EQUINITI GROUP PLC

20

ANNUAL REPORT 2020

PURPOSEFULLY DRIVEN | DIGITALLY FOCUSED | FINANCIAL FUTURES FOR ALL

Equiniti (EQ) is an international provider of technology and solutions for complex and regulated data and payments, serving blue-chip enterprises and public sector organisations.

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.

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 mission is for our people and platforms to connect businesses with markets, engage customers with their investments and allow organisations to grow and transform.

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Creating positive experiences for the millions of people who rely on us

EQ Digital has been helping businesses to transform, so they can care for customers affected by the COVID-19 pandemic. Its case management solutions business built a self-service portal for the Civil Aviation Authority allowing customers to make a claim or rearrange their booking if their ATOL protected holiday falls through.

The division has also supported corporate clients to facilitate payment holidays and forbearance schedules for those in short-term financial difficulty caused by the pandemic. This work was underpinned by its adaptable credit platform, which already had the required functionality and could be rapidly enabled, allowing them to quickly adhere to FCA guidance.

Section 01
Strategic Report

HEADLINES

			Change (%)[1]
REVENUE[2]	2020	**£471.8m**	**(15.1%)**
	2019	£555.7m	
UNDERLYING EBITDA*[3]	2020	**£91.7m**	**(32.6%)**
	2019	£136.0m	
UNDERLYING EBITDA* MARGIN	2020	**19.4%**	**(5.1%)**
	2019	24.5%	
EARNINGS BEFORE INTEREST AND TAX (EBIT)*	2020	**£5.8m**	**(89.6%)**
	2019	£55.9m	
(LOSS)/PROFIT AFTER TAX	2020	**(£1.1m)**	**N/A**
	2019	£32.4m	
DILUTED EARNINGS PER SHARE (EPS)	2020	**(0.5p)**	**N/A**
	2019	8.4p	
UNDERLYING* EPS	2020	**9.1p**	**(49.7%)**
	2019	18.1p	
DIVIDEND PER SHARE	2020	**–**	**N/A**
	2019	5.49p	
OPERATING CASH FLOW CONVERSION*[4]	2020	**97%**	**6%**
	2019	91%	
FREE CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS*	2020	**£44.5m**	**19.9%**
	2019	£37.1m	
NET DEBT	2020	**£307.9m**	**(10.4%)**
	2019	£343.6m	
LEVERAGE	2020	**3.4x**	**0.9x**
	2019	2.5x	

SUMMARY

SALES

- Very challenging environment, with disruption to capital markets and the wider economy significantly impacting performance
- Significant reduction in higher-margin market-paid and discretionary projects as market activity paused
- Central banks action drove £16.9m reduction in interest earned across the Group
- Q4 slower than anticipated due to extended sales cycles and economic pressures towards the year end
- Resilient underlying business performance with major new client wins and 99% client retention
- Order book building with new order intake 10% ahead of last year

CASH GENERATION

- Free cash flow to equity holders of £44.5m, an increase of 19.9%, benefitting from £7.5m VAT deferral and disposal proceeds of £14.8m
- Cash conversion of 97% benefitting from VAT deferral, good cash collection in Q4 and payment terms reverting to medium-term trend
- Net debt reduction of £35.7m, resulting in leverage of 3.4x
- Proforma leverage[5] of 3.1x reflecting the divestment of the EQi direct-to-consumer business
- Non-essential capital expenditure and discretionary projects suspended, however customer facing and efficiency investment continues

COST MANAGEMENT

- Swift action taken to reduce costs and preserve cash across all areas of the business
- Cost efficiency programmes delivering savings of £15m in 2020
- A further £15m of cost savings identified for FY 2021 as action taken in 2020 flows to trading with further initiatives identified to manage the cost base

[1] Change at actual foreign exchange rates. Revenue change at constant foreign exchange rates is (15.1%) and underlying EBITDA is (32.6%).

[2] Reported revenue declined by 15.1%. Organic revenue declined by 15.9%. Calculation of organic revenue can be found on page 35.

[3] 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 excludes non-operating items of £15.9m. See page 9 for further detail.

[4] Operating cash flow conversion is calculated after allowing for use of a £20.0m receivables financing facility the Group has in place, of which £8.0m (31 December 2019: £8.0m) was utilised at the end of the year. Details of the facility can be found on page 37.

[5] Proforma leverage is calculated to include the divestment of the EQi direct-to-consumer business had it completed in FY 2020.

* The Group uses alternative performance measures to provide additional information on the underlying performance of the business. See pages 40 to 41. for further detail.

COVID-19: IMPACT AND RESPONSE

The COVID-19 pandemic has created unprecedented challenges for EQ and society as a whole. Here we outline the impact on our business in 2020 and how we have responded, to support our colleagues, clients and customers, and ensure our business remains financially and operationally resilient.

IMPACT OF COVID-19

At the start of 2020, the Group had a positive outlook for the year. We expected that many projects for UK clients, which had been deferred in 2019 as a result of Brexit uncertainty and the subsequent general election, would be resumed.

Even so, the onset of the COVID-19 pandemic affected our markets in ways that we had not predicted. We responded quickly and robustly, and ensured continued delivery for clients and customers. However, the combined effect of reduced interest rates and the disruption to capital markets had a material impact on our financial performance this year.

Whilst the core business has proved resilient with strong client retention and new business wins in all divisions, the ongoing disruption to capital markets and the wider economy continued to hold back any material recovery in market-paid and discretionary revenues. These revenues arise mainly from interest receivables, commission and fee-based income from capital market activity and discretionary projects, and are higher margin in nature. EQ Boardroom was impacted by lower corporate activity, fewer share dealing programmes and reduced dividend commissions. EQ Digital was impacted by a lower level of software sales and reduced remediation volumes as some clients closed sites and deferred projects. In EQ Paymaster, there was some impact with projects being delayed, particularly in Government, in addition to the £2.2m price reduction relating to the MyCSP contract which was agreed as part of the September 2018 contract extension. EQ US was impacted by uncertainty in capital markets resulting in a lower level of corporate actions and project work plus a lower interest rate environment.

OUR RESPONSE TO COVID-19

Protecting our People and Jobs

Protecting the wellbeing of our people was a top priority and we moved rapidly to home working. This successful transition was supported by the roll out in the first half of the year of our new desktop computing environment (GlobalOne), based on Windows 10 and Microsoft Office. This gives us a single working environment across the Group and helps our people to collaborate and share work seamlessly.

One of our key aims was to retain as many skills as possible during the pandemic. EQ has a long-tenured workforce, with colleagues who have been with us for many years, and we hugely value their skills and dedication. As a business of specialists, not generalists, it is important to us that we retain those skills within the Group, which will benefit clients, customers and shareholders. We therefore redeployed people where necessary and utilised Government support packages where appropriate. During this period, the Group received £0.5m from the Government's job retention scheme. However, the Group ensured that all employees continued to receive their full pay. All furloughed colleagues had returned to work by the end of June 2020.

Anticipating the impact COVID-19 was likely to have on colleagues, and in order to help to insulate them from the impact of the pandemic, we gave a pay rise of £400 to UK employees who earned under £30,000 per year. In addition, all colleagues who had been with the business since the start of the pandemic were offered £300 of free shares in EQ.

To support our people as they worked from home and to protect mental health, we introduced regular Group-wide communication and a wide range of wellbeing and other initiatives, as described on page 44. These initiatives contributed to a meaningful increase in employee engagement in the year.

Ensuring Delivery for Customers and Clients

The seamless transition to home working, underpinned by GlobalOne, meant we were able to ensure an exemplary operational response, with all lines of business sustained without interruption. The quality of the service we have delivered since the start of the pandemic has resulted in strong client and customer satisfaction levels, as shown in the key performance indicators on pages 20 to 21.

Accelerating our programmes of service automation and digitisation will have important operational and efficiency benefits for EQ but will also support further improvements in client and customer experience, for example by ensuring our services are simple and accurate and enabling self-service where possible.

Preserving our Financial Strength

We have a robust financial position and balance sheet, with a term loan and revolving credit facility (RCF) totalling £520.0m in place until July 2024. At 31 December 2020, we had undrawn funds of £202.0m available through the RCF and cash of £42.4m.

Nonetheless, given the duration and impact of the pandemic were uncertain, we considered it prudent to preserve our cash and liquidity during the crisis. In addition to suspending the dividend, we paused all acquisition activity and reprioritised capital expenditure to match the current market conditions, without affecting investment in core customer-facing technology and planned efficiency improvements. More information on our financial position can be found in the Financial Review on pages 34 to 39.

Making the Business Fitter and Leaner

We have proactively managed our cost base, including cancelling salary reviews for senior employees, freezing recruitment and removing interim resources. Performance share plan awards for the executive leadership team were also reduced by 50% of the value of the awards. In addition, we have anticipated future working patterns across the Group and undertaken an extensive review of our property portfolio. With more than 70% of colleagues identified as flexible workers, 17 out of our 38 properties will be fully or partially closed.

The total cost savings we have implemented are shown below:

	2020 £m
Cost Savings	
Consultancy and contractors	4.6
Third-party spend	5.0
Incentives	5.0
Cost avoidance	
Hiring avoided	4.0
Pay reviews	2.4
Gross savings	**21.0**

Total operating expenditure reduced by 9.4% to £380.1m (2019: £419.7m). In addition, a further £15m of cost savings is expected to flow into 2021 from initiatives the Group has commenced.

The Group has recorded non-operating items of £15.9m reflecting charges of £19.7m associated with COVID-19 and the Group's response, offset by a £3.8m gain on business disposals. Charges associated with COVID-19 and the restructuring activities performed as a result are as follows:

	2020 £m
Office consolidation	11.7
People severance costs	5.0
Untaken annual leave	3.0
Total charges	**19.7**

Well Positioned for a Return to Growth

The work we have done this year gives us a more agile organisation, with a lower cost base and an accelerated digitisation programme. This positions us to bounce back more strongly when market conditions begin to normalise.

For more information on the outlook, see the Chairman's Statement on pages 22 to 23 and the Chief Executive's Statement on pages 24 to 25.

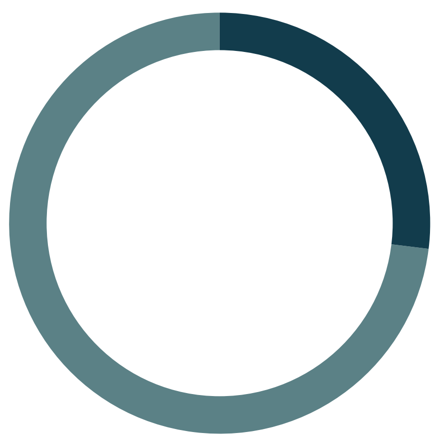
ABOUT US

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

EQ BOARDROOM

EQ Boardroom offers a broad range of services, including share registration for around half of the FTSE 100 and the administration of SAYE schemes and share incentive plans for 1.3 million employees. The division also provides share dealing, wealth management and international payments to corporate clients and their employees, as well as direct to retail customers.

27% REVENUE 2020



27% REVENUE 2019

EQ DIGITAL

EQ Digital helps organisations manage their interactions with customers, citizens and employees in areas which are regulated or have complex activities. The division offers specialist resource and technology for rectification and remediation, as well as solutions for credit services, on-boarding new clients and data analytics.

29% REVENUE 2020

31% REVENUE 2019

EQ PAYMASTER

EQ Paymaster 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.

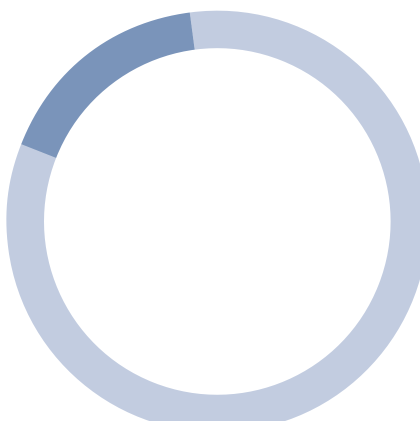
25% REVENUE 2020

23% REVENUE 2019

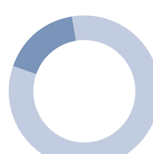
EQ US

EQ US provides transfer agent, equity compensation and proxy solicitation services that help companies reduce risk, realise efficiencies and improve shareholder experiences. Clients can rely on us to implement their plans, answer their questions and address their concerns with complete confidence.

17% REVENUE 2020



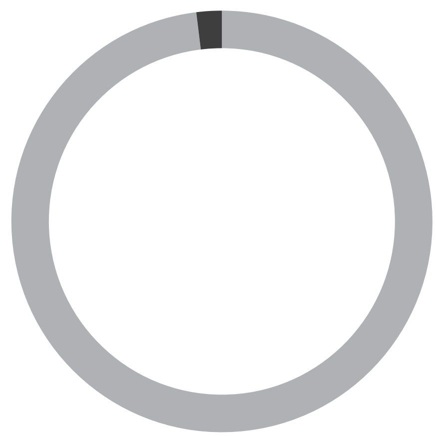
17% REVENUE 2019



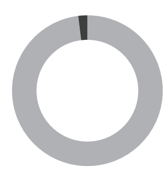
INTEREST INCOME

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

2% REVENUE 2020



2% REVENUE 2019



OUR BUSINESS MODEL

We recognise that while our clients commission our services, ultimately our success depends on ensuring consistent delivery for millions of end customers, who rely on those services for a sustainable financial future. The activities we undertake for our clients can be complex and sometimes difficult to understand for the individuals who need to use the services we provide.

Our purpose is therefore to care for every customer and simplify each and every transaction. This is supported by our focus on the simplicity of our operations, the quality of service and our move to digital-first.

OUR VALUE CREATION MODEL

What we do

We combine scalable and proprietary technology with experienced and specialist people, to provide services that are accessible, accurate, flexible and efficient, and which are increasingly designed to be delivered digitally.

These services are often non-core but business-critical to our clients and vital to their stakeholders, such as their employees, pensioners and customers. 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.

As we grow, our business and risk environment also become more complex. Managing risk is fundamental to delivering our strategy and operating successfully. A robust risk management culture is therefore vital for sustainable growth and must be at the centre of everything we do (see pages 51 to 55).

Ensuring a Sustainable Business Model

Our strategy (see pages 18 to 19) is designed to ensure our business model is sustainable for the long-term. Our focus on simplicity and quality of service helps to deliver superior outcomes for end customers, which in turn supports our long-term relationships with our clients' senior decision makers. Our strategic account directors then work with our clients to identify other areas where we can deliver value and innovation. As a result, our key accounts typically take more than ten services from us and some take more than 20. This cross-selling and up-selling drives our top line growth. 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 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.

Environmental, social and governance issues are becoming increasingly important to us and our stakeholders. We engage closely with our stakeholders, so we understand their issues and create both financial and non-financial value for them. In particular, our colleagues are vital to our success, and so we invest in them, developing their skills, offering career paths and engaging them in interesting and rewarding work. This helps us to attract and retain the people we need.

Delivering Returns

Our technology platforms provide significant operational leverage, which is supported by our ongoing drive to simplify and digitise our operations. This increases profits as our revenue grows. To optimise our efficiency, we continue to expand our technology development, testing and support capability in the UK, India and Poland.

OUR COMPETITIVE ADVANTAGE

We have a number of advantages that help us to compete effectively in our markets. In particular:

- our well-invested proprietary technology platforms form a barrier to entry, given the substantial experience, time and money required to build them;
- our people's expertise enables us to provide sophisticated, high-margin services that are protected from commoditisation;
- we have 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 market-leading positions (see page 17) make us a natural choice for new clients;
- we have many years' experience of providing complex services in regulated markets; and
- we have a track record of identifying, developing or acquiring new platforms and capabilities, to cross-sell to our existing client base.

THE VALUE WE CREATE

↑

For Our Clients

Our clients – the blue-chip enterprises and public sector organisations we serve – receive high-quality services and technology that free them to focus on what matters most to them.

↑

For Customers

We reach many millions of customers (e.g. shareholders, employees or pensioners) through the services we provide for our clients. Many of our services are fundamental to the financial futures of our customers, whether we are ensuring that people receive their pensions or dividend payments on time, helping them to manage their investments or manage key life events such as bereavement.

↑

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 Our Shareholders

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

↑

For Society

Our services support our clients' profitability, which in turn supports job creation. We also work in an ethical and sustainable way, and seek to create sustainable value for the long-term.

OUR TECHNOLOGY PLATFORMS

We deliver our services and solutions through a suite of platforms, which provide resilient, enterprise-grade technology and functionality to our clients.

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

The scalability of our platforms supports our business growth, as we process increasingly large volumes of data and transactions, with payments totalling £215bn made in 2020. 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

EQ Charter is our case and complaints management platform. It supports EQ Digital's 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

EQ Compendia is our award-winning pension administration and payroll platform. It is used to manage records and payments for around nine 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.

EQ Sirius

EQ 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 £28bn in 2020. Sirius receives approximately one million internal website hits each day and delivers an average response time of less than one second.

EQ Xanite

EQ 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.

OTHER IMPORTANT PLATFORMS

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 Passport
Our client on-boarding and anti-money laundering platform

EQ Riskfactor
Our fraud detection platform

EQ Centive
Our executive share plans platform

EQ Ice.net
Our loan administration platform

OUR MARKETS

EQ has large addressable markets in the UK and US. We have the ability to increase our addressable markets over time, by adding capabilities to the Group and cross-selling those capabilities to an expanding client base.

This helps to drive growth across the Group and is particularly important in the US, as we transfer capabilities developed in the UK to serve EQ US's clients, and as the US business develops its own new capabilities.

In the short-term, activity in our markets is driven by macroeconomic conditions including confidence 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, mergers, acquisitions, share issues and buybacks. As discussed throughout this report, COVID-19 has had a material impact on our markets in 2020.

LONGER-TERM MARKET GROWTH

The longer-term growth prospects in our markets are unaffected by COVID-19 and are 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. The UK financial services industry faces the potential for further regulatory change in the coming years as a result of Brexit, allowing divergence from EU regulations.

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

Continuing Digitisation

Customers 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

The impact of COVID-19 has only exacerbated the pressure on companies to cut costs, to enable them to compete effectively and protect their margins. COVID-19 has also intensified the pressure on public finances, which were already stretched, forcing 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. Increased digitisation also offers an opportunity to lower the cost to serve.

OUR RESPONSE TO MARKET TRENDS

The trends outlined on page 16 have several implications for us. Our strategy (see pages 18 to 19) is designed to respond to these dynamics.

IMPLICATIONS FOR EQ	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 and there is a growing demand for digitised services, 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 cash flows to reinvest in our technology platforms, while continuing to strengthen our balance sheet.

OUR COMPETITIVE ADVANTAGES

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

In EQ Boardroom, 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 EQ Digital, we have a number one position in remediation services and strong positions in regulatory services, loan technology, risk assessment and consumer credit.

EQ Paymaster 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.

No. 1

UK:

- Share Registration
- Employee Share Plans
- Remediation Services
- Public Sector Pensions Administration

No. 2

UK:

- Third-party Pension Administration

US:

- By Shareholders Served

No. 3

US:

- By Issuers Served

OUR STRATEGY

EQ has a five-part strategy, designed to drive organic growth by leveraging our technology platforms. Our strategy supports our ability to deliver our purpose, through our emphasis on simplicity of our operations, the quality of service and our move to digital-first.

STRATEGY

1 GROW SALES TO EXISTING CLIENTS

Long-term client relationships are the foundation of our business and we are pleased to have retained 99% of clients across the Group. 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 to customers, 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:

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

PROGRESS IN 2020

1 GROW SALES TO EXISTING CLIENTS

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

- RiskFactor services to our US clients.
- EQ Insider (technology enabling clients to administer Persons Discharging Managerial Responsibilities dealing) to our EQ Boardroom and EQ US clients.

Whilst sales to our key accounts decreased by 17% in the period, our key accounts continue to take an average of ten products from us.

2 WIN NEW CLIENTS

New wins in the year included:

- Hastings, The Hut Group, Paypoint and Vodafone in EQ Boardroom;
- Hodge Bank, Development Bank of Wales and the Civil Aviation Authority in EQ Digital;
- HSBC, Royal London and Link in EQ Paymaster; and
- American Midstream Partners, Arcutis, Diamond Hill Investments, Fulton Financial, Vertex and ZoomInfo in EQ US.

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 and emphasising a digital-first approach to service delivery. 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 Monidee B.V. in the Netherlands, to enhance our global share plans offer;
- launched EQ Insider, EQ Complaints Professional and a new mortgage servicing platform in EQ Digital; and
- launched a platform for administering private M&A transactions in EQ US.

4 DRIVE OPERATING LEVERAGE

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

- ensure our operations are simple and digitally focused;
- 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:

- rationalised costs and our property portfolio in response to COVID-19, to generate cost savings of £14.6m and cost avoidance of £6.4m;
- scaled up our technology centre in Krakow, Poland; and
- continued our programme to digitise our services, making them more scalable and efficient.

5 REINVEST STRONG CASH FLOWS

EQ'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 2020 we:

- delivered free cash flow to equity holders of £44.5m, benefitting from £7.5m VAT deferral and £14.8m disposal proceeds;
- delivered operating cash flow conversion of 97% benefitting from VAT deferral, good cash collection in Q4 and payment terms reverting to medium-term trend;
- invested £37.3m in capital expenditure, equivalent to 7.9% of revenue for the year; and
- decreased year-end net debt by £35.7m to £307.9m.

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 18 to 19. We have also set medium-term targets for our key financial metrics, which are described below:

KPI	RELEVANCE TO STRATEGY
REVENUE GROWTH Revenue is 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. Links to the following strategy elements: 1 2 3
UNDERLYING EBITDA MARGIN Earnings before interest, tax, depreciation, amortisation and non-operating items, 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. Links to the following strategy element: 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. Links to the following strategy element: 5
LEVERAGE The ratio of net debt to underlying EBITDA.	A strong balance sheet gives us the capacity to invest organically and in acquisitions. Links to the following strategy element: 5
CLIENT SATISFACTION We use the following industry recognised measures to monitor client satisfaction: 1. Net Promoter Score (NPS) 2. Customer Effort Score (CES) 3. 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. Links to the following strategy elements: 1 2
EMPLOYEE TURNOVER The number of employees who voluntarily leave EQ 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. Links to the following strategy elements: 1 2 3

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

* Free cash flow to equity holders will replace operating cash flow conversion as a KPI going forward.

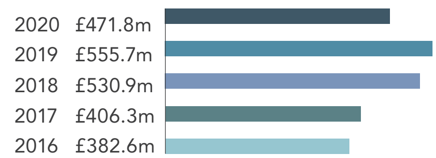
KEY

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

PERFORMANCE

MEDIUM-TERM TARGET: Organic revenue growth of 3–7% per annum, supplemented by capability enhancing acquisitions.

In 2020, total revenue declined by 15.1%, with an organic revenue decline of 15.9%.

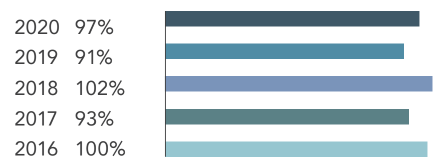


MEDIUM-TERM TARGET: Gradual margin improvement of c25 basis points (bps) per annum.

In 2020, underlying EBITDA margin was 19.4%, a decline of 5.1%.

MEDIUM-TERM TARGET: Average operating cash flow conversion of c90%.

In 2020, cash flow conversion was 97%, an increase of 6%.



MEDIUM-TERM TARGET: Leverage of 2.0–2.5x, post-IFRS 16

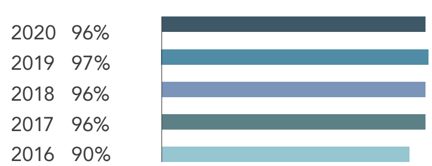
At 31 December 2020, net debt declined by £35.7m to £307.9m, with leverage of 3.4x as a result of lower underlying EBITDA.

TARGETS: NPS of 40 in the medium-term, CES of 95%, CSAT of 97%

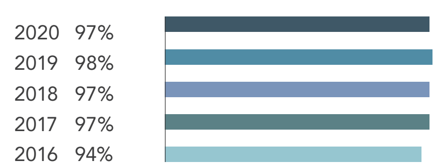
In 2020, we delivered customer satisfaction scores significantly ahead of our medium-term targets.

NPS of 55 against a medium-term target of 40.

CES of 96% against an industry benchmark of 70%.



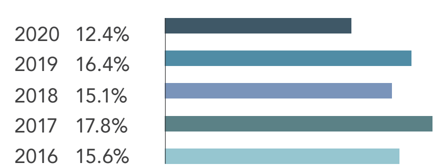
CSAT of 97% against an industry benchmark of 77%.



TARGET: 16% employee turnover in the UK.

In 2020, employee turnover in the UK was 12.4%.

Going forward, we will report employee turnover on a Group basis. For 2020, employee turnover on a Group basis was 16.0%.



CHAIRMAN'S STATEMENT

Philip Yea, Chairman

2020 has been dominated by COVID-19 and despite the considerable efforts of our colleagues and the continued loyalty of our clients has proved to be a very disappointing year for EQ's shareholders.

The pandemic was starting to break in the UK just as we were finalising our Annual Report for 2019, and even though we were cautious at that stage, the way in which the effects of the pandemic have played out, and in particular the nature and timing of the measures taken by the regulators in response to the pandemic, have left EQ's financial performance much more exposed than expected.

Before the pandemic broke, the Board was confident that the Group was well placed for a positive 2020, targeting further growth in revenue and profit, a robust cash inflow and continued reduction in leverage. However, COVID-19 has had an unprecedented and widespread impact on revenues. Quite understandably, corporate clients have been deferring projects, reducing or cancelling the level of their dividends, and in the UK, those fundraisings which they have undertaken have in many cases been structured directly through placings rather than the more usual rights issue. Actions taken by the authorities, such as the reduction in central bank interest rates and the temporary disapplication of pre-emption rights for certain share issues, were understandable from an economic and regulatory standpoint but have had a marked effect on our revenue. While our recurring business has proved resilient, around half of the discretionary and market-paid element of our revenues has been adversely impacted. Although there will inevitably be a recovery in certain market-paid revenues as the financial markets and economies recover, the reduction in central bank interest rates, on which a significant part of Group revenues has depended, can no longer be relied upon as a significant revenue source in the near term. Total interest-related income earned across the Group decreased by £16.9m in 2020 with a further reduction of £14m expected in 2021.

Total revenue fell by 15.1% to £471.8m, with an organic revenue decline of 15.9%. Given the inherent profitability of the revenue streams affected by COVID-19, underlying EBITDA was 32.6% lower at £91.7m. The Group generated a loss after tax of £1.1m. Net debt continued to reduce during the year, but the lower EBITDA resulted in an increase in leverage, from 2.5x at 31 December 2019 to 3.4x at 31 December 2020. The Board remains committed to reducing leverage and we continue to target a range of 2.0x to 2.5x over the medium-term to be delivered through a return to growth, ongoing cash flow and selected disposals.

There were many positives to the year, not least the leadership team's rapid response to the onset of the pandemic. We were able to protect our people by switching quickly to home working, while continuing to support our customers and clients. This in turn helped to maintain the client loyalty which is the cornerstone of our business. The cost reductions we have implemented also offset some of the impact on profitability this year and will provide a springboard for more rapid recovery in profits when market conditions allow.

It was also pleasing to see a record order intake during the year, with successes in renewals and new business across all parts of the Group. In the UK, EQ Boardroom continued to demonstrate that it is the provider of choice, winning business from both new issuers and established companies transferring from competitors. The trajectory in EQ Paymaster is positive, with key renewals secured, including MyCSP, the Group's largest contract, and a significant number of new client gains. EQ Digital faced continuing delays in customers' approval of new projects, although it had encouraging sales of certain new platforms as it continues to more closely integrate with the rest of the Group. EQ US faced into a difficult market where a lower level of corporate activity and reduction in interest rates weighed heavily on both fees and interest income. However, it also gained further market share and signed important new channel partnerships, which will accelerate growth in equity compensation plans.

Faced with the significant reduction in market-paid revenues and acknowledging that those elements of our revenue which are linked to central bank rates are unlikely to recover to pre-pandemic levels for many years, our leadership took urgent steps to reduce costs and prioritise capital expenditure whilst still supporting our long-term investment programmes. We have also taken steps to address concerns regarding the level of the Group's debt. The Group ended the year with lower debt due to strong underlying free cash flow, and this has been supported by disposals of non-core assets, part of a programme which has continued through year end with the disposal of EQi's direct-to-consumer business announced in March. The UK Government's deferral of VAT payments contributed £7.5m of the £44.5m of free cash flow to equity holders.

DIVIDEND

On 15 April 2020, in light of the uncertainty caused by the COVID-19 pandemic, we announced our decision to withdraw our final dividend for the year ended 31 December 2019.

With trading conditions continuing to be difficult and uncertainty remaining high, the Board decided not to declare an interim dividend with our half year results, nor are we proposing a final dividend for 2020. We recognise the importance of dividends to shareholders and intend to resume dividend payments once we are confident that increases in the order book are translating into profit growth, that leverage continues to track downwards and that generation of free cash flow to equity holders continues.

BOARD AND GOVERNANCE

This was an active year for the Board, as we held more regular meetings to ensure effective oversight of the Group's response to the pandemic. This included thorough debates over key issues such as the deferral of the dividend, our approach to furlough and accepting Government support.

On 5 January 2021, the Board announced the appointment of Paul Lynam as Chief Executive with effect from 1 April 2021, succeeding Guy Wakeley who had been in the role since 2014. Paul is an experienced business leader focused on customer satisfaction and staff engagement as key levers of business success. The Board thanks Guy for his committed and ambitious leadership, especially through the unprecedented challenges of 2020, and we wish him every success in the future. Cheryl Millington, an independent non-executive Director at EQ, has assumed the role of interim Chief Executive until Paul joins on 1 April 2021, and I should like to record the Board's gratitude for the way she has stepped in at short notice and the clear leadership she has provided during this period.

On 1 April 2021, we announced that in line with our normal succession timetable, Dr Tim Miller would not be seeking re-election as an independent non-executive Director at our next AGM and that Mark Brooker would be replacing Tim as Chair of the Remuneration Committee. On behalf of the Board, I should like to thank Tim for his valuable contribution over the six years he has served on the Board.

After six years as Chief Financial Officer, John Stier has advised the Directors of his intention to step down and retire from the Company once a successor is appointed. We are very grateful to John for all his hard work and commitment to the Company, including during the IPO in 2015.

PEOPLE AND CULTURE

The pandemic has meant considerable uncertainty and upheaval for our people this year and I want to thank them for the way they have responded and their commitment to ensuring we continue to deliver for customers and clients. EQ is becoming an increasingly purpose-led organisation and our operational performance this year has shown we are translating that purpose into action. The appointment of Andrew Stephenson as our new Chief People Officer will help us to make further progress in 2021, given his deep understanding of how to help frontline teams succeed. More information about employee engagement can be found in the Environmental, Social and Governance section on page 44.

The Board engages directly with our people through our designated non-executive Director, Dr Tim Miller. He has led an active programme of engagement, which continues to be beneficial. We were pleased to see a good improvement in engagement scores in this year's survey, which in part reflects the significant increase in the frequency and intensity of communications between management and colleagues during the pandemic. On Tim's retirement at the AGM, this role will be taken on by Cheryl Millington once she returns to being non-executive.

LOOKING FORWARD

EQ enters the new year with a leaner and more digitally focused business, which will support a recovery in profitability once revenues recover. The core strengths of our business remain intact. The actions taken over the last twelve months have set us up to return to growth once market conditions allow. The Group has strong liquidity and improving leverage ratios. I have every confidence that once our new management team has settled, we will be able to further simplify the Group both presentationally and operationally as key steps in restoring shareholder value.

