured reliably, in accordance with the relevant accounting standards and our accounting policies.

EMPLOYEES WITH DISABILITIES

The Company believes that people with health conditions should have full and fair consideration for all vacancies and will interview those people with disabilities who fulfil the minimum criteria. For those employees in the workforce who become disabled during employment, the Company will arrange appropriate retraining and adjust employees' environments where possible to allow them to maximise their potential and continue to work with the Company.

CHANGE OF CONTROL/SIGNIFICANT AGREEMENTS

In the event of a takeover, a scheme of arrangement (other than a scheme of arrangement for the purposes of creating a new holding company) or certain other events, unvested executive Director and employee share awards may in certain circumstances become exercisable. Such circumstances may but do not necessarily depend on the achievement of performance conditions or the discretion of the Remuneration Committee.

The Company does not have any agreements with any Director or officer that provide for compensation for loss of office or employment resulting from a takeover. The Company has facility arrangements with its bank lenders which contain provisions giving those lenders certain rights on a change of control.

Save as otherwise disclosed above, there are no other significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control following a takeover bid.

SUBSTANTIAL SHAREHOLDINGS

As at 12 March 2020, the latest practicable date before the publication of this Annual Report, (the latest practicable date), the Company was aware that the following shareholders held, or were beneficially interested in, 3% or more of the Company's ordinary shares at that date:

SHAREHOLDER	NUMBER OF ORDINARY SHARES
Mondrian Investment Partners	37,873,556
Paradice Investment Management	31,051,065
Aberdeen Standard Investments	30,182,658
GVQ Investment Management	22,034,058
Invesco	19,338,452
BNP Paribas Asset Management	15,275,510
BlackRock	14,795,258
Vanguard Group	13,081,690
CRUX Asset Management	12,876,177

SHARE CAPITAL STRUCTURE

The Company has one class of share capital: ordinary shares of £0.001 each (shares), which rank equally in all respects. The rights attaching to the shares are set out in the Company's Articles of Association and details of the issued share capital as at 31 December 2019 and of the movements during the year are set out in note 6.2 to the Accounts on page 163.

There are no restrictions on the transfer of shares or on the exercise of voting rights, except in circumstances where:

i. the Company has exercised its right to suspend the voting rights or to prohibit the transfer of shares, as a result of the failure by the shareholder to provide us with information requested by us in accordance with part 22 of the Companies Act 2006; or

ii. the shareholder is prohibited from exercising voting rights by the Listing Rules or the City Code on Takeovers and Mergers.

The Company operates a share incentive scheme open to all employees. The Trustee of the Employee Benefit Trust (Trust) abstains from voting the shares held in the Trust. Except as noted above, any shares acquired through a share incentive scheme rank equally with existing shares and have no additional or special rights. As at 31 December 2019, 1,763,828 shares are held by Estera Trust (Jersey) Limited, acting as trustee of the Trust.

AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

Any amendments to the Articles of Association may be made in accordance with the provisions of the Companies Act 2006 by way of a shareholders' special resolution.

POST BALANCE SHEET EVENTS

In February 2020, the Group purchased the entire issued share capital of Monidee B.V. (Monidee). Initial consideration of £3.3m (€4.0m) was paid in February 2020 and deferred consideration of £3.3m (€4.0m) is payable in February 2021. Monidee is an employee share plans technology business based in Amsterdam, Netherlands.

There have been no other material events between 31 December 2019 and the date of authorisation of the consolidated financial statements that would require adjustments of the consolidated financial statements or disclosure.

EXTERNAL AUDITOR

Having conducted an independence and effectiveness assessment during the year as described in the Audit Committee Report on page 81, the Audit Committee has recommended to the Board the reappointment of PricewaterhouseCoopers LLP (PwC) as the Group's external Auditor. PwC has indicated its willingness to continue in office.

Following the recommendation of the Audit Committee and in accordance with section 489 of the Companies Act 2006, a resolution to reappoint PricewaterhouseCoopers LLP will be put to shareholders at the 2020 AGM. The Audit Committee will be responsible for determining the audit fee on behalf of the Board.

AUTHORITY TO ALLOT AND PURCHASE SHARES

The Company was granted authority at our 2019 Annual General Meeting to allot equity securities up to a nominal amount of £121,512.22, subject to certain restrictions, and allot equity securities up to a nominal amount of £18,226.83 on a non-pre-emptive basis, subject to certain restrictions. At the 2019 Annual General Meeting, the Company was also granted authority to make market purchases of up to 36,453,666 of its own ordinary shares, as permitted by the Companies Act 2006.

Resolutions to renew these authorities and permit Directors to allot equity securities up to a nominal amount of £121,512.22, representing one third of the Company's share capital as at 12 March 2020 (the latest practicable date), of which £18,226.83, representing 5% of the Company's issued share capital as at the latest practicable date, could be allotted on a non-pre-emptive basis, subject to certain restrictions, and make market purchases of up to 36,453,666 of our own ordinary shares, representing 10% of the Company's issued share capital as at the latest practicable date, will be put to shareholders at the 2020 Annual General Meeting. A further explanation of the resolutions is set out in the 2020 Notice of Annual General Meeting.

The Directors are not aware of any agreements or rights between shareholders that place restrictions on the transfer of shares or exercise of voting rights.

ANNUAL GENERAL MEETING

The Company's 2020 AGM will be held at Worthing Town Football Club Limited, Palatine Park, Palatine Road, Worthing BN12 6JN at 4.00 p.m. on 7 May 2020. The Notice of Meeting of the 2020 AGM will be available on our website: http://investors.equiniti.com/investors.

An explanation of the resolutions to be put to shareholders at the 2020 AGM, and the recommendation of the Directors in relation to them, is set out in the 2020 AGM Notice.

The Directors' Report was approved by the Board of Directors on 12 March 2020.

By Order of the Board

Kathy Cong

Company Secretary

Corporate Content Awards
Winner 2019

Best Use of Print and Best Use of Content in a Live or Experiential Setting
– Corporate Content Awards wins for the MyCSP Communications team

03 Financial Statements

Report on the audit of the financial statements

OPINION

In our opinion, Equiniti Group plc's group financial statements and company financial statements (the financial statements):

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 December 2019 and of the Group's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

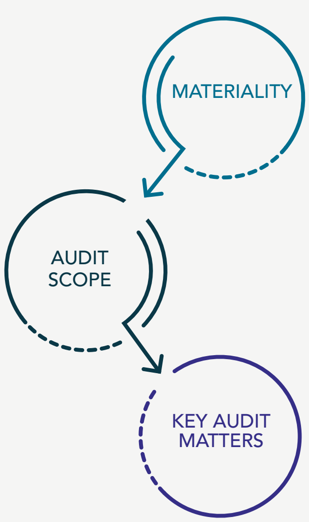
INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the company.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Group or the company in the period from 1 January 2019 to 31 December 2019.

OUR AUDIT APPROACH



Overview

- Overall group materiality: £3.3 million (2018: £2.5 million), representing 2.5% of Earnings Before Interest Tax Depreciation and Amortisation "EBITDA".
- Overall company materiality: £2 million (2018: £1.5 million), based on 1% of total assets.

- Full scope audits were performed in respect of five operating entities and also on a further two holding companies.
- Additional specific audit procedures were performed on a number of financially insignificant entities to achieve required levels of audit coverage. Procedures were performed over seven entities in respect of revenue and one in respect of contract fulfilment liabilities.
- Overall, these audit procedures provided coverage of 82% of consolidated revenue and 64% of consolidated EBITDA.

- Revenue recognition.
- The carrying value of goodwill and related impairment assessments.
- The capitalisation of software development costs.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES, INCLUDING FRAUD

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of data protection regulations (see page 52 of the Annual Report), the Financial Conduct Authority's regulations and the US Securities and Exchange Commission's regulations relating to registered transfer agents, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered compliance with those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries with management, internal audit and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Reading key correspondence with regulatory authorities, including the FCA;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of goodwill (see related key audit matter below); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, unusual words or those posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue Recognition (Group) The Group's business activities generate a number of revenue streams, with differing characteristics and revenue recognition points. The majority of revenue results from fulfilment of single performance obligations or straightforward multiple performance obligations and therefore require relatively little judgement. The volume and breadth of activities performed by the Group's results in significant audit effort being required. The Group also enters into a number of contracts involving multiple performance obligations in respect of software licences, hosting and support services and services for corporate actions which can straddle accounting periods. These involve management judgement relating to amount and the timing of revenue recognition. IFRS 15 Revenue from contracts with customers specifies a five step approach to determine the amount and timing of revenue recognition and requires that an appropriate amount of revenue (i.e. the fair value) should be recognised for each separate performance obligation. See note 2.4 to the financial statements.	We evaluated the design and implementation of the key controls operated by management in respect of revenue recognition. We evaluated management's accounting policies and we assessed whether these policies comply with the requirements of IFRS 15. We performed substantive tests, validating revenue recognised by the Group, on a sample basis, to underlying evidence, including contracts, correspondence with customers, and cash payments. In doing so we assessed whether revenue recognised complied with the Group's accounting policy and IFRS 15. For a sample of contracts with multiple performance obligations that included a software licence sales, we also assessed whether the separate performance obligations had been appropriately identified. We assessed whether the key terms had been agreed, for example whether the customer had an enforceable right to use the licence at the year end and whether Equiniti had an enforceable right to payment and, where necessary, we asked management to provide additional evidence of agreement of terms, or delivery and acceptance of the related deliverable. We performed testing over the fair value attributed to each performance obligation by comparing the margins or selling prices used in management's calculations to those achieved on similar contracts when sold separately. Where appropriate we sought and received additional confirmatory evidence from the customer. Our testing did not identify any material corporate actions that straddled the period end. No material exceptions were noted.
The carrying value of goodwill and related impairment assessments (Group) IAS 36 Impairment of assets requires that management perform an annual impairment assessment for indefinite lived intangible assets such as goodwill to determine whether there has been any impairment to the carrying value. When the Group purchases businesses, any goodwill arising is attributed to one of the Group's reporting segments. These segments are then identified as the cash generating units for future impairment monitoring unless analysis at a more granular level is appropriate. Management's annual impairment review of goodwill did not identify any impairment of the carrying value recorded in the financial statements as at 31 December 2019. We focused on this area given: • the quantum of the goodwill recorded in the financial statements; and • the significance of the assumptions, such as growth in cash flows in the forecast period, long term growth rates, and the discount rate used in management's impairment assessment models. Refer to note 4.4 which provides further detail on the £529.5 million goodwill balance as at 31 December 2019 and the related impairment testing disclosures.	We evaluated the design and implementation of the key controls operated by management in respect of the impairment assessments. We obtained management's impairment assessment calculations and tested the forecast cash flows used therein to the latest Board approved plans for the Group. We evaluated the key assumptions in these forecasts and plans and considered the evidence provided for these, principally focusing on evidence of estimated revenue growth and cost savings, historical trends and actual performance during the year ended 31 December 2019. As part of our work we considered revenue forecasts including any growth rates applied, the basis for any significant short and long term growth assumptions, cash outflows for costs, and the discount rate applied to the forecast cash flows. In assessing management's impairment exercise we also evaluated the identification of individual cash generating units by management, and whether these were appropriate in relation to the way in which the Group's business is run, and whether based on the evidence provided, management's approach to impairment testing was consistent with the requirements of IAS 36. We also considered whether the disclosures made by management in respect of their annual goodwill impairment review were compliant with the requirements of IAS 36. Based on the audit procedures performed we did not identify any material misstatements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Capitalisation of software development costs (Group) The Group invests significant amounts in purchasing and developing software that is used, or sold or licensed to customers. See note 4.4 to the financial statements. During the year the Group invested £44.8 million in software development of which £21.9 million related to internal development costs. As at 31 December 2019 the net book value of capitalised software development amounted to £102.5 million.	We evaluated the design and implementation of the key controls operated by management in respect of the capitalisation of software development. We evaluated the Group's accounting policy for capitalisation of software related costs, and assessed whether it complies with the requirements of IAS 38. We selected a sample of software development costs capitalised during the year and: • Assessed management's evaluation as to whether the IAS 38 criteria had been met. This included obtaining evidence regarding technical feasibility, and the financial forecasts prepared by management in assessing whether the assets would generate economic benefits. • Tested the amounts capitalised to underlying evidence, such as contracts with third party contractors or, in the case of internal staff costs capitalised, records and other evidence corroborating the time spent by relevant employees on development activity, and assessed the reasonableness of the capitalisation rates used by management. Our work also included analytical procedures to identify any unusual patterns in the timing of amounts capitalised in order to assess whether we needed to obtain further audit evidence. We assessed the useful economic lives being used to amortise the capitalised costs against the evidence obtained, and our understanding of the business plans for which they are being used. We also compared them to the Group's stated accounting policy. We also considered management's assessment as to whether there were any indicators of impairment in respect of capitalised software costs, and we assessed management's conclusions as to whether any material impairment charges should be recorded in the financial statements. No exceptions were noted.

We determined that there were no key audit matters applicable to the company to communicate in our report.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into four main operating divisions (Investment Solutions, Intelligent Solutions, Pension Solutions and EQ US) and operates primarily in the UK and US, with support functions performed by a shared service centre in India. It operates through 36 entities, with significant trading activity in five of these.

Overall, these audit procedures provided coverage of 82% of consolidated revenue and 64% of consolidated EBITDA. Of the seven full scope audits, six audits were performed by the Group engagement team based in the UK. For one entity, Equiniti US, a separate PwC component audit team based in the USA performed the audit under instruction from the Group team.

The risks and proposed audit response for Equiniti US were agreed with the component team prior to the commencement of that audit. The Group engagement team reviewed the work of the PwC component audit team in the US and attended the clearance meeting to discuss the audit work and findings. As part of the review and supervision of the US component audit team, senior members of the Group team visited the US to evaluate the work performed, including reviewing relevant audit working papers.

As part of our work we also considered the activities performed by the Group's shared service centre in India to understand the finance-related processes that are relevant to the preparation of the financial statements. We visited the centre in India to meet with management and evaluate the design and implementation of key controls relevant to our audit work.

Additionally, the Group engagement team performed audit work over tax balances, share based payments, and business combinations including consideration of management's goodwill impairment review and the financial reporting consolidation as these areas are managed centrally.

A full scope audit was performed by the Group engagement team in relation to the financial information of the Company.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£3.3 million (2018: £2.5 million).	£2 million (2018: £1.5 million).
How we determined it	2.5% of Earnings Before Interest Tax Depreciation and Amortisation "EBITDA".	1% of total assets.
Rationale for benchmark applied	Consolidated EBITDA is an important measure used by the shareholders to assess the performance of the Group and this is considered a generally accepted auditing benchmark for the calculation of materiality.	Total assets is the primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark. Materiality for the Company was capped to a level below the overall materiality used in the audit of the consolidated financial statements.

For each component in scope for Group audit purposes, we allocated a materiality that is less than the overall Group materiality level. The range of materiality allocated across components was between £1.2 million and £2.3 million. Certain components were audited to a local statutory audit materiality that was also less than the overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £175,000 (Group audit) (2018: £125,000) and £175,000 (Company audit) (2018: £125,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

CORPORATE GOVERNANCE STATEMENT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (as set out on pages 62 – 123) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (as set out on pages 62 – 123) with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the company. (CA06)

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 75 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 75 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and company and their environment obtained in the course of the audit. (Listing Rules)

OTHER CODE PROVISIONS

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 75, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 74 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the Directors on 11 February 2011 to audit the financial statements for the year ended 31 December 2010 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 December 2010 to 31 December 2019.

Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Gatwick

12 March 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Revenue	3.1, 3.3	**555.7**	**530.9**
Administrative costs	3.2	(425.2)	(429.4)
Depreciation of property, plant and equipment	4.2	(6.8)	(6.0)
Depreciation of right-of-use assets	4.3	(6.1)	–
Amortisation of software	4.4	(29.9)	(23.9)
Amortisation of acquisition-related intangible assets	4.4	(31.8)	(31.7)
Finance income	6.1	–	0.2
Finance costs	6.1	(16.1)	(15.5)
Profit before income tax		**39.8**	**24.6**
Income tax charge	8.1	(7.4)	(3.9)
Profit for the year		**32.4**	**20.7**
Profit for the year attributable to:			
– Owners of the parent		30.8	17.5
– Non-controlling interest		1.6	3.2
Profit for the year		**32.4**	**20.7**
Earnings per share attributable to owners of the parent:			
Basic earnings per share (pence)	6.5	8.4	4.8
Diluted earnings per share (pence)	6.5	8.4	4.7

The Group adopted IFRS 16 Leases (IFRS 16) on 1 January 2019 and elected not to apply the new standard retrospectively. As a result, the 2018 results have not been restated for the impact of IFRS 16 and are reported under the previous accounting standard IAS 17 Leases (IAS 17). Therefore the financial statements are shown on an IFRS 16 basis for 2019 and an IAS 17 basis for 2018. Further details on the impact of IFRS 16 are shown in note 2.2.