Philip Yea

Chairman

1 April 2021

CHIEF EXECUTIVE'S STATEMENT

Cheryl Millington, Chief Executive

The COVID-19 pandemic meant that for much of 2020, EQ faced market conditions that we could not have predicted.

As we responded to the COVID-19 crisis, we set out three complementary priorities for the organisation: to keep our people safe, to ensure that we delivered for our customers and to preserve skills and jobs. Keeping our people safe meant a rapid shift to remote working. Our operations and teams proved extraordinarily resilient through this change, enabling us to continue to deliver for clients and for the end customers we serve. There were no interruptions or discontinuities to our service. I want to thank everyone in EQ for their immense hard work in helping us achieve this.

Across the Group, we have a very clear purpose which is all about looking after and caring for our customers. We must become easier and faster to do business with, which for us means simplifying every interaction and every transaction with our customers and clients.

BUSINESS PERFORMANCE OVERVIEW

Overall 2020 was a very challenging year with disruption to capital markets and the wider economy significantly impacting our business performance. We have achieved strong cash generation, reflecting good cash collection in Q4 and payment terms returning to medium term trends. In response to lower activity in the year, we took swift action on cost management across all areas of the business.

We have agreed a total consideration of £63.7m from the sale of three non-core assets. This includes the sale of the EQi direct-to-consumer business for a consideration of £48.5m announced in March 2021 and the sale of our HR and Payroll business and Charter Systems in December 2020. These sales allow us to continue to focus our activities and strengthen the balance sheet. Proforma leverage at 31 December 2020 reduced to 3.1x.

We continue to work to a well-defined capital allocation model. Absolute levels of capex have been reduced to £37.3m in 2020 from £48.5m in 2019. Non-essential capex and discretionary projects were suspended, however investment in customer experience improvements and automating our processes continued to ensure we are fit for the future. After capex investment, cash has historically been split across deleveraging, M&A and shareholder returns. The latter two have been paused to focus on the reduction of net debt and leverage through a return to profit growth.

FINANCIAL HEADLINES

Revenue in 2020 was £471.8m, a decline of 15.1% on 2019. Underlying EBITDA was £91.7m, a decline of 32.6% on 2019, reflecting the challenging market environment and a slower than anticipated close to the year. Net debt reduced by £35.7m to £307.9m, resulting from strong cash flow. Leverage at 31 December 2020 was 3.4x, reflecting the lower level of underlying EBITDA. Proforma leverage reduced to 3.1x with the sale of our EQi direct-to-consumer business. Free cash flow attributable to equity holders was strong at £44.5m, benefitting from £7.5m of VAT deferral and disposal proceeds of £14.8m.

Our underlying EBITDA performance in 2020 was impacted by five factors. First, 2019 headwinds, in EQ Paymaster, client losses, contract restructuring and the MyCSP price step down resulted in a £5.4m impact. Second, interest rates, where a combination of the blended rate and reduced client balances, and a reduction in corporate actions in the US, where we earn interest as fee income, resulted in a £16.9m impact. Third, lower market-paid activity, which includes deferred and withdrawn dividends, cancelled share dealing programmes and reduced corporate actions, all of which are higher margin services. Fourth, lower and cancelled discretionary spend including cancelled and delayed software sales and projects in EQ Paymaster and EQ Digital, and lower remediation work in EQ Digital. Finally, our swift action on cost management created £14.6m of savings to offset some of this decline.

OPERATIONAL REVIEW

EQ Boardroom was impacted by lower interest rates and a reduction in market-paid activity. The underlying business performed well and, yet again, 100% of registration clients were retained. Excluding renewals, the win rate across the division was 71%. In 2020, the division secured nine registration client wins, eight share plan wins and eight IPO mandates. Looking to 2021, whilst there are headwinds from reduced interest rates, the division has already won five registration clients, 14 IPOs and 15 share plans and we are seeing corporates return to dividend payments. We therefore remain an even stronger market leader which stands us in good stead for when market activity recovers.

EQ Digital was particularly challenged by the economic environment as corporates delayed or cancelled software sales and projects. Remediation work was impacted by clients' inability to return to their offices. However, sales of the risk analytics platform and data analytics products were strong. Looking to 2021, income from PPI comes to an end. Whilst there are significant opportunities for new remediation work, until client offices open the appetite for making commitments remains a challenge. Overall, the division has a strong pipeline and is seeing an increased requirement for debt administration and credit services in particular. That said, as yet we have not seen any step up in clients committing to deals. Corporates are waiting for economic market conditions to improve and a return to offices before making commitments to projects.

EQ Paymaster is very much a division in transition. Whilst 2020 saw delays in software sales and project work, particularly in Government, there have been significant client wins with HSBC, Link and Royal London Group, strong client retention and significant client renewals including the extension to the MyCSP contract, the largest contract in the Group. There is a continued programme of digitisation and cost rationalisation to increase margins to sustainable levels, which offsets to some extent, the reduced revenue impact. Looking to 2021, the division is focused on customer service, client retention and building on the momentum of new client wins in 2020. The division is particularly focused on getting traction in local government pension schemes. The nature of this business means there are often long lead times from winning the business to onboarding the client. New client wins in 2020 provide momentum for an expectation of return to growth in the medium term.

EQ US was impacted by reduced interest rates and lower market-paid activity. The underlying business performed well with no major client losses, 21 transfer agent wins and, benefitting from the partnerships with Principal and Vanguard, 21 equity compensation plan wins in the period. Looking to 2021, whilst the division will be impacted by the expiration of interest rate swaps in March 2021, there is a strong pipeline of transfer agent clients, continued traction with new products, particularly equity compensation plans and the introduction of EQ digital products. The division has already won nine equity compensation plan clients, 16 transfer agent clients, and six IPOs, and is seeing corporates return to dividend payments. We remain encouraged that our US business is growing its customer base and product offering.

The technology centre we opened in 2019 in Krakow, Poland, is going from strength to strength. User experience for web and mobile is increasingly important to our digitisation strategy.

As a result of COVID-19, we have learned to work in a different way, we are planning for more flexible and home working in the future. As a consequence, 17 out of our 38 properties will be fully or partially closed.

OUTLOOK

Our long term structural growth drivers remain intact underpinned by strong and trusted customer relationships.

We continue to be dependent on the timing of the return of market-paid activity in EQ Boardroom and EQ US. We are already seeing a significant volume of IPO activity, fund raising activity and corporates returning to dividend payments.

Looking forward, interest income is expected to reduce by a further £14m in 2021 as the hedges in the US expire. This will be offset by the anticipated cost reduction activity of £15m in 2021.

We continue to focus on business simplification, a reduction of leverage to within our target range of 2.0 to 2.5x and the generation of free cash flow to equity holders.

We are well positioned for improving market conditions and are planning on return to profitable growth as market conditions normalise. The outlook for 2021 remains dependent on the pace and shape of economic recovery.

Cheryl Millington

Chief Executive

1 April 2021

OPERATIONAL REVIEW

EQ Boardroom

MARKET

Companies joining the stock market are an important source of new business for our share registration and share plans businesses. While the IPO market in the UK was relatively slow for much of the year, in large part due to COVID-19, companies were still able to come to market and we saw an increase in the latter part of the year with EQ Boardroom winning The Hut Group, the largest UK IPO of 2020.

Businesses served by competitors continued to seek new registration and share plan providers during 2020, maintaining a positive trend for EQ. A number of factors can encourage a client to switch providers, including wanting a single supplier for both registration and share plans, the quality of service or the need for technology-led solutions that are backed by a strong support function. Consolidation of service providers remains a feature of the share plans market and this can contribute to companies looking to switch, while acquirers integrate their purchases. There are a number of technology-led providers competing in the field of share plan administration. However, the ability of providers such as EQ to offer a broader package of services, including share registration, is an important competitive advantage.

Conditions in the retail share dealing market were mixed in 2020. Trading volumes in certificated shares and postal dealing were substantially down for much of the year. These trades are typically carried out by inexperienced investors who hold a single stock and the level of the FTSE 100 can have a material effect on their propensity to trade. Conversely, activity in the nominee retail investor area was substantially up on the previous year, as the reduction in interest rates encouraged both new and experienced investors to move savings out of cash, and the decline in the FTSE 100 presented a buying opportunity.

Consolidation in the retail share dealing market has continued, as increased scale can benefit margins. Pricing models are also changing, with more providers offering subscription-based services, rather than charging commission on every transaction.

PERFORMANCE

Revenue in EQ Boardroom decreased by 14.7% to £127.7m (2019: £149.7m). Strong client retention and new client wins were offset by lower corporate activity, fewer share dealing programmes and reduced dividend commissions. Corporate action revenue was 29.3% lower at £8.2m (2019: £11.6m).

Underlying EBITDA decreased by 27.5% to £36.4m (2019: £50.2m), driven by the reduction in revenue which significantly impacted higher-margin activity, and resulted in a margin of 28.5% (2019: 33.5%).

Whilst the underlying business proved resilient with strong client retention and new client wins, the discretionary revenues, which are mainly market-paid and significantly higher-margin business, were severely impacted by the challenging market environment. Market-paid revenues include commissions from share dealing, dividend reinvestment, and corporate actions. During the period, companies deferred or withdrew dividend payments and cancelled their share dealing programmes, and there was less corporate activity in the market as the large number of non-pre-emptive placings eliminated corporate actions in the period. The reduction in interest rates also impacted the divisional performance.

The share registration and share plans businesses both performed well, as EQ Boardroom continued to benefit from its investment in innovation and digitisation, contributing to it having the strongest pipeline of potential new business in several years.

Among numerous renewals for share registration in 2020 were DFS, Imperial Brands, Premier Foods and Spectris. Retained clients are increasingly signing longer contracts, with five years plus two option years becoming common. The business also continued to win clients from other providers, including Hastings, Paypoint and Vodafone.

The business was successful at securing mandates for IPOs, with eight won during the year. These included The Hut Group, Calisen and SourceBio International. EQ Boardroom is increasingly engaging with potential clients at an early stage in the IPO process, with great success in winning mandates with unlisted companies, enabling it to broaden its offering beyond share registration to include share plans and other services. As a result, these clients now typically take three services from EQ at IPO.

The division supported Royal Dutch Shell with its first fully digitised dividend payment, by providing technology that allowed dividend recipients to select their choice of currency. EQ Boardroom has also introduced change control technology to support clients in managing their dividend processes.

Renewals including

New wins including

IPOs including

Revenue

£127.7m

Underlying EBITDA

£36.4m

Underlying EBITDA margin

28.5%

The share plans business also had a good year for securing new work. Client wins in the year included BAE Systems, Rentokil and Wincanton. The business has also seen a number of corporates launch COVID-specific share plans as a means to incentivise employees. EQ Boardroom has invested in its global nominee product to make it more scalable through automation, resulting in significant efficiency improvements. The next phase of the project will allow participants conducting a transaction to select a foreign exchange rate in real time, which is a market first. Further enhancements will be launched in 2021. The acquisition of Monidee B.V (Monidee) in February 2020 has also enhanced the business's offer in this space. It is a highly complementary share plans business servicing more than 200,000 employees across 210 corporate clients in 50 countries. The acquisition allows EQ to meet current client demand and provides a leading proprietary platform to attract new international clients. The business has secured four new global share plan clients. In addition, it has also gone live with a significant new client, utilising its system to provide a live order book and investor website for the listing of stocks and bonds for small and medium-sized enterprises in Europe.

EQ Boardroom continues to offer a corporate nominee service to clients with employees and shareholders resident in EEA member countries following the end of the Brexit transition period. This compliant and pragmatic solution has been well received by clients with an international footprint who are keen to continue to provide the benefits that a corporate-sponsored nominee offers to retail shareholders.

The division's execution-only brokerage service delivered a solid performance. Whilst revenue from trading in certificated shares and postal dealing was lower in the period, the business earned higher revenue through its proprietary platform, as both new and experienced investors took advantage of lower share prices and switched away from cash following the reduction in interest rates.

EQPay, EQ's global payments business, had a slow year as a result of the reduction in transaction volumes during the pandemic. Going forward, EQPay has an opportunity to materially increase the proportion of the Group's payment flows that it handles.

OPERATIONAL REVIEW

EQ Digital

MARKET

EQ Digital has four areas of operation – rectification and remediation, credit services, know your customer (KYC) and data analytics – supported by specialist resource. Strong underlying trends continue to drive growth across all four areas.

In rectification and remediation, there has been a focus on regulated complaints and the need for clients to avoid substantial penalties for non-compliance from their regulator. This favours providers such as EQ, who can offer an end-to-end service comprising both technology and people, where we have access to a variable contract workforce, supported by a consultative approach to process redesign. Potential opportunities in this market in the coming years include mis-sold packaged bank accounts and motor finance. The backlog of existing claims in relation to mis-sold payment protection insurance (PPI) is largely complete. However, a case is currently proceeding through the courts to establish whether there is the basis for further claims, requiring repayment of commission paid on the mis-sold policies.

Demand for credit services technology is driven by a number of factors, including consumer confidence and lenders' appetite to automate and innovate. In addition, there have been a number of new entrants into the market in recent years. This expands the potential market for EQ's services while putting pressure on incumbents to defend their market share, with the support of EQ's technology. There are emerging opportunities in loan servicing and collections, which are likely to become increasingly important to clients as the economic impact of COVID-19 continues. There may also be opportunities presented by government-backed loan schemes relating to the pandemic, such as Bounce Back Loans.

The KYC market is driven by regulation and remains a key focus. 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. Regulators are dealing with the issue by introducing increasingly stringent rules and by requiring organisations to rectify past errors, where they have failed to onboard customers properly or perform appropriate annual reviews. As well as ensuring they have an accurate view of their customer risk, firms must avoid compromising on customer experience. These factors are 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 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.

PERFORMANCE

Revenue for EQ Digital decreased by 19.3% to £137.9m (2019: £170.9m). Underlying EBITDA was 32.0% lower at £29.6m (2019: £43.5m), representing a margin of 21.5% (2019: 25.5%). As a result of the pandemic, the division saw lower remediation volumes, as well as delayed and cancelled software sales and projects.

Remediation services are driven by regulation and are often non-discretionary in nature. As clients reacted to the constraints of the lockdown, many remediation projects were delayed and this impacted both the sale of software and the provision of remediation as a service.

Elsewhere, a number of clients cancelled or deferred software purchases as their operational response to the lockdown delayed their own internal projects.

Credit services secured a number of software license sales in the year, including Development Bank of Wales and the launch of a flexible digital servicing solution for Hodge Bank, marking its entry into the mortgage market. This cost-effective loan servicing platform will allow mortgage lenders to quickly launch competitive new services, while ensuring they remain compliant with regulation.

Our risk analytics platform gained further traction, with all major UK high street banks now using the platform. During the year, the division won new business with ABN AMRO, Lloyds Banking Group and Austrian bank Raiffeisen. In addition, EQ Digital is now able to offer the platform as software as a service, enabling it to provide individual modules rather than the entire system. This has given the business more agility and increased interest from clients.

Software sales including

Risk analytics platform sales including

Data analytics sales including

Revenue

£137.9m

Underlying EBITDA

£29.6m

Underlying EBITDA margin

21.5%

Our KYC business continued to successfully expand into Northern Europe and signed a technology deal with Dutch bank, FMO. In addition, the KYC business launched a partnership with Encompass, to automate and use artificial intelligence to analyse data that helps build a dynamic picture of a company or individual in just minutes.

The EQ Insider platform, which was launched as part of the division's data services offering, continued to gain traction and is now supporting 22 J.P. Morgan investment trusts. Other wins in the period included a contract with Centrica to provide web forms for processing applications for delayed and cancelled services, and an ATOL claims platform for the Civil Aviation Authority.

EQ Digital has continued to develop new propositions during the year. In addition to the launch of EQ Insider, the division has introduced EQ Complaints Professional, a software as a service complaints management tool. In addition, EQ Digital has begun to offer standby facilities for major banks, under which EQ Digital would step in if one of the client's counterparties failed, to run essential services for that counterparty such as payments, administration and system continuity. The product has already gained good traction in the market. The division is also developing an offer through which it would provide technology for approving, financing and managing equity release loans, with EQ Paymaster providing administration support.

To leverage the valuable expertise among its people, EQ Digital is looking to create a virtual consulting group within the division. This will help it to create a compelling proposition for solving a client's issue, setting out the benefits they would receive from doing so and the appropriate mix of people and technology to deliver the solution.

During 2020, EQ Digital has continued to simplify its operations, by consolidating a number of business units, centralising functions such as IT and ensuring consistent processes across the division. This helps to clarify EQ Digital's offerings to the market, as well as improving its efficiency and effectiveness.

EQ Paymaster

MARKET

There are a number of long-term drivers of demand for EQ Paymaster's services. Companies continue to de-risk their pension liabilities through buy-in and buy-out transactions in the bulk purchase annuity market. Buy-in transactions, which can provide a hedge against factors such as inflation or mortality, remain more common than buy-outs. The impact of COVID-19 on many companies' balance sheets makes full buy-outs more difficult, which may encourage more uptake of hedging arrangements in the near term. This space offers opportunities for providers such as EQ, who have the platforms to support the insurance companies who initiate those transactions.

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 will consolidate multiple defined benefit pension schemes into a single scheme, offering greater scale and efficiencies, and creating opportunities to sell technology and administration support. During 2020, the Pensions Regulator issued regulatory guidance for the operation of these 'superfunds', allowing the market to get started ahead of the passing of legislation, which is expected in 2021. Similarly, there is consolidation of legacy life insurance books by asset accumulators, who look to external providers such as EQ 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.

Over a working lifetime, individuals can build up multiple pension pots with different employers. To help people keep track of their pensions and reunite them with forgotten schemes, in 2020 it became compulsory for pension schemes and insurance providers to offer online pensions dashboards. 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, while members are likely to demand tools to allow them to model their financial futures. This will create opportunities for providers with technology and data handling capabilities. Data services will also be in demand as a result of guaranteed minimum pension (GMP) equalisation, following a 2018 court ruling that GMP benefits must be equalised for men and women.

In the public sector, the McCloud judgement – which stated that changes made to firefighters' and judges' pension schemes in 2015 were age discriminatory – will also encourage schemes to enhance the quality of their data, as well as providing opportunities for rectification services.

Insurance companies are increasingly looking to bring together products that might interest customers at different life stages. For example, annuity products and equity release would both appeal to people in later life. This alignment includes the way these products are administered and the software platforms used, creating opportunities for providers who can package different capabilities to support a range of products. At the same time, insurers are looking to consolidate their supplier lists and select a smaller number of strategic partners.

New approaches are also required to support people with defined contribution schemes who are drawing down their pension pot. This will help them understand their options and how much they can withdraw, which will drive innovation in the way services are provided.

Consolidation in EQ Paymaster's market is continuing. While this reduces the number of competitors, it may create uncertainty among potential clients while transactions are ongoing and discourage some from bringing schemes to market.

In the near term, a number of large public sector pension schemes are scheduled to come to market during 2021. There are also considerable opportunities in the local government pension market where EQ Paymaster has invested in its core platform.

PERFORMANCE

EQ Paymaster revenue declined by 9.0% to £115.6m (2019: £127.0m) whilst underlying EBITDA declined by 22.6% to £15.1m (2019: £19.5m). The decline was due to contract losses in previous years and the £2.2m price reduction in the MyCSP contract, which was agreed under the previous contract extension in September 2018. The division also saw a delay in some project work, particularly in Government. There are no further price step downs as part of the latest contract extension from the end of 2021 to at least the end of December 2023.

The division had an extremely pleasing performance in respect of client retention and new business wins. It successfully renewed or extended relationships with clients including AXA, Bank of England, British Airways, Canada Life, HP, Hays, Irish Life, Prudential, Shell, SLOC and QinetiQ.

Renewals/extensions including

New wins including

Revenue

£115.6m

Underlying EBITDA

£15.1m

Underlying EBITDA margin

13.1%

Importantly, EQ Paymaster also agreed an extension to the MyCSP contract for the Principal Civil Service Pension Scheme. This is the Group's largest single contract and the extension will see it run until at least the end of December 2023. Completing this cycle of successful renewals, the majority of which have signed for the long term, will provide a stable base for revenues going forward.

EQ Paymaster secured a significant number of new wins in the year, including contracts with HSBC, Link and Royal London. The HSBC scheme is the largest to come to market for pension administration for several years. This unprecedented intake of new business provides momentum for an expected return to growth for EQ Paymaster during 2021. EQ Paymaster also won a place on a framework to provide software to local authorities and on another to provide flexible benefits to public sector bodies, both of which should start to provide opportunities to win further new business in 2021.

The 2015 Remedy (McCloud) programme is starting to generate opportunities. However, progress has been slower than originally expected, in part as the relevant Government departments have had to prioritise their response to the COVID-19 pandemic.

Client and customer service levels remained strong during the year and the division's client advocacy scores have continued to improve. This reflects its effective response to the pandemic and its work to improve service in previous years.

EQ Paymaster continues to invest in the platforms that support its in-house administration delivery, which will include the installation of a new workflow management system in 2021. The division is also working to redesign its service provision starting from the end user's perspective, making the digital journey as seamless as possible. As well as enhancing customers' experience, this will support a more efficient operation and help to capture customers' information electronically, enabling digital communications through apps and email, rather than traditional letters. EQ Paymaster is also developing its software to support the running of collective defined contribution schemes and consolidated pension funds, while enhancing security features on its apps.

OPERATIONAL REVIEW

EQ US

MARKET

The US shareholder services industry is mature and highly concentrated. 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 continue to broaden its range of clients, in particular in the banking and financial services sectors, which are under-represented in its client base as a result of EQ US's previous ownership by a US bank. The division is also targeting work with clients of all sizes, having historically focused on the largest shareholder bases.

Second, EQ US is regularly adding to the range of services it can offer 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. EQ US is able to draw on numerous capabilities developed in the UK and offer those capabilities to US clients, as well as developing its own capabilities directly for its client base.

In common with other capital markets, the US has been affected by the COVID-19 pandemic, resulting in a reduction in IPOs, which are an important source of new business. The number of major corporate actions has also been materially lower. The volume of dividend payments has reduced in 2020, although to a lesser extent than seen in the UK.

PERFORMANCE

Revenue decreased by 14.3% to £80.6m (2019: £94.0m), with market share growth and strong traction with new products being offset by a lower level of corporate activity in the year. Revenue from corporate actions declined by 64.2% to £3.9m (2019: £10.9m) as a result of lower corporate activity and reduced interest rates. Revenue from interest income declined by 0.8% to £12.3m (2019: £12.4m), on lower average interest-bearing client balances of £444m (2019: £534m). EQ US benefits from a number of interest rate hedges, all of which mature in March 2021 and this will further impact interest income going forward. Underlying EBITDA was 38.5% lower at £14.2m (2019: £23.1m), representing a margin of 17.6% (2019: 24.6%).

Whilst the underlying business performed well, with new client wins and strong client retention, the challenges of the reduction in interest rates, the suspension of dividend payments and plans, and the reduction in corporate activity significantly impacted the divisional performance.

Key client renewals in the period included Allete, Honeywell, J.P. Morgan and Wells Fargo. The division also gained market share, securing 21 transfer agency client wins in the period. New client wins included American Midstream Partners, Arcutis, Diamond Hill Investments, Fulton Financial, NuSkin Enterprises Inc. and Richardson Electronics for transfer agency and 21 equity compensation clients including FS Bancorp, Vertex, and Sportsman's Warehouse. New IPO mandates included The Azek Company, Treeon Insurance, Vertex and ZoomInfo. EQ US's ability to offer clients attractive packages of services have supported its ability to win new business this year.

The division continues to benefit from the launch of new products. The equity compensation plans launched in 2019 have seen strong momentum and sales of plans are expected to accelerate through new partnerships signed with Vanguard and Principal Financial, two of America's largest financial services companies. These partnerships enable EQ US to leverage the significant sales resources of Vanguard and Principal Financial and have the potential to introduce other EQ US products over time.

In response to COVID-19, the division's virtual annual meeting service has seen strong growth with more than 50 shareholder meetings in the year, including nine with competitors' clients. EQ US has invested to enhance the functionality of its virtual meetings product, which will help it to further increase its market share in 2021.

Sales of EQ US's asset reunification service are proceeding to plan and the division has worked on projects with a number of clients this year. EQ US has also launched a new platform to administer private M&A transactions, which was developed with the support of the EQ technology team in Krakow, Poland.

Renewals including

J.P.Morgan

WELLS FARGO

Honeywell

New wins including

ARCUTIS BIOTHERAPEUTICS

DIAMOND HILL CAPITAL MANAGEMENT

Richardson Electronics

IPOs including

AZEK Building Products

VERTEX

zoominfo

Revenue

£80.6m

Underlying EBITDA

£14.2m

Underlying EBITDA margin

17.6%

Cross-selling of capabilities developed in the UK continues, with the recently introduced EQ Insider platform attracting client interest. The division is also actively selling EQ Riskfactor and has launched a cloud-hosted SaaS model of this product in the US market.

In November 2019, EQ US acquired Corporate Stock Transfer Inc., a US transfer agent based in Denver, Colorado. The acquisition has expanded the division's addressable market and brought in a significant number of micro-cap clients. During 2020, EQ US has performed a significant number of escrow transactions for those clients and is beginning to cross-sell other capabilities, including a number of wins for equity compensation scheme services. EQ US is also starting to attract clients from other transfer agents, demonstrating the attractiveness of its offer to this segment of the market.

FINANCIAL REVIEW

John Stier, Chief Financial Officer

OVERVIEW

Revenue declined by 15.1% to £471.8m (2019: £555.7m) with an organic revenue decline of 15.9%. Underlying EBITDA declined by 32.6% to £91.7m (2019: £136.0m), reflecting reduced interest rates and a reduction in higher margin market-paid and discretionary projects.

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 items) are also presented to allow a better understanding of the results for the year. These measures are described further on pages 40 to 41.

ANALYSIS OF RESULTS

	2020 £m	2019 £m
Revenue	**471.8**	**555.7**
Underlying EBITDA	**91.7**	**136.0**
Depreciation	(12.9)	(12.9)
Amortisation – software	(30.4)	(29.9)
Amortisation – acquired intangibles	(26.7)	(31.8)
EBIT prior to non-operating items	**21.7**	**61.4**
Non-operating items (net)	(15.9)	(5.5)
EBIT	**5.8**	**55.9**
Net finance costs	(12.4)	(16.1)
(Loss)/profit before income tax	**(6.6)**	**39.8**
Tax	5.5	(7.4)
(Loss)/profit from continuing operations	**(1.1)**	**32.4**
Non-controlling interests	(0.6)	(1.6)
(Loss)/profit attributable to ordinary shareholders	**(1.7)**	**30.8**
EPS (pence)		
Diluted	**(0.5)**	**8.4**
Underlying diluted	**9.1**	**18.1**

REVENUE

Revenue declined by 15.1% to £471.8m (2019: £555.7m) during the year whilst organic revenue declined by 15.9%.

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 items. Underlying EBITDA which excluded non-operating items of £15.4m, decreased by 32.6% to £91.7m (2019: £136.0m).

REPORTABLE SEGMENTS

The Group reports its results in five segments: EQ Boardroom (previously Investment Solutions), EQ Digital (previously Intelligent Solutions), EQ Paymaster (previously 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:

Revenue	2020 £m	2019 £m	Reported Change %	Organic Change %
EQ Boardroom	127.7	149.7	(14.7)	(17.1)
EQ Digital	137.9	170.9	(19.3)	(19.3)
EQ Paymaster	115.6	127.0	(9.0)	(8.7)
Interest Income	10.0	14.1	(29.1)	(29.1)
Total UK & Europe	**391.2**	**461.7**	**(15.3)**	**(16.0)**
EQ US	80.6	94.0	(14.3)	(15.5)
Group Revenue	**471.8**	**555.7**	**(15.1)**	**(15.9)**
Underlying EBITDA				
EQ Boardroom	36.4	50.2	(27.5)	
EQ Digital	29.6	43.5	(32.0)	
EQ Paymaster	15.1	19.5	(22.6)	
Interest Income	10.0	14.1	(29.1)	
Total UK & Europe	**91.1**	**127.3**	**(28.4)**	
EQ US	14.2	23.1	(38.5)	
Divisional Total	**105.3**	**150.4**	**(30.0)**	
Central Costs	(13.6)	(14.4)	(5.6)	
Group Underlying EBITDA	**91.7**	**136.0**	**(32.6)**	

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 (15.1%) and underlying EBITDA is (32.6%).

EQ US reported revenue change at constant foreign exchange rates is (14.0%) and underlying EBITDA is (38.3%).

ORGANIC REVENUE GROWTH

Organic revenue growth is reported revenue growth adjusted for acquisitions and disposals, and changes to foreign exchange rates to compare growth on a like-for-like basis. Here we adjust 2019 for 2020 acquisitions and disposals had they been in place in 2019, to create a like-for-like comparison of year-on-year progress.

This is calculated as follows:

Revenue	2019 Reported £m	2019 Adjustment £m	2019 Organic £m
EQ Boardroom	149.7	4.4[1]	154.1
EQ Digital	170.9	–	170.9
EQ Paymaster	127.0	(0.4)[2]	126.6
Interest Income	14.1	–	14.1
Total UK & Europe	**461.7**	**4.0**	**465.7**
EQ US*	94.0	1.4[3]	95.4
Group Revenue	**555.7**	**5.4**	**561.1**

[1] Acquisition of Monidee.

[2] Disposal of HR Solutions.

[3] Acquisition of Corporate Stock Transfer.

* EQ US is translated at 2020 constant exchange rates to provide like-for-like comparison.

EQ Boardroom

Revenue declined by 14.7% to £127.7m, whilst underlying EBITDA declined by 27.5% to £36.4m. The decline was driven by lower corporate activity, fewer share dealing programmes and reduced dividend commissions.

EQ Digital

Revenue declined by 19.3% to £137.9m, whilst underlying EBITDA declined by 32.0% to £29.6m. The decline was driven by a reduction in remediation volumes as client sites remained closed and a reduction in software license sales.

EQ Paymaster

Revenue declined by 9.0% to £115.6m, whilst underlying EBITDA declined by 22.6% to £15.1m. The decline was due to contract losses in previous years, the £2.2m price reduction in the MyCSP contract, which was agreed under the previous contract extension in September 2018, and a delay in some project work, particularly in Government.

FINANCIAL REVIEW

EQ US

Revenue declined by 14.3% to £80.6m, whilst underlying EBITDA declined by 38.5% to £14.2m. The decline was driven by the reduction in interest rates, the suspension of dividend payments and plans, and the reduction in corporate activity.

Interest Income

Interest income in the UK, including interest rate hedges, was 29.1% lower at £10.0m (2019 (£14.1m), on average UK client balances of £1.6bn (2019: £1.7bn) reflecting the declining interest rates in the UK. At 31 December 2020, the Group held interest rate swaps totalling £645m (2019: £1,025m) to hedge the exposure of UK interest rates. In the US, revenue from interest income, including interest rate hedges, was 0.8% lower at £12.3m (2019: £12.4m) on average interest-bearing client balances of £445m (2019: £534m). At 31 December 2020, the Group held interest rate swaps totalling $700m (2019: $700m) to hedge the exposure of US interest rates. These expire in March 2021. Total interest-related income earned across the Group reduced by £16.9m to £24.8m (2019: £41.7m) reflecting the £10.1m decline in interest income and the £6.8m decline in corporate actions in the US, where we earn interest as fee income. Looking forward, total interest-related income earned across the Group is expected to reduce by a further £14m in 2021 as the hedges expire. However, trading is largely insulated from the potential detriment of negative interest rates through protections within the terms of our contracts.

Central Costs

Central costs in the period declined by 5.6% to £13.6m (2019: £14.4m) and are in line with the Group's medium-term goal.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

	2020 £m	2019 £m
Revenue	**471.8**	**555.7**
Underlying EBITDA	**91.7**	**136.0**
Depreciation	(12.9)	(12.9)
Amortisation – software	(30.4)	(29.9)
Amortisation – acquired intangibles	(26.7)	(31.8)
EBIT prior to non-operating items	**21.7**	**61.4**
Non-operating items (net)	(15.9)	(5.5)
EBIT	**5.8**	**55.9**

EBIT remains an important measure of the Group's performance, reflecting profit before finance costs and taxation. In 2020, EBIT was £5.8m, a decrease of £50.1m (89.6%) compared with the prior year of £55.9m.

AMORTISATION OF SOFTWARE AND ACQUIRED INTANGIBLES

Amortisation of software in the period was £30.4m (2019: £29.9m) with amortisation of acquired intangibles of £26.7m (2019: £31.8m).

NON-OPERATING ITEMS

Non-operating items are defined as income and expense items, which if included, would otherwise obscure the understanding of the underlying performance of the Group. Non-operating items of £15.9m (2019: £5.5m) relate to costs of £19.7m associated with COVID-19 and the Group's response, offset by a £3.8m gain on business disposals. Non-operating items associated with COVID-19 and the restructuring actvities performed as a result, relate to office consolidation (£11.7m), people severance costs (£5.0m) and non-cash costs related to annual leave accrued by employees (£3.0m). Annual leave accrual is expected to unwind in 2021 as holiday patterns normalise.

NET FINANCE COSTS

Group net finance costs decreased by £3.7m to £12.4m (2019: £16.1m) reflecting a lower level of debt and lower interest rates.

TAXATION

A loss before tax of £6.6m at the UK corporation tax rate of 19% gives an expected total tax credit of £1.3m. The actual tax credit for the period was £5.5m and the difference is largely explained by the impact of prior year adjustments, non-taxable gains on business disposals in the period and the impact of a change of tax rates on the opening deferred tax balances.

Net taxes paid in the period were £0.3m which is net of a repayment of £1.3m relating to overpaid 2018 corporation tax. Taxes paid of £1.6m relate to payments on account of taxation in the UK, Poland and India. The Group received £1.3m from HM Revenue & Customs which represents the Group's claim to R&D expenditure credits. The tax credits are recognised in receivables and the movement is reflected within changes in working capital.

The Group has recognised deferred tax on £743.0m of gross tax attributes representing future tax deductions which are available to 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 £123.8m, on which a net deferred tax asset of £23.3m has been recognised at the relevant local statutory rate.

The gross tax attributes totalling £743.0m are represented by:

- Future tax deductions on tax losses carried forward of £229.6m.
- Future tax deductions on intangible assets of £438.6m.
- Future tax deductions on property, plant and equipment of £19.0m.
- Future tax deductions on employee benefits and other timing differences of £55.8m.

The tax impact of these attributes is recognised as deferred tax on the balance sheet. Included within the intangible assets tax attribute is the customer relationship and goodwill intangibles related to the acquisition of the trade and assets of 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 5% applies for 2020, rising to c15% thereafter. The rate has been revised downwards in the short-term to reflect the impact of the difficult recent market on the profitability and expected cash tax outflows for the Group for this and subsequent years. The cash tax rate is determined through a detailed calculation of 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 the Group transfer pricing policy.

We consider the underlying cash effective tax rate to be an appropriate measure, as it best reflects the anticipated tax-related 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.

(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The Group made a loss attributable to ordinary shareholders of £1.7m (2019: profit attributable to ordinary shareholders of £30.8m).

DILUTED EARNINGS PER SHARE

	2020	2019
(Loss)/profit attributable to ordinary shareholders (£m)	(1.7)	30.8
Diluted weighted average number of shares (m)	369.4	368.3
Diluted earnings per share (pence)	**(0.5)**	**8.4**
Underlying earnings per share (pence)	**9.1**	**18.1**

Diluted earnings per share of (0.5) pence (2019: 8.4 pence) is based on the diluted weighted average number of shares totalling 369.4m (2019: 368.3m). Underlying earnings per share declined by 49.7% to 9.1 pence, compared to the prior period of 18.1 pence.

DIVIDEND

On 15 April 2020, in light of the economic uncertainty, we announced our decision to withdraw our final dividend for the year ended 31 December 2019.

With trading conditions continuing to be difficult and uncertainty remaining high, the Board did not declare an interim dividend with our half year results, nor are we proposing a final dividend for 2020. We recognise the importance of dividends to shareholders and intend to resume dividend payments once we are confident that increases in the order book are translating into profit growth, that leverage continues to track downwards and that generation of free cash flow to equity holders continues.

FINANCIAL REVIEW

CASH FLOW

The Group generated a free cash flow attributable to equity holders of £44.5m (2019: £37.1m), benefitting from VAT deferral of £7.5m, disposal proceeds of £14.8m, and delivered an operating cash flow conversion of 97% (2019: 91%) which also benefitted from the VAT deferral. The main movements in cash flow are summarised below:

	2020 £m	2019 £m
Underlying EBITDA	**91.7**	136.0
Working capital movement	(3.2)	(12.9)
Operating cash flow prior to non-operating items	**88.5**	123.1
Operating cash flow conversion	**97%**	**91%**
Cash inflow/(outflow) on non-operating items	9.2	(11.0)
Capital expenditure	(37.3)	(48.5)
Net interest costs	(9.4)	(16.9)
Taxes paid	(0.3)	(2.7)
Finance lease liabilities	(6.2)	(6.9)
Free cash flow attributable to equity holders	**44.5**	**37.1**
Net reduction in borrowings	(57.0)	(21.4)
Investment in current and prior year acquisitions	(15.2)	(11.5)
Dividends paid (including payment to non-controlling interest)	(1.4)	(21.9)
Net cash movement	**(29.1)**	**(17.7)**

The Group has access to a £20.0m receivables financing facility, of which £8.0m (2019: £8.0m) was utilised at the end of the year and is included within cash balances. This is used to match receipts against costs, especially where clients require extended payment terms. The facility, which affords the Group credit protection, is with Lloyds Banking Group at a rate of 1.75% over LIBOR.

OPERATING CASH FLOW CONVERSION

Operating cash flow is underlying EBITDA plus the change in working capital, both prior to non-operating items, as a percentage of underlying EBITDA, and is a key performance indicator. The Group delivered operating cash flow conversion of 97%, benefitting from VAT deferral of £7.5m, good cash collection in Q4 and payment terms reverting to the medium-term trend.

CAPITAL EXPENDITURE

Net expenditure on tangible and intangible assets was £37.3m (2019: £48.5m). This represents 7.9% of revenue (2019: 8.7%). The level of capital expenditure declined following completion of the US integration in H2 2019 and was 6.5% of revenue in H2 2020. Non-essential capital expenditure and discretionary projects were suspended in light of the uncertain market environment, however customer facing and efficiency investment continued. Going forward, we expect capex in 2021 to be broadly similar in absolute terms to 2020 before reverting in the mid-term to our guidance of c7% of revenue.

FREE CASH FLOW TO EQUITY HOLDERS

The Group earned free cash flow attributable to equity holders of £44.5m (2019: £37.1m), benefitting from £7.5m VAT deferral and disposal proceeds of £14.8m.

NET INTEREST COSTS

Net interest costs in the period were £9.4m (2019: £16.9m) reflecting lower interest rates as well as the effect of lower balances. The 2019 figure also included the acceleration of certain fees in connection with the refinancing of the Group's facilities.

INVESTMENT IN CURRENT AND PRIOR YEAR ACQUISITIONS

Net cash outflow on current and prior year acquisitions was £15.2m (2019: £11.5m).

BANK BORROWING AND FINANCIAL COVENANTS

	2020 £m	2019 £m
Term loan	257.8	260.1
Revolving credit facility	58.0	115.0
Lease liabilities	34.5	41.1
Cash and cash equivalents	(42.4)	(72.6)
Net debt	**307.9**	**343.6**
Net debt/underlying EBITDA (times)	**3.4**	**2.5**

At 31 December 2020, net debt was £35.7m lower at £307.9m (31 December 2019: £343.6m), representing a ratio of 3.4x net debt/underlying EBITDA (31 December 2019: 2.5x), reflecting the lower level of underlying EBITDA in the period.

The Group has committed Senior Debt Facilities of £520.0m term loan and revolving credit facility running to July 2024. At 31 December 2020, the Group had undrawn funds of £202.0m available through the revolving credit facility and cash of £42.4m.

The financial covenant attached to the committed facility is net debt/underlying EBITDA excluding lease liabilities should be no more than 4.0x in 2020, 3.75x in 2021 and 3.50x in 2022.

ACQUISITIONS

On 19 February 2020, the Group purchased the entire issued share capital of Monidee B.V. (Monidee) for a cash consideration of £3.4m (€4.0m) plus deferred consideration of £3.4m (€4.0m) payable in 2021. Monidee is a highly complementary share plans business that currently services more than 200,000 employees across 210 corporate clients in 50 countries.

DIVESTMENTS

During the year the Group completed three divestments.

On 15 April 2020, the Group disposed of its Equiniti 360 business. Until its sale, Equiniti 360 was part of EQ Digital. The consideration for the transaction was £0.1m. For FY 2020, Equiniti 360 would have generated revenue of £0.2m and underlying EBITDA of £0.2m.

On 2 December 2020, the Group disposed of its HR and payroll business, HR Solutions. Until its sale, HR Solutions was part of EQ Paymaster. The consideration for the transaction was £13.2m and the Group recognised an accounting profit of £3.4m on disposal, versus the previously estimated £9.3m, primarily driven by a further allocation of goodwill. For FY 2020, HR Solutions would have generated revenue of £5.9m and underlying EBITDA of £1.7m.

On 31 December 2020, the Group disposed of its Charter Systems business. Until its sale, Charter Systems was part of EQ Digital. The consideration for the transaction was £1.95m and the Group recognised an accounting profit of £0.3m on disposal. In 2020, Charter Systems generated revenue of £1.4m and underlying EBITDA of (£0.1m).

EVENTS AFTER THE REPORTING DATE

On 8 March 2021, the Group announced that it had reached an agreement to sell its EQi direct-to-consumer business (D2C). Until its sale the D2C business was part of EQ Boardroom. The sale to interactive investor (ii) is anticipated to complete during the summer of 2021, following a customer migration exercise. The total consideration payable is up to £48.5m comprising £47.5m payable in cash at completion, and up to a further £1.0m payable dependent on the timing of the successful migration of all customers who will transfer. For full year 2020, the business generated revenue of £14.5m and EBITDA of £3.3m. EQ expects to report an accounting profit on the transaction of £13.0m and pay £2.1m of corporation tax in the year of disposal, after utilising available brought forward tax losses in the Group. Group interest costs will reduce by £0.4m following completion of the transaction as debt is reduced.

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 £31.1m (2019: £31.7m), with six years remaining per the current deficit repair plan. 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 £2.3m to the schemes during 2020. 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 2020 plus an administrative expense of £0.3m.

John Stier

Chief Financial Officer

1 April 2021

ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures (APMs) to provide additional information on the underlying performance of the business. Management uses 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, disposals and changes to foreign exchange 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 35 for calculation.

EBITDA AND UNDERLYING EBITDA

EBITDA is 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 items. These 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 people costs including untaken annual leave as colleagues took materially less holiday in the year, and costs that are transformational in nature.

Reconciliation of (loss)/profit before income tax to underlying EBITDA	2020 £m	2019 £m
(Loss)/profit before tax	**(6.6)**	**39.8**
Plus: Depreciation	16.9	12.9
Plus: Amortisation of software	30.4	29.9
Plus: Amortisation of acquisition-related intangible assets	26.7	31.8
Less: Finance income	(0.1)	–
Plus: Finance costs	12.5	16.1
Less: Net gain on business disposals	(3.8)	–
EBITDA	**76.0**	**130.5**
Adjustment for non-operating items impacting EBITDA Plus: Charges and restructuring activities associated with COVID-19:		
– Office consolidation	7.7	–
– People severance costs	5.0	–
– Untaken annual leave	3.0	–
Plus: Transaction costs	–	0.3
Plus: Integration costs	–	5.2
Underlying EBITDA	**91.7**	**136.0**

EBITDA AND UNDERLYING EBITDA MARGIN

EBITDA margin is EBITDA as a percentage of revenue. Underlying EBITDA margin is underlying EBITDA as a percentage of revenue. Margin is a key measure of Group profitability and demonstrates 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 38 for calculation.

FREE CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS

Free cash flow attributable to equity holders represents 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 38 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 value re-measurements of certain financial liabilities that are dependent on external market factors, rather than the Group's core operations. See page 36 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.

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 38 for calculation of net debt.

UNDERLYING PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

See opposite for calculation of underlying profit attributable to ordinary shareholders.

UNDERLYING EARNINGS PER SHARE

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

Reconciliation to Underlying EPS	**2020 £m**	**2019 £m**
Underlying EBITDA	**91.7**	**136.0**
Less: Depreciation	(12.9)	(12.9)
Less: Amortisation of software	(30.4)	(29.9)
Plus: Finance income	0.1	–
Less: Finance costs	(12.5)	(16.1)
Cash tax at 5%/12%	(1.8)	(8.9)
Non-controlling interest	(0.6)	(1.6)
Underlying profit attributable to ordinary shareholders	**33.6**	**66.6**
Weighted average number of ordinary shares	**369.4**	**368.3**
Underlying EPS (pence)	**9.1**	**18.1**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Cheryl Millington, Chief Executive and Group Sponsor for Environmental, Social and Governance

As EQ becomes ever more purpose-driven, our approach to managing environmental, social and governance (ESG) issues only becomes more important.

ESG encompasses how we manage our relationships with our clients, look after the interests of the customers we reach through our services and ensure we have the talent we need to meet our ambitions. It also incorporates the relationships we have with other key stakeholders, such as our suppliers, regulators and shareholders.

All of our ESG activities are designed to support our corporate responsibility (CR) vision: to demonstrate our commitment to responsible business. They are also integral to our broader mission and vision and to our values. As we engage with our stakeholders, we are finding that they are increasingly interested in the climate risk to our business, our path to achieving net zero carbon emissions and the impact of ESG matters more generally.

As part of this, our clients are engaging with us more actively on ESG issues, as they look to understand how we can support them with their own sustainability journeys. This engagement ranges from wanting to understand our environmental policies, to how we are protecting human rights, to regular updates on our CR progress.

This is our second year of following our CR strategy (see below), which ensures we address issues related to our business that are important to our stakeholders.

Our Corporate Responsibility Strategy

Following a materiality assessment in 2019, we defined a CR strategy which makes sense for our business and focuses on our most significant impacts. During the course of this year we have enhanced this strategy to focus on our work with vulnerable customers.

Marketplace
Caring for every customer

We strive to get it **right from the start**.

We commit to engage in customer digitisation journeys to **promote inclusive design**.

We will work to **improve outcomes** through raising awareness and involvement in user experience and content design.

We build mutually beneficial relationships with key clients to better **understand customer needs**.

We will develop accessibility standards and identify opportunities to **drive improvements**.

Workplace
A purposeful place to work

EQ has an inclusive culture which aims to make **all colleagues feel safe and supported**.

We provide opportunities for our colleagues and customers to **learn and grow** with us.

We offer a diverse range of **networks and communities** for our colleagues and customers to participate in.

Community
Valuing our relationships

We are a **collaborative friend to national and local charities**, offering skills exchanges and mutually beneficial opportunities to deliver better outcomes for all.

We are committed to **helping young people develop**, building strong partnerships with local schools and colleges.

We **empower colleagues** to support causes which matter to them, offering volunteering days and opportunities to give.

Environment
Mindful of our planet

We are committed to carrying out our work in a way that is **mindful of our planet and minimises our environmental impact**.

We seek to integrate environmental considerations into business decisions and are working towards setting a **net-zero target**.

The first three elements of the strategy, covering the marketplace, workplace and community, define our approach to the social aspects of ESG. We also have a clear strategy for managing our environmental impacts. Underpinning our CR strategy is a robust framework of sustainability-related policies and controls, including our overarching CR policy. More information on this governance framework can be found on pages 47 to 48.

MARKETPLACE

Supporting Vulnerable Customers

In line with our purpose of caring for every customer and simplifying each and every transaction, we recognise our responsibility for supporting customers who are vulnerable. Demographic changes mean that shareholders and pensioners continue to grow older on average, meaning that having a rigorous approach to looking after vulnerable customers is increasingly important.

We have therefore created a vulnerable customer strategy, aligned to areas of focus categorised under marketplace, workplace and community. The strategy covers topics such as technology review, vulnerability recording, enhanced learning and third party partnerships, enabling us to focus on what we believe our customers really need from us.

The strategy work also generated a vision and customer experience values, linked to our existing colleague values:

Our vision: →	**Improving the experiences and outcomes for customers, by delivering EQ products and services that are accessible to all.**
Our customer experience values: →	**We'll advocate for our customers. We'll be flexible and supportive. We'll be empathetic and compassionate. We'll be honest and transparent.**

Recognising the need to provide practical support for our most vulnerable customers, we created a handbook to help all colleagues in EQ understand the objectives of our vulnerable customer policy and how to deliver against it in practice. Practical steps range from training to defining roles and responsibilities, to ensure all colleagues are able to take ownership of the associated risks.

In September 2020, we delivered our inaugural vulnerability awareness week, designed to raise awareness within EQ and to support our customers. We had a different vulnerability focus each day, with sessions including mental health, COVID-19, bereavement and dementia. Approximately 500 colleagues became dementia friends and that number will continue to grow, as we hold more sessions into 2021. We have also hosted sessions for customers in partnership with Better With Money, Healing Clouds and our clients, to help increase awareness of what is important to us and to help them navigate some of the key vulnerability challenges.

Informing the Customer Experience

We have established a Customer Insight Forum, which is a group of colleagues from across EQ, who meet monthly to discuss current customer experiences and case studies. These meetings are also an opportunity to spotlight different areas of the business or external support. These colleagues are all personal and professional advocates for improving the customer experience and work closely with us on other initiatives to achieve our vision.

Enhancing our Supplier Management

In 2020, our new supplier relationship management (SRM) framework went live, introducing a digital process for SRM. The first phase was implementing the SRM tool related to the onboarding of new suppliers. This included segmentation and due diligence, which is now managed digitally. The tool provides us with greater visibility and understanding of the criticality and risk of potential suppliers and their services. This allows us to undertake the right level of due diligence at onboarding and, where applicable, through the life of the contract.

We also introduced a Supplier Code of Conduct (the Code) during the year. The Code outlines our expectations of our suppliers in relation to environmental responsibility, modern slavery, data protection, human rights and ethics. In line with the roll-out of the new SRM tool, the Code currently applies to all new suppliers as they are onboarded. In addition, through the SRM tool we ask our key suppliers to confirm acceptance and compliance with the Code in our due diligence questionnaire. As roll-out continues, the Code will ultimately apply to all EQ's suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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, workstreams have been put in place based on five areas: culture and leadership; engagement and experience; learning and talent; diversity and inclusion; and performance and reward.

To support these workstreams, we completed the implementation of Workday in 2020. This is our global people management and payroll platform, which will underpin all of the data and analytics we need to drive our learning and development and engagement programmes. Workday will also enable us to harmonise and improve our reward proposition across the Group.

Protecting Wellbeing During COVID-19 and Supporting Flexible Working

In addition to implementing our people strategy, one of our top priorities in 2020 was to protect and support our people during the COVID-19 pandemic. The pandemic caused significant upheaval for our colleagues for large parts of the year and we have looked to provide appropriate help, while also developing our longer-term strategy for flexible working.

Mental health was an important focus and we ran virtual events and launched our first mental health plan. We also introduced a Homeworking Hub, which is a dedicated internal website that hosts online discussion forums and useful information on issues ranging from technical support and data protection at home to wellbeing.

To support a gradual and structured return to our offices, EQ categorised all UK job roles into one of three groups: those that are office-based, those that are suitable for flexible working and those that can be entirely home-based. Around 70% of colleagues have been classed as flexible, meaning their roles can equally be performed at home or in an office but benefit from regular team or colleague interaction. This has given great flexibility for colleagues managing caring responsibilities or who were required to shield, while also taking into account personal preferences. For office-based colleagues, we were then able to set out an appropriate programme of reopening critical sites in a COVID-secure manner.

Culture and Leadership

As noted in the Chief Executive's Statement on pages 24 to 25, we see a strong link between purpose, engagement and culture. In essence, highly engaged people who are all working towards a common, purposeful goal, will help us to reinforce an inclusive culture that enables innovation, sustains high performance and, most importantly, allows our colleagues to thrive.

Engagement and Employee 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. We continue to use the Gallup engagement model, which we first adopted in 2019. Our engagement scores in 2020 showed a material improvement on 2019, with colleagues scoring EQ particularly highly on the strength and clarity of our response to COVID-19 and the quality of our associated communications.

The results of the survey have been shared across the business, with action plans created at Group, division or function and team levels. At a Group level, initiatives are focusing on recognition of success, providing development opportunities, the EQ Wellbeing Programme and communicating with colleagues. Examples of actions taken to date include the introduction of a number of internal award schemes, to recognise great work. In addition, we have recognised our colleague's contribution during the pandemic and all colleagues who had been with the business since the start of the pandemic were offered £300 of free shares in EQ.

In response to COVID-19, in 2020 EQ introduced virtual all-company briefings every two to three weeks. Around 80% of colleagues joined these briefings, which included a business update and the opportunity to ask questions. As well as being beneficial for engagement, these sessions have generated invaluable feedback, for example enabling us to improve systems and processes.

More information about employee engagement can be found in the Stakeholder Engagement section on pages 49 to 50.

Learning and Talent

In 2020, we once again carried out our annual talent review, which allows us to benchmark talent across the organisation, identify our rising stars and ensure that they have appropriate development pathways set out for them. We 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 developed our online leadership programmes during the pandemic, including purchasing development programmes from Gartner and the Financial Times that many of our colleagues make use of.

Diversity and Inclusion

EQ seeks to achieve a diverse, open and inclusive culture, which represents the society in which we all live and work. We take a 'top down, bottom up' approach to diversity and inclusion (D&I), with direction set at the executive level and implementation led by D&I networks comprising colleagues from different levels and across the organisation. We have four D&I networks: gender; disability and mental health; multicultural; and LGBT+. Each network is chaired by an Executive Committee member or other senior leader.

In 2020, we appointed our Chief Customer Officer, Amy Madden, as overall executive sponsor for D&I.

Gender Diversity

The Gender Network promotes equality within a diverse working environment that is inclusive and respectful of diversity and gender differences. It looks to ensure all colleagues are fairly represented across all levels of the business and works closely with EQ's leadership team to support gender equality initiatives.

The table below sets out the composition of our workforce at the year end. The Group continues 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.

	2020		2019	
	MEN	WOMEN	MEN	WOMEN
Board	6	3	6	3
Senior management	57	23	77	51
Other employees	2,684	2,515	2,646	2,491
Total	**2,747**	**2,541**	**2,729**	**2,545**

During 2020, the Gender Network promoted EQ's Maternity Buddy Scheme, which supports colleagues before and during their family leave. We also launched a maternity guidebook, with advice for every stage of the family leave journey.

Disability and Mental Health Network

The Disability & Mental Health Network constantly looks for ways to positively influence wellbeing for EQ colleagues, to raise awareness around disability and mental health, and to help create a safe and supportive workplace for all colleagues.

EQ's mental health first aid training went virtual this year and we now have 50 mental health first aiders supporting colleagues in the UK and Europe. Line managers have also been offered mental health training, to help them support others.

Multicultural Network

The Multicultural Network is committed to helping us all to better understand one another. It promotes cultural awareness, educates EQ employees on multicultural diversity aspects and promotes awareness in the workplace around cultural and behavioural sensitivities.

During the year, EQ committed to reporting on its actions to improve black inclusion and to work towards ethnic pay gap reporting.

EQ has also committed to a pledge to report annually on its actions to drive black inclusion in the workplace. The pledge requires companies to take action for change and includes reporting on a number of factors, from diversifying the face of organisations – for example through setting targets for black talent on candidate shortlists to educating everyone on the experiences of black people in the workplace and society at large.

In line with the Parker Review on the ethnic diversity of UK company boards, EQ has committed to having an ethnic minority Board member by 2024.

LGBT+

The LGBT+ Network supports colleagues who identify as lesbian, gay, bi, transgender, non-binary and all other sexual and gender identities. The network is a collaborative, colleague-led group of LGBT+ individuals and allies, committed to increasing LGBT+ visibility at EQ and ensuring that all colleagues feel included and accepted.

In 2020, the Network published a series of colleague-led awareness articles on our intranet about different aspects of LGBT+ life. It also hosted a number of informal virtual sessions for anyone who is interested in LGBT+ rights and the Network.

Performance and Reward

EQ introduced a new career and reward framework in 2019 and we continued to develop this in 2020. We are in the process of introducing a Group-wide job grade levelling programme, where the entire organisation will be mapped onto job grades, which will then form the framework for both career and pay progression.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

COMMUNITY

Our community activities look to support social mobility and education. While some of our regular activities have been curtailed during COVID-19, such as recruiting new talent onto our apprenticeship programme, we have continued to support careers activities in schools and took part in National Careers Week in March 2020.

Our Volunteer Days have also continued, albeit in a reduced way this year, where our US teams used their two gifted volunteer days to help out local communities during the pandemic through volunteering at food banks and homeless projects.

ENVIRONMENT

The environmental impact of our products and services and the physical impacts of climate change on our business are key issues for EQ. Our colleagues, and current and prospective clients, are increasingly interested in how we can deliver our services in ways which minimise our environmental impact.

With the Government's Carbon Zero strategy in mind, we are conducting a great deal of work to better understand our own emissions. In April 2020, our corporate responsibility and property & procurement teams worked together to explore our carbon footprint beyond our emissions from buildings and business travel. We looked at all possible sources of Scope 1, 2 and 3 emissions, to identify which were material to our business.

In particular, we focused on understanding our Scope 3 emissions, which are indirect emissions that take place in our value chain. We identified business travel, employee commuting and purchased goods and services as our material impacts, alongside our Scope 2 emissions from purchased electricity and heat.

Within purchased goods and services, we identified our three largest emissions sources as print and mail, IT hardware and data storage, and cloud services with third-party providers. We are now looking to fully understand emissions stemming from these and we are working with some of our key print, mail and IT services providers to do this.

Our Path to Net Zero

Having completed the carbon inventory described above and established the boundaries of our emissions impact, we have begun to define a strategy for achieving net zero carbon emissions. To achieve this, we intend to set targets in H1 2021, underpinned by clear plans for delivering them, in relation to our buildings, business travel, employee commuting and our supply chain.

Our general approach in implementing this strategy is to reduce our carbon emissions as soon as we can, wherever we can.

Reporting on Climate Risk

Following the Financial Conduct Authority's proposal to enhance climate-related disclosures by listed issuers, we recognise the growing importance of the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations, particularly following the Carbon Disclosure Project (CDP) aligning its climate change questionnaire with TCFD this year.

In 2020, we reviewed the TCFD recommendations to benchmark our current performance. Areas for action for EQ include Board oversight of climate-related risk, our strategic resilience, taking into consideration different climate-related scenarios, and targets that we can use to measure, manage and report on these risks. To support this journey, we completed a CDP disclosure this year, which has helped to highlight areas for development which we are seeking to address such as improving our understanding of Greenhouse Gas (GHG) calculation methodologies and extrapolation techniques when measuring emissions, in particular Scope 3, gaining external verification of our carbon footprinting in future, and enhancing Board oversight of EQ's climate-related risk, emissions, targets and performance against same.

In 2020, EQ's scenario-planning prioritised risks stemming from the pandemic. Climate-related scenario-planning will now take place in 2021, as part of our alignment to the TCFD recommendations. Given the nature of our business, and our initial analysis in 2020, we are expecting risk to be limited to the physical risks of climate change in some of the geographies we operate in, which we already assess as part of our business resilience programme, and transitional risks around digitisation, affecting our Scope 3 emissions in particular, where our emissions reduction progress is reliant on the pace of change within the supply chain.

Our Environmental Performance

Global GHG emissions tCO2e

tCO2e	2020	2019	2018	2017
Scope 2 (Buildings)	1,289	5,013	4,813	5,011
Scope 3 (Business travel)	366	1,805	2,008	1,188
TOTAL	**1,655**	**6,818**	**6,821**	**6,199**
(Global Scope 2 kWh)	17,201k			

UK proportion of Global GHG Scope 2 emissions tCO2e

	2020
Scope 2 (Buildings)	425
(UK proportion of Scope 2 kWh)	13,309k

Carbon Intensity

CI	2020	2019	2018	2017
Tonnes of CO_2 per £m revenue	3.5	12.3	12.8	15.3
Turnover £m	472	556	531	406
Tonnes of CO_2 per employee	0.31	1.29	1.31	1.37
Employees	5,288	5,274	5,179	4,511

While revenue in the year decreased by 15% and number of employees increased by 0.3%, the tonnes of CO_2 per £m revenue reduced by 71% and the tonnes of CO_2 per employee reduced by 76%.

Transport

Business travel is based on size of car used wherever data is available, calculated using DEFRA emissions factors. Overall business travel by car decreased by 67% in 2020, largely due to the pandemic. Air travel is calculated using DEFRA emissions factors, including Radiative Forcing. Air travel decreased by 82% in 2020, largely due to the pandemic. Air, car and rail travel all include Well to Tank emissions.

Facilities

Overall, the emissions from our building usage has shown a 74% decrease year-on-year. This decrease can be attributed to reduced occupancy of our buildings during the pandemic.

Governance of CR Issues

EQ has a wide range of policies governing ESG issues, which link to our risk management framework and controls. During the year, we overhauled responsible business policies relating to people, the environment and communities, and continued to develop our approach to managing climate risk.

We enhanced control objectives in relation to how we manage environmental risk, to ensure all business units take account of environmental considerations and the physical impacts of climate change, making improvements and recommendations where suitable. To support our responsible business policies, we also introduced a Responsible Business Handbook, which includes guidance for all business areas on how to apply our policies in practice, in relation to both physical and transitional environmental risks, human rights and modern slavery risks, and community engagement.

We have an overarching CR policy, which 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.

Our People Policies

EQ has a wide range of people policies in place, protecting EQ colleagues employment rights, and 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. We also have policies outlining our approach to informal complaints, grievances, whistleblowing and disciplinary matters, as well as redundancy and termination.

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.

EQ 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.

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. 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.

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.

Anti-Bribery and Corruption

EQ 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 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 EQ 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.

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

There were no material instances of non-compliance with the ABC policy reported in the period.

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 EQ, 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. We have 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.

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

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 46;
- employees – pages 44 to 45;
- social matters – pages 42 t0 43;
- human rights – page 48;
- anti-bribery and corruption – page 48;
- business model – pages 12 to 13;
- principal risks and uncertainties – pages 51 to 55; and
- non-financial key performance indicators – pages 20 to 21.

SECTION 172 COMPANIES ACT 2006 – DIRECTORS' DUTIES

Detail of Directors' duties in relation to Section 172 of the Companies ACT 2006 can be found on pages 128 to 129 of the Directors' Report.