The notes on pages 141 – 187 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Profit for the year		**32.4**	**20.7**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Fair value movement through hedging reserve		13.6	4.4
Tax movement in hedging reserve		(2.1)	(0.9)
Net exchange (loss)/gain on translation of foreign operations		(5.5)	10.9
		6.0	**14.4**
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial losses	9.3	(9.8)	(0.2)
Deferred tax adjustment on actuarial losses		1.7	–
		(8.1)	**(0.2)**
Other comprehensive (expense)/income for the year		**(2.1)**	**14.2**
Total comprehensive income for the year		**30.3**	**34.9**
Total comprehensive income attributable to:			
– Owners of the parent		28.9	31.7
– Non-controlling interests		1.4	3.2
Total comprehensive income for the year		**30.3**	**34.9**

The notes on pages 141–187 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Property, plant and equipment	4.2	20.1	21.9
Right-of-use assets	4.3	35.2	–
Goodwill	4.4	529.9	524.1
Intangible assets	4.4	293.8	312.3
Other financial assets	9.1	10.9	0.2
Deferred income tax assets	8.2	20.3	23.6
		910.2	**882.1**
Current assets			
Trade and other receivables	5.1	50.6	64.1
Contract fulfilment assets	5.2	54.0	46.2
Agency broker receivables		21.1	12.4
Income tax receivable	8.1	–	0.7
Other financial assets	9.1	–	0.5
Cash and cash equivalents	6.10	72.6	90.9
		198.3	**214.8**
Total assets		**1,108.5**	**1,096.9**
Liabilities			
Non-current liabilities			
External loans and borrowings	6.7	369.1	395.2
Post-employment benefits	9.3	31.7	22.9
Provisions	5.5	5.7	12.8
Lease liabilities	6.8	33.1	0.6
Other financial liabilities	9.2	–	3.6
		439.8	**435.1**
Current liabilities			
Trade and other payables	5.3	90.6	112.2
Contract fulfilment liabilities	5.4	16.3	16.4
Agency broker payables		21.1	12.4
Income tax payable	8.1	2.1	–
Provisions	5.5	10.4	9.1
Lease liabilities	6.8	8.0	0.5
Other financial liabilities	9.2	0.4	–
		148.7	**150.6**
Total liabilities		**588.5**	**585.7**
Net assets		**520.0**	**511.2**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Equity			
Equity attributable to owners of the parent			
Share capital	6.2	0.4	0.4
Share premium	6.2	115.9	115.9
Other reserves	6.3	194.4	182.4
Retained earnings		199.7	203.2
		510.4	**501.9**
Non-controlling interest	6.4	9.6	9.3
Total equity		**520.0**	**511.2**

The Group adopted IFRS 16 Leases (IFRS 16) on 1 January 2019 and elected not to apply the new standard retrospectively. As a result, the 2018 results have not been restated for the impact of IFRS 16 and are reported under the previous accounting standard IAS 17 Leases (IAS 17). Therefore the financial statements are shown on an IFRS 16 basis for 2019 and an IAS 17 basis for 2018. Further details on the impact of IFRS 16 are shown in note 2.2.

The notes on pages 141–187 form part of these financial statements.

The financial statements on pages 134–187 were approved by the Board of Directors on 12 March 2020 and were signed on its behalf by:

John Stier

Chief Financial Officer

12 March 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2018	**0.4**	**115.8**	**178.0**	**197.9**	**19.6**	**511.7**
Comprehensive income						
Profit for the year per the income statement	–	–	–	17.5	3.2	20.7
Other comprehensive income/(expense)						
Changes in fair value through hedging reserve (note 6.3)	–	–	4.4	–	–	4.4
Deferred tax on movement through hedging reserve (note 8.2)	–	–	(0.9)	–	–	(0.9)
Net exchange gain on translation of foreign operations (note 6.3)	–	–	10.9	–	–	10.9
Actuarial losses on defined benefit pension plans (note 9.3)	–	–	–	(0.2)	–	(0.2)
Total other comprehensive income/(expense)	–	–	14.4	(0.2)	–	14.2
Total comprehensive income	–	–	**14.4**	**17.3**	**3.2**	**34.9**
Issue of share capital, net of transaction costs (note 6.2)	–	0.1	–	–	–	0.1
Purchase of own shares (note 6.3)	–	–	(13.9)	–	–	(13.9)
Own shares awarded to employees (note 6.3)	–	–	3.9	(3.9)	–	–
Dividends (note 6.6)	–	–	–	(16.5)	(1.8)	(18.3)
Transactions with non-controlling interests (note 6.4)	–	–	–	–	(1.7)	(1.7)
Further acquisition of non-controlling interest in MyCSP Ltd (note 6.4)	–	–	–	2.0	(10.0)	(8.0)
Share-based payment transactions (note 7.2)	–	–	–	6.4	–	6.4
Transactions with owners recognised directly in equity	–	**0.1**	**(10.0)**	**(12.0)**	**(13.5)**	**(35.4)**
Balance at 31 December 2018	**0.4**	**115.9**	**182.4**	**203.2**	**9.3**	**511.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2019	**0.4**	**115.9**	**182.4**	**203.2**	**9.3**	**511.2**
Changes in accounting standards – IFRS 16 (note 2.2)	–	–	–	(1.6)	–	(1.6)
Comprehensive income						
Profit for the year per the income statement	–	–	–	30.8	1.6	32.4
Other comprehensive income/(expense)						
Changes in fair value through hedging reserve (note 6.3)	–	–	13.6	–	–	13.6
Tax on movement through hedging reserve (note 8.2)	–	–	(2.1)	–	–	(2.1)
Net exchange loss on translation of foreign operations (note 6.3)	–	–	(5.5)	–	–	(5.5)
Actuarial losses on defined benefit pension plans (note 9.3)	–	–	–	(9.5)	(0.3)	(9.8)
Deferred tax on defined benefit pension plans (Note 8.2)	–	–	–	1.6	0.1	1.7
Total other comprehensive income/(expense)	–	–	6.0	(7.9)	(0.2)	(2.1)
Total comprehensive income	–	–	**6.0**	**22.9**	**1.4**	**30.3**
Purchase of own shares (note 6.3)	–	–	(3.8)	–	–	(3.8)
Share option awards to employees (note 6.3)	–	–	9.8	(6.0)	–	3.8
Dividends (note 6.6)	–	–	–	(19.7)	–	(19.7)
Transactions with non-controlling interests (note 6.4)	–	–	–	–	(1.1)	(1.1)
Share-based payment transactions (note 7.2)	–	–	–	1.6	–	1.6
Deferred tax relating to share option schemes (Note 8.2)	–	–	–	(0.7)	–	(0.7)
Transactions with owners recognised directly in equity	**–**	**–**	**6.0**	**(24.8)**	**(1.1)**	**(19.9)**
Balance at 31 December 2019	**0.4**	**115.9**	**194.4**	**199.7**	**9.6**	**520.0**

The notes on pages 141 – 187 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Profit before income tax		39.8	24.6
Adjustments for:			
Depreciation of property, plant and equipment		6.8	6.0
Depreciation of right-of-use assets		6.1	–
Amortisation of software		29.9	23.9
Amortisation of acquisition-related intangibles		31.8	31.7
Finance income		–	(0.2)
Finance costs		16.1	15.5
Share-based payment expense		1.6	6.4
Changes in working capital:			
Net decrease/(increase) in receivables		12.7	(12.0)
Net increase in contract assets		(7.8)	(3.1)
Net (decrease)/increase in payables		(24.0)	18.0
Net increase/(decrease) in contract liabilities		2.0	(2.4)
Net decrease in provisions		(2.9)	(1.3)
Cash flows from operating activities		112.1	107.1
Interest paid		(13.2)	(10.5)
Income tax paid		(2.7)	(4.5)
Net cash inflow from operating activities		**96.2**	**92.1**
Cash flows from investing activities			
Interest received	6.1	–	0.2
Business acquisitions net of cash acquired	4.1	(3.3)	(173.6)
Payments relating to prior year acquisitions		(8.2)	(4.0)
Acquisition of property, plant and equipment		(1.8)	(9.5)
Payments relating to developing and acquiring software		(46.7)	(30.3)
Net cash outflow from investing activities		**(60.0)**	**(217.2)**
Cash flows from financing activities			
Proceeds from issue of share capital, less transaction costs		–	(0.8)
Purchase of own shares	6.3	(3.8)	(13.9)
Cash received on exercise of options	7.2	3.8	–
(Repayment of)/proceeds from bank loans	6.7	(60.0)	64.9
Proceeds from revolving credit facility	6.7	38.6	76.1
Payment of loan set up fees		(3.7)	(0.8)
Payments in respect of leases (including interest)	6.9	(6.9)	(0.9)
Dividends paid	6.6	(19.7)	(16.5)
Dividends paid to non-controlling interests		–	(1.8)
Transactions with non-controlling interests		(2.2)	(5.9)
Net cash (outflow)/inflow from financing activities		**(53.9)**	**100.4**
Net decrease in cash and cash equivalents		(17.7)	(24.7)
Net foreign exchange (losses)/gains		(0.6)	0.4
Cash and cash equivalents at 1 January		90.9	115.2
Cash and cash equivalents at 31 December		**72.6**	**90.9**

The notes on pages 141 – 187 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company, limited by shares, which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The Company and its subsidiaries (collectively, the Group) provide complex administration and payment services, supported by technology platforms, to a wide range of organisations. The registered office of the Company is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH. The Group financial statements consolidate those of the Company and its subsidiaries.

2 BASIS OF PREPARATION

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated in note 2.2.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The Group's presentational currency is the British Pound (£).

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Going concern

The Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its bank facilities. The Directors, after making enquiries and on the basis of current financial projections and the facilities available at the reporting date, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. The Group has one bank covenant and was compliant with this at the year end. For this reason, they continue to adopt the going concern basis in preparing the historical financial information.

Goodwill and intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) that is expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense in the income statement and is not subsequently reversed.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs directly attributable to the design, development and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The Group capitalises certain costs as software development if it can demonstrate that the costs are directly attributable to software development. These costs include employee benefit expenses, along with an appropriate portion of relevant overheads, and external consultancy costs. Other development related costs that are not directly attributable or do not meet the capitalisation criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised software costs include purchased licences, when the expenditure satisfies the recognition criteria in IAS 38 Intangible Assets (IAS 38). These items are capitalised at cost and amortised on a straight line basis over their useful economic life or the term of the contract.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the software asset, from the date it is available for use. The estimated useful lives are as follows:

- Software 3 – 5 years

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Acquisition-related intangible assets

Acquisition-related intangible assets consist of intangible assets identified as part of a business combination. They are stated at fair value at the date of acquisition less subsequent accumulated amortisation and impairment losses.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives. Order books are valued based on expected revenue generation. Brand valuation is based on net present value of estimated royalty returns.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Acquisition-related intangible assets are amortised from the date of acquisition. The estimated useful lives are as follows:

- Customer relationships and order books 1 – 20 years
- Brands 10 years

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. For items acquired as part of a business combination, cost comprises the deemed fair value of those items on the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Leases entered into before 1 January 2019, in which the Group assumed substantially all of the risks and rewards of ownership, were classified as "finance leases". The Group previously recognised finance leases for office equipment within property, plant and equipment at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Freehold improvements 50 years
- Leasehold improvements 2 – 30 years
- Office equipment 2 – 10 years
- Fixtures and fittings 3 – 10 years

Right-of-use assets

When a contract contains a lease, the Group recognises a right-of-use asset, and a corresponding lease liability, at the lease commencement date. The right-of-use asset is initially measured at the initial amount of the lease liability, including any dilapidation provisions, and adjusted for any lease payments made on or before the commencement date, any initial direct costs incurred and any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset, determined on the same basis as for property, plant and equipment, or the end of the lease term. The estimated useful lives are as follows:

- Right-of-use assets 2 – 102 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are evaluated at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible impairment reversals at each reporting date.

Financial instruments

A financial asset or financial liability is only recognised in the statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- at fair value through profit or loss
- at fair value through other comprehensive income
- at amortised cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows and management will determine the classification on initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets held at fair value through profit or loss are recognised within the income statement.

Trade and other receivables (excluding prepayments) and contract fulfilment assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost, less provisions for impairment. Other financial assets include derivatives which are recognised at fair value through profit or loss, unless the derivatives qualify for hedge accounting, in which case any gain or loss is recognised in other comprehensive income.

The Group classifies its financial liabilities in the following measurement categories:

- at fair value through profit or loss
- at amortised cost

The Group classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Under IAS 32 Financial Instruments: Presentation (IAS 32), financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Financial liabilities not classified as fair value through profit or loss, such as derivatives, are classified and measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial asset when the rights to receive cash flows from the financial asset expire or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments and hedging activities

Derivative financial instruments

The Group's derivatives, which include interest rate swaps and forward currency contracts, are measured at fair value, being the estimated amount that the Group would receive or pay to terminate the instrument at the reporting date. Third party valuations are used to fair value the Group's derivatives. The valuation uses inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

The fair value of a hedging derivative is classified as a non-current asset or liability to the extent that it will be settled later than 12 months after the end of the reporting period.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging interest income is recognised within revenue in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction occurs.

Net investment hedges

Gains or losses on a hedging instrument relating to the effective portion of a hedge of a foreign operation are recognised in other comprehensive income. Any ineffective portion is recognised in the income statement within finance costs. Gains or losses accumulated in equity are reclassified to the income statement if the foreign operation is sold.

Trade receivables

Trade receivables represent amounts invoiced to customers, but not yet paid. Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Expected credit losses are recognised using the simplified approach as set out in IFRS 9 Financial Instruments (IFRS 9) and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss.

The expected credit loss model applies a percentage, based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets. Where there is objective evidence that the Group will not be able to collect any amounts due according to the original terms of the agreement with the customer, the receivable is fully impaired and the loss is recognised within administrative costs in the income statement.

The Group has the ability to sell trade receivables on a non-recourse basis. When this occurs, trade receivables are reduced by the cash received.

Contract fulfilment assets

When services or software are supplied to a customer before an invoice is issued, a contract fulfilment asset is recognised in the statement of financial position, and represents the right to receive consideration from the customer for goods or services delivered. The asset is measured at the fair value of the goods or services supplied. The Group's contracts with customers often include a payment schedule which determines when invoices are raised, and settlement is received, during the contractual term.

The incremental costs of obtaining or fulfilling a contract with a customer are recognised as an asset only if the Group expects to recover them. Those costs to obtain or fulfil a contract are included in the statement of financial position within contract fulfilment assets. These assets are subsequently charged to administrative costs within the income statement over the expected contract period, using a systematic basis that mirrors the pattern in which the Group transfers control of the services or software to the customer.

Contract fulfilment assets also include costs incurred to date and are continually monitored through a monthly review process. If it becomes apparent that contractual costs will exceed contractual revenue, the loss is recognised immediately as an expense in the income statement.

Agency broker balances

Where the Company acts as an agency broker for retail investors, whereby securities are purchased from one counterparty and simultaneously sold to another counterparty, balances owed by or to the retail investor and the market maker are recognised within agency broker receivables and agency broker payables until the balances are settled. Settlement of such transactions are primarily on a delivered and paid basis and typically take place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of unsettled transactions are shown as gross amounts in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, which form an integral part of the Group's cash management, are included as a component of cash and cash equivalents in the statement of financial position and the statement of cash flows, where the Group has a legally enforceable right to offset and there is an intention to settle on a net basis.

External loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using an effective interest basis. When borrowings are extinguished, any difference between the cash paid and the carrying value is recognised in the income statement.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the modification of borrowings does not lead to derecognition, the revised cash flows under the modified terms are discounted at the date of the modification at the original effective interest rate. The difference between the carrying amount of the borrowings immediately before the modification and the sum of the present value of the cash flows of the modified borrowings discounted at the original effective interest rate are recognised in the income statement as a modification gain or loss.

Trade payables

Trade payables represent liabilities for goods and services received by the Group before the end of the reporting period, which have been invoiced but are unpaid. The amounts within trade payables are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract fulfilment liabilities

Contract fulfilment liabilities are recorded when the Group has received consideration from customers, but still has an obligation to deliver services or software to the customer and meet performance obligations for that consideration. The liability is measured as the fair value of the consideration received. The Group reviews contract fulfilment liabilities at the end of each reporting period to ensure that it is still appropriate to carry forward the consideration received for recognition as revenue in a future period.

Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separately administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the income statement as incurred. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the asset recognised is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Current service costs reflect the increase in the defined benefit obligation resulting from employee services in the current year, benefit curtailments and settlements. Payments are recognised as employee benefit expense in the income statement.

Past-service costs, which arise as a result of current changes to plan arrangements affecting the obligation for prior periods, are recognised immediately as an employee benefit expense, within administrative costs in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The net interest cost is included within finance costs in the income statement.

Equity settled share-based payment transactions

The Group operates a number of equity settled, share-based compensation plans, under which the Group receives services from employees in return for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense in the income statement. The initial amount to be expensed is determined by reference to the fair value of the awards granted:

- including any market performance conditions (for example, total shareholder return);
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).
- excluding the impact of any service and non-market performance vesting conditions (for example, earnings per share growth targets and remaining an employee over a specified period of time); and

At each reporting date, the Group revises its estimate of the number of awards that are expected to vest, based on the service and non-market performance vesting conditions. The impact of revisions to original estimates, if any, are recognised in the income statement, with a corresponding adjustment to equity.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk-adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to the estimated cost to revert leased premises back to a required condition expected under the terms of the lease. These include provisions for wear and tear, along with provisions for leasehold improvements made that would require reinstatement back to the original status on exit. These are uncertain in timing, as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the reporting period, the provision is shown as current.

Contingent consideration is provided for on the acquisition of a business, where the monetary amount is dependent on the future performance of the acquired business. A provision is initially recognised as the discounted expected amount payable and is unwound over the period to the legal date of settlement. The amount payable is reviewed regularly. The subsequent fair value is determined by reviewing the post-acquisition performance of the acquired company, along with available budgets and forecasts, against the earn-out arrangement in the share purchase agreement, to determine the most likely outcome.

Changes to the fair value of the contingent consideration resulting from additional information obtained post acquisition about facts and circumstances that existed at the acquisition date are recognised as an adjustment against goodwill during the first 12 months following the acquisition. Any other changes are recognised in the income statement.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group acquires its own ordinary shares, the consideration paid is recorded as a deduction from equity within the reserve for own shares.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions from the translation of monetary assets and liabilities denominated in foreign currencies using exchange rates at the end of the reporting period are recognised in the income statement.

The results and financial position of all Group entities having a different functional currency from the Group's presentational currency are translated into the Group's presentational currency as follows:

- assets and liabilities are translated at the closing rate on the date of the statement of financial position;
- income and expenditure included in the income statement is translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income and recorded within the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising from retranslation at the closing rate are recognised in other comprehensive income within the translation reserve.

Revenue

Revenue, which excludes sales taxes, represents the value of services provided and software supplied to customers in the UK, Europe and the US, and also includes interest received on funds under administration of the Group.

Revenue classified as rendering of goods and services represents amounts due to the Group as compensation for services performed or goods delivered under contract. Revenue included within rendering of services includes revenue generated from the majority of the professional services which the Group offers to its customers. It does not include any additional revenue generated from client funds under administration, which are disclosed separately as interest income to reflect the incidental nature of this revenue.