STAKEHOLDER ENGAGEMENT

Understanding the needs, interests and concerns of our stakeholders is fundamental to our ability to create both financial and non-financial value for them. We therefore have a well-established programme of stakeholder engagement, as outlined below.

Much of this engagement takes place through the ongoing operation of our business. Members of the Board also engage directly with employees and shareholders, with the Board kept informed about matters relating to clients, customers, suppliers and regulators via the Chief Executive and Chief Financial Officer. The Board also receives relevant information through papers and reports, for example receiving monthly key performance indicators on client and customer satisfaction.

WHY WE ENGAGE	HOW WE ENGAGE
Our Clients 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 engage with our clients through:** • a key accounts programme for our largest clients, to identify up-selling and cross-selling opportunities; • specialist sales teams in each division; • a bid support team, helping to prepare tenders and price contracts; and • a Client Insight Programme using twice-yearly questionnaires to all client contacts, including questions on NPS, CES and CSAT (see KPIs on pages 20 to 21), and a Group tracker to capture actions. All conclusions, next steps and actions are shared with the Executive Committee and the wider business.
End Customers EQ reaches many millions of customers, primarily through the services we provide for our clients and through our execution-only brokerage service. We want to turn them into advocates for us, which in turn will support our ability to win new work. The size of our end customer base means we have a large number of customers who are potentially vulnerable. Protecting their needs is a growing focus for us.	**We engage with customers through:** • web portals and apps that enable customers to self-serve; • our Customer Contact Centre, which allows customers to call us by telephone; • a Customer Insight Programme, using short questionnaires including NPS, CES and CSAT questions, with feedback shared with the Executive Committee and the senior team and used to identify improvements to the customer journey; • a new digital questionnaire, to measure service on our websites; and • our vulnerable customer programme (see page 43).
Our People Our ability to succeed depends on having engaged and committed employees, who understand our purpose, values and strategic direction, and the part they play through delivery for customers and clients. The skills and experience we need can be in short supply. High levels of engagement help us to retain the people we need within the Group, and support our ability to attract new people.	**We engage with our people through:** • our Global Colleague Forum, which includes representatives from different locations and functions and is chaired by Dr Tim Miller, our Board-appointed non-executive Director for Employee Voice, enabling genuine two-way communication between colleagues and the Board; • regular virtual Colleague Briefings from the Chief Executive, allowing our people to ask questions and provide feedback directly; and • an annual engagement survey, which helps us to understand where we are doing well and where we need to enhance our employees' experience. The Board also receives regular updates on HR topics and feedback from employees, and discusses the results of the annual engagement survey.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Suppliers

WHY WE ENGAGE

EQ'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 supplier relationship management framework (see page 43).

We have a Supplier Code of Conduct (see page 43) to ensure we partner with likeminded suppliers who apply similar high standards of business conduct in relation to ESG.

HOW WE ENGAGE

We engage with suppliers through:

- their day-to-day interactions with our operations; and
- our supplier relationship management programme which helps to optimise engagement with critical and strategic suppliers.

Regulators

The Group operates in regulated markets and looks to maintain positive and open relationships with the relevant regulators. The primary regulators that interact with or influence our business operations are:

- the Financial Conduct Authority (FCA), which regulates the UK financial services industry. It authorises several Group entities and oversees their conduct and management;
- Her Majesty's Revenue & Customs (HMRC), which is a supervisor for businesses covered by the Money Laundering Regulations. Several of our entities are registered with HMRC;
- the Pensions Regulator, which aims to protect UK workplace pensions and improve their administration;
- the Information Commissioner's Office, which upholds data protection rights;
- the Securities and Exchange Commission (SEC), with is the Federal regulator for the US transfer agent industry; and
- the New York State Department of Financial Services (NYS DFS), which oversees the trust company activities of EQ Trust Company.

Our main engagement with the 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;
- desk-based and on-site reviews; and
- feedback, where appropriate, on consultations on proposed regulatory change, either individually or through our membership of industry associations.

We provide ad-hoc updates to HMRC, which may also carry out desk-top reviews.

In the US, we engage in regular interaction with the SEC and DFS, to:

- discuss areas of interest to them and to us;
- obtain guidance and assistance; and
- provide them with our thoughts and recommendations on what they are doing and looking at.

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.

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.

We engage with shareholders through:

- a comprehensive investor relations programme, with the Executive Directors regularly meeting institutional investors and analysts, supported where appropriate by the Chairman and the Chair of the Audit Committee;
- the Annual General Meeting;
- interim and full year results presentations;
- investor conferences;
- the annual report;
- the investor section of our website; and
- regular news flow throughout the year.

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 may also become more complex.

It is therefore vital that we effectively identify, evaluate, manage and mitigate the current and emerging risks we face, that we continue to evolve our approach to risk management and we are aware of the wider economic and environmental influences on the Group. 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 88 to 94.

OUR RISK PROFILE

Managing risk effectively is fundamental to delivering our strategy and 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 appetite support effective decision-making and enable us to deliver against our strategic priorities.

The Group has two prime geographic regions (UK and US) and has continued to focus its growth in these two jurisdictions, whilst remaining a predominantly 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 2020.

Brexit has not had 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 clients in 2021 will require close monitoring. During 2020, we continued to undertake detailed assessments of the potential Brexit scenarios that emerged and their impact on the Group, and ensured that plans were in place to mitigate areas of potential operational disruption. The ability of the Group to manage a range of Brexit market stresses was reviewed during the year, and as part of the 2020 Viability Statement on pages 56 to 59.

Opportunity and risk emanating from the US business is 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). We have aligned the Group's risk management framework in the US business and will focus on further embedding the framework in 2021.

In response to COVID-19, we initiated our Group-wide response programme. The executive crisis management team, led by the Group Chief Risk Officer and Group Chief Operating Officer, have responsibility for overseeing the Group-wide response. We are actively supporting colleagues who are personally at risk of exposure in line with Government 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 monitor them actively. 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 RISKS AND UNCERTAINTIES

GROUP RISK CATEGORY	IMPACT	MITIGATION
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 now supported by formal attestations. • First-line ownership of data protection risk. • Enforcement of security software, encryption and data back-up. **TREND** No change
Information Technology Risk of poor performance or outage of IT systems as a result of a failure of design or maintenance.	The failure of a system or application could lead to the failure to provide a material client or market service, including a breach or our regulatory or legal obligations.	• Targeted investment in updating legacy technology. • Continual performance monitoring of the internal and external IT environment. • Risk based planning and prioritisation of IT development and operational resources. **TREND** No change
Market Risk of exposure to changes in market rates, including interest and foreign exchange (FX), leading to reduction in income or unplanned losses resulting from a failure of controls to manage exposure.	Reduction in income or losses incurred by exposure to market rates or instruments, including the interest earned on cash balances held on behalf of customers.	• Direct exposure to market risks is limited to those associated with execution only, employee benefits (such as defined benefit) and market risk mitigation strategies. • Highly probable FX transactional exposures may be hedged for a period of up to 12 months. • The Group will aim to match the currency of its assets and liabilities to mitigate FX translational exposures. Where this is not possible, derivatives may be used. • It is the Group's policy to hedge account under IFRS 9 where appropriate to do so. • The Group's contracting basis for fee income is being managed actively towards a compensation for services principle as opposed to being reliant on interest income. • The Group has a level of contractual protection for negative interest rates, and is actively extending this protection with clients. **TREND** No change

TREND INDICATES PERCEPTION OF HOW RISK HAS MOVED YEAR-ON-YEAR INCREASING DECREASING NO CHANGE

GROUP RISK CATEGORY	IMPACT	MITIGATION
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 (including data protection), 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. • Implementation of SOC2 for Information Security. • 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. **TREND**
Strategy and Business Risk 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; and • products that fail to meet the demands of our clients and prospective clients or that do not comply with our regulatory or legal obligations.	Loss of key clients or failure to win new business, which could significantly affect our revenues, profits, margins and customer satisfaction.	• Executive and Board focus on propositional design and service enhancement. • Executive and Board review of core products and markets, supported by external advisors. • A well-diversified client base and portfolio of services. • Monitoring for changes in demand, the competitive environment and new technologies. • Group-wide product governance policy and controls deployed. • Monitoring of trends in corporate actions and other market activity. • Investment in the Group's core technology and platforms. **TREND**

TREND INDICATES PERCEPTION OF HOW RISK HAS MOVED YEAR-ON-YEAR INCREASING DECREASING NO CHANGE

PRINCIPAL RISKS AND UNCERTAINTIES

GROUP RISK CATEGORY	IMPACT	MITIGATION
People Risk of reduced colleague engagement, low morale, or strategic mismatch in skills and capabilities.	Failure to effectively support growth, deliver effective services, develop new technology and enable growth and personal development. Ongoing challenges with engagement and emotional wellbeing of colleagues as a result of response to the pandemic.	• Strategy in place to protect, 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. • Active monitoring and management of gender pay gap. • Resilient distributed working capability. TREND
Organisational Resilience Risk of slow, flawed or failed operational recovery following unexpected events, such as loss of a building, pandemic or 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 all critical servers, telecommunications and applications. • Separate business continuity disaster recovery sites available, where appropriate. • Liaison with regulated clients to ensure their own resilience. • Crisis and resilience testing. • The move to a distributed working practice during the pandemic has been successful, however this model introduces different resilience weaknesses. • Effective, tested remote working capability. TREND
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 EQ 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.	• Procurement due diligence policies and standards deployed, including alignment to modern slavery and ESG requirements. • Deployment of online vendor risk management tool. • Key supplier financial health checks undertaken regularly. • Supplier failure risk considered as part of our own resilience planning. TREND

TREND INDICATES PERCEPTION OF HOW RISK HAS MOVED YEAR-ON-YEAR   INCREASING   DECREASING   NO CHANGE

GROUP RISK CATEGORY	IMPACT	MITIGATION
Regulatory Risk of regulatory action stemming from weaknesses or failure in areas including: analysis of regulations, laws and codes; development of appropriate policies, processes and controls; training and education of first-line teams; effectiveness of first-line surveillance in identifying and preventing breaches; and Board and senior management governance and engagement on regulatory matters.	Failure by EQ 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 and amendments. • 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. **TREND** No change
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; or controlling staff behaviour which could result in potential market abuse.	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.	• 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. **TREND** No change
Material Change Risk of disruptive change leading to lower business agility, lower productivity, regulatory sanction, poor customer relationships, increased costs and lower revenues.	A continuing or rapidly increasing level of change and development may lead to material management and resource stretch. This 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. **TREND** No change

TREND INDICATES PERCEPTION OF HOW RISK HAS MOVED YEAR-ON-YEAR   INCREASING   DECREASING   NO CHANGE

VIABILITY STATEMENT

1. Assessment of Prospects

Whilst EQ conducts a significant portion of its business through recurring revenue secured via long-term relationships, the uncertainty around the scale, timing and impact of COVID-19 has led to a reduction in underlying EBITDA for EQ in 2020 due to a reduction in central bank interest rates, lower trading commissions and delays in project revenues and license sales. This led to the suspension of the final 2019 dividend payment and withdrawal of market guidance in 2020. 2020 underlying EBITDA was £91.7m, 32.6% lower than 2019. As a result of lower underlying EBITDA, leverage was 3.4x (2019: 2.5x). However, in a challenging year, EQ was able to reduce net debt by £35.7m to £307.9m and had 0.52x headroom on leverage versus the maximum allowed in the Senior Facility Agreement. The Group also generated a record level of free cash flow to equity holders of £48.5m in H2 2020.

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. The current economic outlook still provides a high level of uncertainty for 2021 and beyond but the Directors believe three years remains a reasonable horizon to base the Viability Statement on. 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;
- drive operating leverage; and
- reinvest strong cash flows.

The focus areas for 2021 are:

- business simplification;
- reduction in leverage; and
- generation of free cash flow to equity holders.

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 c120 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.
- Proprietary 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 a leader in markets that are expected to grow over the mid-term.
- Specialist people – We employ people who are experts in their fields. At the year end, we had c5,300 employees, including c1,000 at our offshore facility in India.

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 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 for 2021 and beyond were finalised in March 2021. 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 and 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 are reviewed in detail on a monthly basis by both the Group's executive team and the 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:

- Mid-single digit per annum revenue growth, supported by market trends and increased cross-selling into our customer base.

- Modest margin improvement versus 2020, driven by operating leverage, offshoring, automation, property rationalisation and increasing mix of software licenses.
- 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 (RCF) were extended to July 2024. The Group has substantial liquidity to survive an even more extreme economic downturn 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.

3. Assessment of Viability

The Viability Statement has modelled six scenarios to stress test the resilience of the Group. The results of the stress tests (separately and in combination) demonstrated that the Group would still have access to over £200m of short-term liquidity and be able to withstand the impact of the stresses through various mitigants. Given the change to the financial outlook for EQ, the scenarios have been revisited to stress test the resilience of the Group. EQ'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 31 December 2020 can be summarised as follows:

- EQ had access to unrestricted corporate cash and committed financing facilities amounting to £225.5m:
  - £23.5m of unrestricted corporate cash.
  - £202.0m headroom on the RCF (£260.0m total less £58.0m utilised).

The bank leverage ratio used in the Senior Facilities Agreement (SFA) as at 31 December 2020 was 3.48x. For EQ to avoid breach, the financial covenant included in the SFA, the leverage ratio should be no more than 4.0x in 2020, 3.75x in 2021 and 3.50x in 2022/2023. Net debt of £294m as at 31 December 2020 (as defined in the SFA) would have needed to increase by £53m to £347m (using 2020 underlying EBITDA of £91.7m) for leverage to be greater than 4.0x, or underlying EBITDA would have needed to decline to £78.3m (if debt remains at £294m).

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 due to products that no longer meet the demands of the Group's clients, with a lag in cost reduction action.
3. Change programmes (offshoring/automation/property rationalisation) that do not deliver anticipated benefits as a result of lower business agility and productivity.
4. EQ being subject to a cyber attack resulting in the theft of all 3.7m client data records held on Sirius, which requires a significant amount of operating expenditure to remediate and leads to lower revenues due to the adverse reputational impact.
5. Scenarios 1–4 above all happening at the same time.
6. A number of financial shocks to the business leading to a 25% reduction in planned underlying EBITDA across a three-year period including; no UK corporate actions, lower US new product growth, lower trading in EQ Invest and EQ Boardroom and fewer license sales in EQ Digital.

We have not created a specific scenario for COVID-19. 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. The potential impact of negative interest rates is also considered in the various scenarios.

The method for the stress testing is to:

- Start with the base case of revenue, underlying EBITDA and cash flow per the latest five year plan.
- Model the impact of scenarios 1–6 and determine the change to liquidity and leverage.
- Outline the planned mitigating actions we would take in these scenarios to preserve cash and reduce costs to protect the business.

VIABILITY STATEMENT

VIABILITY SCENARIOS AFFECTED BY EQUINITI 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 is subject to a cyber attack	Scenarios 1–4 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
Material Change	Medium	High	High	Medium	Medium	Medium
Conduct	Low	Low	Low	Low	Low	Low
Market	Medium	High	Low	Low	High	High
Strategy and Business Risk	Medium	High	Low	Low	High	High

EFFECT OF PRINCIPAL RISK ON VIABILITY SCENARIOS HIGH MEDIUM LOW

Under the above scenarios, the Group remains solvent and liquid through a number of mitigating actions that are available to management, namely restructuring and cost transformation, further reductions in capital expenditure and suspension/cancellation of dividends. Based on this analysis these mitigation actions are considered to be both achievable and consistent with the revenues in the plan, albeit undesirable in the very long term. As a result of the proposed mitigation, no breach of the covenant occurs and the liquidity position stays strong.

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 UK Corporate Governance Code (the Code) requirement has narrowed this down to the accounting purpose of going concern (Provision 30 of the Code). As such, there is no requirement to make reference to 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 154.

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

- The Group has positive net assets.
- The Group has a three-year business plan, which demonstrates it is able to generate 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 2020, the Group had £23.5m of unrestricted cash together with available headroom of £202.0m under its committed bank facilities. Net debt to underlying EBITDA must be less than 3.75:1 in 2021; it is currently 3.48:1 and is expected to fall significantly in 2021.
- During 2019, the Group extended its Senior Facilities Agreement, to provide ongoing committed funding to July 2024.

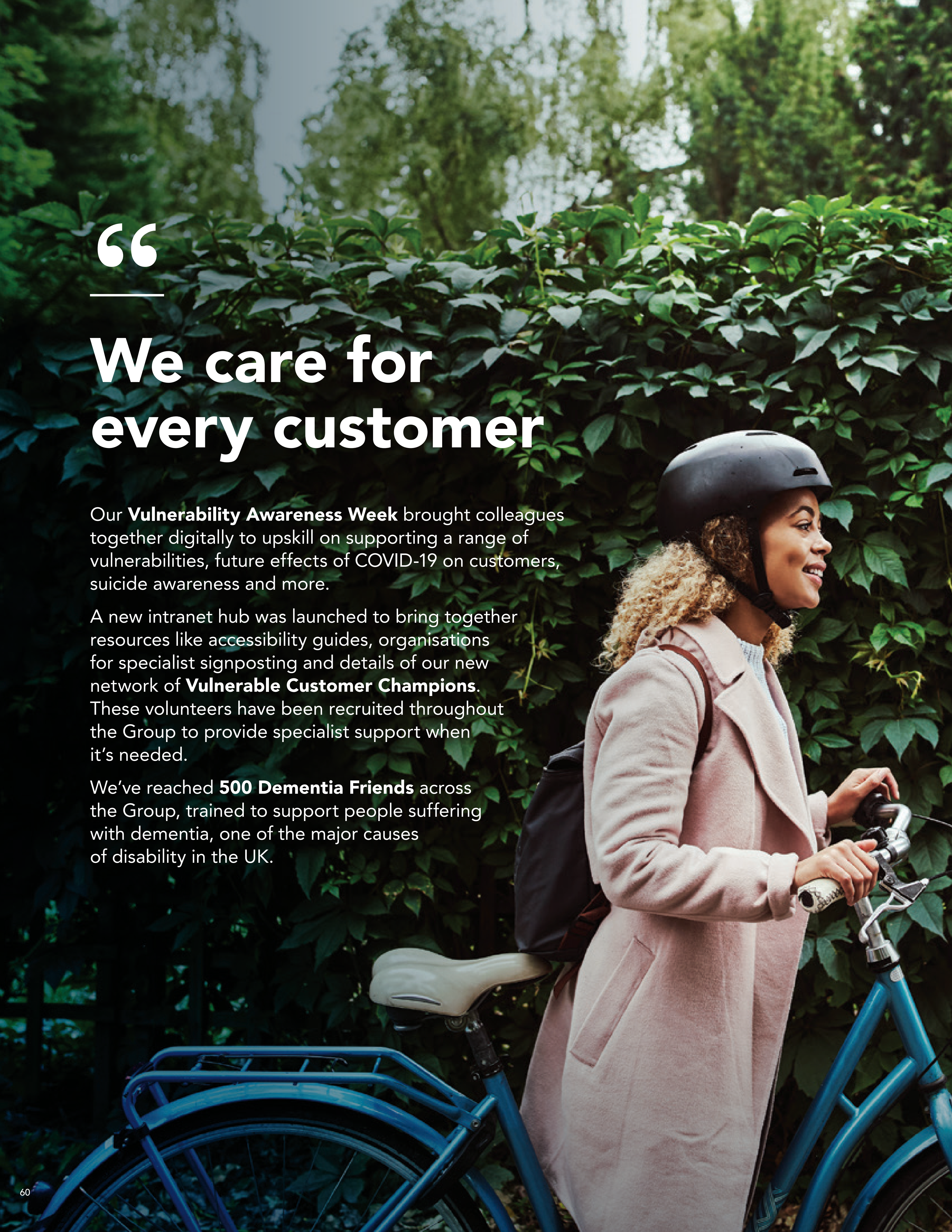
As such we consider the going concern basis of preparing the accounts to be applicable. With the analysis concluding the Group has sufficient cash flow and undrawn debt facilities for the next three years on a number of downside scenarios, the Directors also have a reasonable expectation the business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

By order of the Board

Cheryl Millington

Chief Executive

1 April 2021



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We care for every customer

Our **Vulnerability Awareness Week** brought colleagues together digitally to upskill on supporting a range of vulnerabilities, future effects of COVID-19 on customers, suicide awareness and more.

A new intranet hub was launched to bring together resources like accessibility guides, organisations for specialist signposting and details of our new network of **Vulnerable Customer Champions**. These volunteers have been recruited throughout the Group to provide specialist support when it’s needed.

We’ve reached **500 Dementia Friends** across the Group, trained to support people suffering with dementia, one of the major causes of disability in the UK.

Section 02
Governance Report

Chairman's Statement

Philip Yea, Chairman

DEAR SHAREHOLDER

In my previous reports to you I have explained my determination that the Group will maintain the highest standards of corporate governance, recognising that this is critical to EQ's continued success.

I am therefore pleased to confirm that we continued to comply in full with the UK Corporate Governance Code (the Code) during 2020.

As I note in my statement in the Strategic Report, this was necessarily a very busy year for the Board. In addition to our usual agenda, we met more frequently to oversee the Group's response to the COVID-19 pandemic, following our successful switch to virtual meetings. This included thorough debates over key issues such as the deferral of the dividend, our approach to furlough and accepting Government support. We also devoted a meeting to constructively testing the Group's strategy and its implementation.

However, other aspects of the Board's usual programme have not been possible in 2020. In particular, our visits to the Group's operations had to be cancelled in response to the virus. These are important events for us, as they allow us to engage with the workforce, to see the Group's products in action, gain greater insight into performance and understand how our teams are responding to clients' needs. We intend to restart these visits once it is safe to do so.

PEOPLE, CULTURE AND EMPLOYEE VOICE

The Group is continuing its journey of cultural change, which has been underpinned this year by the work to clarify our purpose. The Board is highly supportive of the direction of travel and we continue to take a strong interest in the evolution of the culture, including through the work of the Nomination Committee. Our direct engagement with colleagues across the Group, through our designated non-executive Director Dr Tim Miller, is key here. Tim's attendance at the Global Colleague Forum and other meetings enables us to hear first-hand from colleagues and to learn about the culture as they experience it, in different parts of the business. Following Tim standing down at the 2021 AGM, Cheryl Millington will be the designated non-executive Director and will continue the good work that Tim has undertaken with his engagement.

Diversity and inclusion remain a key part of the cultural agenda, both across the Group and at Board level. In particular we have considered the output of the Parker Review, which looked at ethnic diversity on UK company boards, and intend to comply with its recommendation to appoint a Director from an ethnic minority background by 2024. We already comply with the Hampton-Alexander requirement for 33% of the Board to be female.

BOARD EVALUATION

In the final quarter of the year, we ran an internal evaluation of the Board and its Committees. Further details on this can be found on page 75.

GOVERNANCE AND RISK

The Board continues to keep the Group's governance framework under review, to ensure it remains fit for purpose in an increasingly complex operating environment. There were no significant changes to the framework during the year.

Risk remains a key focus for us and in particular we have spent time considering the Group's continuing programme to assure that its IT security remains valid and robust. While the Group has had to re-prioritise its capital expenditure in response to COVID-19, the Board has ensured that a number of risk-related activities were ringfenced. More information about our approach to risk can be found in the Risk Committee report on pages 88 to 94 and in the Principal Risks and Uncertainties section on pages 51 to 55.

CONCLUSION

The pandemic has made this a highly unusual year for all companies and the Board has worked hard to ensure EQ has responded effectively, while maintaining its focus on critical areas of ongoing work. We will continue to review and develop our corporate governance structures and the Group's risk management and internal controls, to support the long-term sustainable success of the Company and to ensure we protect the interests of all of our stakeholders.

Philip Yea

Chairman

1 April 2021

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 Chairman of Mondi plc

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

CHAIR N

D

CHERYL MILLINGTON
CHIEF EXECUTIVE

Appointed:
November 2018
as an independent non-executive Director and as Chief Executive, on an interim basis, January 2021

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 plc and at Waitrose Ltd. Her prior roles include Chief Information Officer & Data Officer at Asda and Group Transformation Director at HBOS plc.

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

Trustee of Durham University

A R

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 have 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 listed business.

Other Appointments:
Non-executive Director and Audit Chair at Redburn (Europe) Limited

CHAIR RC ERC

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:
Chair of Silicon Valley Bank UK Ltd (unregulated)

Non-executive Director of Virgin Money UK PLC

Non-executive Director of Network International Holdings plc

CHAIR A

N R

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 Bank of Ireland (UK) plc

Non-executive Director of National House Building Council

Non-executive Director of RPMI Limited

A Rm

KEY

BOARD COMMITTEES

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

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 9 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

CHAIR Rm

N R

PAUL LYNAM
CHIEF EXECUTIVE DESIGNATE
To be Appointed: 1 April 2021

Paul's experience has been gained through his prior role as chief executive of Secure Trust Bank plc and via his executive leadership roles at RBS and NatWest, including being the CEO / MD, banking, for RBS/NatWest's SME banking business across the UK. Paul was also the CEO / MD of Lombard North Central PLC, the second largest asset finance and leasing company in the world.

Skills and Experience Beneficial to the Company:
Paul has a proven track record as a chief executive of a listed finance company, and a good track record of driving transformation and growth in UK-based financial services companies, which is very relevant to our marketplace. He was one of the founding directors of UK Finance, the recognised Trade Association for the very broad UK Finance industry.

Other Appointments:
Member of the faculty of the School for CEOs

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

CHERYL MILLINGTON
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

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

ANDREW STEPHENSON
CHIEF PEOPLE OFFICER

Joined the Group in October 2020

Andrew is EQ's Chief People Officer. He has a strong background in developing customer-focused cultures, which drive customer satisfaction and growth, and has led programmes focused on workplace wellbeing and diversity and inclusion.

He joined EQ from Waterstones Booksellers, where he led HR and IT during the pandemic response. During his career he has held Group People Director roles for both DFS plc and Lookers plc, and had previous operational roles at EY, Virgin and Dixons Retail.

He is a Trustee of Citizens Advice and is a Chartered Fellow of CIPD.

E SB

AMY MADDEN
CHIEF CUSTOMER OFFICER

Joined the Group in May 2005

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

Amy is responsible for championing customers and driving growth through the delivery of innovative programmes across insight, brand, marketing and communications and bidding and sales operations.

Amy was Director of Marketing and Communications during the Company's 2015 IPO and 2018 expansion into the US market. She is Chair of the Group's Diversity and Inclusion Council and is passionate about sustainable growth.

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

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 SB 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

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 29 years and has significant experience in both advising clients and the delivery of change and operational excellence.

E B ERC

AARON HUGHES
CEO, EQ DIGITAL

Joined the Group in November 2017

Aaron took on leadership of EQ's Digital division in 2020, having previously led one of its stand-out businesses, EQ Riskfactor, where he achieved a 99% UK market share and expanded into several new global markets. He has over 33 years of experience as an invoice finance and asset-based lending professional. The majority of his career has been spent in senior risk and operational roles, leading large teams and managing diverse portfolios of clients.

BOARD

BOARD MEMBERSHIP AND ATTENDANCE

During 2020, the Board comprised 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 are shown in the table below, together with their attendance at the 17 Board calls and meetings held during the year:

NAME	ATTENDED
Philip Yea (Chairman)	17 / 17
Guy Wakeley (Chief Executive)	17 / 17
John Stier (Chief Financial Officer)	17 / 17
Darren Pope (Senior Independent Director)	17 / 17
Alison Burns	17 / 17
Mark Brooker*	16 / 17
Sally-Ann Hibberd	17 / 17
Dr Tim Miller*	16 / 17
Cheryl Millington	17 / 17

* Due to some of the Board calls and meetings being convened at very short notice, both Mark Brooker and Dr Miller were unable to attend one meeting each during the year due to a clash in their diaries.

Due to the COVID-19 pandemic, apart from those meetings held during January to mid-March, all meetings have been held virtually with Directors and guests attending via video conference. The use of video conferencing technology has not affected the running of meetings and all attendees have been able to fully participate in them.

Details of the Directors, including the skills and experience they bring to the Board, can be found on pages 64 to 65. Guy Wakeley resigned from the Board on 4 January 2021 and Cheryl Millington was appointed as Chief Executive, on an interim basis, until Paul Lynam joins the Company as Chief Executive on 1 April 2021.

GOVERNANCE

During the year, the Company complied in full with the Code, a copy of which 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, 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 matters reserved include, 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 removal 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 independent 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 the 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 Director's 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

BOARD ACTIVITIES DURING 2020

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 26 to 33	• Chief Executive reports • Market updates • COVID-19 updates • Business reviews: EQ Boardroom, EQ Digital, EQ US, EQ Paymaster and EQ Invest • 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 34 to 39 and 51 to 55	• Chief Financial Officer reports • 2019 Annual Report and Accounts and preliminary results • H1 interim results and trading updates • Interim and final dividends • Interest rates and hedging • Group financial forecasts • Group insurance renewal • Group budget • Group Treasury policy	3 4 5
Governance For further details of the evaluation of the Board's performance, see page 75	• Regular updates from the Company Secretary on key governance developments, disclosure requirements and recommendations • Notice of 2020 AGM and arrangements for 2020 Hybrid AGM • Committee and subsidiary updates • Review of Group policies (Anti-Money Laundering & Anti-Bribery & Corruption related policies, CSR and Modern Slavery) • 2020 Board and Committee evaluation	1 2 3 4 5
Strategy For an update on Strategy, see our Strategic Report on pages 18 to 19	• Review of Strategy day discussion • Regular strategic project updates • Updates from the Chief Executive on project integration and post-implementation • Updates on US IT plan	1 2 3 4 5
Culture and stakeholders More information about stakeholder engagement can be found on pages 42 to 50	• Review of Culture and Values programme • Updates on Diversity & Inclusion • Updates on home working, mental health and the welfare of colleagues • Updates on investors and market perspective • Health and safety updates • Results of employee survey • Updates on the reward policy and gender pay gap • Updates from Dr Miller on the Global Employee Engagement Forums • Whistleblowing updates • Employee Voice updates • Cultural transformation plan updates • Customer experience update • Review of customer complaints reports	3 4

KEY
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

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 EQ's system of internal control and risk management and the integrity of EQ's financial reporting, whistleblowing and anti-bribery and corruption obligations

A

Risk Committee

Composition:
Non-executive Directors

Purpose: Reviews the effectiveness of EQ'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. Monitors Group's Diversity & Inclusion Policy

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 strategy

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

Chair:
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

Chair:
Chief Financial Officer

Frequency: monthly

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

GC

Sales and Bid Committee

Chair:
Chief Executive

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

Chair:
Chief Executive

Frequency: weekly

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

B

Resource Committee

Chair:
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 AND COMMITTEE STRUCTURE

BOARD COMMITTEES

More detailed explanations of the work of the Audit, Risk, Nomination and Remuneration Committees can be found on pages 78, 88, 95 and 100 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.

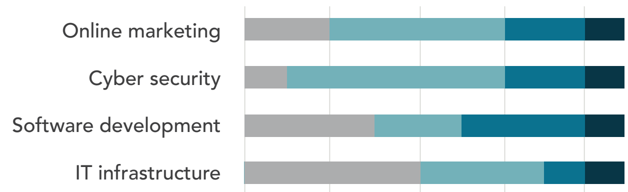
BOARD SKILLS

It is a core feature of good corporate governance that the Board and its Committees are diverse and 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.