The arrangements used to pay for goods and services rendered can vary between clients. Many contracts are structured so that any fees are invoiced to the client either before, during or after performing the contractual obligations. However some contracts are structured to allow the Group to retain any interest income received from processing the client's funds, instead of an invoiced fee. Such interest income is specifically mentioned as the fee for performing contractual tasks and obligations. Given that it is not incidental to the underlying goods and services delivered, such revenue received is classified as revenue generated from the rendering of goods and services.

The Group distinguishes between revenue generated from the rendering of goods and services and revenue representing interest received on client monies held and administered by the Group that are incidental to services delivered. This income is considered to be ancillary to the underlying fee paid services delivered to the Group's customers. Interest income received is an important source of the Group's revenue and the Group seeks to maximise these returns by holding funds in high-interest-bearing accounts, where possible. However this revenue is not generated from the Group's principal activities, which is why this is disclosed separately.

Out-of-pocket expenses recharged to customers are recognised in revenue when they are recoverable from the client, net of the related expense.

Revenue recognition

Revenue is recognised when, or as, the Group satisfies contractual performance obligations by transferring promised goods or services to its customers. Goods and services are considered to be transferred when the customer obtains control of the good or service.

Revenue is recognised either at a point in time, when the performance obligation in the contract has been performed, or over time, as control of the performance obligation is transferred to the customer.

The Group's principal revenue recognition policies are as follows:

Professional services

The Group is one of the largest providers of outsourced professional services in the UK, covering pensions administration, pensions payroll, annuity services, complaints handling, resourcing services, employee share plan administration and share registration services.

Revenue from fixed-price contracts, which may span a number of years, is recognised rateably over the expected life of the contract, where the Group satisfies the over time revenue recognition criteria. When the over time criteria are not satisfied, the Group recognises revenue at a point in time when the contractual performance obligations are delivered. Where the Group provides staff to customers at hourly or daily rates, revenue is recognised on the basis of time worked.

Many of the Group's contracts contain multiple deliverables to the customer, for example contracts for the provision of outsourced pension administration services will often include the provisions for the delivery of special projects and pension accountancy services. Management evaluates whether those promised goods and services are distinct, which requires them to be accounted for as separate performance obligations. If the goods and services are not distinct, they are combined with other goods or services until a distinct performance obligation can be identified in the contract. If a series of distinct goods and services are substantially the same and have the same pattern of transfer to the customer, the deliverables may be combined and accounted for as a single performance obligation.

Software sales, hosting and support services

Software sales, hosting and support services are provided by the Pensions Solutions and Intelligent Solutions businesses for software such as Compendia, Charter and KYCnet. Revenue for sales of hardware and software licences is recognised at a point in time when the goods and licences are delivered to the customer, where this results in the customer having the right to use the licence and the performance obligation has been delivered in full. Revenue for hosting and support services is recognised rateably over the term of the agreement.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent performance obligations on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situations, which is based on internal price lists and historic and current selling prices.

Transactional revenue

Transactional revenue is earned in the Investment Solutions and EQ US businesses, representing commissions earned on the purchase and sale of shares and on foreign exchange transactions.

Revenue is recognised at a point in time when the performance or processing of the related transactions takes place.

Intermediary income

Intermediary revenue includes interest income earned on funds under administration of the Group. Revenue is recognised as it is earned.

Further considerations in relation to long-term contracts

Where delivery of the services described above spans more than one accounting period, revenue is either recognised over time or at a point in time. Where the over time criteria in IFRS 15 Revenue from Contracts with Customers (IFRS 15) are satisfied, the Group recognises revenue using the 'percentage of completion' method. This may occur within the Investment Solutions business for the supply of corporate actions related services and within the Intelligent Solutions business for software hosting and support services.

These services typically take less than one year to perform. When the service falls into two or more accounting periods, there is management judgement around how much revenue to recognise in each period. Where provided for under the terms of the contract, the stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period, as a percentage of the total estimated cost for the contract. Total costs incurred under contracts in progress, net of amounts transferred to the income statement, are stated less foreseeable losses and payments on account. Where the over time criteria are not satisfied, and the contract requires, revenue is recognised when all the performance obligations have been delivered to the customer, which may not be until the end of the contractual period.

In determining how much revenue to recognise, management is required to make an assessment of the expected costs to complete the contract. Forecasting contract costs involves judgements around the number of hours to complete a task, cost savings to be achieved over time, anticipated profitability of the contract, as well as contract-specific KPIs. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Contract revenue is measured as the fair value of the consideration receivable. The fair value of consideration might vary due to variations in a contract. A variation is only included when it is probable that the customer will approve the variation and that the amount of revenue can be reliably measured. An increase in scope of a contract will increase both the total anticipated revenue and costs to complete the contract.

Costs to date and costs to complete are continually monitored for each project through a monthly review process. If it becomes apparent that contract costs will exceed contract revenue, then the loss is recognised immediately as an expense in the income statement.

The following table illustrates revenue recognition policies predominantly used in each reporting segment:

Segment	Professional Services	Out-of-pocket expense	Software and Support	Transactional Fees	Intermediary income
Investment Solutions	•	•		•	
Intelligent Solutions	•		•		
Pensions Solutions	•		•		
EQ US	•	•		•	•
Interest					•

Costs arising prior to the Group being awarded a contract, or achieving preferred bidder status, and mobilisation costs are expensed to the income statement as incurred.

Once the Group is awarded a contract, the incremental costs of obtaining or fulfilling the contract are recognised as an asset only if the Group expects to recover them. These assets are subsequently charged to the income statement over the expected contract period using a systematic basis that mirrors the pattern in which the Group recognises the contracted revenue.

Revenue recognised for goods and services, but not yet billed, is reflected in the statement of financial position within contract fulfilment assets. There can be a significant period of time between revenue recognition and invoicing where revenue is recognised at a point in time but the agreed payment schedule means that invoices are raised over time. This is evident when the Group delivers term licences, and where the performance obligation is fulfilled on delivery of the licence but billing occurs throughout the contract term. Revenue is only recognised when supported by a written client contract and recoverability is expected in line with the supporting contract. Amounts billed in advance of work being performed are deferred in the statement of financial position as contract fulfilment liabilities.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Government grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised. Grants relating to capital expenditure are included within deferred income in the statement of financial position and released to the income statement on a straight line basis over the useful life of the related assets. Grants are recognised when the Group has assurance that it will comply with the conditions attached to the grant and it is confident that the funds will be received.

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract provides the right to use an asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, which may be specified explicitly or implicitly. The Group also assesses whether the contract provides the right to obtain, substantially, all of the economic benefits from use of the asset throughout the period of use. The Group must also determine whether the contract permits the right to direct the use of the asset, which flows from the ability to decide how and for what purpose the asset is used.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a contract contains a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used as the discount rate. Extension and termination options included within lease contracts are generally disregarded at the lease commencement date, as the Group is not reasonably certain of exercising them.

The lease liability is measured at amortised cost using the effective interest method. The liability is remeasured when a change in the future lease payments is recognised. A corresponding adjustment is also made to the carrying amount of the right-of-use asset, or if the right-of-use asset has been reduced to zero, recorded in the income statement.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, foreign exchange gains and losses and the interest cost of defined pension scheme liabilities, net of the expected return on plan assets.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2.2 NEW STANDARDS AND INTERPRETATIONS ADOPTED

New standards adopted by the Group

The Group has applied IFRS 16 for the first time to the period beginning 1 January 2019 and has transitioned by applying the modified retrospective method. Therefore right-of-use assets have been calculated as if IFRS 16 had been applied since the lease commencement date, discounted at the incremental borrowing rate at the date of initial application. These amounts have been depreciated to a 'net book value' on 1 January 2019, which the Group has recognised within right-of-use assets. Comparative balances have not been restated and continue to be reported under IAS 17.

Transitioning to IFRS 16 using the modified retrospective method diminishes the comparability of the financial statements, as comparative balances are not restated. However the modified retrospective method was chosen as it simplified the complexity of transition and a fully retrospective approach would have required extensive information to be available at the lease commencement date. As the Group has acquired a number of new companies, with many leases commencing more than 10 years ago, the Group could not accurately present this information at the lease commencement date. Additionally the Group would not have been able to take advantage of the practical expedients in IFRS 16.

Impact of adoption – IFRS 16

The Group identified its leased properties as the main leases that were impacted by this new standard. On 1 January 2019 the Group recognised £36.2m as right-of-use assets and £42.5m of lease liabilities for future lease payments in the statement of financial position. The Group also reversed £4.3m included within trade and other payables relating to lease incentives received from lessors. The net adjustment recognised within retained earnings in the statement of financial position was £1.6m, net of deferred tax. Dilapidation provisions for leases in existence at the transition date have been retained. Leases entered into after the transition date will include an allowance for dilapidations in the right-of-use asset, with the corresponding liability recognised in provisions.

Administrative costs have decreased as the Group no longer recognises a rental expense on the majority of its properties. However this has been offset by increased depreciation and interest expenses since adopting IFRS 16. The depreciation expense on the right-of-use assets for the year to 31 December 2019 was £6.1m and the interest expense was £1.5m.

The total cash outflows in respect of lease payments has not changed under IFRS 16. However lease payments previously recognised within cash flows from operating activities are now classified as a cash flow from financing activities.

A reconciliation between the operating lease commitments as at 31 December 2018 and the lease liabilities as at 1 January 2019 is shown in note 9.7.

The new accounting policy applicable from 1 January 2019 is shown in note 2.1. The previous policy is set out below:

Policy applicable before 1 January 2019

Contracts entered into before 1 January 2019 required the Group to determine whether a contract was, or contained, a lease based on the assessment of whether fulfilment of the arrangement was dependent on the use of a specific asset or assets and whether the arrangement conveyed a right to use the asset.

2.2 NEW STANDARDS AND INTERPRETATIONS ADOPTED (CONTINUED)

Leases in which the Group assumed substantially all of the risks and rewards of ownership of the leased asset were classified as finance leases. Where land and buildings were held under leases, the accounting treatment of the land was considered separately from that of the buildings. Leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received were recognised in the income statement as an integral part of the total lease expense.

There were no other new standards or interpretations effective for the first time in 2019 that had a material impact on the Group's consolidated financial statements.

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are no other new IFRSs or IFRS IC interpretations not yet adopted which would be expected to have a material impact on the financial statements of the Group.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future, the results of which may affect the carrying values of assets and liabilities at the year end, as well as the revenue and costs reported for the period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are described below.

Accounting estimates

Pension assumptions

The present value of the net defined benefit pension obligation is dependent on a number of factors that are determined on an actuarial basis, using a number of assumptions. These assumptions, which are set out in note 9.3, include salary rate increases, interest rates, inflation rates, discount rates and mortality rates. Any changes in these assumptions will impact the carrying value of the pension obligation and a sensitivity analysis has been disclosed in note 9.3.

The discount rate used for calculating the present value of future pension liability cash flows is based on interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Contingent consideration

When the Group makes an acquisition, consideration for the business can take the form of cash, deferred consideration and contingent consideration. The contingent consideration payable is based on post-acquisition targets of the acquired business. Deferred consideration is not based on post-acquisition targets and is generally only dependant on the passage of time before payment is made to the seller.

The criteria that must be met in order for a payment of contingent consideration to be made can vary amongst the Group's acquisitions. These can include revenue and EBITDA targets for the acquired business or of the business unit that the acquired business is joining.

Provisions for contingent consideration are initially recognised at fair value. These estimates are updated at each reporting date by comparing the latest performance, budgets and forecasts of the acquired business to the earn-out arrangement in the share purchase agreement.

Budgets and forecasts require management's best estimate of the future performance of the acquired business and on other key inputs, such as growth rates and profitability. The fair value of contingent consideration at 31 December 2019 was £14.8m (2018: £19.7m). If forecast profits for each acquired business during the earn out period was 30% lower than forecast this would lead to a £2.5m reduction in the provision required. If forecast profits for each acquired business during the earn out period was 10% higher than forecast this would lead to an immaterial increase in the provision required.

Judgements in applying the Group's accounting policies

Revenue on contracts with multiple performance obligations

Where contracts have multiple performance obligations, such as the delivery of software and implementation and support services to be undertaken over the course of the contract, there is judgement in determining whether the various components are separable performance obligations. If the performance obligations are separable, the consideration is required to be allocated between each separable performance obligation identified based on a relative stand-alone selling price basis.

This impacts the revenue profile of contacts. Revenue from the delivery of a perpetual or term licence, as a separate performance obligation, is recognised at a point in time, whereas revenue for implementation and support services is recognised over time, rateably, in line with the Group's performance throughout the term of the agreement.

Software development

The Group capitalises certain staff costs as part of a software asset, where, in management's judgement, the costs are incremental and directly attributable to an asset, and it can be determined that the Group has the ability to develop the asset and the project is technically feasible. Management also exercises judgement to determine whether the project will be completed and whether the asset will generate future economic benefits that outweigh its cost.

During the year ended 31 December 2019, the Group capitalised £21.9m of staff costs (2018: £16.2m). If, in management's judgement, it cannot be determined that the recognition criteria will be satisfied, the costs of the project are expensed to the income statement.

3 OPERATING PROFIT

3.1 REVENUE

Revenue from continuing operations:	2019 £m	2018 £m
Rendering of goods and services	529.2	509.7
Interest income	26.5	21.2
Total revenue	**555.7**	**530.9**

See note 3.3 for further analysis of the Group's revenue.

3.2 ADMINISTRATIVE COSTS

Expenses by nature:	2019 £m	2018 £m
Employee benefit expense (note 3.4)	222.5	219.8
Employee costs capitalised in respect of software development	(21.9)	(16.2)
Direct costs	106.5	101.2
Bought-in services	29.7	38.6
Premises costs	9.3	7.9
Short-term lease costs[1]	0.5	8.7
Government grants for research and development	(0.8)	(0.5)
Other general business costs	79.4	69.9
Total administrative costs	**425.2**	**429.4**

[1] The prior year costs of £8.7m represent the Group's operating lease costs as defined, and accounted for, in accordance with IAS 17. This standard was replaced by IFRS 16 on 1 January 2019 and the current year costs of £0.5m represents lease costs on short term leases with a remaining term of less than 12 months. From 1 January 2019 lease costs, which are not classified as short term, are recognised as a reduction to the Group's lease liability in the statement of financial position.

3.3 OPERATING SEGMENTS

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker (CODM) and for which discrete information is available. The Group's CODM is the Board of Directors. The Group's operating segments have been identified as Investment Solutions, Intelligent Solutions, Pension Solutions, EQ US and Interest, in line with how the Group runs and structures its business.

Revenue, EBITDA and underlying EBITDA are key measures of the Group's performance. EBITDA represents earnings before interest, tax, depreciation and amortisation. The EBITDA of each segment is reported after charging relevant corporate costs based on the business segment's usage of corporate facilities and services. Underlying EBITDA is adjusted for one-off items which obscure the understanding of the underlying performance of the Group and its respective divisions. These items primarily represent material restructuring, integration and transformational acquisition related expenses.

The inter-segmental revenue represents trading between the Group's operating divisions which is eliminated on consolidation. The Group's divisions trade internally on an arms length basis.

Year ended 31 December 2019	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	152.5	(2.8)	149.7
Intelligent Solutions	182.8	(11.9)	170.9
Pension Solutions	137.7	(10.7)	127.0
Interest	14.1	–	14.1
UK and Europe	487.1	(25.4)	461.7
EQ US	94.0	–	94.0
USA	94.0	–	94.0
Total revenue	**581.1**	**(25.4)**	**555.7**

3.3 OPERATING SEGMENTS (CONTINUED)

Year ended 31 December 2018	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	145.0	(2.5)	142.5
Intelligent Solutions	180.8	(14.9)	165.9
Pension Solutions	138.5	(9.5)	129.0
Interest	12.1	–	12.1
UK and Europe	476.4	(26.9)	449.5
EQ US	81.4	–	81.4
USA	81.4	–	81.4
Total revenue	**557.8**	**(26.9)**	**530.9**

Included within the EQ US division, is £12.4m (2018: £9.1m) of interest revenue which is reported and managed within the EQ US results.

Reported revenue by geographical market	2019 £m	2018 £m
UK and Europe	461.7	449.5
USA	94.0	81.4
Total revenue	**555.7**	**530.9**

Timing of revenue recognition	2019 £m	2018 £m
Point in time	128.3	114.2
Over time	427.4	416.7
Total revenue	**555.7**	**530.9**

Point in time revenue primarily relates to our share and foreign exchange dealing revenue streams where the performance obligation is fulfilled when the transaction completes; corporate action fees, where these are dependent on transactions closing; and revenue from licences sold by the Group, where revenue is recognised once licences have been delivered, accepted by the client and the Group's performance obligations satisfied in full.

Over time revenue primarily relates to our share registration businesses, including corporate actions where the Group has a legal right to revenue for work performed, our pensions administration business, our customer remediation business and software support services.

Unfulfilled performance obligations

The table below shows the aggregate amount of the Group's contracted revenue as at 31 December 2019 allocated to the contractual performance obligations that are unsatisfied or partially satisfied. The Group anticipates recognising this revenue as, or when, the contractual performance obligations are satisfied:

	Investment Solutions £m	Intelligent Solutions £m	Pension Solutions £m	EQ US £m	Total £m
Less than one year	33.2	14.4	50.1	14.6	112.3
Between one and five years	158.6	26.5	80.1	2.8	268.0
More than five years	–	0.5	6.2	0.2	6.9
	191.8	**41.4**	**136.4**	**17.6**	**387.2**

The table above represents the contractual consideration which the Group will be entitled to receive from customers. The total revenue that will be earned by the Group will also include transactional revenue, new wins, scope changes and contract extensions. However these elements have been excluded from the figures above, as they are not contracted and the revenue will be earned as the work is performed.

Many of the Group's contracts renew automatically until cancelled by the other party. At 31 December 2019, these contracts represented a significant proportion of the Group's contractual revenues. However these contracts have not been included in the analysis above as the Group typically has a contractual right to revenue for a period of 12 months or less.

In addition, the Group has taken the practical expedients under IFRS 15 and has excluded the following revenue:

– contracts with a life of less than one year,
– revenue that is earned and invoiced as the work is performed.