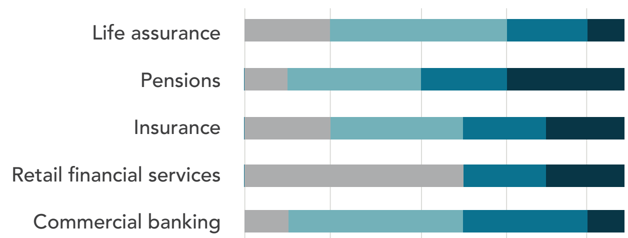
The Board considers that the range of skills, experience and background of each of the Directors is sufficiently diverse, relevant and complementary to allow appropriate oversight, challenge and review of the Company's progress in achieving its corporate goals.

The following charts illustrate the broad spectrum and depth of experience that the Board members who served during the year have and how they all cover the sectors and businesses in which the Group operates.

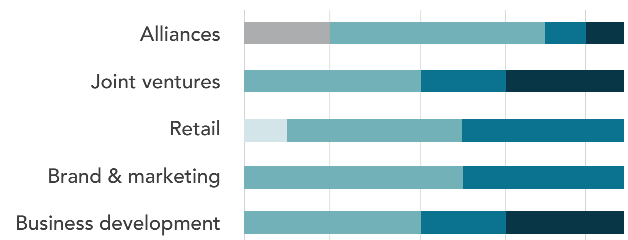
TECHNICAL SKILLS



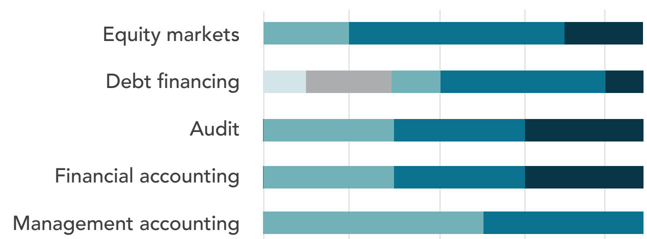
SECTOR EXPERIENCE



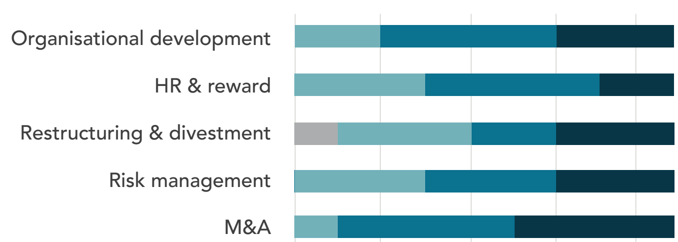
SALES SKILLS



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 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. This year, in line with the Parker Review on ethnicity, we have committed to have at least one director appointed to the Board from an ethnically diverse background by 2024.

During 2020, the Board was comprised of nine Directors, three of whom were women and therefore met the aims of the Hampton-Alexander review to achieve at least 33% representation of women on FTSE 350 boards by 2020. 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 2020 and details of the Group's diversity and inclusion policy can be found on page 45.

BOARD

2019 KEY RECOMMENDATIONS – HOW DID WE ADDRESS THEM?

KEY RECOMMENDATION	ACTION TAKEN
Focus on succession planning and talent management	The Board considered the succession options with respect to the executive Directors, which culminated in a change of Chief Executive after year-end. Succession planning for the non-executive Directors has also been a focus. As part of the succession plan for the Board, Dr Tim Miller will stand down from the Board at the conclusion of the 2021 AGM. Mark Brooker will succeed him as Chair of the Remuneration Committee and he will also be appointed as a member of the Nomination Committee. The Board reviews the senior management team and their direct reports, noting their development requirements to enable them to progress within the Group.
Ability for the non-executive Directors to meet employees more	Site visits had been arranged for non-executive Directors to meet with more employees. Due to COVID-19, these site visits were cancelled and will be re-arranged when conditions are safe again to enable travel within the UK and Overseas.
Maintain and improve the quality of shareholder communications	The executive Directors and the Chairman meet or talk to our institutional shareholders on a regular basis. The Chairs of the Board Committees are available to talk to shareholders if requested.
Improve our information on our competitors and their strategies	The Chief Executive provides updates to the Board on what actions our competitors have taken and how this impacts the Group.
To provide our non-executive Directors with more opportunities to meet with clients and customers	The non-executive Directors are invited to client and customer events so that they have the opportunity to meet with them. However, due to COVID-19, face to face events were cancelled and moved online. The non-executive Directors did participate in the online events.
To provide the non-executive Directors with the opportunity to improve their understanding of the EQ Digital business	Presentations were provided to the Board.
To continue to monitor our governance activities to ensure that they remain appropriate	The Company Secretary provided regular governance updates to the Board during the year.
Streamline Board and Committee packs and maximise use of time at meetings	The information provided to the Board and its Committees has improved and become more streamlined during the year. This will continue to be an ongoing action. The use of video conferencing technology has ensured that time is used to maximum effect. Breaks have been included within meetings to ensure that participants have time away from their screens.

2020 BOARD AND COMMITTEE EVALUATIONS

Lintstock was engaged to provide an evaluation of the Board, its Committees, and of the Chairman. Lintstock is an independent corporate advisory firm specialising in Board Reviews. It has no other relationship with the Company.

Lintstock engaged with the Chairman and the Company Secretary to set the context for the evaluation and to tailor the survey content to the specific circumstances of the Company.

Questions ➔ Analysis ➔ Interviews ➔ Evaluation & Report ➔ Discussion ➔ Action Points

The survey 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 and the progress made on the Culture Transformation Plan;
- the oversight of talent management and succession, and the top people priorities facing the Group over the coming years;
- the Board's focus on strategy and growth, in particular organic and inorganic opportunities, and the understanding of the capacity of the Group 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 the use of video conferencing technology.

All Board members completed an online survey, the results of which were analysed by Lintstock. Reports were subsequently produced. The Chairman discussed the Board report with each Director individually, as did the Senior Independent Director concerning the Chairman's performance. The Committee reports were discussed at their respective Committee meetings.

Key Recommendations from the 2020 Evaluation

Following the Board's discussion of the 2020 evaluation, the following recommendations were agreed for 2021:

- to ensure the rapid and effective onboarding of the new CEO, Paul Lynam;
- to ensure that the strategic and operational development of EQ US is delivered;
- to regularly review and support the continuing programme of cultural change;
- to deepen its understanding of customer needs;
- to ensure that ESG initiatives become part of the business as usual and deliver the expected benefits; and
- to recruit an additional non-executive Director.

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 84.

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 2020, the Board, through its Audit and Risk Committees, continued to build upon its 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, and reports to the Audit Committee.

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 Chief Audit Executive, who heads up the function, 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 Chief Audit Executive. This is done by reviewing the internal audit plan of work for the year and monitoring progress against the plan and actions identified by internal audit. The Chief Audit Executive meets with the Audit Committee at least twice a year without executive Directors present, and is a regular attendee at both the Audit and Risk Committee meetings.

REGULATED ACTIVITIES

A number of the Group's businesses include regulated activities, with several 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 independent non-executive Directors and executive Directors. The EFSL Board is responsible for ensuring 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. Under that law, the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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 issued by the IASB, have been followed 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.

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 to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Act.

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 on pages 64 to 65, confirms that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; 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 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 24 to 33. 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 34 to 41. 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 196 to 199.

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 pages 56 to 59.

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

1 April 2021

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 2020.

COVID-19

The significant challenges in the way the Group was required to operate as a result of COVID-19 have, of course, been one of the focuses of the Committee.

During the early part of the year, the Committee asked Group Internal Audit to ensure it reviewed the resilience of financial controls, given home working, and it has been a credit to the enormous efforts of the team that we remained effectively controlled at all times, with no delays to any internal and external reporting. My thanks go out to all the team for their heroic efforts.

DISCLOSURES AND YEAR END FOCUS

During the year, the Committee continued to focus on further improving the quality of its 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 Code and Financial Reporting Council (FRC) recommendations.

Given the primary focus of the FRC's thematic review was on COVID-19 and the uncertainty it presented for users of the accounts in assessing both historical performance and the future outlook, we paid particular attention to the assessment of the going concern assumption and viability statement to ensure that in the current challenging trading environment the forecast results were realistic, the stress tests deployed were sufficiently stretching and that management actions were proportionate, achievable and properly costed.

Goodwill impairment was also an area of attention where the Committee, building on our enhanced disclosure in the interims, reviewed the degree of challenge (and opportunity) in the underlying cash flows, the discount rate applied (and methodology to generate the weighted average cost of capital (WACC)) and the sensitivities required to drive an impairment. The Committee concluded that no impairment was required, albeit in some areas the degree of headroom had reduced. We enhanced our disclosures to show the headroom and related sensitivities. The delivery of our plan will be a critical proof point with regard to future goodwill impairment.

DEEP DIVES

There has been an increased focus on deep dive reports submitted to the Committee by management during the year, to allow a more forensic analysis of management judgements and the control environment. Particular focus in the year went into understanding the financial control environment in our US business. Further information on the deep dives undertaken during the year can be found on page 80.

INTERNAL AUDIT

2020 saw a very pleasing reduction of the number of overdue high-risk audit issues, combined with a very significant reduction in the average age of the residual outstanding issues. In addition there was an improvement in the risk ratings on new audits completed, which demonstrated better risk control and higher levels of management awareness. Timely completion of committed dates to resolve high-risk audit action remains a key focus of both management and the Committee.

During the year the Committee asked BDO LLP to undertake an Independent External Quality Assessment of our Group Internal Audit function. Very reassuringly the review concluded that the function is operating to a good standard, both on a standalone basis and in comparison to its peers. The recommended actions to further improve quality have largely been completed.

EXTERNAL AUDIT

The Committee undertook its annual review of the effectiveness of the work of the external auditor, PricewaterhouseCoopers LLP (PwC), which concluded that the quality of Group work and the relationship with the senior audit team remained strong.

PwC reported no issues in completing the vast majority of its audit remotely.

INTERNAL CONTROL SELF-ASSESSMENT

Each year, the Risk and Audit Committees work together to evidence for the Board that the internal control framework for the business is operating effectively in all material respects. Over the last few years, this has become increasingly sophisticated, with this year's assessment involving senior management control attestations and corresponding reports from second line, third line and the finance function.

COMMITTEE PERFORMANCE EVALUATION

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

PRIORITIES FOR 2021

There has been an improvement in the level and quality of reporting to the Committee during the year and for 2021 we anticipate this incremental improvement will continue.

The Committee, along with the Risk Committee, will continue to focus on mechanisms to provide even stronger comfort on the effectiveness of the control environment, in addition to second and third line ongoing assurance reports.

In addition, the Committee will be considering the Department of Business, Energy & Industrial Strategy's White Paper on Audit & Governance to ensure that it appropriately adapts to this changing audit environment.

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

1 April 2021

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 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

* Cheryl Millington will stand down as a member of the Committee while she is Chief Executive of the Company from January to March 2021.

Due to the COVID-19 pandemic, apart from the meetings in January and March, all remaining meetings have been held virtually with members and guests attending via video conference. The use of video conferencing technology has not affected the running of the meetings and all members have been able to fully participate in them.

GOVERNANCE

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

The Committee structure requires 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 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.

To ensure we continually refresh the Committee's understanding of key aspects of the Company's operations and controls, we have a rolling programme of deep dives.

AUDIT COMMITTEE REPORT

During 2020 the Committee looked in detail at the following:

- **Share Incentive Schemes:** the Committee reviewed the accounting for National Insurance liabilities due as a result of individuals' exercising their share options and concluded it was performed in accordance with the provisions of IAS 37 and that the related provision was adequate.
- **Discount Rates:** the Committee discussed the Group's impairment model and the component elements of the WACC. The Committee observed that our use of the Capital Asset Pricing Model (CAPM) and the inputs applied were compliant with the requirements of IAS 36. The Committee also concluded that whilst the CAPM was intuitive and widely used, some inputs were judgemental and it is therefore appropriate to consider a range of sensitivities in arriving at the final assessment of any indicators of goodwill impairment.
- **Control Environment in our US Operation:** given we have now owned EQ US for nearly three years, the Committee reviewed the latest view of the operation and adequacy of its financial control environment. The Committee concluded the environment was sufficient, due to the fact the finance, HR and payroll systems of record resided in Workday and our billing system in Apttus-Conga, two leading Software as a Service (SaaS) based platforms.
- **Alternative Performance Measure (APM) of Organic Growth:** the Committee analysed the basis of calculation and reviewed the Group's methodology relative to a peer group. It was evident that there is no one definitive methodology, but the Committee concluded it was appropriate to maintain our approach as it provided consistency, was clearly laid out and there was no material difference to alternative approaches.

The Committee as a whole has competence relevant to the sectors in which the Company operates. The Committee invites the Chairman, the Chief Executive, the Chief Financial Officer, 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 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: **https://investors.equiniti.com/investors/shareholder-information**.

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 Group, 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;
- reviewing and approving the annual and half-year audit plans;
- reviewing and approving the non-audit services policy and fees;

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; and
- reviewing the GIA reports and procedures to ensure implementation by management of audit recommendations.

COMMITTEE ACTIVITIES DURING 2020

The Committee met on six occasions during the year. A summary of the main components of each meeting is contained below with deep dives explored in more detail on the previous page.

At each meeting the Committee reviewed a report from GIA on their audit work and reviewed the minutes of any subsidiary audit committee meetings:

JANUARY	• Reviewed key judgements, draft statements and company exemptions for inclusion in 2019 Annual Report; • Reviewed PwC audit plan and confirmed independence and objectivity; • Reviewed FRC thematic reviews to ensure they were captured in 2019 statements; • Reviewed working capital trends and management actions; • Approved UK payment practices report; and • Reviewed 2019 effectiveness review.
MARCH	• Approved GIA amendments to risk approach re audit planning; • Reviewed external auditors report on 2019 financial statements; • Approved 2019 Annual report, financial statements and announcements including all final statements and judgements and dividends; and • Approved Committee terms of reference.
JUNE	• Reviewed GIA external quality review; • Approved GIA charter and Methodology; • Reviewed analysis of goodwill impairment methodology and calculation; • Approved stress tests and management actions for purposes of the appropriateness of the going concern assumption and viability of the Group; and • Reviewed external audit half-year plan.
JULY	• Reviewed external auditor's interim review findings; • Approved interim results and announcements; and • Reviewed report on effectiveness of external auditor.
SEPTEMBER	• Received update on working capital management; and • Technical update from external auditor.
NOVEMBER	• Approved 2021 GIA plan including approach to risk assessment and changes to methodology; • Approved external auditor's year end audit plan and fees; and • Reviewed update on business readiness for year end approach to 2020 viability stress tests.

SIGNIFICANT ISSUES RELATING TO THE FINANCIAL STATEMENTS

In considering the financial results contained in the 2020 Annual Report, the Committee reviewed the significant issues and judgements made by management to determine those results, which are set out in the following table:

AREA OF FOCUS	WHY WAS THIS SIGNIFICANT?	HOW DID THE COMMITTEE ADDRESS THIS ISSUE?
Going concern basis	The accounts are prepared on a going concern basis and Directors need to satisfy themselves that this remains appropriate in the light of the pandemic impact on both current results and possible future prospects.	The Committee reviewed the latest financial forecast, prepared by management, and tested the most important assumptions underpinning these forecasts particularly revenue growth rates, margin improvement and the sale of the EQi direct-to-consumer business. After consideration of severe and plausible downsides to these assumptions as well as possible mitigating actions, the Committee concluded any risk to the going concern assumption was remote.
Revenue recognition	The Group has entered into a number of revenue contracts. These arrangements can include multiple performance obligations, including licence delivery. 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 recognised in accordance with IFRS 15 Revenue from Contracts with Customers (IFRS 15) and the Group's accounting policy for such items. Revenue from the supply of corporate actions is recognised on a stage of completion basis, where provided for under contractual arrangements, and judgement is required to determine the costs to complete the performance obligations.	Management presented the accounting judgement relating to material transactions that included multiple performance obligations, and significant licences, to the Committee. Particular attention was given to the stage of completion of large corporate actions around the year end. Evidence was provided and discussed to support the value and the timing of the revenue recognised and how they aligned to IFRS 15 and the Group's accounting policy.
Software development	The Group exercises judgement in assessing whether the costs of a particular project should be capitalised or expensed. IAS 38 Intangible Assets (IAS 38) 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 the criteria required by IAS 38 and discussed the internal controls around this.

AREA OF FOCUS	WHY WAS THIS SIGNIFICANT?	HOW DID THE COMMITTEE ADDRESS THIS ISSUE?
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, by 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, which were unchanged by those recommended by the schemes' actuaries, in determining the net defined benefit pension obligation. The Committee noted how the assumptions have been impacted by COVID-19.
Consideration of the carrying value of goodwill and related impairment assessments	Goodwill is generated on business combinations where the price paid for the business exceeds the fair value of the net assets acquired. Goodwill is not amortised and therefore needs to be tested for impairment, at least, annually. The carrying value of goodwill for each cash generating unit was compared to the present value of its future expected cash flows to determine whether there is any indication of impairment. This requires estimations of the long term growth rates and the suitable discount rate.	Management has produced discounted cash flow models for each cash generating unit and compared this to the carrying value of goodwill. The Committee discussed, and agreed with, the assumptions used by management in producing the discounted cash flow model, which included reviewing the forecast cash flow data and the calculation of the Group's WACC and the sensitivity of the results to reasonable changes in estimates.
Impact of COVID-19	COVID-19 has had a significant impact on the Group's results particularly in relation to judgements around the Group's discount rate, the level of holiday pay accrual and the use of the Group's properties and related provisions. The pandemic has resulted in the Group incurring additional, material one-off costs. The Group's underlying results have been presented as an Alternative Performance Measure to exclude the impact of these items.	Management presented the accounting judgements relating to the impact of COVID-19. The Committee discussed, and agreed with, the judgements applied in relation to the discount rate and additional provisions and has reviewed the sensitivity of the results to reasonable changes in assumptions, including a change in dilapidations provision policy to reflect the changing property footprint and property strategy. The Committee has discussed, and agreed with, management's categorisation of non-operating items as reflecting transactions that are not considered to reflect the underlying operations of the Group.

AUDIT COMMITTEE REPORT

AREA OF FOCUS	WHY WAS THIS SIGNIFICANT?	HOW DID THE COMMITTEE ADDRESS THIS ISSUE?
Business disposals	The Group completed three business disposals during the financial year and exchanged on the EQi direct-to-consumer business disposal after the balance sheet date. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations requires that assets that meet the criteria of being held for sale at the year-end date be separately disclosed and that the results of separate major line of business be classified as discontinued operations.	Management presented their judgement around why the disposal of the EQi direct-to-consumer business was not highly probable at the year end date to the Committee. Evidence was provided around the timeline of events and the material uncertainties that existed at that time. Management also presented an analysis of the relative size of the business disposals that completed during the year to demonstrate that they did not represent a separate major line of business.
The Committee considered all legal actions and claims which have arisen in the normal course of business, including those after the balance sheet date. Having applied judgement in determing the merit of litigation against the Group, the chances of a claim successfully being made, and the residual exposure to the Group after insurance and contractual protection, the Directors are satisfied that none are expected to have a material impact on the Group.		

INTERNAL AUDIT

The Group has a dedicated in-house internal audit team (GIA). This team is supported, when required, via co-source agreements with KPMG LLP and Grant Thornton LLP, who provide additional specialist expertise when required. GIA drew on this agreement to conduct a CASS related audit with CASS specialists from Grant Thornton. The Chief Audit Executive reports directly to the Committee Chair and in addition reports on an administrative basis to the Chief Financial Officer.

During 2020, an External Quality Assurance review was undertaken by BDO LLP to assess GIA's conformance to the International Professional Practices Framework (IPPF), and to benchmark the function against similar sized peers in the financial services industry. The review established that GIA generally conforms to the IPPF standards, with only minor recommendations being raised to further mature the function. This aligns with the outcomes of GIA's internal Quality Assurance reviews. The majority of the actions to resolve the issues raised in the review are closed, with the only outstanding items pending cyclical Charter and Methodology updates.

GIA principally reviews the design and effectiveness of governance, risk management and controls 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, IT, governance considerations and key corporate risks) and revises it from time to time, in response to changes in business circumstances and risk profiles. In response to feedback from the business and the outcomes of the 2020 External Quality Assessment, GIA used the 2021 annual planning cycle to change the approach to auditing Group IT, moving from a component driven audit approach to a thematic approach. The Group IT audit universe was rationalised, with the existing entities being assigned into themes and each theme being audited annually. This approach aligns with how IT is audited in the industry and allows greater flexibility in the auditing of Group IT to ensure focus is targeted to the areas of higher risk or concern.

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. During 2020, GIA introduced management awareness commentary for all audit findings, to help demonstrate management's cognisance of their risk management and control activities. Further development of this mechanism will be introduced in 2021 to formalise the process and introduce reporting on management awareness to executive management and the Committee.

The Committee ensures that GIA has appropriate resources available to complete their annual audit plan. During 2020, the GIA headcount increased with new staff bringing additional skills and qualifications including data analytics capabilities and fraud certifications. The Committee has assessed the effectiveness of the internal audit function, as part of its effectiveness review, and is satisfied that the arrangements remain appropriate and effective for the Company.

Throughout 2020, focus was applied to improving the status of overdue high and medium risk findings. This resulted in a significant decrease in the number of overdue audit findings, with a corresponding reduction in the number of findings lapsing into overdue status and in the average age of the overdue issues. In addition, there was an improvement in the aggregate ratings of audits completed in the year, demonstrating a maturing control environment and a higher level of management awareness. Timely completion of committed dates to remediate audit findings will remain a focus for the Committee during 2021.

RISK MANAGEMENT AND INTERNAL CONTROLS

The 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 88 to 94. Details of the Group's principal risks and uncertainties can be found on pages 51 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 92 to 94.

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 2020.

WHISTLEBLOWING AND ANTI-BRIBERY

The Group is committed to the highest standards of quality, honesty, openness and accountability. Accordingly, the Group has whistleblowing and anti-bribery & corruption policies in place. 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 page 48.

EXTERNAL AUDITOR

The Committee is responsible for overseeing the Group's relationship with its external auditor, 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 requested that PwC increase the scope of its audit procedures on the Income Statement to increase the coverage of audit testing to 90% of revenue (2019: 77%) and to 65% of EBITDA (2019: 64%). This has been effected for the 2020 audit. The Committee receives and reviews reports from PwC relating to the Group's Annual Report and Accounts, interim results 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 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 2020, 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. PwC has responded very quickly to feedback in respect of the coordination of the 2019 CASS audit cycle which has led to a much smoother 2020 audit process. The Committee also reviewed PwC's objectivity and independence and confirmed that sufficient procedures are in place to safeguard those.

Tenure

The Committee undertook a full tender of the Company's external audit services in 2016, following which the recommendation to reappoint PwC as external auditor was approved by the Board and subsequently by shareholders at the 2017 AGM. The Committee discussed the possibility of a re-tender during the year and concluded that it would not look 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 2021 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 2023.

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 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 £0.7m in audit and audit-related fees, and £0.4m in non-audit related fees, for the financial year ended 31 December 2020. 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 the previous three years. For further information on how the non-audit fees are broken down, please see note 7.3 on page 208.

VIABILITY STATEMENT

The viability statement can be found on pages 56 to 59. 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 Group. 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, including the impact of COVID-19, 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 Group 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 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 Provision 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, when taken as a whole, is fair, balanced and understandable and, further, that it provides shareholders with the information necessary to assess the Group'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 sets 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 2020 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) and the involvement of specialist advisors with the requisite skills to structure and review the 2020 Annual Report;
- explained how the 2020 Annual Report was designed to be understandable, with consistent presentation of key messages throughout the report. In arriving at its conclusion, the Committee also noted that internal reporting aligned to the KPIs, key financial measures and narrative themes as presented in the 2020 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 2020 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 2020 Annual Report is 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

1 April 2021

RISK COMMITTEE REPORT

Sally-Ann Hibberd, Chair of the Risk Committee

DEAR SHAREHOLDER

I am pleased to present the Risk Committee Report for 2020. In last year's report, I set out the following objectives for 2020:

- 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 Enterprise-Wide Risk Management (EWRM) framework and risk management tool within the Group, including reviewing the scope of the second line.

The Committee substantially met all of these objectives during the year. The Group is part way through its multi-year strategic IT risk programme and we have made significant progress, despite the need to divert some IT resources during 2020 to support the Group's response to COVID-19. We have enhanced our IT risk governance, including establishing an IT Risk Committee to provide effective oversight, and ensured that the programme has been transferred into the Group's budgeting process. The work already completed as part of this programme, including the introduction of the new GlobalOne desktop computing environment and our progress with our IT security plans, significantly aided the Group's shift to remote working during the pandemic.

To ensure greater focus on product and service risk, the Committee has introduced a rolling programme of deep dives, with presentations from specific business lines. During the year, the Committee received presentations from EQ Digital; EQ Invest; EQ Boardroom; EQ Pay; and EQ Credit Services. The programme will continue in 2021.

The Group has also continued to embed the EWRM framework. Enhancements this year included the introduction of a year-end attestation, whereby each member of the Executive Committee confirmed that, for their business area, all material risks have been identified and correctly recorded; all control objectives for 'key' Group policies have been reviewed.

We added support for the Executive Risk and Compliance Committee agenda, for example through the creation of an Executive Policy Forum, which provides detailed reviews of the Group's policy framework, and a Risk Leaders Meeting, to review individual risk items in more depth. We also introduced improved processes for executive approval of risk.

In addition, the Board has undertaken a full governance review of the Group's regulated entities. While the boards of the regulated entities have full responsibility for managing the entities' regulatory exposures, it is important for the Group Board to engage with those entities and demonstrate its oversight of them.

Another important feature of the year was the close co-operation between the Risk and Audit Committees. The two Committees have a complementary approach and a common view of the way forward, aided by the overlap between the Committees' memberships. This supports our ability to oversee the embedding of the risk management framework, both within the Group's risk function and the broader control functions.

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 75.

2021 PRIORITIES

The Risk Committee has paid close attention to the impact of COVID-19 on the Group's business during 2020 and its implications for our understanding of the risk presented by our markets. While we had considered Markets & Competition as a principal risk, as disclosed in our 2019 Annual Report, the impact of COVID-19 on a wide range of the Group's income streams was more significant than we would have anticipated. In 2021, the Committee will therefore focus on enhancing its understanding of market-related risk in different parts of the business.

In addition to market risk, our focus areas for 2021 will include:

- continued progress with the strategic IT risk programme;
- the continuation of deep dives into product and emerging risks; and
- continuing to embed the EWRM framework with particular focus on the first line of defence and the scope of the second line of defence.

Sally-Ann Hibberd

Chair of the Risk Committee

1 April 2021

RISK COMMITTEE REPORT

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 six committee meetings held during the year:

NAME	ATTENDED
Sally-Ann Hibberd (Committee Chair)	6/6
Dr Tim Miller*	5/6
Cheryl Millington**	6/6
Darren Pope	6/6

* Dr Miller was unable to attend one meeting due to a conflict in his schedule.

** Cheryl Millington will stand down as a member of the Committee while she is Chief Executive of the Company from January to March 2021.

Due to the COVID-19 pandemic, apart from the meeting in early March, all meetings have been held virtually with members and guests attending via video conference. The use of video conferencing technology has not affected the running of the meetings and all members have been able to fully participate in them.

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 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.

GOVERNANCE

The Committee acts independently of management and reports and makes recommendations directly to the Board. The Committee's Terms of Reference require the participation of 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 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 Chair was in regular contact with the Chief Risk Officer, without management and/or any executive member of the Board 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. A copy of the Terms of Reference can be found in the investor section of the Company's website: **https://investors.equiniti.com/investors/shareholder-information**.

COMMITTEE ACTIVITIES DURING 2020

The Committee met on six occasions during the year. At each meeting, the Committee reviewed the Chief Risk Officer's report including: principal risks; second line assurance; data protection; financial crime; and information security. In addition, the Committee also undertook the following activities in accordance with its remit:

MARCH	• reviewed and discussed the potential actions to be taken by the Group in response to the COVID-19 pandemic; • received a presentation on EQ Digital's product risk framework; • reviewed updates from the Executive Risk and Compliance Committee (ERCC) (including the ERCC Risk Acceptance Report), the EFSL risk committee and ETC examining committee; • received a paper on key Brexit risks; • reviewed the relevant sections of the 2019 Annual Report; • reviewed the findings of the 2019 Committee evaluation exercise; and • reviewed governance developments for the reporting period.
MAY	• reviewed the actions taken to address COVID-19 and addressed the potential data and IT security risks resulting from employees working from home; • received a presentation on the Group's Internal Audit Plan; and • received an analysis of the Group Insurance Programme.
JULY	• received a presentation on IT and information security risk management governance, including IT risk acceptance; • received a presentation on EQ Invest and its product risks; • received a presentation on EQ Boardroom and its product risks; • reviewed and approved the Group policies framework, including policies on Vulnerable Customers and Whistleblowing; and • reviewed updates from the ERCC (including the ERCC Risk Acceptance Report), the EFSL risk committee and the ETC examining committee.
SEPTEMBER	• received a report on regulatory governance; • received a presentation on the EQ Pay product and the regulatory environment governing it; • received a presentation on the key risks within EQ Paymaster; • received an update on the emerging risks to the Group; • received the annual MLRO report for review; • reviewed and approved Group policies on: EQ Customer Treatment, Health & Safety, Personal Account Dealing, Group Procurement & Supplier Management, Group Threshold Competency, Creative & Brand, and Product & Service Governance; and • reviewed updates from the ERCC risk committee.
NOVEMBER	• reviewed a presentation on the key risks within EQ Credit Services; • received a paper on Executive Attestation; and • reviewed updates from the ERCC and EFSL risk committees.
DECEMBER	• reviewed each of the Group's material principal risks; • reviewed IT and IT security risks; • reviewed potential fraud risks; and • reviewed updates from the ERCC and EFSL risk committees.

RISK COMMITTEE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Our approach to Risk Management

The Group operates an EWRM framework, which is a single method allowing 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:

THIRD LINE OF DEFENCE
Risk Committee
A committee report is created providing a status of risk management.

SECOND LINE OF DEFENCE
Risk & Compliance Oversight and Challenge
Every quarter, the ERCC reviews and challenges the top 10 risks for each business.

FIRST LINE OF DEFENCE
Operational Management
The businesses' CEOs (our risk leaders) are responsible for proactive risk identification and application of systems and controls in line with policy.

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 inputted 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 ERCC meetings chaired by the Chief Financial Officer and attended by the Chief Executive, the Chief Risk Officer, the Chief Audit Executive and divisional 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 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Details of our principal risks and uncertainties are set out on pages 51 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 GROUP REGULATED ENTITIES

The Group has six entities which are regulated by the financial services authorities, five in the UK and one in the US. The Financial Conduct Authority (FCA) regulates the UK companies and the New York Department of Financial Services (DFS) and the Securities and Exchange Commission (SEC) regulate the US entity.

UK

Equiniti Financial Services Limited (EFSL)

EFSL provides a broad range of nominee and dealing services to retail customers, both directly and facilitated through its corporate clients. All services offered are provided on an execution-only basis as EFSL does not provide investment advice. EFSL does not engage in lending or the provision of any other form of credit to retail customers. EFSL is registered with HMRC as an ISA and Child Trust Fund (CTF) Manager and therefore is subject to the UK ISA and CTF regulations.

Applicable regulations:

- IFPRU 125K limited licence – is applicable to execution only brokers who do not trade on their own account or underwrite issues of financial instruments on a firm commitment basis.
- Significant IFPRU firm – because EFSL holds client money over a specific value, additional governance requirements apply to the firm over a standard IFPRU firm.
- CASS Large firm – as EFSL held more than £1bn in total client money during 2020, this increases the level of supervision, with a named FCA supervisor being allocated for CASS issues.
- 'Enhanced' firm for SM&CR – this applies to a small number of firms whose size, complexity and potential impact on consumers or markets warrant more attention. These firms have extra governance and control requirements.

- UK ISA and CTF regulations – as set out by HMRC's guidance notes for both ISA and CTF providers.

As the Group's most significant regulated entity, EFSL 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. To help it meet these requirements, EFSL has its own governance structure. This includes a Board, which must have three independent non-executive Directors, including an independent chair, and Audit, Risk, Remuneration and Nomination Committees.

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 and Remuneration Committees.

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 EQ.

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/statutory-and-regulatory-reports/capital-requirements-directive-2020**.

Paymaster (1836) Limited (Paymaster)

Paymaster provides back office administration of annuities and payroll services to life and pensions corporate clients. 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 EQ's EWRM framework and three lines of defence risk management model.

Paymaster has an e-money licence granted by the FCA which 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.

Equiniti Global Payments Limited (EGPL)

EGPL has an e-money licence from the FCA and provides a business payments platform for small, medium and large enterprises. It covers 180 countries and 130 currencies via its partnerships with payment services from Citi Group and Barclays.

Regulated as an e-money institution by the FCA, it is not subject to SM&CR requirements, but it is subject to EQ's EWRM framework and three line of defence risk management model.

Equiniti Gateway Limited and The Nostrum Group Limited (EQ Credit Services)

EQ Credit Services provide mortgage facilitation services to match retail customers and IFAs to suitable non-high street products, together with loan administration software, back office loan administration and standby loan servicing for corporates.

Both companies are classified as core SM&CR firms by the FCA. EQ Gateway has to abide by the MCOB rules. Both companies are also subject to EQ's EWRM framework and three lines of defence risk management model.

US

Equiniti Trust Company (EQTC)

EQTC provides stock administration and associated services, including acting as a transfer agent to US corporates and their stockholders/employees. Regulated by the DFS and SEC, it 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. It is also regulated by the SEC as a transfer agent (its core regulated activity).

To help meet its regulatory requirements, EQTC has its own governance structure which includes a Board which requires a minimum of seven directors, three of who must be independent non-executive Directors and two of whom may be from outside the US; an Examination Committee; a Risk Committee; and an Executive Committee. EQTC 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 EQTC.

Following on from the examination by the DFS in 2019, EQTC was examined again at the end of 2020, and into early 2021, to review whether those areas identified in the initial examination as requiring additional maturity had been sufficiently addressed. The results of this review will be discussed in the 2021 Annual Report.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks, including credit risk and certain market-based risks, principally being the effects of changes in interest rates and foreign exchange rates.

RISK COMMITTEE REPORT

The Group manages its financial risks through a set of policies approved by the Board. A Treasury Committee, composed of the Chief Financial Officer and certain senior finance employees, is responsible for monitoring compliance against policy and for recommending changes to existing policies.

Interest Rate Risk

The Group holds interest bearing assets in the form of cash and cash deposits. The interest earned on cash balances, including client and corporate cash, is based on floating interest rates. This is partially fixed by interest rate derivatives with maturities through to September 2023. The Group's debt facilities, consisting of bank term loans and a revolving credit facility, are subject to floating rate interest and a margin. Interest on the term loans has been fixed until maturity in July 2024 using interest rate swaps.

Credit Risk

The Group's credit risk exposure is to its financial assets, being cash and cash equivalents, derivatives and trade debtors. These represent our maximum exposure to credit risk in relation to financial assets. The Group has strict controls around, and regularly monitors, the credit ratings of institutions with which it enters into transactions, either on its own behalf or for clients. The Group's trade credit risk is relatively low, given that a high proportion of the customer base are FTSE 350 companies and public sector organisations. The Group has implemented procedures that require credit checks on potential customers before business is undertaken and uses trade credit insurance where appropriate.

The Group's treasury function only transacts with counterparties that comply with the Treasury Policy. Credit limits for cash deposits with financial institutions are set using credit ratings from recognised rating agencies and exposures are monitored on a regular basis.

Foreign Currency Risk

There is exposure to foreign currency (FX) risk, particularly in relation to the Group's operations in the US, Poland and India. FX risk is actively managed by the Group's treasury function. Highly probable FX transactional exposures may be hedged for a period of up to 12 months. The Group will try to match the currency of its assets and liabilities to mitigate FX translational exposures. Where this is not possible, derivatives may be used. It is the Group's policy to hedge account under IFRS 9 where appropriate to do so.

Capital Risk Management

The Group's objectives in managing capital are to:

- safeguard the Group's ability to continue as a going concern;
- maintain a strong capital base to support growth of the business; and
- comply with regulatory requirements at all times.

The Board regularly reviews the Group's capital structure. The Group may consider repayment of debt, issuance of new capital, repurchase of existing shares and adjusting dividend payments to shareholders, to maintain an optimum capital structure.

Further details on the market risks can be found in the Principal Risks and Uncertainties section on pages 51 to 55.

Sally-Ann Hibberd

Chair of the Risk Committee

1 April 2021

NOMINATION COMMITTEE REPORT

Philip Yea, Chairman

DEAR SHAREHOLDER

I am pleased to present the Nomination Committee Report for 2020. In my last report, I set out the following main areas of focus for the Committee. These were:

- maintaining progress with the culture transformation plan;
- monitoring the progress with addressing the Group's gender pay gap; and
- continuing to monitor progress with implementing the Group's Diversity and Inclusion Policy.

We have continued to make progress in each of the areas, although the Committee recognises that these are multi-year programmes. In particular, the gender pay gap will take time to close, relying as it does on bringing a greater proportion of women into senior positions.

This year, in line with the Parker Review on ethnicity, we have committed to have at least one director appointed to the Board from an ethnically diverse background by 2024. As part of this commitment to having a diverse organisation, EQ is one of 40 main market UK businesses which has signed up to an open letter created by Audeliss and Involve, which sets out a commitment to an agenda of change.

We undertook an evaluation of the Nomination Committee during the year which concluded that the Committee continues to operate effectively, especially this year when all of our meetings have been held remotely due to the restrictions imposed by the COVID-19 pandemic. Details of the broader Board evaluation process and its results can be found on page 75.

We also welcomed Andrew Stephenson as the new Chief People Officer who joined the Group in October 2020. He brings a wealth of experience to the role, especially in managing change and transformation.

At the end of the year, the Committee also undertook the search for a new Chief Executive, recommending the appointment of Paul Lynam. Further details on this are given later in this report.

In the coming year, in addition to its regular agenda items, the Committee will give particular focus to working with both Paul and Andrew; maintaining progress with the culture transformation plan; monitoring ethnicity within the Group; and developing the talent pipeline within the business as part of the Group's succession planning.

I look forward to reporting again on our progress in the 2021 Annual Report and Accounts. I would like to close by thanking members of the Committee for their support during the year.

Philip Yea

Chair of the Nomination Committee

1 April 2021

NOMINATION COMMITTEE REPORT

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
Philip Yea (Committee Chair)	3/3
Sally-Ann Hibberd	3/3
Dr Tim Miller*	2/3
Darren Pope	3/3

* Dr Miller was unable to attend one meeting due to a conflict in his schedule.

Due to the COVID-19 pandemic, all meetings have been held virtually with members and guests attending via video conference. The use of video conferencing technology has not affected the running of meetings and all members have been able to fully participate in them.

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

The composition of the Board did not change during 2020 and so no induction was necessary.
A comprehensive induction programme will be put in place for Paul Lynam when he joins as Chief Executive on 1 April 2021.

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 is reviewed at each meeting, together with its talent pipeline and succession plan. 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 44 to 45 of the Strategic Report.

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 on page 44.

ASSISTING MANAGEMENT IN MANAGING THE GENDER PAY GAP

The Committee, and the Board as whole, is kept advised of the progress being made to reduce the gender pay gap. This will remain a key area of focus to address, as far as possible, the various obstacles to placing more women into management positions.

The Group's gender pay gap report can be found on our website: **https://equiniti.com/uk/about/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 management team and the 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 an ongoing focus area for 2021.

BOARD CHANGES

Guy Wakeley stood down as Chief Executive Officer and from the Board on 4 January 2021. On 5 January 2021, the Company announced the appointment of Paul Lynam as Chief Executive with effect from 1 April 2021. Details of the process followed for his appointment are shown below and his biography is on page 65. Cheryl Millington was appointed Chief Executive, on an interim basis, for the period January to March 2021.

Dr Miller will stand down from the Board at the Company's AGM to be held on 26 May 2021 in accordance with the Company's succession planning.

Appointment Process

Philip Yea, as Chairman of both the Company and the Nomination Committee, led the process for the appointment of a new Chief Executive as follows:

SEARCH CONSULTANTS SELECTION	The Committee appointed Russell Reynolds Associates* (Russell Reynolds) as the executive search firm.
SPECIFICATION	Following discussions with Russell Reynolds, the Committee agreed a specification for the role. In agreeing the specification, the Committee was looking for people who had a proven track record as a chief executive of a listed company; who could enhance the Group's values and standards; and ensure that its obligations to its customers, shareholders, finance providers, regulators and others are understood and met.
INTERVIEWS	The Committee was aware of its obligations to ensure that a diverse group of candidates was considered. Interviews with the selected candidates were undertaken by the Committee.
DUE DILIGENCE RECOMMENDATION	A thorough due diligence and referencing process was conducted. Following a satisfactory conclusion of the process, the Committee recommended the appointment of the preferred candidate to the Board for approval. The Committee also recommended the appointment of Cheryl Millington as Chief Executive for the period 5 January to 31 March 2021, to ensure that there was continuity in the role and that an orderly handover of responsibilities would be conducted.

* Russell Reynolds Associates is a signatory to the voluntary code of conduct for executive search firms, to address gender and ethnic diversity on corporate boards and best practice for the related search processes. Russell Reynolds has no other connection with the Company or individual Directors.

NOMINATION COMMITTEE REPORT

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.

The Board approved a Diversity and Inclusion (D&I) policy in February 2017. During 2020, 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 and mental health 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.

The Company is also one of 40 main market UK businesses that have signed up to an open letter created by Audeliss and Involve, which sets out a commitment to an agenda of change.

Further information on diversity and inclusion can be found on page 45.

BOARD DIVERSITY

During 2020, the Board was comprised of nine Directors, three of whom were women, representing 33% of the Board, thereby meeting the target established by the Hampton-Alexander Review.

As advised in my opening statement to this report, the Board is committed to appointing at least one director from an ethnically diverse background to the Board by 2024, in line with the recommendations of the Parker 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 EQ and the industry as a whole. A similar approach is used for the senior leadership team.

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. This is also in compliance with the Code which states that a majority of Committee members should be independent.

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. 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 EQ's website: **http://investors.equiniti.com/investors/shareholder-information/corporate-governance**.

COMMITTEE ACTIVITIES DURING 2020

The Committee met three times during the year. At those meetings, in line with its remit and the priorities described above, the Committee addressed the following topics:

SEPTEMBER

TOPIC	OUTCOME
LEADERSHIP & SUCCESSION	The Committee reviewed an update on the leadership and succession plan.
BOARD SUCCESSION	The Committee reviewed and approved a paper from the Chairman confirming the plan for Board retirements and succession, to ensure that they were appropriately staggered and committee roles were fulfilled. In line with the Board's policy of rotating non-executive Directors, Dr Miller will be retiring from the Board at the Annual General Meeting in 2021. Mark Brooker will be appointed as Chair to the Remuneration Committee at that time and he will also be appointed as a member of the Nomination Committee. Cheryl Millington will replace Dr Miller as the designated non-executive Director to represent employees on the Board.
EMPLOYEE ENGAGEMENT SURVEY	The Committee reviewed the positive increases in the 2020 survey, despite the challenges that had arisen from having circa 90% of the workforce working remotely from home. The Committee noted that employees scored very highly that the Company was keeping them regularly updated on how it was managing its response to the COVID-19 pandemic.
APPOINTMENT OF NEW CHIEF PEOPLE OFFICER	The Committee was involved in the recruitment of a new Chief People Officer for the Group, who would be a member of the Executive Committee, meeting with prospective candidates and recommending Andrew Stephenson as the preferred candidate.

NOVEMBER

TOPIC	OUTCOME
DIVERSITY & INCLUSION UPDATE	The Committee reviewed an update on the D&I policy and the initiatives undertaken during the year.
ETHNICITY REPORTING	The Committee reviewed the actions being undertaken by the Company to record the ethnicity of its workforce, noting that this was sensitive information that you could not force employees to provide. The Company is already promoting ethnic diversity and noted that it is a priority in the Company's People and Communications strategies.
PERFORMANCE, TALENT & SUCCESSION	The Committee reviewed the outcome of the annual People & Talent review, in particular focusing on the culture and behavioural aspects within the Group and whether this had an impact on performance and people being considered for promotion. It was noted that there was no sign of bias getting into the system.
SUCCESSION & CONTINGENCY PLANNING	The Committee reviewed the succession plan for the Executive Committee members and noted the priorities to be undertaken during 2021 to strengthen the internal talent pipeline.

DECEMBER

TOPIC	OUTCOME
APPOINTMENT OF NEW CHIEF EXECUTIVE	The Committee reviewed, and interviewed, the short-listed candidates for the role of Chief Executive.

Remuneration Committee Chair's Annual Statement 2020

Dr Tim Miller, Chair of the Remuneration Committee

DEAR SHAREHOLDER

I am pleased to present the Directors' Remuneration Report (the Report) for the year ended 31 December 2020.

The Report includes the following:

- the Directors' Remuneration Policy (Policy) which was approved at the Company's AGM in May 2019. The Policy is kept under review by the Committee to ensure that it continues to meet our goals. The Committee believes that the Policy continues to be appropriate and has operated as intended throughout the year; and
- the Annual Report on Remuneration, which sets out details of the remuneration paid to our Directors for 2020.

BUSINESS CONTEXT AND REMUNERATION FOR 2020

The COVID-19 pandemic created unprecedented challenges for EQ and affected our markets in ways that we had not predicted. While the core business has proved resilient, with strong client retention and new business wins in all divisions, the ongoing disruption to the capital markets and the wider economy held back any material recovery in market-paid and discretionary revenues.

The priority for the year was to conserve our cash flow and to ensure that we took care of our workforce. The Company took the difficult decision to cancel the final dividend for the year ended 31 December 2019 and did not declare any dividends for the 2020 financial year.

A small number of the Group's employees were furloughed between April and June 2020. During this period, the Group received £0.5m from the Government's job retention scheme. The Group ensured that all employees continued to receive their full pay throughout this period. All furloughed colleagues had returned to work by the end of June 2020.

In light of the evolving COVID-19 situation, and with a view to managing our cost base, salary reviews for senior employees were deferred. In addition, the Performance Share Plan (PSP) awards for the executive leadership team, including the executive Directors, were reduced by 50% in recognition of the market circumstances at the time of the awards. The EPS element was not granted and therefore the awards are based solely on relative TSR performance.

Taking into account the Group's overall performance alongside the experience of shareholders during the year, executive Directors and the senior management team did not receive an annual bonus for 2020. The Committee took the view that this was the most appropriate outcome.

The 2018 PSP award, which vests in March 2021, was based on both EPS and relative TSR performance measures. Based on performance delivered over the three-year performance period, this award will not vest and will lapse in full. The Committee reviewed this outcome and no discretion was exercised in respect of this award.

CHANGE IN CHIEF EXECUTIVE

After six years as Chief Executive, Guy Wakeley stepped down from the Board with effect from 4 January 2021. Guy will receive a payment in lieu of notice equal to 12 months' basic salary, pension entitlement and contractual benefits, in monthly instalments over the contractual 12-month notice period and subject to mitigation from 5 July 2021. He will also receive a payment in respect of accrued but untaken holiday entitlement. Guy was treated as a good leaver for the purposes of the Deferred Annual Bonus Plan (DABP) and the PSP. His outstanding DABP awards will continue and will vest on the normal timescales. His outstanding PSP awards will be pro-rated for time and will vest at the normal timescales, subject to the achievement of the relevant performance conditions. Details of the treatment of Guy's remuneration on stepping down are provided on page 124.

Paul Lynam has been appointed as Chief Executive with effect from 1 April 2021. Paul joins the Group from Secure Trust Bank (STB) where he was Chief Executive since 2010 and responsible for delivering significant shareholder value both organically and through targeted M&A since its listing in 2011. Prior to STB, Paul led a range of diverse businesses and has a wealth of experience both in terms of leadership and within our sector.

In determining the package for the new Chief Executive, the Committee took into consideration the calibre of the candidate and the experience he brings to the role. Paul's salary has been set at £600,000 per annum with a pension allowance of 10% of salary, in line with the level of benefit for the wider workforce. He will be eligible for an annual bonus award of up to 150% of salary per annum and a PSP award of 150% per annum, in line with our approved policy. Taking into account the timing of his appointment, Paul's 2021 PSP award will be based on total shareholder return measured over three years following his appointment to the Board on 1 April 2021. This approach is considered appropriate to ensure that his reward is aligned with the value created for shareholders over the next three years. Any bonus paid in respect of 2021 will be pro rata for time in role during the year.

In setting his salary, the Committee was mindful that this was above the level of the previous Chief Executive. However, we took into account Paul's extensive previous experience as a Chief Executive of a UK plc, as well as the significant discount this represents to Paul's previous salary as Chief Executive of STB (£900,000). The Committee also noted that Guy Wakeley's salary had only increased by 2.5% during the five-year period since IPO in October 2015. Taking all of the above into account, the Committee considered that the package for the role was appropriate.

To facilitate his recruitment, in line with standard practice, the Committee agreed that Paul will be granted share awards to replace unvested STB awards, which will be forfeited as a consequence of leaving his former employer to join the Group, and he will be compensated for any annual bonus which would have been made by his former employer for the 2020 financial year and pro-rata for the 2021 financial year prior to joining EQ. These awards will mirror the value and time horizons of the original awards with performance conditions applied (where relevant). Further details of Paul's remuneration arrangements on joining the Group are provided on page 124.

During the interim period before Paul joins the Board, Cheryl Millington has assumed the role of Chief Executive for the period 5 January to 31 March 2021. She will remain as an executive Director for a further period of one month to assist with investor meetings concerning the 2020 results. Having been on the Board as an independent non-executive Director since 2018, Cheryl has proven herself to have deep technology and leadership experience and we are confident that she will ensure a smooth handover of responsibilities. Cheryl will receive a monthly fee of £70,000, will not receive any pension allowance and will not participate in any incentive plans.

When considering these agreements, the Committee took into account typical market practice and is satisfied that the agreements are in accordance with the Company's remuneration policy and are in the best interests of our shareholders.

REMUNERATION FOR 2021

There will be no change to the base salary for the Chief Financial Officer for 2021. Employees throughout the Group are expected to receive increases during 2021 which will vary based on international location and local market practice. Taking into account the requirements of the Code, the pension allowance for the Chief Financial Officer will reduce from 15% of salary to 10% of salary by the end of 2022 to be in line with the level of benefit for the wider workforce.

There will be no changes in the maximum award levels under the annual bonus or PSP for 2021, with the PSP award returning to its normal grant level following the reduction in 2020. The Committee is mindful of the concept of windfall gains and retains the discretion to review vesting outcomes at the end of the performance period and to adjust if these do not reflect the underlying financial or non-financial performance, or would not otherwise be appropriate.

Given the continued economic uncertainty, the Committee wants to ensure that the performance measures and targets used for our 2021 incentive plans are appropriate and that the targets strike the right balance between being stretching yet achievable and aligned to the shareholder experience. We have therefore delayed setting the targets for the bonus and broader PSP awards and will look to set these within the first half of 2021. Once finalised, the measures and targets (as appropriate) will be published on our website. Full disclosure will be provided in next year's Remuneration Report.

As announced on 1 April 2021, the Chief Financial Officer has given notice of his intention to retire and therefore no PSP award will be made to him for 2021.

DIRECTORS' REMUNERATION REPORT

The Committee will confirm the treatment of his other elements of remuneration in due course.

The incentive plans and performance measures will continue to be under review as the Committee looks ahead to renewing the Directors' Remuneration Policy at the 2022 AGM, in line with the normal three-year policy cycle.

Further details are set out in the "At a Glance" table on page 103.

WIDER WORKFORCE PAY ARRANGEMENTS

In my role as the Designated non-executive Director, I have attended the Global Colleague Forum meetings throughout the year, ensuring that colleagues have been supported throughout COVID-19. The Committee, and the Board as a whole, was kept advised of these meetings.

At the start of the year, all UK employees earning under £30,000 per year were awarded a pay rise of £400. Further, it was agreed, as a thank you to colleagues for their hard work and support to clients during the pandemic, to offer free shares with a value of £300 to all colleagues who were employees of the Group on 2 March 2020. The shares were granted in September 2020 to those employees who accepted the offer. No award was made to the executive Directors.

COMMITTEE EVALUATION

During the year, an internal evaluation of the Board and its Committee was undertaken by Lintstock. The evaluation found that the Committee was continuing to operate effectively.

In 2021, the Committee will work with the new Chief People Officer to review the remuneration strategy for the Group to ensure that the strategy remains focused on the interests of its stakeholders. The Committee is also mindful of its obligations to consider diversity and inclusion, climate change and the Group's culture when making its decisions. We will continue to keep under review the extent to which such factors should be incorporated into our incentive structures.

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 99.37% of votes cast in favour at the AGM in May 2020.

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

1 April 2021

AT A GLANCE: IMPLEMENTATION OF REMUNERATION POLICY FOR 2021 AND KEY DECISIONS IN 2020

The table below summarises how key elements of the Remuneration Policy will be implemented in 2021 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 2020.

ELEMENT	CHIEF EXECUTIVE PAUL LYNAM (FROM 1 APRIL 2021)	CHIEF FINANCIAL OFFICER JOHN STIER
Base salary from 1 April 2021	£600,000	£328,000
Pension	10% cash in lieu of pension	15% cash in lieu of pension*
Annual bonus	Maximum: 150%	
Annual bonus measures	• Given the ongoing economic uncertainty, the measures and targets for 2021 are subject to review and will be set in the first half of the year. The measures will be published on the website and disclosed in the 2021 Annual Report and Accounts. • In line with our policy, the bonus will be based on stretching corporate financial and personal performance measures assessed over the financial year. Financial measures, which will determine the majority of the award will be based on our key operational objectives. • The Committee has overall discretion to adjust the extent to which bonuses are paid based on the assessment of performance and other factors the Committee considers relevant.	
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%	
PSP measures	• Three-year performance period. 25% vests for threshold performance. • New CEO award based on TSR (100% of award) relative to the FTSE 250 index (excluding investment trusts), measured over the three year period from appointment. • Further to the CFO giving notice of his intention to retire, no PSP award will be made to him for 2021.	
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 after vesting. • At the Committee's discretion.	

Year-end decisions made:

1 April salary review	0% increase for executive Directors
2020 Bonus outcome	No bonus earned
2018 PSP outcome	0% vesting based on performance to 31 December 2020
Non-executive Directors	No change to fee levels

* This will be reduced down to 10% by the end of 2022 to be in line with the level of benefit for the wider workforce.

Before Paul Lynam joins the Board, non-executive Director Cheryl Millington has assumed the role of Chief Executive for the period 5 January to 31 March 2021 and executive Director to 30 April 2021. Cheryl is to receive a monthly fee of £70,000 during this period.

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

In considering the Policy, and its implementation for 2020 and 2021, 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 the Committee can 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 are carefully considered. The Committee takes into account this broader context when determining pay awards for the Directors.

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy was approved by shareholders at our 2019 AGM, with 99.86% of votes in favour. The Policy, without the scenario tables, is set out below. The full Policy, with scenario tables, can be found in the 2019 Annual Report, which is available from our website at **https://investors.equiniti.com/investors**.

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.

DIRECTORS' REMUNERATION REPORT

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 the 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.

DIRECTORS' REMUNERATION REPORT

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 105 to 113 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 EQ, 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 EQ 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 EQ 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 opposite 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	EQ 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.

CONSIDERATIONS OF CONDITIONS ELSEWHERE IN THE GROUP

In line with EQ's broader remuneration framework, which is intended to ensure consistency and common practice across EQ, 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 44.

The Committee reviews the design of all share incentive plans operated by EQ, 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

EQ 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 EQ'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.

DIRECTORS' REMUNERATION REPORT

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 EQ 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 EQ is in a close period at the time an executive joins.

The Committee may agree that EQ 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.

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 EQ'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 EQ, 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.

DIRECTORS' REMUNERATION REPORT

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 interests 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 121.

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 EQ 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.

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 2020, including the remuneration earned by executive and non-executive Directors in respect of 2020, 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 six committee meetings held during the year:

NAME	ATTENDED
Dr Tim Miller* (Committee Chair)	6/6
Mark Brooker**	5/6
Alison Burns	6/6
Sally-Ann Hibberd	6/6

* Dr Miller will retire as a Director from the Board at the conclusion of the 2021 AGM and will also stand down as Chair of the Committee.

** Mark Brooker will succeed Dr Miller as Committee Chair at the conclusion of the 2021 AGM. Due to some of the meetings being convened at very short notice, he was unable to attend one meeting during the year due to a clash in his diary.

Due to the COVID-19 pandemic, except for those meetings held in the early part of the year, all meetings have been held virtually with members and guests attending via video conference. The use of video conferencing technology has not affected the running of meetings and all members have been able to fully participate in them.

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 Chairman, Chief Executive, the Chief People Officer and the external remuneration adviser to attend its meetings in full, although it reserves its rights to request any of those individuals to withdraw. Other non-executive members of the Board may attend meetings by invitation. 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 EQ's website: **https://investors.equiniti.com/investors/shareholder-information**.

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 EQ 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 2020

The Committee met on six 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 the wider workforce;
- reviewing the performance conditions for incentive awards; and
- reviewing the terms and arrangements for the change in Chief Executive (agreed in 2021).

EXTERNAL REMUNERATION ADVISER

The Committee has access to external advice as required. The remuneration 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 in relation to the operation of the performance share plan and deferred annual bonus plan, updating the Committee on market practice and governance issues, reviewing performance conditions and responding to general and technical queries.

The total fees paid to Deloitte, based on a time and materials basis, in relation to advice to the Committee in 2020 were £89,850.

The Committee considers the advice it receives from Deloitte to be objective and independent. The Committee is comfortable that the Deloitte engagement partner and supporting team do not have connections with the Company or its Directors that may impair their independence. During the year, Deloitte also provided other tax and share scheme related advice to the Group.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

		Fixed Pay £'000					Variable Pay £'000			
		Salary or Fees	Benefits[1]	Pension Contributions[2]	All-Employee Share Plans[3]	Fixed Pay Sub-Total	Annual Bonus[4]	PSP[5]	Variable Pay Sub-Total	TOTAL
EXECUTIVE DIRECTORS										
Guy Wakeley	2020	471	18	70	0	563	0	0	0	559
	2019	471	18	70	4	563	101	0	101	664
John Stier	2020	328	18	49	0	395	0	0	0	395
	2019	328	18	49	4	395	91	0	91	490
NON-EXECUTIVE DIRECTORS										
Philip Yea	2020	200	–	–	–	200	–	–	–	200
	2019	200	–	–	–	200	–	–	–	200
Mark Brooker	2020	55	–	–	–	55	–	–	–	55
	2019	55	–	–	–	55	–	–	–	55
Alison Burns	2020	55	–	–	–	55	–	–	–	55
	2019	55	–	–	–	55	–	–	–	55
Sally-Ann Hibberd	2020	65	–	–	–	65	–	–	–	65
	2019	65	–	–	–	65	–	–	–	65
Dr Tim Miller[6]	2020	115	–	–	–	115	–	–	–	115
	2019	115	–	–	–	115	–	–	–	115
Cheryl Millington	2020	55	–	–	–	55	–	–	–	55
	2019	55	–	–	–	55	–	–	–	55
Darren Pope	2020	75	–	–	–	75	–	–	–	75
	2019	75	–	–	–	75	–	–	–	75

[1] Benefits – executive Directors are entitled to taxable benefits as described below:

	£'000		
	Car Allowance	Private Medical Insurance	Life Assurance
Guy Wakeley	15	2	1
John Stier	15	2	1

[2] A cash allowance of 15% of base salary was received in lieu of pension contributions. No executive Director participates in, or is a deferred member of, an EQ pension plan.

[3] Both executive Directors participated 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. This also includes the value of the matching shares awarded by the Company during 2020 under the Share Incentive Pan to both executive Directors.

[4] 30% of the bonus shown above was deferred into shares via our Group Deferred Annual Bonus Plan (DABP).

[5] For 2019, the PSP value is stated as zero, as both threshold targets for EPS and TSR were not met.

[6] The fees for Dr Tim Miller include the £50,000 that he receives for serving on the board of EFSL.

DIRECTORS' REMUNERATION REPORT

ANNUAL NON-EXECUTIVE DIRECTOR FEES

	2021	2020	Year Ending 31 December % 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 2020, 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.

Corporate Financial Objectives

The corporate financial metrics were based on profit before tax (40%), revenue (40%) and free cash flow to equity holders (20%).

Individual Personal Objectives and Individual Multiplier

The individual personal objectives were set following consultation between the Committee and each executive Director. 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 had 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)	2020 Actual Performance (£000)	% of Target Bonus Payable
		0%	75%	125%		
Profit before tax	40	54,000	60,000	72,000	(6,600)	0
Revenue	40	562,800	592,400	622,000	471,800	0
Free cash-flow to equity holders	20	58,100	64,600	77,500	44,500	0
Total						0

Based on the results of the corporate scorecard, no bonus was payable for the year. The Remuneration Committee reviewed this outcome and confirmed that it was appropriate in the context of the Company's performance and the suspension of the dividend payment.

For completeness, the performance objectives and assessment for John Stier are set out below. Guy Wakeley left the Company on 4 January 2021 before his formal evaluation for 2020 was undertaken.

THE CHIEF FINANCIAL OFFICER'S PERSONAL OBJECTIVES FOR 2020

John Stier's Objectives were to:	Evidenced by:
Support a material equity re-rating through accounting transparency, quality of earnings, and enhanced investor relations.	Whilst there has been a commitment to achieve accounting transparency and quality of earnings, this is set against the challenging backdrop of the impact of COVID-19. An equity re-rating has not been achieved.
Deliver underlying earnings growth through focus on capital allocation and underlying rates of return.	Underlying earnings growth in 2020 has not been achieved largely due to the macro environment and declining interest rates.
Conclude the implementation of HR and finance systems for the Group's businesses.	This programme of work has been delivered on budget and on time.
Reduce closing leverage to beneath 2.3x through working capital management, quality of receivables, and subscription revenue models, and divestment of non-core assets.	Leverage increased to 3.4x due to a material fall in profit. The divestment of non-core assets has been achieved.
Drive further benefit from Group procurement and property functions, reducing UK operating footprint and leveraging IT and data spends.	Strong progress has been made on cost savings with an annualised procurement saving of £4.5m. A strategic review of our property needs has resulted in 17 properties being fully or partially closed.
Support the development of a progressive corporate culture, underpinned by improved colleague engagement.	Engagement outcomes for direct and indirect reports has increased year on year. There are succession plans in place. Adjustments have been made to address the lack of face-to-face interactions, with continued global quarterly finance briefings and the global annual finance conference held virtually.
Ensure that compliance and audit findings are closed on a timely basis and minimise reportable breaches.	All finance audit issues raised have been closed in agreed timescales with no red issues raised in the year.