3.3 OPERATING SEGMENTS (CONTINUED)

Underlying EBITDA	2019 £m	2018 £m
Investment Solutions	50.2	47.3
Intelligent Solutions	43.5	39.8
Pension Solutions	19.5	19.7
Interest	14.1	12.1
UK and Europe	127.3	118.9
EQ US	23.1	19.2
USA	23.1	19.2
Total segments	150.4	138.1
Central costs	(14.4)	(15.8)
Total underlying EBITDA	**136.0**	**122.3**

Central costs principally include corporate overheads which cannot be allocated to a specific segment or segments.

Depreciation and amortisation	2019 £m	2018 £m
Investment Solutions	(26.1)	(23.6)
Intelligent Solutions	(12.7)	(12.0)
Pension Solutions[1]	(16.9)	(14.7)
EQ US	(10.8)	(5.7)
Total segments	(66.5)	(56.0)
Central[1]	(8.1)	(5.6)
Total	**(74.6)**	**(61.6)**

[1] The prior year segmental split has been restated for amortisation of intangible assets relating to the Pension Solutions division, which were previously classified as Central.

Reconciliation of underlying EBITDA to profit before tax	2019 £m	2018 £m
Underlying EBITDA	136.0	122.3
Non-operating charges	(5.5)	(20.8)
Depreciation and amortisation	(74.6)	(61.6)
Net finance costs	(16.1)	(15.3)
Profit before tax	**39.8**	**24.6**

Assets and liabilities per segment are not items which are reviewed by the Board of Directors and are therefore not disclosed within the segmental reporting. However, capital expenditure is a key measure and is disclosed below. Capital expenditure consists of additions to property, plant, equipment and software.

Capital expenditure	2019 £m	2018 £m
Investment Solutions	(9.5)	(6.9)
Intelligent Solutions	(8.8)	(6.4)
Pension Solutions	(5.4)	(4.1)
EQ US	(11.1)	(21.0)
Total segments	(34.8)	(38.4)
Central costs	(15.5)	(7.6)
Total	**(50.3)**	**(46.0)**

3.4 STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Group (including Directors) during the year was as follows:

Number of employees – by function:	2019 Number	2018 Number
Operations	4,439	4,371
Support functions	594	567
Sales and marketing	226	197
Total employees	**5,259**	**5,135**

Number of employees – by operating segment:	2019 Number	2018 Number
Investment Solutions	1,311	1,234
Intelligent Solutions	565	716
Pensions Solutions	1,395	1,446
EQ US	526	416
Central	1,462	1,323
Total employees	**5,259**	**5,135**

Number of employees – by geography:	2019 Number	2018 Number
UK	3,754	3,799
Rest of Europe	50	83
Asia	929	837
North America	526	416
Total employees	**5,259**	**5,135**

The aggregate payroll costs of these persons were as follows:

	2019 £m	2018 £m
Wages and salaries	193.1	186.8
Social security costs	18.2	17.6
Other pension costs	9.6	9.0
Share-based payment expense (note 7.2)	1.6	6.4
Total employee benefit expense	**222.5**	**219.8**

4 INVESTMENTS

4.1 ACQUISITIONS OF BUSINESSES

RD:IR

On 5 September 2019, the Group purchased the entire issued share capital of Richard Davies Investor Relations Limited (RD:IR) for cash consideration of £4.0m, plus contingent consideration of up to £2.0m payable in 2021. RD:IR offers a wide range of investor relations related analysis, research and advisory services to its international client base.

The Group took control of the business on 5 September 2019. On this date the business had net assets with a fair value of £2.2m. The results of the business have been consolidated since the date of control and RD:IR contributed £1.2m of revenue and £nil profit before income tax to the Group's results in 2019. If the business had been acquired on 1 January 2019 it would have contributed an additional £2.0m of revenue and £0.8m net loss before tax to the Group's results in 2019. The acquisition-related costs of acquiring RD:IR in the year, such as legal fees and stamp duty, amounted to £0.2m. These costs have been included in administrative costs in the income statement.

On acquisition, intangible assets with a fair value of £2.2m relating to customer contracts and related relationships were identified. The value of goodwill reflects amounts in relation to the expected benefit of the ability to generate new streams of revenue and expected synergies of combining the operations of RD:IR and the Group. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Fair value of identifiable assets acquired and liabilities assumed	**£m**
Intangible assets	2.6
Trade and other receivables	0.6
Cash and cash equivalents	0.7
Trade and other payables	(1.2)
Provisions	(0.1)
Deferred income tax liabilities	(0.4)
Net identifiable assets and liabilities	**2.2**
Goodwill on acquisition	3.7
Total consideration	**5.9**
Cash acquired	(0.7)
Contingent consideration (discounted)	(1.9)
Net cash outflow in the year	**3.3**

As at 31 December 2019, the minimum amount of contingent consideration payable was £0.5m and the maximum amount was £2.0m. The final amount to be paid will be determined based on the acquiree's financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

CST

On 31 October 2019, the Group purchased the entire issued share capital of Corporate Stock Transfer, Inc. (CST) for cash consideration of £0.2m ($0.2m), plus deferred consideration of £3.2m ($4.3m) payable in 2020 and contingent consideration of up to £1.6m ($1.8m) payable in 2022. CST is a share registrar business based in Colorado, United States.

The Group took control of CST on 31 October 2019. On this date the business had net assets with a fair value of £1.0m. The results of the business have been consolidated since the date of control and CST contributed £0.3m of revenue and £nil profit before income tax to the Group's results in 2019. If the business had been acquired on 1 January 2019 it would have contributed an additional £1.7m of revenue and £0.2m loss before income tax to the Group's results in 2019. The acquisition-related costs of acquiring CST in the year, such as legal fees and stamp duty, amounted to £0.2m. These costs have been included in administrative costs in the income statement.

On acquisition, intangible assets with a fair value of £1.5m relating to customer contracts and related relationships were identified. The value of goodwill reflects amounts in relation to the expected benefit of the ability to generate new streams of revenue and expected synergies of combining the operations of CST and the Group. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Fair value of identifiable assets acquired and liabilities assumed	**£m**
Right-of-use assets	0.4
Intangible assets	1.5
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Trade and other payables	(0.3)
Contract fulfilment liabilities	(0.2)
Lease liabilities	(0.4)
Deferred income tax liabilities	(0.3)
Net identifiable assets and liabilities	**1.0**
Goodwill on acquisition	3.7
Total consideration	**4.7**
Cash acquired	(0.2)
Deferred consideration	(3.2)
Contingent consideration (discounted)	(1.3)
Net cash outflow in the year	**–**

As at 31 December 2019, the minimum amount of contingent consideration payable was £nil and the maximum amount was £1.4m. The final amount to be paid will be determined based on the acquiree's financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

4.2 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Freehold improvements £m	Office equipment £m	Fixtures & fittings £m	Total £m
Cost					
Balance at 1 January 2018	10.3	0.8	33.8	4.6	49.5
Acquisition of business	1.1	–	0.1	0.4	1.6
Additions	1.9	–	5.8	0.2	7.9
Disposals	(0.3)	–	(1.4)	(0.3)	(2.0)
Translation adjustment	0.2	–	0.2	–	0.4
Balance at 31 December 2018	**13.2**	**0.8**	**38.5**	**4.9**	**57.4**
Balance at 1 January 2019	13.2	0.8	38.5	4.9	57.4
Additions	1.6	–	4.2	0.1	5.9
Disposals	(0.1)	(0.8)	(3.0)	(0.5)	(4.4)
Translation adjustment	(0.1)	–	(0.2)	–	(0.3)
Balance at 31 December 2019	**14.6**	**–**	**39.5**	**4.5**	**58.6**
Accumulated depreciation					
Balance at 1 January 2018	5.8	–	21.9	3.8	31.5
Depreciation charge for the year	1.3	–	4.1	0.6	6.0
Disposals	(0.3)	–	(1.4)	(0.3)	(2.0)
Balance at 31 December 2018	**6.8**	**–**	**24.6**	**4.1**	**35.5**
Balance at 1 January 2019	6.8	–	24.6	4.1	35.5
Depreciation charge for the year	1.5	–	4.9	0.4	6.8
Disposals	(0.1)	–	(3.0)	(0.6)	(3.7)
Translation adjustment	(0.1)	–	–	–	(0.1)
Balance at 31 December 2019	**8.1**	**–**	**26.5**	**3.9**	**38.5**
Net book value					
Balance at 31 December 2018	**6.4**	**0.8**	**13.9**	**0.8**	**21.9**
Balance at 31 December 2019	**6.5**	**–**	**13.0**	**0.6**	**20.1**

Included within office equipment are assets held under finance leases, as defined by IAS 17, which have not been transferred into right-of-use assets. On adopting IFRS 16, the Group relied on its previous assessment on whether these contracts were leases. These assets are included in the table above with a cost of £2.8m as of 31 December 2019 (2018: £2.8m). These assets had a net book value as at 31 December 2019 of £0.7m (2018: £1.1m).

4.3 RIGHT-OF-USE ASSETS

	Property £m	Office equipment £m	Total £m
Cost			
Balance at 1 January 2019	–	–	–
Acquisition of business	0.4	–	0.4
Additions	41.5	0.2	41.7
Disposals	(0.7)	–	(0.7)
Translation adjustment	(0.2)	–	(0.2)
Balance at 31 December 2019	**41.0**	**0.2**	**41.2**
Accumulated depreciation			
Balance at 1 January 2019	–	–	–
Depreciation charge for the year	6.1	–	6.1
Disposals	(0.1)	–	(0.1)
Balance at 31 December 2019	**6.0**	**–**	**6.0**
Net book value			
Balance at 31 December 2018	–	–	–
Balance at 31 December 2019	**35.0**	**0.2**	**35.2**

4.4 INTANGIBLE ASSETS

	Goodwill £m	Software £m	Acquisition-related intangible assets £m	Total £m
Cost				
Balance at 1 January 2018	453.8	247.8	326.8	1,028.4
Acquisition of business	64.3	0.4	104.0	168.7
Additions	–	38.1	–	38.1
Translation adjustment	6.0	0.1	12.4	18.5
Balance at 31 December 2018	**524.1**	**286.4**	**443.2**	**1,253.7**
Balance at 1 January 2019	524.1	286.4	443.2	1,253.7
Acquisition of business	8.4	0.4	3.7	12.5
Additions	–	44.4	–	44.4
Disposals	–	(1.2)	–	(1.2)
Translation adjustment	(2.6)	(0.8)	(4.0)	(7.4)
Balance at 31 December 2019	**529.9**	**329.2**	**442.9**	**1,302.0**
Accumulated amortisation				
Balance at 1 January 2018	–	173.4	188.0	361.4
Amortisation for the year	–	23.9	31.7	55.6
Translation adjustment	–	–	0.3	0.3
Balance at 31 December 2018	**–**	**197.3**	**220.0**	**417.3**
Balance at 1 January 2019	–	197.3	220.0	417.3
Amortisation for the year	–	29.9	31.8	61.7
Disposals	–	–	–	–
Translation adjustment	–	(0.2)	(0.5)	(0.7)
Balance at 31 December 2019	**–**	**227.0**	**251.3**	**478.3**
Net book value				
Balance at 31 December 2018	**524.1**	**89.1**	**223.2**	**836.4**
Balance at 31 December 2019	**529.9**	**102.2**	**191.6**	**823.7**

Software predominately relates to investment in enhancing the functionality of the Group's main operating platforms. Included within additions in the year is £21.9m (2018: £16.2m) of directly attributable employee staff costs that have been capitalised in respect of internal software development.

Acquisition-related intangible assets consist primarily of customer lists arising from business combinations.

Goodwill is the only intangible asset with an indefinite life.

4.4 INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill arose initially on the acquisition of the Lloyds TSB Registrars business and subsequently through equity and trade and asset acquisitions. See note 4.1 for goodwill arising on acquisitions made in the current year. Goodwill is monitored by management in line with the Group's operating segments: Investment Solutions, Intelligent Solutions, Pensions Solutions, EQ US and Interest.

Year ended 31 December 2019	Opening balance £m	Acquisitions £m	Adjustments for prior year acquisitions £m	Transfers between segments[1] £m	Translation adjustment £m	Closing balance £m
Investment Solutions	291.6	3.7	–	–	–	295.3
Intelligent Solutions	77.3	–	–	4.2	(0.8)	80.7
Pensions Solutions	91.4	–	1.0	(4.2)	–	88.2
EQ US	63.8	3.7	–	–	(1.8)	65.7
Total goodwill	**524.1**	**7.4**	**1.0**	**–**	**(2.6)**	**529.9**

[1] The transfer between segments relates to a correction of prior year balances between Intelligent Solutions and Pensions Solutions.

Year ended 31 December 2018	Opening balance £m	Acquisitions £m	Adjustments for prior year acquisitions £m	Transfers between segments £m	Translation adjustment £m	Closing balance £m
Investment Solutions	289.4	2.2	–	–	–	291.6
Intelligent Solutions	77.2	–	–	–	0.1	77.3
Pensions Solutions	87.2	4.2	–	–	–	91.4
EQ US	–	57.9	–	–	5.9	63.8
Total goodwill	**453.8**	**64.3**	**–**	**–**	**6.0**	**524.1**

Impairment testing

Goodwill is tested annually for impairment. The recoverable amount of each CGU has been determined in accordance with IAS 36 Impairment of Assets. This is determined from value-in-use calculations, being the present value of net cash flows generated by the business over the period for which management expects to benefit from the acquired business.

The key assumptions for the value-in-use calculations are those regarding discount rates, the generation of free cash flows over the forecast period and revenue and EBITDA growth rates. Each CGU derives cash flows from its approved business plans over a five-year period. The compound annual growth rate for EBITDA used during the forecast period is 5.8% in the UK and Europe and 8.0% in the USA. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific to the CGUs.

The outcome of the impairment assessment has been that the Directors do not consider that the goodwill has been impaired, given that the value in use is greater than the carrying value of the net assets of the CGUs.

The revenue growth rate applied beyond the approved forecast period is in line with underlying UK and US macroeconomic forecasts.

Year ended 31 December 2019	UK & Europe	USA
Period on which management approved forecasts are based	5 years	5 years
EBITDA growth rate applied beyond approved forecast period	2.1%	1.9%
Discount rate pre-tax	6.9%	9.4%

Year ended 31 December 2018	UK & Europe	USA
Period on which management approved forecasts are based	5 years	5 years
EBITDA growth rate applied beyond approved forecast period	2.1%	1.8%
Discount rate pre-tax	8.1%	9.8%

Sensitivity analysis

A sensitivity analysis was carried out on the key assumptions made within the value-in-use model. Applying a 1% increase in the pre-tax discount rate and a 1% reduction in the growth rate did not give an indication of impairment. In the opinion of the Directors, there are no reasonably possible changes to these key assumptions which would cause the carrying value of any CGU to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4.5 INVESTMENTS IN SUBSIDIARIES

The Directors consider the value of the investments to be supported by their underlying assets. The Company has the following investments in subsidiaries:

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2019
Direct Investments			
Equiniti Holdings Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Equiniti Finance (Holdings) Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Equiniti (UK) Finance Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Non trading	100
Indirect Investments			
Aquila International Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Dormant	100
Aquila Services UK Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Dormant	100
Aquila Software Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Dormant	100
Boudicca Proxy Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Proxy solicitation	100
Charter.Net Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Charter Systems Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Charter UK Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Circle of Insight Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Claybrook Computing Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Computer software consultancy	100
Connaught Secretaries Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Corporate Stock Transfer, Inc.	3200 Cherry Creek Drive, S #430, Denver, CO 80209, United States	Stock transfer agent	100
Custodian Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Dormant	100
David Venus & Company LLP	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
EQ Tek SP. Z O. O.	Building C, Equal Business Park, Wielicka 28B, Kraków, Małopolskie, Poland	Technology enabled services	100
Equiniti Benefactor Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti 360 Clinical Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Business process outsourcing	100
Equiniti Corporate Nominees Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti Data Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Equiniti David Venus Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Company secretarial	100
Equiniti Delivery Services Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Equiniti Employee Services (PTY) Limited	102B Newlands Plaza, CNR Lois & Dely, Newlands, 00181, South Africa	Computer software development	100
Equiniti Financial Services Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Financial services	100
Equiniti Gateway Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Technology enabled services	100
Equiniti Global Payments Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	International payment services	100
Equiniti HR Solutions Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Non trading	100
Equiniti India (Private) Limited	DLF IT Park, 1/124, Mt Poonamalle High Road, Ramapuram, Chennai, Tamil Nadu 600 089, India	Technology enabled services	100
Equiniti ICS Limited	205 Airport Road West, Belfast, BT3 9ED, United Kingdom	Business process outsourcing	100
Equiniti (Ireland) Finance Ltd	52–55 Sir John Rogerson's Quay, Dublin 2, D02 NA07, Republic of Ireland	Non trading	100

4.5 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2019
Equiniti ISA Nominees Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti (Jersey) Limited	26 New Street, St Helier, JE2 3RA, Jersey	Registrars	100
Equiniti KYC Solutions B.V.	Danzigerkade 23B, 1013 AP, Amsterdam, The Netherlands	Software service provider	100
Equiniti KYC Systems B.V.	Danzigerkade 23B, 1013 AP, Amsterdam, The Netherlands	Software service provider	100
Equiniti Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Registrars	100
Equiniti Nominees Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti Pension Trustee Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Dormant	100
Equiniti PMS Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Software service provider	100
Equiniti Registrars Nominees Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti Savings Nominees Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti Services Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Equiniti Share Plan Trustees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Trustee company	100
Equiniti Shareview Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Equiniti Solutions Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Non trading	100
Equiniti Trust Company	25th Floor, 90 Park Avenue, New York, NY 10016, United States	Limited purpose trust company	100
Equiniti (US) Holdings Inc	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Holding company	100
Equiniti (US) LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Non trading	100
Equiniti (US) Services LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Non trading	100
Information Software Solutions Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
icenet Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Invigia International Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Invigia Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
KYCnet BV	Danzigerkade 23B, 1013 AP, Amsterdam, The Netherlands	Holding company	100
L R Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Dormant	100
MyCSP Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN, United Kingdom	Pensions administration	75
MyCSP Trustee Company Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN, United Kingdom	Non trading	75
MyCustomerfeedback.com Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Pancredit Systems Ltd.	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Business process outsourcing	100
Paymaster (1836) Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Pensions administration	100
Peter Evans & Associates Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Business process outsourcing	100
Prism Communications & Management Limited	Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Company secretarial	100
Prism Cosec Limited	Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Prosearch Asset Solutions Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Asset recovery	100
Refresh Personal Finance Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Richard Davies Investor Relations Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Investor relations	100
Riskfactor Solutions Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Riskfactor Software Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
SLC Corporate Services Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100

4.5 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2019
SLC Registrars Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
The Nostrum Group Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Toplevel Computing Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Software service provider	100
Toplevel Development Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Toplevel Holdings Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Toplevel Software Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Trust Research Services Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Dormant	100
Wealth Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Dormant	100

All the above investments are held in the Ordinary share capital of the company.