DIRECTORS' REMUNERATION REPORT

DEFERRED ANNUAL BONUS PLAN (AUDITED INFORMATION)

30% of any bonus awarded is deferred into shares for three years (subject to continued service and malus and clawback). Details of awards are summarised in the table below.

	Award and Vesting Date	1 January 2020	Granted (number)[1]	Lapsed (number)	31 December 2020	Market price at date of grant (pence)[2]
Guy Wakeley	31/03/20 – 31/03/23	–	17,769	–	17,769	170.4
	28/03/19 – 28/03/22	71,282	–	–	71,282	200.5
	21/03/18 – 06/04/21[3]	52,329	–	–	52,329	312.5
John Stier	31/03/20 – 31/03/21	–	15,947	–	15,947	170.4
	28/03/19 – 28/03/22	49,300	–	–	49,300	200.5
	21/03/18 – 06/04/21[3]	35,220	–	–	35,220	312.5

[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.

[3] Due to the final results announcement date being delayed to 1 April 2021, the original vesting date would have happened during a close period. Accordingly, the vesting date has been amended to 6 April 2021.

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 2020.

The 2018 and 2019 awards are subject to performance targets based on 50% EPS growth and 50% relative TSR performance over three financial years (see details below).

For the PSP awards made in 2020, the Committee's intention had been to grant awards over 150% of base salary, as reported in the Directors' Remuneration Report last year. Taking into account the cancellation of the final dividend and reduction in the share price prior to grant, the Committee determined to reduce the awards by 50% (being 75% of salary). The EPS element was not granted and therefore the awards are based solely on relative TSR performance. In line with our existing policy, the Remuneration Committee will review the vesting outcome following the assessment of the performance condition to ensure that awards reflect underlying performance and will be mindful of potential windful gains on vesting.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period[2]
Guy Wakeley	21/04/20 – 21/04/23	236,380	75	354	149.6	25%	100%	31/12/22
	28/03/19 – 28/03/22	344,139	150	690	200.5	25%	100%	31/12/21
	21/03/18 – 06/04/21	220,800	150	690	312.5	25%	100%	31/12/20
John Stier	21/04/20 – 21/04/23	164,439	75	246	149.6	25%	100%	31/12/22
	28/03/19 – 28/03/22	239,401	150	480	200.5	25%	100%	31/12/21
	21/03/18 – 06/04/21	148,608	150	464	312.5	25%	100%	31/12/20

[1] 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.

[2] 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 structured as nil-cost options. The performance measures that apply to outstanding awards are set out below.

Performance Measure	Weighting of Measure	Performance Target	2018 awards	2019 awards	2020 awards
EPS growth	50%	Average annual growth in the Company's fully diluted normalised earnings per share (EPS) over three financial years.	If average annual growth in EPS over three financial years is 8% 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 8%. The threshold EPS target over three financial years was increased to 8% for this award to reflect the impact of the WFSS acquisition in the first year of the performance period.	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%.	Element not granted.
Relative TSR	50%	Total shareholder return (TSR) performance over three financial years.	Performance assessed relative to the constituent companies of the FTSE 250 Index (excluding investment trusts) at the start of the performance period. 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 2018 PSP AWARD

The PSP awards granted in March 2018 will vest in April 2021. 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 2018, 2019 and 2020 financial years. The TSR performance condition was measured over three years from January 2018 to December 2020.

Measure	Weighting	Vesting Scale	Base EPS	Fully diluted normalised EPS for year ended 31 December 2020	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 8%, 25% vests if average EPS growth is equal to 8%, 100% vests if average EPS growth is 12% or more. Straight line pro rata vesting from 25% to 100% for average EPS growth between 8% and 12%	16.9p	9.1p	(14%)	0%

Measure	Weighting	Vesting Scale	TSR Performance	Relative performance achieved	% of this element of the award vesting
Relative TSR	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	(61%)	Below median	0%

As a result of the performance achieved, the 2018 PSP awards will lapse in full.

The number of shares that will lapse in April 2021 for each of the executive Directors as a result of this performance in 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	205,489	0%	0	£0
John Stier	148,608	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 EQ 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). As with the first grant, 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

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 2020, Guy Wakeley beneficially held shares with an equivalent value of 395% of his base salary. Due to the decrease in share price, John Stier beneficially held shares with an equivalent value of 123% of his base salary.

DIRECTOR	BENEFICIAL SHARE INTEREST		UNVESTED SHARE OPTIONS			TOTAL INTEREST
	At 31 Dec 20	Vested PSP subject to holding period	PSP with conditions	DABP with conditions	SAYE without conditions	
Guy Wakeley	1,693,811	1,840,542	801,319	89,051	2,033	4,426,756
John Stier	369,013	1,220,358	552,448	65,247	2,033	2,209,099
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 2021 and 31 March 2021.

DIRECTORS' REMUNERATION REPORT

PERFORMANCE GRAPH AND TABLE

The following graph shows the Company's TSR performance from listing in October 2015 to the end of the 2020 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 SEVEN FINANCIAL YEARS

The total remuneration of the Chief Executive over the last seven years is shown in the table below:

	Year Ended 31 December						
	2020	2019	2018	2017	2016	2015	2014
Total Remuneration (£000)	559	665	3,530	3,106	965	2,743	528
Annual Bonus (as % of maximum opportunity)	0%	14%	69%	70%	57%	65%	37%
PSP vesting (as % of maximum opportunity)	0%	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 DIRECTORS' REMUNERATION

The table below shows the percentage change in each of the Directors' salary, taxable benefits and annual bonus earned in 2020 and 2019, compared to that for the average employee of the Group (on a per capita basis):

	Salary/Fee (% change)	Benefits (% change)	Annual Bonus (% change)
EXECUTIVE DIRECTORS			
Guy Wakeley	0	0	(100)
John Stier	0	0	(100)
NON-EXECUTIVE DIRECTORS			
Philip Yea	0	N/A	N/A
Mark Brooker	0	N/A	N/A
Alison Burns	0	N/A	N/A
Sally-Ann Hibberd	0	N/A	N/A
Dr Tim Miller	0	N/A	N/A
Cheryl Millington	0	N/A	N/A
Darren Pope	0	N/A	N/A
Average Employee*	1.64	0.55	(100)

*The directive requires the comparison to be made against the average for employees employed by the parent company. however, only the directors are employed by Equiniti Group plc. Accordingly, employee here means all UK employees of the group as a whole. Average means the median change in salary/benefits/bonus.

CHIEF EXECUTIVE PAY RATIO

This section discloses the Chief Executive's (CEO) pay compared to the pay of UK employees for the financial year ended 31 December 2020. EQ 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 2020 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 2020.

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.

There has been a noticeable decrease in the 2020 pay ratios across all percentiles when compared to 2019. This is directly attributable to the CEO receiving no annual bonus for the 2020 year, which in comparison comprised a significant proportion of his 2019 single figure remuneration.

The median pay ratio is consistent with the Group reward approach, with overall remuneration offered being competitive when compared with similar roles in peer organisations.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	24:1	17:1	10:1
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' pay levels.

Employee	Salary	Total pay and benefits
75th percentile	£50,262	£53,560
50th percentile	£27,983	£33,712
25th percentile	£21,685	£23,481

DIRECTORS' REMUNERATION REPORT

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:

	2020 v 2019	2020	2019
Total dividend paid	(100%)	0p	5.49p
Total employee remuneration	3.19%	£229.6m	£222.5m

PAYMENTS FOR LOSS OF OFFICE

There were no payments for loss of office made in 2020.

PAYMENTS TO BE MADE IN 2021 TO GUY WAKELEY FOR LOSS OF OFFICE

Guy Wakeley stepped down as Chief Executive and as a Director of the Company on 4 January 2021. He will receive a payment in lieu of notice equal to 12 months' basic salary, pension entitlement and contractual benefits, being £559,500 in total, to be paid in monthly instalments over the contractual 12-month notice period. Such payment will be subject to mitigation from 5 July 2021. He will also receive a payment of £39,896 in respect of accrued but untaken holiday entitlement.

Guy was entitled to be considered for a bonus in respect of the 2020 financial year, subject to achievement of the targets set. As set out earlier in this report, the Committee determined that no bonus be paid in respect of 2020.

Guy will be treated as a good leaver for the purposes of his outstanding DABP and PSP awards. Such awards will be retained and will vest on their normal vesting dates. PSP awards will remain subject to the performance conditions being met and pro-rating for time served as a proportion of the vesting period. No further DABP or PSP awards will be made. Guy's shares held in the Company's Share Incentive Plan will not be forfeited, although his outstanding options under Sharesave will lapse.

In accordance with the Company's Remuneration Policy, Guy will comply with his post-employment shareholding requirement, which applies to share awards vested from 2019 onwards. The policy is supported by the use of nominee accounts.

EQ will meet the reasonable cost of outplacement support capped at £40,000 (excluding VAT). Guy will also be entitled to a capped contribution of up to £10,000 (excluding VAT) towards legal fees incurred in connection with his departure.

REMUNERATION FOR INCOMING CHIEF EXECUTIVE

The Company announced on 5 January 2021 that Paul Lynam will be appointed as Chief Executive with effect from 1 April 2021. Details of his remuneration package, which is in line with the Directors' Remuneration Policy, are set out below:

Salary and Benefits

Paul's basic salary will be £600,000 per annum. He will receive a pension allowance of 10% of basic salary, in line with the level of benefit for the wider workforce. He will be eligible to participate in the Company's private medical insurance and life assurance schemes and will receive a company car allowance.

Bonus

Paul will be eligible to participate in the Company's annual bonus plan under which the maximum opportunity will be 150% of salary. 30% of any bonus paid will be deferred into awards over shares, with awards normally vesting after a three-year period. For 2021, the bonus opportunity will be pro-rated for time in role during the year.

Share Awards

Paul will be eligible to participate in the PSP, with awards being made at 150% of basic salary. The first award to Paul will be made as soon as practicable following appointment.

Replacement Awards

As soon as practicable following appointment, Paul will be granted share awards to replace unvested STB awards which will be forfeited as a consequence of his leaving his former employer to join EQ. The awards will mirror the value and time horizons of the original awards with performance conditions applied (where conditions applied to the original awards). The Company will also compensate Paul for any annual bonus which would have been made by his former employer for the 2020 financial year and pro-rata for the 2021 financial year. Such awards will follow the timing and structure of the awards foregone. Full details of his replacement awards will be set out in the 2021 Directors' Remuneration Report.

INTERIM CHIEF EXECUTIVE'S REMUNERATION

The Company also announced on 5 January 2021 that Cheryl Millington, a non-executive Director of the Company, will act as Chief Executive on an interim basis for the period 5 January 2021 to 31 March 2021. Once Cheryl's role as Chief Executive on an interim basis has concluded, she will remain as an executive Director for a further period of one month to assist with investor meetings concerning the 2020 results.

During this period, she will suspend her role and fee as a non-executive Director. Cheryl will receive a fee of £70,000 per month but will not be eligible to receive any other benefits or to participate in any of the Company's variable pay schemes. From 1 May 2021, Cheryl will revert back to being a non-executive Director and will resume receiving her non-executive fee.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

There were no payments made to any past Directors during the year.

OTHER SHAREHOLDING INFORMATION (AUDITED INFORMATION)

Share Price

The closing share price of the Company's ordinary shares at 31 December 2020 was 110p and the price range for the financial year was 99p to 220p.

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 rolling 10-year period.

Based on the Company's issued share capital as at 31 December 2020, and assuming that all current awards made under the Company's share plans as at that date vest in full, the dilution level was 3.76% against all share plans and 3.06% against discretionary schemes.

DIRECTORS' REMUNERATION REPORT

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[1]	27 October 2015	7 September 2015	12 months	12 months	Rolling contract
John Stier[1]	27 October 2015	11 September 2015	12 months	12 months	Rolling contract
NON-EXECUTIVE DIRECTORS[2]					
Philip Yea	3 July 2017	29 January 2021	3 months	3 months	30 months
Mark Brooker	1 November 2018	16 October 2018	3 months	3 months	10 months
Alison Burns	1 April 2018	22 February 2018	3 months	3 months	3 months
Sally-Ann Hibberd	27 June 2016	26 April 2019	3 months	3 months	16 months
Dr Tim Miller[3]	9 October 2015	23 April 2018	3 months	3 months	4 months
Cheryl Millington	1 November 2018	16 October 2018	3 months	3 months	10 months
Darren Pope	6 October 2016	26 April 2019	3 months	3 months	16 months

[1] 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. Guy Wakeley stood down from the Board on 4 January 2021.

[2] Non-executive Directors are appointed for an initial term of three years, renewable for a subsequent term of three years.

[3] Dr Miller will retire from the Board at the conclusion of the 2021 AGM.

STATEMENT OF VOTING

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 in favour.

Shares Voted	282,525,517	77.5% of shares in issue
In Favour	282,140,183	99.86% of shares voted
Against	385,334	0.14% of shares voted
Withheld	12,751	–

The voting outcome at the 2020 Annual General Meeting in respect of the 2019 Annual Report on Remuneration reflected very strong shareholder support.

Shares Voted	279,574,792	76.69% of shares in issue
In Favour	277,821,644	99.37% of shares voted
Against	1,753,148	0.63% of shares voted
Withheld	19,218,183	–

Dr Tim Miller

Chair of the Remuneration Committee

1 April 2021

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 2020, in accordance with section 415 of the Companies Act 2006. The FCA'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 127 to 131, and the following cross-referenced material is incorporated into this Directors' Report:

Future Developments of the Business – page 25

Viability Statement – page 56

People, culture, and employee engagement – page 44

Stakeholder engagement in key decisions – page 49

Greenhouse Gas Emissions – page 47

Governance Report – pages 62 to 126

Compliance Statement – page 68

Directors' Responsibility Statements – page 76

Going Concern Statement – page 77

Disclosure of information to External Auditor – page 77

Financial Instruments and Financial Risk Management – page 93

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. This Director's Report (including information specified above as foming part of this report) fulfils the requirement of the Corporate Governance Statement for the purposes of DTR 7.2.

Under Listing Rule 9.8.4, the Company must include in its Annual Report, if applicable, the following information:

TOPIC	LOCATION AND PAGE
1. Amount of interest capitalised	Not applicable
2. Any information required by LR 9.2.18R (Publication of unaudited financial information)	Not applicable
3. Details of long-term incentive schemes	Directors' Remuneration Report (pages 118 to 121)
4. Waiver of emoluments by a Director	Not applicable
5. Waiver of future emoluments by a Director	Not applicable
6. Non-pre-emptive issues of equity for cash	Not applicable
7. Information required by (6) above for any unlisted major subsidiary undertaking of the Company	Not applicable
8. Company participation in a placing by a listed subsidiary	Not applicable
9. Any contracts of significance	Not applicable
10. Any contracts for the provision of services by a controlling shareholder	Not applicable
11. Shareholder waivers of dividends	Notes to the consolidated financial statements (page 191)
12. Shareholder waivers of future dividends	Notes to the consolidated financial statements (page 191)
13. Agreements with controlling shareholders	Not applicable

DIRECTORS

The Directors who held office during the year ended 31 December 2020 are as follows:

Philip Yea

Guy Wakeley

John Stier

Mark Brooker

Alison Burns

Sally-Ann Hibberd

Dr Tim Miller

Cheryl Millington

Darren Pope

DIRECTORS' REPORT

Guy Wakeley stood down from the Board on 4 January 2021.

Biographical details of the other Directors are set out on pages 64 to 65.

DIRECTORS' RETIREMENT, APPOINTMENT AND REAPPOINTMENT

Except for Dr Tim Miller, who will step down at the conclusion of the 2021 Annual General Meeting (2021 AGM) in accordance with the Company's succession plan, all of the current Directors will retire and offer themselves for re-appointment at the 2021 AGM. Paul Lynam, Chief Executive designate, will be appointed to the Board on 1 April 2021 and will offer himself for election at the 2021 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.

SECTION 172 COMPANIES ACT 2006 – 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 68 to 69.

When papers are submitted to the Board for its review, each main paper is tagged with which element of the Group's strategy it relates to and what effect it will potentially have on the above matters. This enables each Director to consider their duties to the wider stakeholder community as and when they review the Board papers and decide on future actions.

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 51 to 55 and our Risk Committee Report on pages 88 to 94.

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.

After the introduction of national lockdowns across our territories during the year, approximately 90% of our employees worked from home. To ensure that they were kept informed on what the Group was doing to minimise the effects that the global pandemic was having on the business, a bi-weekly all-company briefing was introduced. This was held using video conferencing facilities and was held in the morning for our colleagues in Europe and India and then again in the afternoon for our colleagues in the US. On average 80% of all colleagues would attend across both briefings. The CEO would provide updates on the Group's performance, what actions were being taken to keep sites COVID-secure and what support was being provided for those colleagues working from home. These briefings have been positively received and have generated great feedback from our colleagues on how to improve systems and processes. For further details on our people please see pages 44 to 45.

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.

Thanks to the hard work of our colleagues, working from home and from our offices, we were able to maintain our high level of service for our clients during the global pandemic.

For further details on how we work with our clients and suppliers, please see page 43.

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 44.

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 four core values that govern how we act as a business and details of these can be found at **https://equiniti.com/uk/about/our-purpose**.

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.

During 2020, the Chairman was in regular contact with our major institutional investors. In addition, he held meetings with them after the announcement on 5 January 2021 concerning the change in Chief Executive. Retail shareholders are able to contact the Company via the Shareview online portal, email via the company secretary email address, as well as calling the shareholder helpline.

For further details on how we engage with our shareholders, please see page 50.

DIRECTORS' INTERESTS

Details of the Directors' share interests in the Company can be found on page 121.

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

In previous years, 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.

However, due to the COVID-19 pandemic, the Board took the decision to conserve its cash resources and cancelled the payment of the final 2019 dividend payment. No interim dividend for 2020 was declared. The Board has reviewed its year-end position and has a clear view of the effect of COVID-19 on the Group's business and has decided not to pay a final dividend for the year-ended 31 December 2020.

CHARITABLE DONATIONS

We continue to be 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 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 2021 AGM to make limited political donations or incur political expenditure and there is a full explanation in the explanatory note of Resolution 16 to the 2021 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 so our recruitment process is inclusive to people with disabilities. 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, 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 2021, 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	% OF ISSUED SHARE CAPITAL
Paradice Investment Management	41,480,350	11.30
Mondrian Investment Partners	34,677,469	9.44
Impactive Capital	31,841,604	8.67
Aberdeen Standard Investments	26,726,705	7.28
Blackrock	14,616,152	3.98
Harris Associates	14,168,709	3.86

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 2020 and of the movements during the year are set out in note 6.2 to the financial statements on page 190.

There are no restrictions on the transfer of shares or on the exercise of voting rights, except in circumstances where:

- 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
- 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 2020, 1,197,608 shares are held by Ocorian 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, which will be happening at the 2021 AGM.

EVENTS AFTER THE REPORTING DATE

On 8 March 2021, the Group announced that it had reached an agreement to sell the EQi direct-to-consumer business to interactive investor for a consideration of up to £48.5m. Further details are set out in note 9.5 to the financial statements on page 220.

EXTERNAL AUDITOR

The Audit Committee has recommended to the Board the appointment 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 appoint PwC will be put to shareholders at the 2021 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 2020 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 2020 Annual General Meeting, the Company was also granted authority to make market purchases of up to 36,453,667 of its own ordinary shares, as permitted by the Companies Act 2006. No purchases of shares were made by the Company during 2020.

Resolutions to renew these authorities and permit Directors to allot equity securities up to a nominal amount of £122,407.87, representing one third of the Company's share capital as at 12 March 2021 (the latest practicable date), of which £18,361.18, 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 36,722,359 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 2021 AGM. A further explanation of the resolutions is set out in the 2021 AGM Notice.

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 2021 AGM will be held at Worthing Football Club, Palatine Park, Palatine Road, Worthing, Sussex, BN12 6JN at 11.00a.m. on 26 May 2021. The 2021 AGM Notice will be available on our website: **http://investors.equiniti.com/investors**.

An explanation of the resolutions to be put to shareholders at the 2021 AGM, and the recommendations of the Directors in relation to them, is set out in the 2021 AGM Notice.

The Directors' Report was approved by the Board of Directors on 1 April 2021.

By Order of the Board

Prism Cosec Limited

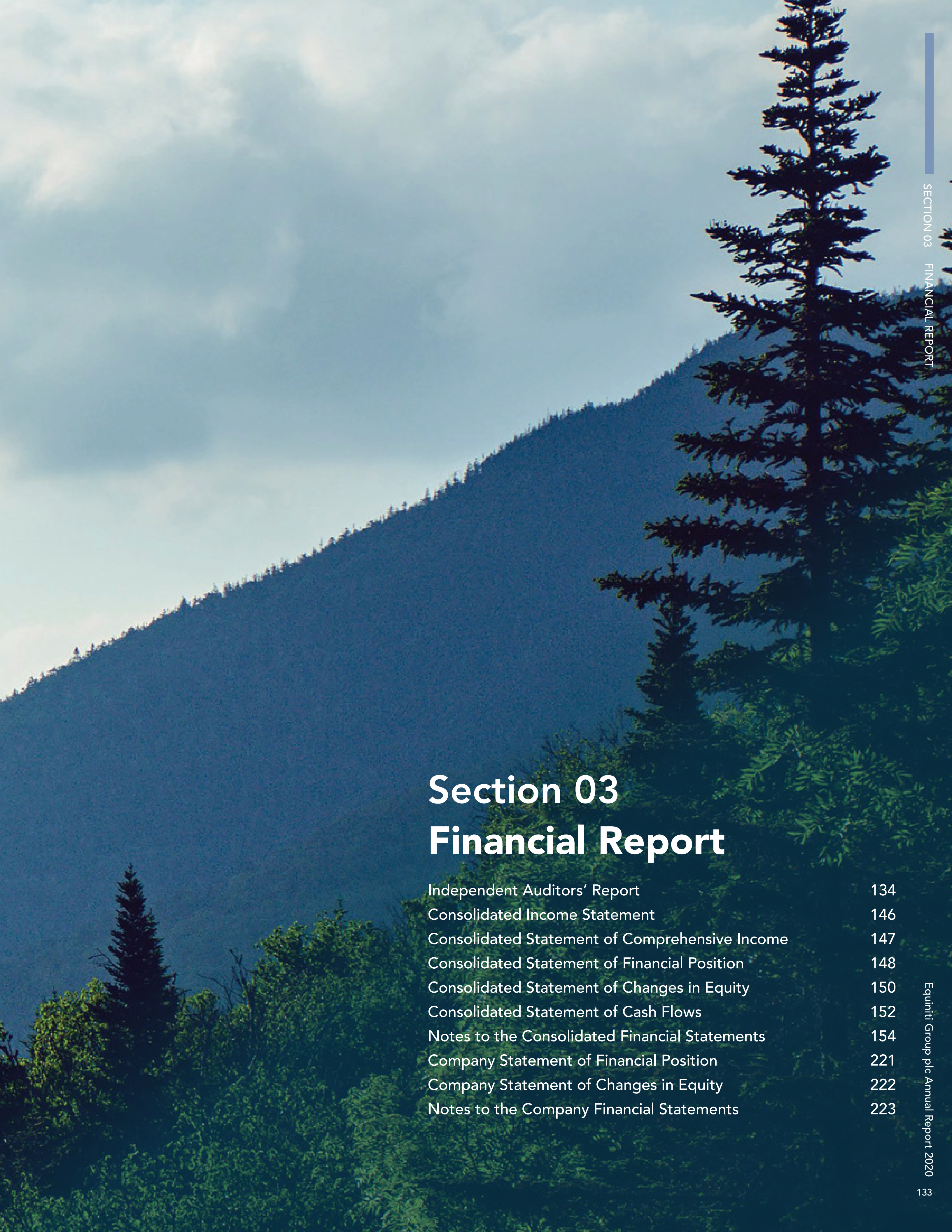
Company Secretary

1 April 2021

Sustainable futures for all

In 2020, EQ launched a new **Supplier Code of Conduct** which makes our **ethical expectations** clear, **drives sustainability** and makes due diligence even more efficient.

EQ prints the majority of its mail through external supplier CFH. Their flexible CFH Docmail solution is **certified for sustainably sourcing paper** as well as being ISO accredited for information security. The supplier has planted over **115,000 trees** over the past 20 years to replace its main resource and runs its site using 100% self-generated solar power. Our partners are also champions in waste-reduction initiatives.



Section 03
Financial Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

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 2020 and of the Group's loss, and the Group's cash flows for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statement of financial position as at 31 December 2020; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statement 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.

SEPARATE OPINION IN RELATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED PURSUANT TO REGULATION (EC) NO 1606/2002 AS IT APPLIES IN THE EUROPEAN UNION

As explained in note 2 to the group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in note 7.3 to the financial statements, we have provided no non-audit services to the Group in the period under audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

OUR AUDIT APPROACH

Overview

AUDIT SCOPE

- Full scope audits were performed in respect of eight operating entities and also on a further two holding companies.
- For a further four entities, audit procedures in respect of revenue only were performed.
- For one further entity, audit procedures were performed in respect of contract fulfilment liabilities.
- Overall, these audit procedures provided coverage of 90% of consolidated revenue and 66% of consolidated EBITDA.

KEY AUDIT MATTERS

- Revenue recognition (group).
- Goodwill carrying value assessments (group).
- Capitalisation of software development costs (group).
- Impact of COVID-19 (group and company).

MATERIALITY

- Overall Group materiality: £2,040,000 (2019: £3,300,000) based on 2.5% of consolidated EBITDA.
- Overall company materiality: £7,800,000 (2019: £2,000,000) based on 1% of total assets.
- Performance materiality: £1,530,000 (Group) and £5,850,000 (company).

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations being those related to breaches of data protection regulations (see page 52) and the Financial Conduct Authority's regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered 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 reported revenue or reduce reported expenditure, and application of 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 of the Directors, management, staff in tax and compliance functions, internal audit and the Group's legal counsel to identify any instances of non-compliance with laws and regulations, including consideration of known or suspected instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business. In particular any journal entries posted with unusual account combinations, unusual words or those posted by senior management;
- Challenging and testing assumptions and judgements made by management in respect of their significant accounting estimates (because of the risk of management bias), in particular in relation to the carrying value of goodwill (see related key audit matter below) and obtaining appropriate audit evidence;
- Reviewing breach and complaint logs and reading key correspondence with regulatory authorities, including the FCA;
- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

The impact of COVID-19 is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (group) **(see Audit Committee Report – page 82)** The Group's business activities generate a number of revenue streams, with differing characteristics and revenue recognition points. The volume and breadth of activities performed by the Group results in significant audit effort being required. The majority of revenue results from fulfilment of single performance obligations or straightforward multiple performance obligations and therefore require relatively little judgement. 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 the amount and 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 its customers, and cash payments. In doing so we assessed whether revenue recognised complied with the Group's accounting policies and IFRS 15. We incorporated automated and IT dependent controls testing into our revenue approach addressing trading revenue where that involves high volume low value transactions. For a sample of contracts with multiple performance obligations that included a software licence sale, we assessed whether the separate performance obligations had been appropriately identified. We validated whether the key terms had been agreed, for example whether the customer had a right to use the licence at the year end. Where necessary, we asked management to provide additional evidence of the agreement of terms, or delivery and acceptance of the related deliverable. Where appropriate we also obtained additional confirmatory evidence from the customer. 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. We tested a sample of material corporate actions that straddled the period end and obtained management's assessment of the percentage of completion. We evaluated whether the Group had an enforceable right to payment for work performed prior to completion, receiving additional confirmatory evidence from in-house legal counsel where required. We made specific enquiries of project teams and management to assess the stage of completion, the cost to complete, we reviewed post year end outturn and evaluated historical forecasting accuracy. No material exceptions were noted.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

Key audit matter	How our audit addressed the key audit matter
Goodwill carrying value assessments (group) **(see Audit Committee Report – page 83)** 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 2020. 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 4.5 which provides further detail on the £529.9 million goodwill balance as at 31 December 2020 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 for each of the four CGUs with goodwill balances 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 to corroborate these, principally focusing on evidence of estimated revenue growth and cost savings in the forecast period. We assessed historical forecasting accuracy. We also evaluated the results of independent reviews of forecasts performed in the period. We have reviewed management's sensitivity analysis and performed independent sensitivity reviews on key assumptions. We evaluated the discount and long term growth rates adopted by management using an independently developed range of acceptable rates based on our view of economic and market indicators. Where our ranges differed from those used by management, we evaluated the impact of that. 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 goodwill were compliant with the requirements of IAS 36. Based on the audit procedures performed we did not identify any material misstatements. We concluded that the assessment was materially compliant with the requirements of IAS 36.

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) **(see Audit Committee Report – page 82)** 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 £25.0 million in software development of which £19.6 million related to internal staff costs. As at 31 December 2020 the net book value of capitalised software amounted to £95.1 million. We focused on this area given the management judgement exercised in assessing whether the criteria set out in IAS 38 "Intangible assets" have been met prior to capitalisation.	We evaluated the design and implementation of the key controls operated by management in respect of the capitalisation of software development costs. We evaluated the Group's accounting policy for capitalisation of software development costs, and assessed whether it complies with the requirements of IAS 38 and is consistently applied year on year. 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 also 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. No material exceptions were noted.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 (group and parent) **(see Audit Committee Report – page 83)** Although the Group continues to deliver and service customer contracts and management consider the direct impact of COVID-19 on operations to be limited, the pandemic meant that for much of 2020, the Group faced difficult market conditions. Management have taken action to preserve cash and liquidity and have actively managed the cost base through activities such as cancelling salary reviews for senior employees, freezing recruitment and removing interim resources. Management's way of working has been impacted by COVID-19 as a result of a large number of employees working remotely and using technology enabled working practices. For example, this has meant virtual review meetings and electronic review processes in place of face to face meetings and hardcopy reviews. The Group has made immaterial use of the coronavirus job retention scheme during the year and deferred VAT payments in line with Government reliefs available. With many employees unable to take holiday and shifting to home working the Group has identified the requirement for increased provisions for untaken leave and has reviewed the property portfolio, resulting in the exit of a number of properties. Financial forecasts used in impairment reviews and supporting deferred tax asset recognition have been updated to reflect the actions taken, revised cost base and latest expectations of market conditions. We consider the key estimate impacted by COVID-19 to be the Group's goodwill carrying value assessment, as discussed in the key audit matter entitled 'Goodwill carrying value assessments'.	We reviewed management's assessment of the impact and uncertainty presented by the COVID-19 pandemic and considered its completeness. We have made enquiries of the Directors and management to understand the impact on the Group. While we were unable to visit in person, we also increased the oversight of our component teams, using video conferencing and remote workpaper reviews to satisfy ourselves as to the adequacy and sufficiency of audit work performed at the significant and material components. With respect to the carrying value of Goodwill and Intangibles, we have enquired with divisional management as to the impact of COVID-19 and assessed whether prevailing economic conditions (such as market activity levels and interest rates) have been appropriately considered in the cash flow forecasts. We have performed sample testing of "Right of Use" assets, holiday pay provisions and vacant property provisions, and we assessed whether these complied with the Group's accounting policy and IFRS. In addition, we evaluated management's consideration of expected credit loss provisions. No material exceptions were noted Based on our work undertaken across the Group and after considering the other areas identified in management's assessment, we did not identify any other material impacts of COVID-19 on the Group's key judgements and/or significant estimates. We performed procedures to assess any control implications arising from the change in management's ways of working. We perform a largely substantive audit however we determined that controls could be relied upon where required for the purposes of our audit.