Audit exemption guarantee

The following subsidiaries took advantage of the exemption from audit of their individual financial statements, under Section 479A of the Companies Act 2006, for the year ended 31 December 2019:

Company name	Registration number	Company name	Registration number
Boudicca Proxy Ltd	07847924	Information Software Solutions Limited	03915585
Charter Systems Limited	06147539	Invigia Limited	03318315
Charter UK Limited	02453655	MyCSP Limited	07640786
Claybrook Computing Limited	01287205	Mycustomerfeedback.com Limited	06829521
Equiniti 360 Clinical Limited	04957851	Pancredit Systems Ltd.	02215760
Equiniti Data Limited	05350329	Peter Evans & Associates Limited	01870532
Equiniti David Venus Limited	06351754	Prism Communications & Management Limited	04352585
Equiniti Delivery Services Limited	08855189	Prosearch Asset Solutions Limited	02158381
Equiniti Finance (Holdings) Ltd	11092909	Refresh Personal Finance Ltd	07369895
Equiniti HR Solutions Limited	11450921	Richard Davies Investor Relations Limited	04557486
Equiniti ICS Limited	NI036763	Riskfactor Software Limited	03923431
Equiniti PMS Limited	03613039	Riskfactor Solutions Limited	02767525
Equiniti Services Limited	00756582	The Nostrum Group Limited	04274181
Equiniti Share Plan Trustees Limited	03925002	Toplevel Computing Limited	02341302
Equiniti (UK) Finance Ltd	11092548	Toplevel Holdings Limited	03270082

As a condition of the above exemption, the Group has guaranteed the year end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the above subsidiaries at the year end date were £134.5m (2018: £116.2m).

5 WORKING CAPITAL

5.1 TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Trade receivables	35.1	46.4
Other receivables	6.6	7.1
Prepayments	8.9	10.6
Total trade and other receivables	**50.6**	**64.1**

The Group holds trade receivables with the objective of collecting contractual cash flows. Settlement terms are generally 30 days from the date of invoice. Excluding trade receivables, none of these financial assets are either past due or impaired. At the year end, trade receivables are shown net of an expected credit loss allowance of £0.3m (2018: £0.2m).

Credit risk

The ageing of trade receivables at the reporting date was:

	2019 £m	2018 £m
Not past due	23.4	29.0
Past due 1 – 30 days	7.1	12.6
Past due 31 – 90 days	2.0	3.0
Past due more than 90 days	2.6	1.8
Total trade receivables	**35.1**	**46.4**

Trade receivables not past due of £23.4m (2018: £29.0m) are all existing customers with no defaults in the past.

Based on historic performance of these contracts, the Group has an expected credit loss allowance in respect of trade receivables and accrued income of £0.3m at the year end (2018: £0.2m). The impairment loss recognised in the year was £0.3m (2018: £0.2m). When impairment losses are recognised, these are for the full value of the impaired debt.

Movement in the year in the Group's estimated credit loss allowance on trade receivables is as follows:

	2019 £m	2018 £m
Balance at 1 January	0.2	0.4
Balances acquired from business acquisitions	0.4	0.2
New provisions made in year	0.1	0.1
Balances reversed in year	(0.4)	(0.5)
Balance at 31 December	**0.3**	**0.2**

Trade receivables past due but not impaired of £11.7m (2018: £17.4m) relate to a number of independent customers for whom there is no recent history of default or expectation of such going forwards.

5.2 CONTRACT FULFILMENT ASSETS

	2019 £m	2018 £m
Accrued income	50.5	41.6
Contract set up costs	3.5	4.6
Contract fulfilment assets	**54.0**	**46.2**

Accrued income represents the fair value of goods and services supplied to customers, for which the Group is entitled to recognise revenue, which at the reporting date is not yet invoiced or paid. All such assets are supported by client contracts and agreed invoices and payment schedules. This allows accrued income to be underpinned and recovered from clients even on the rare occasions that clients cease projects with us permanently. The Group has recognised £50.5m of accrued income as at 31 December 2019 and anticipates invoicing clients for £38.2m of this balance within 12 months. The Group intends to invoice the balance of £12.3m after 31 December 2020.

5.3 TRADE AND OTHER PAYABLES

	2019 £m	2018 £m
Trade payables	22.7	26.8
Accruals	47.0	64.8
Deferred consideration	7.2	7.3
Other payables	13.7	13.3
Total trade and other payables	**90.6**	**112.2**

5.4 CONTRACT FULFILMENT LIABILITIES

	2019 £m	2018 £m
Deferred income	16.3	16.4
Contract fulfilment liabilities	**16.3**	**16.4**

Deferred income represents consideration received in advance of the related services or goods being provided to the customer.

Revenue recognised in relation to contract fulfilment liabilities

	2019 £m	2018 £m
Revenue recognised that was included in the contract liability balance as at 1 January	14.2	14.9
	14.2	**14.9**

5.5 PROVISIONS

	Contingent consideration £m	Property provisions £m	Total provisions £m
Balance at 1 January 2019	19.7	2.2	21.9
Balances acquired from business acquisitions	3.2	0.1	3.3
Additional provisions made during the year	1.7	0.1	1.8
Amounts utilised during the year	(4.9)	–	(4.9)
Amounts released during the year	(5.3)	(1.1)	(6.4)
Unwinding of discounted amount	0.4	–	0.4
Balance at 31 December 2019	**14.8**	**1.3**	**16.1**
Non-current liability	4.4	1.3	5.7
Current liability	10.4	–	10.4
Total provisions	**14.8**	**1.3**	**16.1**

Contingent consideration

A provision for contingent consideration as at 31 December 2019 of £14.8m (2018: £19.7m) relates to various requirements to be met following the Group's acquisitions. This is recognised at fair value through profit or loss and is derived from management's best estimate of the amounts likely to be paid. The minimum value of these provisions could be £0.5m up to a maximum of £19.9m. These were discounted at an appropriate post-tax discount rate at the time of the acquisitions and are provided within provisions due to the uncertainty of the amount to ultimately be paid. Management regularly reconsiders the appropriateness of the amounts expected to be payable and the discount rate used and updates when appropriate. The remaining balance is expected to be utilised over periods between 2020 and 2022.

Property provisions

Property provisions relate to management's best estimate of dilapidations in respect of leasehold properties. The balance will be utilised on vacation of premises.

5.6 CHANGES IN WORKING CAPITAL

	2019 £m	2018 £m	Movement £m
Trade and other receivables	50.6	64.1	(13.5)
Contract fulfilment assets	54.0	46.2	7.8
Trade and other payables	(90.6)	(112.2)	21.6
Contract fulfilment liabilities	(16.3)	(16.4)	0.1
Provisions for other liabilities and charges	(16.1)	(21.9)	5.8
Post-employment benefits	(31.7)	(22.9)	(8.8)
Net working capital per the consolidated statement of financial position	**(50.1)**	**(63.1)**	**13.0**
Working capital acquired in business combinations			3.0
Movement in interest accrual			(0.3)
Movement in tax accrual			1.8
Movement in capital expenditure accrual			(2.3)
Movement in accruals relating to prior-year acquisitions			(5.0)
Movement in accruals relating to non-controlling interests			1.0
Movement in working capital relating to the transition to IFRS 16			(2.4)
Foreign exchange movement on translation of overseas subsidiaries			1.1
Defined benefit plan actuarial loss			10.1
Changes in working capital per the consolidated statement of cash flows			**20.0**

6 CAPITAL STRUCTURE

6.1 FINANCE INCOME AND COSTS

Finance income	2019 £m	2018 £m
Interest income	–	0.2
Total finance income	**–**	**0.2**

Finance costs	2019 £m	2018 £m
Interest cost on term loan borrowings	8.5	8.1
Interest cost on revolving credit facility	3.2	2.4
Amortisation of finance arrangement fees	1.8	2.2
Net finance cost relating to pension schemes	0.6	0.6
Interest cost on lease liabilities	1.5	0.1
Unwinding of discounted amount in provisions	0.4	0.8
Cost of interest rate swap against financial liabilities	–	1.2
Other fees and interest	0.1	0.1
Total finance costs	**16.1**	**15.5**

6.2 SHARE CAPITAL AND SHARE PREMIUM

	Share capital		Share premium	
Allotted, called up and fully paid	**2019 £m**	**2018 £m**	**2019 £m**	**2018 £m**
Balance at 1 January	0.4	0.4	115.9	115.8
Employee share options exercised	–	–	–	0.1
Balance at 31 December	**0.4**	**0.4**	**115.9**	**115.9**

Ordinary shares of £0.001 each	2019 Number	2018 Number
Balance at 1 January	364,536,666	364,434,283
Employee share options exercised	–	102,383
Balance at 31 December	**364,536,666**	**364,536,666**

The Group did not issue any shares in the current year. In the prior year, the Group issued 102,383 ordinary shares on exercise of employee share options at a weighted average exercise price of £1.1893 per share, for proceeds of £0.1m.

6.3 OTHER RESERVES

	Capital contribution reserve £m	Reserve for own shares £m	Hedging reserve £m	Translation reserve £m	Total other reserves £m
Balance at 1 January 2018	181.5	–	(6.5)	3.0	178.0
Changes in fair value through hedging reserve	–	–	4.4	–	4.4
Deferred tax on movement through hedging reserve	–	–	(0.9)	–	(0.9)
Net exchange gain on translation of foreign operations	–	–	–	10.9	10.9
Purchase of own shares	–	(13.9)	–	–	(13.9)
Share option awards to employees	–	3.9	–	–	3.9
Balance at 31 December 2018	**181.5**	**(10.0)**	**(3.0)**	**13.9**	**182.4**
Balance at 1 January 2019	181.5	(10.0)	(3.0)	13.9	182.4
Changes in fair value through hedging reserve	–	–	13.6	–	13.6
Tax on movement through hedging reserve	–	–	(2.1)	–	(2.1)
Net exchange loss on translation of foreign operations	–	–	–	(5.5)	(5.5)
Purchase of own shares	–	(3.8)	–	–	(3.8)
Share option awards to employees	–	9.8	–	–	9.8
Balance at 31 December 2019	**181.5**	**(4.0)**	**8.5**	**8.4**	**194.4**

Capital contribution reserve

The capital contribution reserve arose on the Initial Public Offering in 2015, when the Group issued equity instruments to settle non-current financial liabilities with shareholders.

Reserve for own shares

During the year, the Group purchased 1,801,167 (2018: 6,000,000) of its own ordinary shares for consideration of £3.8m (2018: £13.9m). The shares are held in an employee benefit trust, which is controlled by the Group, and will be used to satisfy the vesting of awards under the Group's share option plans. During the year 4,340,246 (2018: 1,697,093) shares were used to satisfy the vesting of awards. Shares held by the trust are deducted from equity and the trust has waived its right to receive dividends.

The market value of the 1,763,828 (2018: 4,302,907) shares held in trust at 31 December 2019 was £3.6m (2018: £9.3m).

Hedging reserve

The hedging reserve comprises the effective portion of changes in the fair value of interest rate swaps and forward foreign exchange contracts, where the hedged transactions have not yet occurred.

Translation reserve

The translation reserve represents the foreign exchange movements arising from the translation of financial statements in foreign currencies to the presentational currency of the Group.

6.4 NON-CONTROLLING INTEREST

The Group controls one non-wholly owned trading subsidiary, MyCSP Limited, by virtue of a 75% shareholding in the company. The summarised financial information for MyCSP Limited, set out below, is prior to intercompany eliminations.

Summarised statement of financial position	2019 £m	2018 £m
Non-current assets	3.6	1.3
Current assets	28.9	33.6
Non-current liabilities	(2.5)	(1.3)
Current liabilities	(10.1)	(11.4)
Net assets	**19.9**	**22.2**

6.4 NON-CONTROLLING INTEREST (CONTINUED)

Summarised statement of comprehensive income	2019 £m	2018 £m
Revenue	34.6	40.1
Profit for the year	5.1	5.9
Other comprehensive (expense)/income	(0.9)	0.1
Total comprehensive income	**4.2**	**6.0**

Transactions with non-controlling interests

25% of MyCSP Limited is owned by employees of MyCSP Limited via an employee benefit trust and their shares rank pari passu with the remaining share capital, including the right to receive annual dividends when declared. The dividend declared on shares held by the employee benefit trust has been waived in lieu of a bonus payment through payroll in the current and prior year. The bonus for the current year was £1.4m (2018: £2.1m) and the tax saving was £0.3m (2018: £0.4m). The net amount of £1.1m (2018: £1.7m) is reflected within transactions with non-controlling interests in the consolidated statement of changes in equity. MyCSP Limited accrues the bonus at the end of the year in the statement of financial position and reflects the expense in its income statement.

6.5 EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

Shares held by the Equiniti Group Employee Benefit Trust are treated as treasury shares and deducted from equity. These shares are excluded from the weighted average number of ordinary shares in issue until the shares are transferred to the option holder.

The diluted earnings per share calculation includes vested share options outstanding and other potential shares where the impact of these is dilutive.

	2019 £m	2018 £m
Profit from continuing operations attributable to owners of the parent	30.8	17.5
Basic weighted average number of ordinary shares in issue (millions)	368.3	363.0
Dilutive performance share plan options (millions)	–	7.1
Dilutive sharesave plan options (millions)	–	1.7
Diluted weighted average number of ordinary shares in issue (millions)	368.3	371.8
Basic earnings per share (pence)	**8.4**	**4.8**
Diluted earnings per share (pence)	**8.4**	**4.7**

6.6 DIVIDENDS

Amounts recognised as distributions to equity holders of the parent in the year	2019 £m	2018 £m
Interim dividend for year ended 31 December 2019 (1.95p per share)	7.1	–
Final dividend for year ended 31 December 2018 (3.49p per share)	12.6	–
Interim dividend for year ended 31 December 2018 (1.83p per share)	–	6.6
Final dividend for year ended 31 December 2017 (2.73p per share)	–	9.9
	19.7	**16.5**

The Board recommends a final dividend payable in respect of the year ended 31 December 2019 of £12.9m (2018: £12.6m) or 3.54p per share (2018: 3.49p per share). As this is subject to shareholder approval at the Annual General Meeting on 7 May 2020, no liability has been included in these financial statements. The final dividend will be paid on 26 May 2020, to shareholders on the register at close of business on 17 April 2020.

The Equiniti Group Employee Benefit Trust has waived its right to receive dividends on shares held.

6.7 EXTERNAL LOANS AND BORROWINGS

Non-current liabilities	2019 £m	2018 £m
Term loan	260.1	322.6
Revolving credit facility	115.0	76.7
Unamortised cost of raising finance	(6.0)	(4.1)
Total external loans and borrowings	**369.1**	**395.2**

Terms and debt repayment schedule	Currency	Closing interest rate	Year of maturity
Term loan	Sterling	GBP Libor + 1.50%	2024
Term loan	US dollar	USD Libor + 1.50%	2024
Revolving credit facility	Sterling	GBP Libor + 1.20%	2024
Revolving credit facility	US dollar	USD Libor + 1.20%	2024

The Group's debt facilities, which mature in full in 2024, contain one financial covenant, namely a maximum ratio of Net Debt to EBITDA (as defined in the loan agreement) which is tested half yearly and at the year end. Net Debt to EBITDA must be no more than 4.00:1 for the years to 31 December 2020, no more than 3.75:1 between 30 June 2021 and 31 December 2021, and 3.50:1 thereafter. The margin payable on both the term loan and revolving credit facility (RCF) is determined based on the ratio of Net Debt to EBITDA, where the margin payable ranges from a maximum of 2.00% to a minimum of 0.60%. No debt is repayable before the end of the current funding agreement in 2024.

In 2019, the Group amended and extended its agreement with existing and new banks to restructure loan facilities, to comprise of term loans of £190.0m and $92.0m and a £260.0m RCF. The extension of facilities became effective on 12 July 2019 when the Group benefited from lower margins on both the term loans and RCF, based on the ratio of Net Debt to EBITDA at that date.

6.8 LEASE LIABILITIES

	2019 £m	2018 £m
Current	8.0	0.5
Non-current	33.1	0.6
Total lease liabilities	**41.1**	**1.1**

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as ‘finance leases’ under IAS 17. The assets were presented in property, plant and equipment and the lease liabilities as part of other financial liabilities.

During the year, the Group recognised an expense of £0.5m relating to short-term leases in the income statement. In 2018 rental payments of £8.7m were expensed in the income statement for leases classified as ‘operating leases’. These costs have been included within administrative costs in the consolidated income statement.

6.9 FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements during the year in financial liabilities relating to financing activities and a reconciliation to net debt are shown below:

	2019 £m	2018 £m
Term loan	260.1	322.6
Revolving credit facility	115.0	76.7
Lease liabilities	41.1	1.1
Cash and cash equivalents	(72.6)	(90.9)
Net debt	**343.6**	**309.5**

6.9 FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Liabilities from financing activities			Other assets	
	Term loan	Revolving credit facility	Lease liabilities	Cash and cash equivalents	Total
	£m	£m	£m	£m	£m
Net debt at 1 January 2018	250.0	–	1.7	(115.2)	136.5
Cash flows	64.9	76.1	(0.9)	24.7	164.8
New leases acquired	–	–	0.2	–	0.2
Interest on lease liabilities	–	–	0.1	–	0.1
Foreign exchange movements	7.7	0.6	–	(0.4)	7.9
Net debt at 31 December 2018	**322.6**	**76.7**	**1.1**	**(90.9)**	**309.5**
Net debt at 1 January 2019	322.6	76.7	1.1	(90.9)	309.5
Cash flows	(60.0)	38.6	(6.9)	17.7	(10.6)
Lease liabilities recognised as a result of IFRS 16	–	–	42.5	–	42.5
New leases acquired	–	–	4.6	–	4.6
Modification of lease liabilities	–	–	(0.7)	–	(0.7)
Interest on lease liabilities	–	–	1.5	–	1.5
Foreign exchange movements	(2.5)	(0.3)	(1.0)	0.6	(3.2)
Net debt at 31 December 2019	**260.1**	**115.0**	**41.1**	**(72.6)**	**343.6**

6.10 CASH AND CASH EQUIVALENTS

	2019	2018
	£m	£m
Cash and cash equivalents per statement of financial position	72.6	90.9
Cash and cash equivalents per statement of cash flows	**72.6**	**90.9**

In addition to the above, the Group holds certain cash balances with banks in a number of segregated accounts. These balances represent client money under management for third parties, and hence are not included in the Group's consolidated balance sheet. The number of accounts and balances held vary significantly throughout the year.

The Group has the ability to sell certain trade receivables in a receivables purchase agreement on a non-recourse basis. These balances are therefore derecognised when sold under this arrangement. The Group has access to a £20.0m arrangement, of which £8.0m (2018: £10.3m) was utilised at the end of the year and included within the cash balances above. Invoices sold are all covered by trade credit insurance. The trade receivables shown in note 5.1 are reflected net of cash received at the year end.

6.11 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management policies are established for the Group and the Audit Committee oversees how management monitors compliance with these policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Due to the nature of the business, the majority of the trade receivables and contract fulfilment assets are with large institutions, including many FTSE 350 companies and public sector organisations.

6.11 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk mitigation

Credit risk on the Group's trade receivables and contract assets is mitigated as a high proportion of revenue is derived from large customers listed on the major international stock exchanges and historical defaults have been infrequent and small. In addition credit insurance is in place for invoices passed through our invoice discounting facility for up to £5.0m.

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with credit ratings assigned by international credit-rating agencies are accepted, with 100% of cash balances at the year end being held in banks and financial institutions with a short-term credit rating of A or higher.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The maximum exposure to liquidity risk at the reporting dates was as follows:

31 December 2019	Note	Carrying Amount £m	Total contractual cash flows £m	Within 1 year £m	1–2 years £m	2–5 years £m	After 5 years £m
Trade and other payables	5.3	90.6	90.6	90.6	–	–	–
Term loan	6.7	260.1	292.5	7.0	6.9	278.6	–
Revolving credit facility	6.7	115.0	115.0	–	–	115.0	–
Lease liabilities	6.8	41.1	51.6	7.5	7.9	19.1	17.1
Derivatives used for hedging	9.2	0.4	0.4	0.4	–	–	–
Total		**507.2**	**550.1**	**105.5**	**14.8**	**412.7**	**17.1**

31 December 2018	Note	Carrying Amount £m	Total contractual cash flows £m	Within 1 year £m	1–2 years £m	2–5 years £m	After 5 years £m
Trade and other payables	5.3	112.2	112.2	112.2	–	–	–
Term loan	6.7	322.6	342.9	10.0	332.9	–	–
Revolving credit facility	6.7	76.7	76.7	–	76.7	–	–
Lease liabilities	6.8	1.1	1.3	0.5	0.5	0.3	–
Derivatives used for hedging	9.2	3.6	4.7	2.5	1.5	0.7	–
Total		**516.2**	**537.8**	**125.2**	**411.6**	**1.0**	**–**

All trade and other payables are expected to be paid in six months or less.

Liquidity risk mitigation

The Group regularly updates forecasts for cash flow and covenants, to ensure it has sufficient funding available. It maintains significant cash balances to meet future cash funding requirements and had £72.6m of cash at 31 December 2019. The Group also has revolving credit facilities of £260.0m available, of which £145.0m was undrawn at 31 December 2019.

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its financial instruments.

a) Interest rate risk

The Group is exposed to movements in interest rates on both interest earned on segregated funds administered for third parties and its net finance costs. Net finance costs include interest costs on the term loan and the RCF and interest income on the Group's own deposits. Interest costs payable are mostly linked to changes in Libor. Interest income receivable is largely driven by changes in the Bank of England base rate and the US Federal Reserve benchmark rate.

A movement in interest rates which negatively affects net finance costs would have a positive effect on revenue, and vice versa.

6.11 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk mitigation

Exposure to interest rate fluctuations is partly managed through the use of interest rate swaps. Interest rate swaps, which are designated as hedges under IAS 39 Financial Instruments: Recognition and Measurement, are agreed by the Board and have the objective of reducing the impact of variations in interest rates on the Group's profit and cash flow. The Group does not enter into speculative transactions in financial instruments or derivatives.

The Group has entered into sterling denominated interest rate swaps with notional values of £1,025.0m to July 2020 (£380.0m), to September 2021 (£215.0m), to September 2022 (£215.0m) and to September 2023 (£215.0m) and $700.0m interest rate swaps to March 2021, exchanging the variable rate derived interest income on segregated funds into fixed rates.

The term loans accrue interest based on a margin over Libor. The Group entered into an interest rate swap, exchanging variable based interest charges for fixed rate for a period of three years. This swap expired in 2018 and has not been replaced. The Group has not entered into a hedge of its outstanding RCF commitments.

The Directors monitor the overall level of borrowings, leverage ratio and interest costs to limit any adverse effects on the financial performance of the Group.

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

An increase of one percentage point in interest rates effective from the start of 2019 would have increased finance costs for the Group by £2.9m (2018: £1.4m), and increased interest revenue by £11.5m (2018: £10.1m), yielding a net increase in profit after tax of £6.6m (2018: £6.8m). This includes the impact of interest rate swaps, which reduce the fluctuations resulting from interest rate movements.

b) Foreign exchange rate risk

The Group has exposure to foreign exchange rate risk on cash flows in overseas operations which are affected by foreign currency movements. The Group's main risk is from the EQ US business which exposes the Group to foreign exchange rate movements between Sterling and the US Dollar.

The Group also has foreign exchange rate risk arising from costs incurred in operating its service centres in India and Poland and this exposes the Group to movements between Sterling, the Indian Rupee and Polish Złoty. The Group has implemented a hedging policy to reduce the risks associated with movements in the Sterling/Indian Rupee exchange rate by entering into a series of forward contracts based on expected cash flows to purchase Indian Rupee. These forward contracts are designated as hedges under IAS 39 Financial Instruments: Recognition and Measurement.

The Group has net investments in foreign operations in US Dollar, Euro, Indian Rupee and Polish Złoty, the re-translation of which on consolidation gives rise to exposure to the carrying values of non-Sterling assets and liabilities. The Group has designated US$92.0m of term debt as a hedge of a net investment in its EQ US business.

c) Equity price risk

The Group does not hold its own position in securities and is involved only in arranging share dealing transactions on behalf of its clients.

6.12 CAPITAL RISK MANAGEMENT

The Group is focused on delivering value for its shareholders whilst ensuring it is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

Total capital comprises total equity plus net debt, as shown in the consolidated statement of financial position. Net debt equates to the total of external interest bearing loans plus other lease liabilities, less cash and cash equivalents, as shown in the consolidated statement of financial position and note 6.9.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the Group ensures are achievable. The process for managing capital is regular reviews of financial data, to ensure that the Group is tracking the targets set, and to reforecast as necessary, based on the most up to date information whilst checking that future covenant test points are met. The Group may also consider repayment of debt, issuance of new and repurchase of existing shares and adjusting dividend payments to shareholders, to maintain an optimum capital structure. The Board regularly reviews the Group's capital structure. The Board manages the Group's capital so as to ensure it has sufficient funds to pay dividends, in line with the stated policies, for the foreseeable future.

Regulated entities

In the UK, the Group has one significant Financial Conduct Authority (FCA) regulated entity, Equiniti Financial Services Limited (EFSL), which must maintain minimum levels of capital in order to manage its affairs. It must ensure that it can meet its regulatory capital requirements and has sufficient liquidity to meet its liabilities as they fall due, including under potentially highly stressed conditions. EFSL has its own governance structure and holds monthly Board meetings and quarterly Risk and Audit Committee meetings, to ensure its regulatory objectives are met.

In the US, the Group has an entity regulated by the New York State Department of Financial Services (DFS), Equiniti Trust Company (ETC). ETC is approved by the DFS as a limited licensed bank under the New York State Banking Laws and has minimum capital requirements set by the DFS. To help meet its regulatory requirements, ETC has its own governance structure which includes a Board with independent non-executive Directors; an Examination Committee; an Audit Committee; and a Remuneration and Nominations Committee.

6.12 CAPITAL RISK MANAGEMENT (CONTINUED)

Management of capital	Note	2019 £m	2018 £m
Equity		520.0	511.2
Term loan	6.7	260.1	322.6
Revolving credit facility	6.7	115.0	76.7
Lease liabilities	6.8	41.1	1.1
Cash and cash equivalents	6.10	(72.6)	(90.9)
Total equity plus net debt		**863.6**	**820.7**

6.13 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities are classified as per IFRS 7 Financial Instruments: Disclosures according to the following categories:

Financial assets	Note	2019 £m	2018 £m
At amortised cost			
Trade and other receivables	5.1	41.7	53.5
Contract fulfilment assets	5.2	54.0	46.2
Cash and cash equivalents	6.10	72.6	90.9
At fair value through profit or loss			
Derivatives used for hedging	6.14	10.9	0.7
Total financial assets		**179.2**	**191.3**

Financial liabilities	Note	2019 £m	2018 £m
At amortised cost			
Trade and other payables	5.3	90.6	112.2
Contract fulfilment liabilities	5.4	16.3	16.4
Term loans	6.7	260.1	322.6
Revolving credit facility	6.7	115.0	76.7
Lease liabilities	6.8	41.1	1.1
At fair value through profit or loss			
Derivative used for hedging	6.14	0.4	3.6
Total financial liabilities		**523.5**	**532.6**

Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value.

Assets	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	–	10.9	–	10.9
Total assets	**–**	**10.9**	**–**	**10.9**

Liabilities	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	–	(0.4)	–	(0.4)
Total liabilities	**–**	**(0.4)**	**–**	**(0.4)**

There were no transfers between levels during the year.

6.13 FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques used to derive level 2 fair values

Level 2 hedging derivatives comprise interest rate swaps, deal contingency forwards and forward foreign exchange contracts. The interest rate swaps are fair valued using forward interest rates extracted from observable yield curves and the deal contingency forwards and forward foreign exchange contracts are fair valued using the future contracted exchange rates. The effects of discounting are generally insignificant for level 2 derivatives.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The valuation technique used is a discounted cash flow model. There were no changes in valuation techniques during the year.

Group's valuation processes

The Group's finance department includes a team that monitors the values of financial assets and liabilities required for financial reporting purposes. This team ultimately reports to the Chief Financial Officer and the Audit Committee. Valuations are reviewed at least once every six months, in line with the Group's reporting dates.

Fair value of financial assets and liabilities

There are no material differences between the carrying value of assets and liabilities and their fair value. The only financial instruments measured at fair value are the derivatives.

6.14 DERIVATIVES

The Group has entered into sterling denominated interest rate swaps with notional values of £1,025.0m to July 2020 (£380.0m), to September 2021 (£215.0m), to September 2022 (£215.0m) and to September 2023 (£215.0m) and $700.0m interest rate swaps to March 2021, exchanging the variable rate derived interest rate income to fixed rates.

The Group enters into forward foreign exchange contracts to hedge its exposure to adverse variations in the Sterling/Indian Rupee exchange rate.

All the above derivatives, which are effective at a Group level, have been designated as cash flow hedges and qualify for hedge accounting. They are measured at fair value, with changes recognised within other comprehensive income.

The following tables indicate the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and are expected to impact the profit and loss:

31 December 2019	Carrying amount £m	Total contractual cash flows £m	Within 6 months £m	6–12 months £m	1–2 years £m	2–5 years £m
Assets						
Interest rate swaps	10.9	10.9	2.6	3.1	3.3	1.9
Total	**10.9**	**10.9**	**2.6**	**3.1**	**3.3**	**1.9**
Liabilities						
Interest rate swaps	(0.4)	(0.4)	(0.3)	(0.1)	–	–
Total	**(0.4)**	**(0.4)**	**(0.3)**	**(0.1)**	**–**	**–**

31 December 2018	Carrying amount £m	Total contractual cash flows £m	Within 6 months £m	6–12 months £m	1–2 years £m	2–5 years £m
Assets						
Interest rate swaps	0.3	1.3	0.6	0.6	0.1	–
Forward foreign exchange contracts	0.4	0.4	0.4	–	–	–
Total	**0.7**	**1.7**	**1.0**	**0.6**	**0.1**	**–**
Liabilities						
Interest rate swaps	(3.6)	(4.7)	(1.1)	(1.4)	(1.5)	(0.7)
Total	**(3.6)**	**(4.7)**	**(1.1)**	**(1.4)**	**(1.5)**	**(0.7)**

7 GOVERNANCE

7.1 DIRECTORS' REMUNERATION

	2019 £m	2018 £m
Directors' emoluments	1.7	2.3
Share-based payment expense	0.3	1.9
Total directors' remuneration	**2.0**	**4.2**

The executive Directors receive a cash payment in lieu of retirement benefits and therefore no benefits were accruing under money purchase pension schemes at the year end. Full details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 94 – 119.

7.2 SHARE-BASED PAYMENTS

The Group operates several share-based award and option plans, the terms of which are summarised below, along with the movements in the number of share options during the year. Options have been exercised throughout the year on the Performance Share Plan and Sharesave Plans and the Group's average share price during the year was £2.14 (2018: £2.51).

Performance Share Plan (PSP)

Share options are granted to executive Directors and selected employees with a nil exercise price. The vesting of share options granted under the PSP scheme is weighted equally on two performance conditions. The first condition requires a minimum of 6% average annual earnings per share growth over the three year vesting period (except for the share options granted in 2018 which are conditional on a minimum of 8% average annual earnings per share growth). The second condition is dependent on the median total shareholder return over an equivalent three year period. Vested options can be exercised over a period of up to 10 years from the grant date.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2019		2018	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	10,679,430	£0.00	10,473,276	£0.00
Granted	3,351,506	£0.00	1,987,167	£0.00
Forfeited	(815,471)	£0.00	(83,920)	£0.00
Exercised	(1,154,361)	£0.00	(1,697,093)	£0.00
Outstanding at 31 December	**12,061,104**	**£0.00**	**10,679,430**	**£0.00**

Of the 12,061,104 (2018: 10,679,430) outstanding options at the end of the year, 5,519,603 (2018: 4,620,723) were exercisable. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date – Vest date	Expiry date Year	Exercise price £	2019 Number	2018 Number
2015 – 2018	2025	£0.00	3,830,137	4,231,452
2016 – 2019	2026	£0.00	1,342,265	2,108,573
2017 – 2018	2027	£0.00	247,467	389,271
2017 – 2019	2027	£0.00	99,734	147,223
2017 – 2020	2027	£0.00	1,911,352	2,144,649
2018 – 2021	2028	£0.00	1,452,978	1,658,262
2019 – 2022	2029	£0.00	3,177,171	–
			12,061,104	**10,679,430**

7.2 SHARE-BASED PAYMENTS (CONTINUED)

The fair value of options granted during the year, which was determined using the Monte Carlo valuation model, was £1.18 per option. The significant inputs into the model were the share price of £2.08 at the grant date, the exercise price shown above, volatility of 32.1% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), an expected option life of three years and an annual risk-free interest rate of 0.7%.

The total charge for the year relating to this scheme was £1.6m (2018: £5.6m).

Sharesave Plan 2015

Share options are granted to Directors and employees who enter into a Her Majesty's Revenue & Customs (HMRC) approved share savings scheme. Participants can save a maximum of £500 per month over three to five years. The number of shares over which an option is granted is such that the total option price payable for those shares corresponds to the proceeds on maturity of the related savings contract. The exercise price is calculated as 80% of the average share price over the three preceding days or, in relation to new issue shares, the nominal value of a share. Granted options vest over the maturity of the savings contract and can be exercised over a period of up to six months after vesting.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2019		2018	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	3,187,081	£1.19	3,507,110	£1.19
Granted	–	£1.19	–	£1.19
Forfeited	(14,209)	£1.19	(217,646)	£1.19
Exercised	(3,172,872)	£1.19	(102,383)	£1.19
Outstanding at 31 December	**–**	**£1.19**	**3,187,081**	**£1.19**

There were no share options outstanding at the end of the year. In the prior year, out of the 3,187,081 outstanding options at the end of the year, 22,542 were exercisable at a weighted average exercise price of £1.19. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date – Vest date	Expiry date Year	Exercise price £	2019 Number	2018 Number
2015 – 2018	2019	£1.19	–	22,542
2015 – 2019	2019	£1.19	–	2,962,854
2017 – 2019	2019	£1.19	–	201,685
			–	**3,187,081**

The total charge for the year relating to this scheme was £nil (2018: £0.8m).

Sharesave Plan 2018

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2019		2018	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	–	–	–	–
Granted	3,685,058	£1.78	–	–
Forfeited	(581,833)	£1.77	–	–
Exercised	(12,054)	£1.77	–	–
Outstanding at 31 December	**3,091,171**	**£1.78**	**–**	**–**

7.2 SHARE-BASED PAYMENTS (CONTINUED)

Of the 3,091,171 (2018: none) outstanding options at the end of the year, 30,393 (2018: none) were exercisable. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date – Vest date	Expiry date Year	Exercise price £	2019 Number	2018 Number
2018 – 2021	2021	£2.23	93,820	–
2018 – 2022	2022	£1.77	2,997,351	–
			3,091,171	**–**

The fair value of options granted during the year, which was determined using the Black-Scholes valuation model was £0.94 per option. The significant inputs into the model were share price of £2.66 at the grant date, exercise price shown above, volatility of 32.5% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), dividend yield of 2.0%, an expected option life of three years and an annual risk-free interest rate of 0.9%.

The total charge for the year relating to this scheme was £0.8m (2018: £nil).

Deferred Annual Bonus Plan

30% of the annual bonus for Directors and selected employees is delivered in shares which are deferred for three years from the date of the award. Shares awarded under the deferred annual bonus plan are not subject to any performance conditions but can be forfeited, either in part or in full, as they are subject to continued employment, unless deemed a good leaver by the Remuneration Committee. The number of shares awarded is calculated using the market value of shares on grant date.

Movements in the number of shares outstanding were as follows:

	2019 Number	2018 Number
Outstanding at 1 January	349,217	142,626
Granted	200,628	206,591
Forfeited	(32,885)	–
Outstanding at 31 December	**516,960**	**349,217**

Of the 516,960 (2018: 349,217) shares outstanding at the end of the year, none (2018: none) were exercisable. Shares outstanding at the end of the year had the following expiry dates:

Grant date – Vest date	Expiry date Year	2019 Number	2018 Number
2017 – 2020	2027	134,489	142,626
2018 – 2021	2028	181,843	206,591
2019 – 2022	2029	200,628	–
		516,960	**349,217**

The total cash value of the Deferred Shares awarded during the year was £0.2m (2018: £0.6m).

7.3 RELATED-PARTY TRANSACTIONS

Transactions with key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	2019 £m	2018 £m
Key management emoluments	4.7	5.8
Company contributions to money purchase pension plans	0.1	0.1
Termination benefits	0.4	–
Share-based payment expense	0.5	3.5
Total	**5.7**	**9.4**

Key management are the Directors of the Group and the Executive Committee, who have authority and responsibility to control, direct or plan the major activities within the Group.

7.4 AUDITOR'S REMUNERATION

	2019 £m	2018 £m
Fees payable to Group's external auditor, PricewaterhouseCoopers LLP, and its associates were as follows:		
– Audit of the parent company and consolidated financial statements	0.2	0.3
– Audit of the Company's subsidiaries	0.4	0.2
Audit fees	0.6	0.5
Fees payable to Group's auditor and its associates for non-audit services were as follows:		
– Other assurance services required by regulation	0.2	0.2
– Other assurance services	0.1	0.1
Non-audit fees	**0.3**	**0.3**
Total	**0.9**	**0.8**

Other assurance services required by regulation includes £0.1m (2018: £0.2m) for services performed in the UK in relation to the CASS audit of Equiniti Financial Services Limited. CASS audit fees are excluded from the ratio of audit to non-audit fees, and therefore the ratio for 2019 was 1:0.3 (2018: 1:0.2). The Audit Committee is committed to maintaining this ratio to a maximum of 70% of the average statutory audit fee.

8 TAXATION

8.1 INCOME TAX CHARGE

Recognised in the income statement in the year:	2019 £m	2018 £m
Current tax:		
Current period	4.4	3.5
Adjustment in respect of prior periods	(1.2)	(1.4)
Total current tax	**3.2**	**2.1**
Deferred tax:		
Origination and reversal of temporary differences	4.3	0.2
Adjustment in respect of prior periods	(0.1)	1.6
Total deferred tax	**4.2**	**1.8**
Total income tax charge	**7.4**	**3.9**

Reconciliation of effective tax rate:	2019 £m	2018 £m
Profit for the year	32.4	20.7
Total tax charge	7.4	3.9
Profit before tax	**39.8**	**24.6**
Tax using the UK corporation tax rate of 19% (2018: 19%):	7.6	4.7
Non-deductible expenses	0.8	0.9
Recognised loss on derivative contract	–	(1.9)
Previously unrecognised tax assets	0.2	0.1
Effect of tax rate change	(0.1)	(0.2)
Effect of claims for research and development	0.2	0.1
Adjustment in respect of prior periods	(1.3)	0.2
Total income tax charge	**7.4**	**3.9**

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. A reduction to this rate to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016. The deferred tax assets and liabilities at 31 December 2019 have been calculated based on these rates. On 11 March 2020, the Government announced that it will legislate to retain the current 19% rate beyond March 2020. The impact of this will be an increase to the net deferred tax assets of approximately £2.4m.

The prior year adjustment arises from the increased recognition of deductible temporary differences in respect of goodwill recognised on the acquisition of EQ US.

The recognised loss on the derivative contract in the prior year related to a derivative loss on a deal contingency forward contract used to hedge the purchase price consideration in US dollars for EQ US.

8.2 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised assets

Deferred income tax assets are attributable to the following:

	2019 £m	2018 £m
Property, plant and equipment	1.9	1.6
Employee benefits and other timing differences	10.6	9.4
Tax value of losses carried forward	34.5	36.0
Tax assets	**47.0**	**47.0**
Net of tax liabilities	(26.7)	(23.4)
Net tax assets	**20.3**	**23.6**

Recognised liabilities

Deferred income tax liabilities are attributable to the following:

	2019 £m	2018 £m
Intangible assets	26.7	23.4
Tax liabilities	**26.7**	**23.4**
Net of tax assets	(26.7)	(23.4)
Net tax liabilities	–	–

No deferred tax asset has been recognised in respect of £4.8m (2018: £4.8m) of gross tax losses, due to uncertainty in terms of future recoverability. The Group has no other unrecognised deferred tax assets.

Movements in deferred tax during the year:

Year ended 31 December 2019	Opening balance £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	Closing balance £m
Property, plant and equipment	1.6	–	0.3	–	1.9
Intangible assets	(23.4)	(0.7)	(2.6)	–	(26.8)
Employee benefits and other timing differences	9.4	–	(0.4)	1.6	10.7
Tax value of losses carried forward	36.0	–	(1.5)	–	34.5
	23.6	**(0.7)**	**(4.2)**	**1.6**	**20.3**

Year ended 31 December 2018	Opening balance £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	Closing balance £m
Property, plant and equipment	2.8	–	(1.2)	–	1.6
Intangible assets	(22.2)	(0.2)	(1.0)	–	(23.4)
Employee benefits and other timing differences	8.2	–	2.4	(1.2)	9.4
Tax value of losses carried forward	38.0	–	(2.0)	–	36.0
	26.8	**(0.2)**	**(1.8)**	**(1.2)**	**23.6**

9 OTHER DISCLOSURES

9.1 OTHER FINANCIAL ASSETS

Non-current	2019 £m	2018 £m
Derivatives used for hedging (note 6.14)	10.9	0.2
Total	**10.9**	**0.2**

Current	2019 £m	2018 £m
Derivatives used for hedging (note 6.14)	–	0.5
Total	**–**	**0.5**

9.2 OTHER FINANCIAL LIABILITIES

Non-current	2019 £m	2018 £m
Derivatives used for hedging (note 6.14)	–	3.6
Total	**–**	**3.6**

Current	2019 £m	2018 £m
Derivatives used for hedging (note 6.14)	0.4	–
Total	**0.4**	**3.6**

9.3 POST-EMPLOYMENT BENEFITS

Defined contribution pension plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the year was £9.5m (2018: £8.5m).

Defined benefit pension plans

The Group operates three funded defined benefit pension plans in the UK. All of the plans are final salary pension plans and provide benefits to members in the form of a guaranteed level of pension, payable for life. The liability under all schemes is based on final salary and length of service to the employer. The assets of the schemes are held independently of the Group's assets, in separate trustee-administered funds. The Trustees of the pension funds are required by law to act in the interest of the fund and of all relevant stakeholders.

The net liability of the three schemes is set out below:

	2019 £m	2018 £m
ICS Pension Scheme	1.9	1.7
Paymaster Pension Scheme	27.7	20.2
Prudential Platinum Pension – MyCSP Limited	2.1	1.0
Total defined benefit pension plan net liability	**31.7**	**22.9**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Full actuarial valuations are performed every three years, which determine the funding required to eliminate the net pension plan liabilities. The latest full valuations took place in 2018 and concluded in 2019.

All pension schemes have been closed to new members for a number of years and all schemes are now closed to future accrual, apart from a small sub-section of the Paymaster Pension Scheme.

The present value of the defined benefit obligation consists of approximately £3.6m (2018: £3.4m) relating to active employees, £49.1m (2018: £41.1m) relating to deferred members and £36.6m (2018: £32.5m) relating to members in retirement.

The investment strategy of the plans is set taking into account a number of factors including the profile and value of plan liabilities, the strength of the employer covenant and the long-term funding objectives agreed with the employer. The schemes have a broad allocation of investments in return-seeking assets with the remaining allocated to liability matching assets, designed to partially offset the movements in the scheme liabilities caused by movements in interest rates and inflation. The asset split reflects the Trustees' view of the most appropriate investments balancing the risk/reward characteristics of the funds the Scheme is invested in.

Pension plan assets are valued at fair value. Quoted equities and debt instruments on a recognised stock exchange are valued at the closing market price as at the valuation date. Exchange traded and over-the-counter derivative instruments are valued at the settlement price or at the latest valuation for such instruments on the valuation date. Cash and other illiquid assets will be valued at their face value plus accrued interest at the valuation date.

The Group is exposed to a number of risks through its defined benefit pension plans, the most significant of which are described below:

- Investment risk – Scheme growth assets are invested in a diversified portfolio of debt securities, equities and other return-seeking assets such as pooled private market funds. If the assets underperform the discount rate used to calculate the defined benefit obligation, the net pension plan liabilities will increase.
- Interest rate risk – A decrease in corporate bond yields will increase plan liabilities, although this is likely to be partially offset by an increase in the value of the plans' bond/liability driven investment holdings.
- Inflation risk – The majority of the liabilities are linked to inflation, although in most cases, caps on the level of inflation increases are in place to protect the scheme against extreme inflation. An increase in inflation rates will lead to higher liabilities, although this is likely to be partially offset by an increase in the value of some of the plans' liability driven investments.
- Longevity risk – The pension plans provide benefits for the life of the members, therefore increases in life expectancy will result in an increase in the plans' liabilities.

The Group and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies, including a risk register.

Defined benefit plan – ICS Pension Scheme

A full actuarial valuation was carried out at 6 April 2018 and has since been updated to the year ended 31 December 2019 by a qualified independent actuary.

	2019 £m	2018 £m
Present value of obligations	(13.8)	(12.3)
Fair value of plan assets	11.9	10.6
Recognised liability for defined benefit obligations	**(1.9)**	**(1.7)**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Movement in present value of defined benefit obligation	**2019 £m**	**2018 £m**
Defined benefit obligation at 1 January	12.3	13.1
Past service cost	–	0.2
Interest cost	0.3	0.3
Actuarial losses/(gains) – changes in financial assumptions	1.4	(0.2)
Actuarial gains – changes in demographic assumptions	–	(0.1)
Actuarial gains – other experience items	–	(0.1)
Benefits paid	(0.2)	(0.9)
Defined benefit obligation at 31 December	**13.8**	**12.3**

Movement in fair value of plan assets	**2019 £m**	**2018 £m**
Fair value of plan assets at 1 January	10.6	11.6
Interest income	0.3	0.3
Return/(loss) on plan assets	1.1	(0.5)
Employer contributions	0.1	0.1
Benefits paid	(0.2)	(0.9)
Fair value of plan assets at 31 December	**11.9**	**10.6**

Expense recognised in the income statement	**2019 £m**	**2018 £m**
Past service cost	–	0.2
Interest cost	0.3	0.3
Interest income	(0.3)	(0.3)
Total expense	**–**	**0.2**

Actuarial gains and losses recognised in other comprehensive income	**2019 £m**	**2018 £m**
Cumulative loss at 1 January	(3.5)	(3.4)
Actuarial losses recognised in other comprehensive income	(0.3)	(0.1)
Cumulative loss at 31 December	**(3.8)**	**(3.5)**

Plan assets are comprised of the following:	**2019 £m**	**2018 £m**
Equities	3.0	2.4
Corporate bonds	1.1	1.0
Diversified growth funds	1.8	–
Liability-driven investment funds	2.6	2.9
Illiquid assets	2.6	2.4
Cash	0.8	1.9
Fair value of plan assets at 31 December	**11.9**	**10.6**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Weighted average assumptions used to determine benefit obligations:	2019	2018
Discount rate	1.94%	2.75%
Rate of increase for pensions in payment:		
– CPI subject to a max of 3.0% pa.	1.91%	1.93%
– RPI subject to a max of 5.0% pa.	2.88%	3.07%
– RPI subject to a max of 2.5% pa.	2.09%	2.17%
Rate of increase for pensions in deferment	2.13%	2.15%
Inflation assumption	2.93%	3.15%

Weighted average life expectancy for mortality tables (100% SAPS S2PMA, 100% SAPS S2FA, 100% SAPS S2PA CMI 2018 with 0.5% adjustment, 1% long-term trend) used to determine benefit obligations at 31 December 2019:

	Male	Female
Member age 65 (current life expectancy)	86.9	88.8
Member age 45 (life expectancy at 65)	88.0	90.0

Contributions

Equiniti ICS Limited expects to contribute £0.2m to its pension plan in 2020.

Defined benefit plan – Paymaster Pension Scheme

A full actuarial valuation was carried out at 6 April 2018 and has since been updated to the year ended 31 December 2019 by a qualified independent actuary.

	2019 £m	2018 £m
Present value of obligations	(66.7)	(57.5)
Fair value of plan assets	39.0	37.3
Recognised liability for defined benefit obligations	**(27.7)**	**(20.2)**

Movement in present value of defined benefit obligation	2019 £m	2018 £m
Defined benefit obligation at 1 January	57.5	59.6
Current service cost	0.1	0.1
Past service cost	–	0.2
Interest cost	1.7	1.6
Actuarial losses/(gains) – changes in financial assumptions	9.7	(3.8)
Actuarial losses – other experience items	0.6	1.6
Liabilities extinguished on settlements	(1.5)	–
Benefits paid	(1.4)	(1.8)
Defined benefit obligation at 31 December	**66.7**	**57.5**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Movement in fair value of plan assets	2019 £m	2018 £m
Fair value of plan assets at 1 January	37.3	39.5
Interest income	1.1	1.0
Return/(loss) on plan assets	1.9	(2.4)
Assets distributed on settlements	(1.0)	–
Employer contributions	1.3	1.0
Benefits paid	(1.4)	(1.8)
Administration expenses	(0.2)	–
Fair value of plan assets at 31 December	**39.0**	**37.3**

Expense recognised in the income statement	2019 £m	2018 £m
Current service cost	0.1	0.1
Past service cost	–	0.2
Interest cost	1.7	1.6
Interest income	(1.1)	(1.0)
Total expense	**0.7**	**0.9**

Actuarial gains and losses recognised in other comprehensive income	2019 £m	2018 £m
Cumulative loss at 1 January	(21.6)	(21.4)
Actuarial losses recognised in other comprehensive income	(8.4)	(0.2)
Cumulative loss at 31 December	**(30.0)**	**(21.6)**

Plan assets are comprised of the following:	2019 £m	2018 £m
Private equity and diversified growth funds	19.4	12.0
Liability-driven investment funds	11.6	9.3
Illiquid assets	6.4	8.8
Cash and other	1.6	7.2
Fair value of plan assets at 31 December	**39.0**	**37.3**

Weighted average assumptions used to determine benefit obligations:	2019	2018
Discount rate	1.96%	3.00%
Rate of compensation increase	1.50%	1.50%
Rate of increase for pensions in payment	2.86%	3.10%
Rate of increase for pensions in deferment:		
– Pre 6 April 2009 service	2.06%	2.10%
– Post 6 April 2009 service	2.86%	3.10%
Inflation assumption	2.86%	3.10%

Weighted average life expectancy for mortality tables (96% SAPS S2PMA, 84% SAPS S2PFA CMI 2018, 1% long-term trend, 0.5% initial addition) used to determine benefit obligations at 31 December 2019:

	Male	Female
Member age 65 (current life expectancy)	86.8	89.9
Member age 45 (life expectancy at 65)	88.0	91.2

Contributions

Paymaster (1836) Limited expects to contribute £1.6m of additional funding to its pension plan in 2020.

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Defined benefit plan – Prudential Platinum Pension – MyCSP Limited

The latest full actuarial valuation was carried out at 31 December 2018 and has since been updated to 31 December 2019 by a qualified independent actuary.

	2019 £m	2018 £m
Present value of obligations	(8.8)	(7.2)
Fair value of plan assets	6.7	6.2
Recognised liability for defined benefit obligations	**(2.1)**	**(1.0)**

Movement in present value of defined benefit obligation	2019 £m	2018 £m
Defined benefit obligation at 1 January	7.2	8.0
Interest cost	0.2	0.2
Actuarial losses/(gains) – changes in financial assumptions	1.5	(0.8)
Benefits paid	(0.1)	(0.2)
Defined benefit obligation at 31 December	**8.8**	**7.2**

Movement in fair value of plan assets	2019 £m	2018 £m
Fair value of plan assets at 1 January	6.2	6.9
Interest income	0.2	0.2
Return/(loss) on plan assets	0.4	(0.7)
Employer contributions	–	0.1
Benefits paid	(0.1)	(0.2)
Administration expenses	–	(0.1)
Fair value of plan assets at 31 December	**6.7**	**6.2**

Expense recognised in the income statement	2019 £m	2018 £m
Administration expenses	–	0.1
Interest cost	0.2	0.2
Interest income	(0.2)	(0.2)
Total expense	**–**	**0.1**

Actuarial gains and losses recognised in other comprehensive income	2019 £m	2018 £m
Cumulative loss at 1 January	(1.3)	(1.4)
Actuarial (losses)/gains recognised in other comprehensive income	(1.1)	0.1
Cumulative loss at 31 December	**(2.4)**	**(1.3)**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan assets are comprised of the following:	2019 £m	2018 £m
Overseas equities	1.7	1.5
Corporate bonds	2.7	2.8
Diversified growth fund	2.2	1.8
Cash	0.1	0.1
Fair value of plan assets at 31 December	**6.7**	**6.2**

Weighted average assumptions used to determine benefit obligations:	2019	2018
Discount rate	2.20%	3.10%
Rate of increase for pensions in payment	1.96%	2.07%
Rate of increase for pensions in deferment	1.96%	2.07%
Inflation assumption	2.76%	3.07%

Weighted average life expectancy for mortality tables (100% SAPS S2PMA, 100% SAPS S2PFA, 100% SAPS S2PxA CMI 2018, 1% long-term trend, 0.5% initial addition) used to determine benefit obligations at 31 December 2019:

	Male	Female
Member age 65 (current life expectancy)	86.9	88.7
Member age 45 (life expectancy at 65)	87.9	90.0

Contributions

MyCSP Limited expects to contribute £0.3m of additional funding to its pension plan in 2020.

Sensitivity analysis

Estimates of the discount rate, inflation rate and life expectancy are used in calculating the pension obligation. The total effect on the employee benefit liability on all schemes as at 31 December 2019 of an increase in life expectancy by one year would be an increase of £3.7m (2018: £2.6m), a 0.5% decrease in the discount rate used would be an increase of £8.2m (2018: £6.0m), and a 0.5% increase in the inflation assumption would be an increase of £7.4m (2018: £6.0m). These individual sensitivity analyses are based on a change in one assumption whilst holding all other assumptions constant.

9.4 OPERATING LEASES

Future aggregate minimum lease payments, relating primarily to the Group's premises, are payable as follows:

	2019 £m	2018 £m
Less than one year	–	7.0
Between one and five years	–	26.1
More than five years	–	21.3
Total	**–**	**54.4**

Prior to 1 January 2019 the Group disclosed the future minimum lease payments as required by IAS 17. From 1 January 2019 the Group has recognised right of use assets and lease liabilities for its leases of office premises, except for short-term and low-value leases, as required by IFRS 16. See note 6.8 for the Group's lease liability as at 31 December 2019.

9.5 CONTINGENT LIABILITIES

The Company, along with other companies in the Group, has provided a guarantee in relation to a Senior Facilities Agreement comprising term loans and a revolving credit facility made available to Equiniti Holdings Limited. The facilities comprise term loan facilities of £190.0m and US$92.0m, and a multicurrency revolving credit facility of £260.0m, of which the drawn balance was £115.0m at 31 December 2019 (2018: £76.7m). Both facilities are repayable in 2024.

9.6 EVENTS AFTER THE REPORTING DATE

In February 2020, the Group purchased the entire issued share capital of Monidee B.V. (Monidee). Initial consideration of £3.3m (€4.0m) was paid in February 2020 and deferred consideration of £3.3m (€4.0m) is payable in February 2021. Monidee is an employee share plans technology business based in Amsterdam, Netherlands.

There have been no material events between 31 December 2019 and the date of authorisation of the consolidated financial statements that would require adjustments of the consolidated financial statements or disclosure.

9.7 RECONCILIATION BETWEEN OPERATING LEASES COMMITMENTS AND LEASE LIABILITIES

The Group's finance lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	£m
Operating lease commitments as at 31 December 2018	54.4
Weighted average incremental borrowing rate as at 1 January 2019	3.47%
Discounted operating lease commitments as at 1 January 2019	45.5
Less:	
Short term leases exempt from IFRS 16	(0.2)
Adjustments as a result of a different treatment of extension and termination options	(3.4)
Add:	
Contracts reassessed as lease contracts	0.6
Commitments relating to leases previously classified as finance leases	1.1
	43.6

The Group recognised lease liabilities on 1 January 2019 of £43.6m. £1.1m related to lease liabilities previously classified as finance leases under IAS 17.

The remaining £42.5m relates to lease liabilities recognised as a result of transitioning to IFRS 16.

The adjustments resulting from the different treatment of extension and termination options relate to a lease which the Group had substantially agreed for renewal at 31 December 2018. Therefore the lease was included in the Group's operating lease commitments in 2018. However the contract was delayed and was not executed until May 2019. Therefore the Group did not recognise a right of use asset and lease liability until this date.

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Investments in subsidiaries	9	276.9	276.9
		276.9	**276.9**
Current assets			
Amounts due from Group undertakings	10	513.0	520.8
		513.0	**520.8**
Total assets		**789.9**	**797.7**
Liabilities			
Current liabilities			
Amounts due to Group undertakings	11	74.3	64.0
		74.3	**64.0**
Total liabilities		**74.3**	**64.0**
Net assets		**715.6**	**733.7**
Equity			
Equity attributable to owners of the parent			
Share capital	12	0.4	0.4
Share premium	12	115.9	115.9
Capital redemption reserve		0.2	0.2
Reserve for own shares	13	(4.0)	(10.0)
Retained earnings		603.1	627.2
Total equity		**715.6**	**733.7**

The Company's profit for the financial year was £nil (2018: loss of £96,000). The notes on pages 190–193 form part of these financial statements.

The financial statements of Equiniti Group plc (registered number: 07090427) on pages 188–193 were approved by the Board of Directors on 12 March 2020 and were signed on its behalf by:

John Stier

Chief Financial Officer

12 March 2020

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £m	Share premium £m	Capital redemption reserve £m	Reserve for own shares £m	Retained earnings £m	Total equity £m
Balance at 1 January 2018	0.4	115.8	0.2	–	641.4	757.8
Comprehensive expense						
Loss for the year	–	–	–	–	(0.1)	(0.1)
Total comprehensive expense	–	–	–	–	**(0.1)**	**(0.1)**
Issue of share capital, net of transaction costs (note 12)	–	0.1	–	–	–	0.1
Purchase of own shares (note 13)	–	–	–	(13.9)	–	(13.9)
Share option awards to employees (note 13)	–	–	–	3.9	(3.9)	–
Dividends (note 17)	–	–	–	–	(16.5)	(16.5)
Capital contribution in respect of share-based compensation plans (note 14)	–	–	–	–	6.3	6.3
Transactions with owners recognised directly in equity	**–**	**0.1**	**–**	**(10.0)**	**(14.1)**	**(24.0)**
Balance at 31 December 2018	**0.4**	**115.9**	**0.2**	**(10.0)**	**627.2**	**733.7**
Balance at 1 January 2019	**0.4**	**115.9**	**0.2**	**(10.0)**	**627.2**	**733.7**
Comprehensive income						
Profit for the year	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Purchase of own shares (note 13)	–	–	–	(3.8)	–	(3.8)
Share option awards to employees (note 13)	–	–	–	9.8	(6.0)	3.8
Dividends (note 17)	–	–	–	–	(19.7)	(19.7)
Share-based payment transactions (note 14)	–	–	–	–	1.6	1.6
Transactions with owners recognised directly in equity	**–**	**–**	**–**	**6.0**	**(24.1)**	**(18.1)**
Balance at 31 December 2019	**0.4**	**115.9**	**0.2**	**(4.0)**	**603.1**	**715.6**

The notes on pages 190–193 form part of these financial statements.

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company, limited by shares, which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH.

2 BASIS OF PREPARATION

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The principal accounting policies applied in the preparation of the Company financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. These financial statements have been prepared on the going concern basis and under the historical cost convention. The Company's functional and presentational currency is the British Pound (£).

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The Company made no profit or loss in the year (2018: loss of £96,000).

A statement of cash flows has not been presented as the Company did not have any cash flows during the current or prior period, nor did it have any cash and cash equivalents at any time during the period. Therefore the presentation of a statement of cash flows would not provide any additional information. Dividends payable by the Company are paid on its behalf by another entity within the Group.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less any provisions for impairment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company acquires its own ordinary shares, the consideration paid is recorded as a deduction from equity.

Equity share-based payment transactions

The Company operates a number of equity-settled, share-based compensation plans, under which companies within the Group receive services from employees as consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognised within equity in the statement of financial position, and the cost is recharged to subsidiary Group companies. The total amount recognised is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, total shareholder return);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Company revises its estimate of the number of awards that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revisions to original estimates, if any, within equity in the statement of financial position with a corresponding adjustment to amounts recharged to subsidiary companies.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are no new IFRSs or IFRS IC interpretations not yet adopted which would be expected to have a material impact on the financial statements of the Company.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no accounting policies where the use of judgements and estimates is determined to be significant to the financial statements.

3 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

– credit risk
– liquidity risk

Risk management policies are established for the Equiniti Group plc group of companies (the Group), including Equiniti Group plc. The Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Further information regarding the Group's financial risks and risk management policies can be found in note 6.11 to the consolidated financial statements.

4 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to maximise shareholder value whilst safeguarding the Company's ability to continue as a going concern. Total capital is calculated as total equity in the balance sheet.

Management of capital:	**2019 £m**	**2018 £m**
Equity	715.6	733.7
Total equity	**715.6**	**733.7**

5 AUDITORS' REMUNERATION

The audit fees for these financial statements of £1,250 (2018: £1,250) were borne by a fellow Group company.

6 STAFF NUMBERS AND COSTS

There were no persons employed directly by the Company, other than the Directors, and therefore no staff costs were incurred (2018: none).

7 DIRECTORS' REMUNERATION

Full details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 94 – 119. The Directors were remunerated for services to the Group as a whole and it is not possible to make an accurate apportionment of their remuneration in respect of services to the Company. These costs were borne by fellow Group companies, without recharge to the Company.

8 INCOME TAX CHARGE

The Company incurred no income or expenses in the year (2018: loss of £96,000) and no tax charge or credit has been incurred.

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. A reduction to this rate to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016.

9 INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiaries:

Cost and net book value	**2019 £m**	**2018 £m**
At beginning of the year	276.9	174.6
Additions	–	96.0
Additions related to share-based compensation plans	–	6.3
Total investment in subsidiaries	**276.9**	**276.9**

The Directors consider the value of the investment to be supported by its underlying assets. The Company has the following direct investments in subsidiaries:

Name of controlled entity	**Registered office address**	**Principal activities**	**Ownership % on 31 December 2019**
Equiniti Holdings Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Equiniti Finance (Holdings) Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	100
Equiniti (UK) Finance Ltd	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Non trading	100

The above investments are held in the Ordinary share capital of the companies. A full list of the Company's indirect investments is included in note 4.5 to the consolidated financial statements.

10 AMOUNTS DUE FROM GROUP UNDERTAKINGS

Current	2019 £m	2018 £m
Non-interest bearing receivables due from related parties	513.0	520.8
Total amounts due from Group undertakings	**513.0**	**520.8**

Balances due from related parties are repayable on demand.

11 AMOUNTS DUE TO GROUP UNDERTAKINGS

Current	2019 £m	2018 £m
Non-interest bearing payables due to related parties	74.3	64.0
Total amounts to Group undertakings	**74.3**	**64.0**

Balances due to related parties are repayable on demand.

12 SHARE CAPITAL

	Share capital		Share premium	
Allotted, called up and fully paid	**2019 £m**	**2018 £m**	**2019 £m**	**2018 £m**
Balance at 1 January	0.4	0.4	115.9	115.8
Employee share options exercised	–	–	–	0.1
Balance at 31 December	**0.4**	**0.4**	**115.9**	**115.9**

Ordinary shares of £0.001 each	2019 Number	2018 Number
Balance at 1 January	364,536,666	364,434,283
Employee share options exercised	–	102,383
Balance at 31 December	**364,536,666**	**364,536,666**

The Company did not issue any shares in the current year. In the prior year, the Company issued 102,383 ordinary shares on exercise of employee share options during the year. The shares were issued at a weighted average exercise price of £1.19 per share. Proceeds of £0.1m were received by a fellow Group company, Equiniti Holdings Limited, and the balance is reflected within receivables due from related parties.

13 RESERVE FOR OWN SHARES

During the year, the Company purchased 1,801,167 (2018: 6,000,000) of its own ordinary shares for consideration of £3.8m (2018: £13.9m). The shares are held in an employee benefit trust, which is controlled by the Group, and will be used to satisfy the vesting of awards under the Group's share option plans. During the year, 4,340,246 (2018: 1,697,093) shares were used to satisfy the vesting of awards. Shares held by the trust are deducted from equity and the trust has waived its right to receive dividends.

The market value of the 1,763,828 (2018: 4,302,907) shares held in trust at 31 December 2019 was £3.6m (2018: £9.3m).

14 SHARE-BASED PAYMENTS

The Company has equity-settled share-based award plans in place, being the conditional allocations of Equiniti Group plc shares. Share-based payments disclosures relevant to the Company are presented within note 7.2 to the consolidated financial statements.

15 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities are classified as per IFRS 7 Financial Instruments: Disclosures according to the following categories:

Financial assets	Note	2019 £m	2018 £m
Amortised cost			
Loans and receivables due from related parties	10	513.0	520.8
Total financial assets		**513.0**	**520.8**

Financial liabilities	Note	2019 £m	2018 £m
Amortised cost			
Loans and receivables due to related parties	11	74.3	64.0
Total financial liabilities		**74.3**	**64.0**

The fair values and the carrying values of financial assets and liabilities are not materially different.

16 RELATED-PARTY TRANSACTIONS

Receivable at the year end	2019 £m	2018 £m
From fellow Group companies	513.0	520.8
Total	**513.0**	**520.8**

Payable at the year end	2019 £m	2018 £m
To fellow Group companies	74.3	64.0
Total	**74.3**	**64.0**

17 DIVIDENDS

Amounts recognised as distributions to equity holders in the year	2019 £m	2018 £m
Interim dividend for year ended 31 December 2019 (1.95p per share)	7.1	–
Final dividend for year ended 31 December 2018 (3.49p per share)	12.6	–
Interim dividend for year ended 31 December 2018 (1.83p per share)	–	6.6
Final dividend for year ended 31 December 2017 (2.73p per share)	–	9.9
Total dividend paid during the year	**19.7**	**16.5**

The Board recommends a final dividend payable in respect of the year ended 31 December 2019 of £12.9m (2018: £12.6m) or 3.54p per share (2018: 3.49p per share). As this is subject to shareholder approval at the Annual General Meeting on 7 May 2020, no liability has been included in these financial statements. The final dividend will be paid on 26 May 2020, to shareholders on the register at close of business on 17 April 2020.

The Equiniti Group Employee Benefit Trust has waived its right to receive dividends on shares held.

18 CONTINGENT LIABILITIES

The Company, along with other companies in the Group, has provided a guarantee in relation to a Senior Facilities Agreement comprising term loans and a revolving credit facility made available to Equiniti Holdings Limited. The facilities comprise term loan facilities of £190.0m and US$92.0m, and a multicurrency revolving credit facility of £260.0m, of which the drawn balance was £115.0m at 31 December 2019 (2018: £76.7m). Both facilities are repayable in 2024.

THE REWARDS 2019

PAYMENTS PROVIDER AWARD

EQGLOBAL

EQGlobal wins Payments Provider Award at The Rewards 2019

04 Additional Information

SHAREHOLDER INFORMATION

Registered Office

Equiniti Group plc
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Company number 07090427

For enquiries regarding ordinary shares, please contact

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone

UK only 0371 384 2335

Non UK +44 121 415 7047

Shareholders can also access their holdings online by visiting the website at www.shareview.co.uk

For corporate governance enquiries, please contact the Company Secretary:

Kathy Cong
kathy.cong@equiniti.com

For investor relations enquiries, please contact the Head of Investor Relations:

Frances Gibbons
frances.gibbons@equiniti.com

Financial calendar*

12 March 2020	Annual results for year ended 31 December 2019
7 May 2020	Annual General Meeting and Trading Update
30 July 2020	Interim results for six months ended 30 June 2020

* The financial calendar may be updated from time to time throughout the year. Please refer to our website www.equiniti.com for up-to-date information.

DIVIDEND REINVESTMENT PLAN

Shareholders are able to take their dividend as cash, or in shares through the DRIP (Dividend Reinvestment Plan). Further details are available at www.shareview.co.uk.

The DRIP allows shareholders to use their cash dividends to buy more shares in the Company. Rather than receiving a dividend cheque through the post or having their bank account credited with the dividend payment, shareholders can choose to use their cash dividend to buy additional shares.

Whole shares are purchased with any residual money being carried forward and added to the next dividend. However, if the amount of the dividend, less any dealing costs incurred in completing the purchase, is insufficient to buy a single share, no charge is made and the dividend is carried forward.

E-COMMUNICATIONS

Using the Group's website as the main method of distribution for many statutory documents is part of our commitment to reducing our environmental impact.

Shareholders can choose to receive communications, including the Annual Report and Accounts and Notice of Meetings, in electronic form rather than by post.

Shareholders can register through the online service at www.shareview.co.uk.

The registration process requires the input of a shareholder reference number (SRN), which can be found on the share certificate.

To ensure that shareholder communications are received in electronic form, "email" should be selected as the mailing preference.

Once registered, shareholders will be sent an email notifying them each time a shareholder communication has been published on the Company website, and providing them with a link to the page on the website where it may be found.

WARNING TO SHAREHOLDERS

Equiniti Group plc is legally obliged to make its share register available to the general public. Consequently some shareholders may receive unsolicited mail, including correspondence from unauthorised investment companies.

Companies have become increasingly aware that their shareholders have received unsolicited phone calls concerning their shareholding. These calls are typically from overseas-based brokers who target UK shareholders offering to sell what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Ensure that you obtain the correct name of the person and organisation;
- Check that they are properly authorised by the FCA before becoming involved.
- You can check and report the matter to the FCA at www.fca.org.uk.

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 DECEMBER 2019

Range	No. of Holders	% of Holders	No. of Shares	% of Share Register
1–1,000	504	46.93	107,835	0.03
1,001–50,000	335	31.19	2,953,537	0.81
50,001–500,000	140	13.04	24,241,867	6.65
500,001+	95	8.84	337,233,427	92.51
Total	**1,074**	**100.00**	**364,536,666**	**100.00**

ADVISERS

AUDITOR	**PricewaterhouseCoopers LLP** The Portland Building 25 High Street Crawley, West Sussex RH10 1BG
CORPORATE BROKERS	**Barclays** 5 The North Colonnade London E14 4BB **Citigroup Global Markets Ltd** Citigroup Centre 33 Canada Square London E14 5LB **Liberum** Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
FINANCIAL ADVISER	**Rothschild** New Court St Swithin's Lane London EC4N 8AL
FINANCIAL PR ADVISER	**Temple Bar Advisory Limited** 60 Cannon Street London EC4N 6NP
LEGAL ADVISER	**Linklaters LLP** One Silk Street London EC2Y 8HQ
REGISTRAR	**Equiniti Limited** Aspect House Spencer Road Lancing, West Sussex BN99 6DA


EQUINITI