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 (EQ Boardroom, EQ Digital, EQ Paymaster and EQ US) and operates primarily in the UK and US, with support functions performed by shared service centres in India and Poland. It operates through 37 active operating entities, with significant operating activity in six of these.

We performed full scope audit procedures on seven UK operating components and one US operating component (each either a separate reporting entity or a sub-group of reporting entities) as well as two further holding companies. We then extended our testing to include an additional four entities in relation to revenue and one in relation to contract fulfilment liabilities to ensure that we achieved required levels of audit coverage.

Overall, these audit procedures provided coverage of 90% of consolidated revenue and 66% of consolidated EBITDA.

Other than in respect of EQ US the audit work was performed by the Group engagement team based in the UK. For the EQ US business, 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 EQ US were agreed with the component team prior to the commencement of that audit. In light of the COVID-19 outbreak and UK government's advice, we were unable to meet with the component team and US management in person (although we had done so on several occasions in prior audits). To ensure adequate supervision and review of the US component team's work, regular video conference calls have been conducted to discuss any business updates and changes to audit risk assessment, clarify our instructions providing further guidance where required, receive updates on the audit status and findings, and coordinate audit procedures over the Goodwill carrying value assessment of EQ US. The Group engagement team attended the component clearance meeting with management and Group finance to discuss the work performed and findings, and have also reviewed the workpapers of the PwC US audit team.

As part of our work we also evaluate the process and control activities performed by the Group's shared service centre in India that are relevant to our audit work. This includes making enquiries of staff at the service centre and performing walkthrough procedures of selected financial reporting related processes.

Additionally, the Group engagement team performed audit work over tax balances, share based payments, business combinations 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£2,040,000 (2019: £3,300,000).	£7,800,000 (2019: £2,000,000).
How we determined it	2.5% of consolidated EBITDA	1% of total assets
Rationale for benchmark applied	Consolidated EBITDA is an important measure used by the shareholders and management 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. In the prior year, materiality for the Company was capped to a level below the overall materiality used in the audit of the consolidated financial statements. The equivalent amount capped for the purpose of our group audit this year is £500,000.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £33,000 and £1,200,000. Certain components were audited to a local statutory audit materiality that was less than their allocated materiality for group purposes.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £1,530,000 for the Group financial statements and £5,850,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors, such as the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls, and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £125,000 (2019: £175,000) for both the Group and the Company audits as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment based on our understanding of the business, enquiries of the Board and Audit Committee, and the going concern assessment performed by management;
- Agreeing the underlying cash flow projections to Board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- Evaluating the steps taken in the period to preserve cash and liquidity, and the key assumptions within management's forecasts;
- Evaluating the performance of the business in the period through to the date of the approval of the financial statements;
- Considering liquidity and available financial resources, including the repayment dates of existing financing facilities;
- Considering the existence of covenants with respect to external debt arrangements and reviewing management's assessment of forecast compliance;
- Assessing whether the stress testing performed by management appropriately considered the principal risks facing the business, and were adequate;
- Evaluating the feasibility of management's mitigating actions in response to the severe stress testing scenarios; and
- Reviewing disclosures in the financial statements to assess the sufficiency and appropriateness in light of the assessment performed and the current economic environment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

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 and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and the Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Directors' Report.

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.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

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

- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when 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.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 members 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 11 years, covering the years ended 31 December 2010 to 31 December 2020.

Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Gatwick

1 April 2021

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Revenue	3.1, 3.3	**471.8**	**555.7**
Administrative costs	3.2	(395.8)	(425.2)
Depreciation and impairment of property, plant and equipment	4.3	(7.3)	(6.8)
Depreciation and impairment of right-of-use assets	4.4	(9.6)	(6.1)
Amortisation of software	4.5	(30.4)	(29.9)
Amortisation of acquisition-related intangible assets	4.5	(26.7)	(31.8)
Net gain on business disposals	4.2	3.8	–
Finance income	6.1	0.1	–
Finance costs	6.1	(12.5)	(16.1)
(Loss)/profit before income tax		**(6.6)**	**39.8**
Income tax credit/(charge)	8.1	5.5	(7.4)
(Loss)/profit for the year		**(1.1)**	**32.4**
(Loss)/profit for the year attributable to:			
– Owners of the parent		(1.7)	30.8
– Non-controlling interest		0.6	1.6
(Loss)/profit for the year		**(1.1)**	**32.4**
Earnings per share attributable to owners of the parent:			
Basic earnings per share (pence)	6.5	(0.5)	8.4
Diluted earnings per share (pence)	6.5	(0.5)	8.4

The notes on pages 154 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
(Loss)/profit for the year		**(1.1)**	**32.4**
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss			
Fair value movement through hedging reserve		1.0	13.6
Tax on movement in hedging reserve		–	(2.1)
Net exchange losses on translation of foreign operations		(3.1)	(5.5)
		(2.1)	**6.0**
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial losses	9.3	(0.7)	(9.8)
Deferred tax adjustment on actuarial losses		0.8	1.7
		0.1	**(8.1)**
Other comprehensive expense for the year		**(2.0)**	**(2.1)**
Total comprehensive (expense)/income for the year		**(3.1)**	**30.3**
Total comprehensive (expense)/income attributable to:			
– Owners of the parent		(3.4)	28.9
– Non-controlling interests		0.3	1.4
Total comprehensive (expense)/income for the year		**(3.1)**	**30.3**

The notes on pages 154 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Assets			
Non-current assets			
Property, plant and equipment	4.3	20.0	20.1
Right-of-use assets	4.4	25.9	35.2
Goodwill	4.5	527.6	529.9
Intangible assets	4.5	261.1	293.8
Contract fulfilment assets	5.2	16.9	14.2
Other financial assets	9.1	9.9	10.9
Deferred income tax assets	8.2	23.3	20.3
		884.7	**924.4**
Current assets			
Trade and other receivables	5.1	40.7	50.6
Contract fulfilment assets	5.2	35.8	39.8
Agency broker receivables		26.5	21.1
Other financial assets	9.1	4.4	–
Cash and cash equivalents	6.10	42.4	72.6
		149.8	**184.1**
Total assets		**1,034.5**	**1,108.5**
Liabilities			
Non-current liabilities			
External loans and borrowings	6.7	311.1	369.1
Post-employment benefits	9.3	31.5	31.7
Provisions	5.5	4.7	5.7
Lease liabilities	6.8	28.3	33.1
Other financial liabilities	9.2	0.2	–
		375.8	**439.6**
Current liabilities			
Trade and other payables	5.3	77.9	90.6
Contract fulfilment liabilities	5.4	17.0	16.3
Agency broker payables		26.5	21.1
Income tax payable	8.1	0.5	2.1
Provisions	5.5	10.7	10.4
Lease liabilities	6.8	6.2	8.0
Other financial liabilities	9.2	2.4	0.4
		141.2	**148.9**
Total liabilities		**517.0**	**588.5**
Net assets		**517.5**	**520.0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 £m	2019 £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	193.6	194.4
Retained earnings		198.5	199.7
		508.4	**510.4**
Non-controlling interest	6.4	9.1	9.6
Total equity		**517.5**	**520.0**

The notes on pages 154 to 220 form part of these financial statements.

The financial statements on pages 146 to 220 were approved by the Board of Directors on 1 April 2021 and were signed on its behalf by:

John Stier

Chief Financial Officer

1 April 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 7.1)	–	–	–	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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2020	**0.4**	**115.9**	**194.4**	**199.7**	**9.6**	**520.0**
Comprehensive income						
(Loss)/profit for the year per the income statement	–	–	–	(1.7)	0.6	(1.1)
Other comprehensive income/(expense)						
Changes in fair value through hedging reserve (note 6.3)	–	–	1.0	–	–	1.0
Net exchange loss on translation of foreign operations (note 6.3)	–	–	(3.1)	–	–	(3.1)
Actuarial losses on defined benefit pension plans (note 9.3)	–	–	–	(0.3)	(0.4)	(0.7)
Deferred tax on defined benefit pension plans (note 8.2)	–	–	–	0.7	0.1	0.8
Total other comprehensive (expense)/income	–	–	(2.1)	0.4	(0.3)	(2.0)
Total comprehensive (expense)/income	–	–	**(2.1)**	**(1.3)**	**0.3**	**(3.1)**
Share option and share awards to employees (note 6.3)	–	–	1.3	(1.0)	–	0.3
Transactions with non-controlling interests (note 6.4)	–	–	–	–	(0.8)	(0.8)
Share-based payment transactions (note 7.1)	–	–	–	2.5	–	2.5
Deferred tax relating to share option schemes (note 8.2)	–	–	–	(1.4)	–	(1.4)
Transactions with owners recognised directly in equity	–	–	**1.3**	**0.1**	**(0.8)**	**0.6**
Balance at 31 December 2020	**0.4**	**115.9**	**193.6**	**198.5**	**9.1**	**517.5**

The notes on pages 154 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
(Loss)/profit before income tax		**(6.6)**	**39.8**
Adjustments for:			
Depreciation and impairment of property, plant and equipment		7.3	6.8
Depreciation and impairment of right-of-use assets		9.6	6.1
Amortisation of software		30.4	29.9
Amortisation of acquisition-related intangibles		26.7	31.8
Finance income		(0.1)	–
Finance costs		12.5	16.1
Net gain on business disposals		(3.8)	–
Share-based payment transactions		2.5	1.6
Changes in working capital:			
Net decrease in receivables		11.0	12.7
Net decrease/(increase) in contract assets		0.6	(7.8)
Net decrease in payables		(6.6)	(24.0)
Net increase in contract liabilities		1.5	2.0
Net decrease in provisions		(0.5)	(2.9)
Cash flows from operating activities		84.5	112.1
Interest paid		(9.4)	(13.2)
Income tax paid		(0.3)	(2.7)
Net cash inflow from operating activities		**74.8**	**96.2**
Cash flows from investing activities			
Business acquisitions net of cash acquired	4.1	(2.9)	(3.3)
Payments relating to prior year acquisitions		(12.3)	(8.2)
Acquisition of property, plant and equipment		(6.5)	(1.8)
Payments relating to developing and acquiring software		(30.8)	(46.7)
Disposal of businesses	4.2	14.8	–
Net cash outflow from investing activities		**(37.7)**	**(60.0)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Cash flows from financing activities			
Purchase of own shares	6.3	–	(3.8)
Cash received on exercise of options	7.1	–	3.8
Repayment of bank loans	6.7	–	(60.0)
(Repayment of)/proceeds from revolving credit facility	6.7	(57.0)	38.6
Payment of loan set up fees		–	(3.7)
Payments in respect of leases (including interest)	6.9	(7.8)	(6.9)
Dividends paid	6.6	–	(19.7)
Transactions with non-controlling interests		(1.4)	(2.2)
Net cash outflow from financing activities		**(66.2)**	**(53.9)**
Net decrease in cash and cash equivalents		(29.1)	(17.7)
Net foreign exchange losses		(1.1)	(0.6)
Cash and cash equivalents at 1 January		72.6	90.9
Cash and cash equivalents at 31 December		**42.4**	**72.6**

The notes on pages 154 to 220 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 both 'International Accounting Standards in conformity with the requirements of the Companies Act 2006' and 'International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union'. 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 at fair value on the acquisition date.

Acquisition-related costs are expensed as incurred.

Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future (which has been taken as at least 12 months from the date of approval of the financial statements).

The Group has a large and diverse client base, including c70 of the FTSE 100 and c120 of the FTSE 250 and average relationships with FTSE 100 share registration clients of more than 29 years. The Group meets its day-to-day working capital and financing requirements through the generation of cash flows from its operating activities and the availability of long term committed bank facilities. 2020 was an unprecedented year, with the COVID-19 pandemic impacting results. Despite this, the Group has remained resilient generating £74.8m of net cash inflows from operating activities and reduced net debt from £343.6m to £307.9m at the year end.

At 31 December 2020, the Group had £23.5m of unrestricted cash together with additional borrowing capacity of £202.0m under its committed bank facilities, which are available to the Group through to July 2024. The facilities are subject to one bank covenant under which adjusted net debt to consolidated EBITDA (as defined in the loan agreement) must be less than 3.75:1 at both 30 June 2021 and 31 December 2021, and 3.5:1 at the relevant reporting dates thereafter. The Group is currently well within the covenant requirement.

The Directors have reviewed the financial forecasts for the Group, prepared by management, which set out sufficient trading and cash generation to allow the business to meet its obligations as they fall due. The forecasts, which have been updated for the expected continued impact of COVID-19 and related economic stress, indicate a recovery in 2021 and assume:

- revenue growth starting to return, supported by recovery in the IPO market, and other market trends and increased cross-selling into our customer base;
- modest margin improvement versus 2020, driven by operating leverage, offshoring, automation, property rationalisation and increasing mix of software licences; and
- completing the sale of our EQi business, which is planned for June 2021.

2.1 Summary of Significant Accounting Policies (Continued)

Consideration has been given to severe and plausible downside scenarios, including one under which there is a continued reduction in discretionary spend by our client base and one where the completion of the sale of our EQi business to interactive investor does not complete until H2 2021. In each scenario that we have considered, sufficient cash is forecast to be available to meet liabilities as they fall due without the requirement to take significant mitigating actions. In addition, mitigating actions within control of the Group have been identified that would preserve cash and reduce operating costs, if needed. In the downside scenarios considered, the risk of a covenant breach is considered remote.

As such, the Directors remain confident that the Group will continue to meet its obligations as they fall due, maintain significant funding headroom and meet its covenant obligations. The Directors have therefore adopted the going concern basis in preparing these financial statements.

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

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.

2.1 Summary of Significant Accounting Policies (Continued)

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.

2.1 Summary of Significant Accounting Policies (Continued)

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 relating to the effective element of the hedge 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.

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. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented within administrative costs.

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 at the same time as the Group recognises the interest accruing on balances under administration. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised within finance costs 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. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

2.1 Summary of Significant Accounting Policies (Continued)

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. They are generally due for settlement within 30 days, and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method, less an expected credit loss allowance. 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 utilised a facility to sell trade receivables on a non-recourse basis. Trade receivables are shown in the statement of financial position net of the cash received at the year end.

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 which represents the right to receive consideration from the customer for goods or services delivered. An asset is only recognised if the revenue recognition criteria are satisfied. The asset is recognised using the transaction price attributed to individual performance obligations based on their fair value. 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 a contract with a customer are recognised as an asset only if the Group expects to recover them. Those costs to obtain 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. 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 is primarily on a delivered and paid basis and typically takes 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 are included in cash and cash equivalents in the statement of financial position when the Group has a legally enforceable right to offset and there is an intention to settle on a net basis. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents in the statement of cash flows as they form an integral part of the Group's cash management.

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. They are presented as current liabilities unless payment is not due within 12 months after the reporting period. 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

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period.

The liability is measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities within trade and other payables in the statement of financial position.

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. Costs are recognised as an employee benefit expense, within administrative costs 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.

2.1 Summary of Significant Accounting Policies (Continued)

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, with a corresponding adjustment to equity. The 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); and
- 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).

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, is 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 to the original status on exit. Provisions for wear and tear are recognised as an expense within the income statement and are recognised as the liability is incurred.

Estimated costs relating to the removal of leasehold improvements are capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Payments for dilapidations 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.

Other provisions includes amounts recognised for onerous lease costs, excluding amounts recognised as lease liabilities, that the Group expects will be incurred on properties that were vacated during 2020, over the remaining term of the lease. These amounts will be released to the income statement as the expenses are incurred.

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.

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 for that entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and 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;

2.1 Summary of Significant Accounting Policies (Continued)

- 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 as the income is considered incidental to the underlying contract with the customer.

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. This income is considered to be ancillary to the underlying fee paid services delivered to the Group's customers. Interest income 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.

Out-of-pocket expenses recharged to customers are recognised in revenue, net of the related expense, when they are recoverable from the client.

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 provisions for the delivery of special projects and pension accountancy services. Management evaluates whether those promised services are distinct, which requires them to be accounted for as separate performance obligations. If the services are not distinct, they are combined with other services until a distinct performance obligation can be identified in the contract. If a series of 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 EQ Paymaster and EQ Digital businesses for software such as Compendia, Charter and KYCnet.

2.1 Summary of Significant Accounting Policies (Continued)

Revenue for sales of software licences are recognised at the point in time when the 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.

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 based on relative standalone selling prices. 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 EQ Boardroom and EQ US businesses, representing commissions and fees 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 at the point in time the interest is received.

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 EQ Boardroom business for the supply of corporate actions related services and within the EQ Digital business for software hosting and support services. When the service falls into two or more accounting periods, judgement is applied in determining 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, 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 assess 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. Where consideration is variable, it is only recognised to the extent that it is highly probable that it will not reverse in a future period. Any changes to the transaction price (excluding those resulting from contract modifications) are allocated to the performance obligations in the contract on the same basis as at the inception of the contract. A contract modification is only recognised when the modification is approved. An increase in scope of a contract could 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 expenses	Software and support	Transactional fees	Intermediary Income
EQ Boardroom	•	•		•	
EQ Digital	•		•		
EQ Paymaster	•		•		
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.

2.1 Summary of Significant Accounting Policies (Continued)

Revenue earned and recognised for services 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

Government grants primarily relate to research and development expenditure credits, which provide income tax relief on the Group's research and development costs. 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 deferred and included within other payables 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.

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. Non-lease expenses, such as service charges, are expensed in the income statement as they are incurred. 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.

2.1 Summary of Significant Accounting Policies (Continued)

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 Amendments Adopted

New standards adopted by the Group

- Amendments to IAS 1 and IAS 8 – changes to definition of 'material'
- Amendments to IFRS 3 – changes to definition of a business
- Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of the Interest Rate Benchmark Reform

The above standards came into effect in the reporting period and did not have any impact on the financial statements of the Group.

Interest Rate Benchmark Reform

Over the last few years, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates has been a priority for global regulators.

On 5 March 2021, the Financial Conduct Authority (FCA) announced that most LIBORs will stop being published from 31 December 2021. Loan and derivative documents that reference LIBOR rates will need to be amended for the new reference benchmark rates.

Adjustments for term and credit differences between the old and new reference rates will need to be agreed to ensure that they are economically equivalent on transition.

The Group Treasury function is managing the IBOR transition plan to ensure that all of the necessary documentation is updated prior to the index cessation effective dates. New reference rates and credit adjustment spreads will be aligned across both the Group's interest rate swaps and the term loans.

The Group has applied the following reliefs in its 2020 consolidated financial statements that were introduced by the amendments made to IFRS 9 in September 2019;

- when considering the highly probable requirement, the Group has assumed that the GBP and USD LIBOR interest rates on which the Group's debt are based do not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective, the Group has assumed that the GBP and USD LIBOR interest rates on which the cash flows of the hedged debt and the associated interest rate swaps are not altered by IBOR reform.
- The Group has not recycled the cash flow hedge reserve relating to the period after the expected index cessation effective dates.

New standards adopted by the Group in the prior year

The group applied IFRS 16 Leases (IFRS 16) for the first time to the period beginning 1 January 2019, and transitioned by applying the modified retrospective method, whereby comparative balances were not restated and the Group recognised an adjustment within retained earnings on 1 January 2019 of £1.6m. This standard has been consistently applied to the year ended 31 December 2020.

2.3 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 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 the expected future impact of conditions such as COVID-19 and climate change, 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.

2.4 Critical Accounting Estimates and Judgements (Continued)

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 other key inputs, such as growth rates and profitability. The fair value of contingent consideration at 31 December 2020 was £8.9m (2019: £14.8m).

If forecast profit for each acquired business during the earn out period was 30% lower than forecast this would lead to a £2.2m reduction in the provision required. If forecast profit 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 contracts. 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. Revenue in respect of the provision of perpetual licences in the year was £12.5m (2019: £22.9m).

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 2020, the Group capitalised £19.6m (2019: £21.9m) of staff costs. 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:	2020 £m	2019 £m
Rendering of services	449.5	529.2
Interest income	22.3	26.5
Total revenue	**471.8**	**555.7**

See note 3.3 for further analysis of the Group's revenue.

3.2 Administrative Costs

Expenses by nature:	2020 £m	2019 £m
Employee benefit expense (note 3.4)	229.6	222.5
Employee costs capitalised in respect of software development	(19.6)	(21.9)
Direct costs	82.9	106.5
Printing and postage	16.5	18.6
IT licences and maintenance	35.3	30.2
Bought-in services	6.2	29.7
Premises costs	16.1	9.3
Short-term lease costs	0.5	0.5
Government grants	(2.1)	(0.8)
Other general business costs	30.4	30.6
Total administrative costs	**395.8**	**425.2**

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 reporting segments have been identified as EQ Boardroom (previously Investment Solutions), EQ Digital (previously Intelligent Solutions), EQ Paymaster (previously 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 which are reviewed by the CODM. 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.

3.3 Operating Segments (Continued)

Year ended 31 December 2020	Total revenue £m	Inter-segment £m	Reported revenue £m
EQ Boardroom	130.4	(2.7)	127.7
EQ Digital	143.7	(5.8)	137.9
EQ Paymaster	125.2	(9.6)	115.6
Interest	10.0	–	10.0
UK and Europe	409.3	(18.1)	391.2
EQ US	80.6	–	80.6
USA	80.6	–	80.6
Total revenue	**489.9**	**(18.1)**	**471.8**

Year ended 31 December 2019	Total revenue £m	Inter-segment £m	Reported revenue £m
EQ Boardroom	152.5	(2.8)	149.7
EQ Digital	182.8	(11.9)	170.9
EQ Paymaster	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**

Included within the USA division is £12.3m (2019: £12.4m) of interest revenue, which is reported and managed within the EQ US results. This interest revenue includes intermediary income where interest is received in lieu of an invoiced fee and interest received on client balances under administration.

Reported revenue by geographical market	2020 £m	2019 £m
UK and Europe	391.2	461.7
USA	80.6	94.0
Total revenue	**471.8**	**555.7**

Timing of revenue recognition	2020 £m	2019 £m
Point in time	106.5	128.3
Over time	365.3	427.4
Total revenue	**471.8**	**555.7**

Point in time revenue primarily relates to 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.

3.3 Operating Segments (Continued)

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 at the reporting dates 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:

31 December 2020	EQ Boardroom £m	EQ Digital £m	EQ Paymaster £m	EQ US £m	Total £m
Less than one year	49.3	9.7	53.2	16.0	128.2
Between one and five years	111.2	20.4	118.8	15.7	266.1
More than five years	13.8	–	33.0	–	46.8
	174.3	**30.1**	**205.0**	**31.7**	**441.1**

31 December 2019	EQ Boardroom £m	EQ Digital £m	EQ Paymaster £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 2020, 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; and
- revenue that is earned and invoiced as the work is performed.

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FOR THE YEAR ENDED 31 DECEMBER 2020

3.3 Operating Segments (Continued)

Underlying EBITDA	2020 £m	2019 £m
EQ Boardroom	36.4	50.2
EQ Digital	29.6	43.5
EQ Paymaster	15.1	19.5
Interest	10.0	14.1
UK and Europe	91.1	127.3
EQ US	14.2	23.1
USA	14.2	23.1
Total segments	105.3	150.4
Central costs	(13.6)	(14.4)
Total underlying EBITDA	**91.7**	**136.0**

Central costs principally include corporate overheads which cannot be allocated to a specific segment or segments.

Depreciation, impairment and amortisation	2020 £m	2019 £m
EQ Boardroom	(27.1)	(26.1)
EQ Digital	(11.5)	(12.7)
EQ Paymaster	(12.0)	(16.9)
EQ US	(12.7)	(10.8)
Total segments	(63.3)	(66.5)
Central costs	(10.7)	(8.1)
Total	**(74.0)**	**(74.6)**

Reconciliation of underlying EBITDA to (loss)/profit before tax	2020 £m	2019 £m
Underlying EBITDA	91.7	136.0
Non-operating items:		
– Office consolidation	(11.7)	–
– People severance costs	(5.0)	–
– Holiday provision	(3.0)	–
– Net gain on business disposals	3.8	–
– Transaction costs	–	(0.3)
– Integration costs	–	(5.2)
Depreciation, impairment and amortisation (less impairments within non-operating items)	(70.0)	(74.6)
Net finance costs	(12.4)	(16.1)
(Loss)/profit before tax	**(6.6)**	**39.8**

3.3 Operating Segments (Continued)

Assets and liabilities per segment are not items which are reviewed by the CODM 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	2020 £m	2019 £m
EQ Boardroom	(5.2)	(9.5)
EQ Digital	(3.8)	(8.8)
EQ Paymaster	(3.8)	(5.4)
EQ US	(3.5)	(11.1)
Total segments	(16.3)	(34.8)
Central	(15.5)	(15.5)
Total	**(31.8)**	**(50.3)**

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:	2020 Number	2019 Number
Operations	4,425	4,439
Support functions	609	594
Sales and marketing	220	226
Total employees	**5,254**	**5,259**

Number of employees – by operating segment:	2020 Number	2019 Number
EQ Boardroom	1,246	1,311
EQ Digital	723	565
EQ Paymaster	1,473	1,395
EQ US	650	526
Central	1,162	1,462
Total employees	**5,254**	**5,259**

3.4 Staff Numbers and Costs (Continued)

Number of employees – by geography:	2020 Number	2019 Number
UK	3,624	3,754
Rest of Europe	142	50
Asia	923	929
North America	565	526
Total employees	**5,254**	**5,259**

The aggregate payroll costs of these persons were as follows:

	2020 £m	2019 £m
Wages and salaries	198.6	193.1
Social security costs	18.3	18.2
Other pension costs	10.2	9.6
Share-based payment expense (note 7.1)	2.5	1.6
Total employee benefit expense	**229.6**	**222.5**

4 INVESTMENTS

4.1 Business Acquisitions

Monidee

On 19 February 2020, the Group purchased the entire issued share capital of Monidee B.V. (Monidee) for cash consideration of €4.0m (£3.4m), plus deferred consideration of €4.0m (£3.4m) payable in 2021. Monidee is an employee share plans technology business based in Amsterdam, Netherlands.

The Group took control of the business on 19 February 2020. On this date the business had net assets with a fair value of £3.0m. The results of the business have been consolidated since the date of control and Monidee contributed £3.1m of revenue and £0.6m of profit before income tax to the Group's results in 2020. If the business had been acquired on 1 January 2020 it would have contributed an additional £0.2m of revenue and £nil net profit before tax to the Group's results in 2020. The acquisition-related costs of acquiring Monidee in the year, such as legal fees and stamp duty, amounted to £0.1m. These costs have been included in administrative costs in the income statement.

On acquisition, intangible assets with a fair value of £3.3m 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 Monidee 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	4.0
Trade and other receivables	0.5
Cash and cash equivalents	1.0
Trade and other payables	(1.6)
Contract fulfilment liabilities	(0.1)
Deferred income tax liabilities	(0.8)
Net identifiable assets	**3.0**
Goodwill on acquisition	3.7
Total consideration	**6.7**
Cash acquired	(1.0)
Deferred consideration	(3.4)
Net cash outflow in the year	**2.3**

SAGA Personal Finance Limited

On 31 May 2020, the Group purchased the rights to SAGA's telephone and internet share dealing and nominee service, trading under the name 'Saga Share Direct', for consideration of £0.6m. On this date, intangible assets with a fair value of £0.6m relating to customer contracts and related relationships were identified.

Fair value of identifiable assets acquired	£m
Intangible assets	0.6
Total consideration and net cash outflow in the year	**0.6**

During the year ended 31 December 2019, the Group acquired Richard Davies Investor Relations Limited, an investor relations business based in the United Kingdom, and Corporate Stock Transfer, Inc., a share registrar business based in the United States. There were no changes to the fair value of identifiable assets acquired and liabilities assumed on acquisition during the year end 31 December 2020.

4.2 Business Disposals

Business disposals are businesses that have been exited during the year or are in the process of being disposed of. None of the Group's business exits in 2020 meet the definition of 'discontinued operations' as stipulated by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (IFRS 5), which requires disclosure and comparatives to be restated where the relative size of a disposal or business closure is significant, which is normally understood to mean a reported segment. Accordingly, the separate presentation described below does not fall within the requirements of IFRS 5 concerning discontinued operations.

Equiniti 360

On 15 April 2020, the Group sold its Equiniti 360 business to Premier IT Partnership Limited, for consideration of £0.1m. Up until its sale, Equiniti 360 was part of the Group's EQ Digital division.

Gain on business disposal	**£m**
Intangible assets	0.1
Deferred income tax assets	0.1
Contract fulfilment liabilities	(0.2)
Net assets disposed of	–
Cash purchase consideration received	0.1
Gain on business disposal	**0.1**

HR Solutions

On 2 December 2020, the Group sold its HR and payroll business (HR Solutions) to Civica UK Limited, for consideration of £13.2m. Up until its sale, HR Solutions was part of the Group's EQ Paymaster division.

Gain on business disposal	**£m**
Intangible assets	5.3
Trade and other receivables	0.8
Contract fulfilment assets	0.2
Trade and other payables	(0.2)
Contract fulfilment liabilities	(0.1)
Total net assets disposed of	**6.0**
Cash purchase consideration received	13.2
Costs of disposal:	
– Transaction costs – paid	(0.5)
– Transaction costs – accrued	(0.6)
– Impairment of right-of-use and property, plant and equipment assets	(0.5)
– Liabilities created by transaction	(2.2)
Gain on business disposal	**3.4**

4.2 Business Disposals (Continued)

Charter Systems

On 31 December 2020, the Group sold its Charter Systems business to Northgate Public Services (UK) Limited, for consideration of £1.9m. Up until its sale, Charter Systems was part of the Group's EQ Digital division.

Gain on business disposal	**£m**
Intangible assets	1.1
Trade and other receivables	0.1
Contract fulfilment assets	1.0
Trade and other payables	(0.1)
Contract fulfilment liabilities	(0.6)
Deferred income tax liabilities	(0.1)
Net assets disposed of	**1.4**
Cash purchase consideration received	1.9
Costs of disposal:	
– Transaction costs – accrued	(0.2)
Gain on business disposal	**0.3**

There were no business disposals in the year ended 31 December 2019.

4.3 Property, Plant and Equipment

	Leasehold improvements £m	Freehold improvements £m	Office equipment £m	Fixtures & fittings £m	Total £m
Cost					
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**
Balance at 1 January 2020	14.6	–	39.5	4.5	58.6
Additions	0.4	–	6.4	–	6.8
Disposals	(2.7)	–	(0.3)	(1.4)	(4.4)
Translation adjustment	(0.1)	–	(0.3)	–	(0.4)
Reclassification	1.1	–	1.3	(0.9)	1.5
Balance at 31 December 2020	**13.3**	**–**	**46.6**	**2.2**	**62.1**
Accumulated depreciation					
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
Balance at 1 January 2020	8.1	–	26.5	3.9	38.5
Depreciation charge for the year	1.4	–	5.2	0.2	6.8
Impairments*	0.6	–	0.1	–	0.7
Disposals	(2.7)	–	(0.3)	(1.4)	(4.4)
Translation adjustment	(0.1)	–	(0.1)	–	(0.2)
Reclassification	0.1	–	1.3	(0.7)	0.7
Balance at 31 December 2020	**7.4**	**–**	**32.7**	**2.0**	**42.1**
Net book value					
Balance at 31 December 2019	**6.5**	**–**	**13.0**	**0.6**	**20.1**
Balance at 31 December 2020	**5.9**	**–**	**13.9**	**0.2**	**20.0**

*The impairment charge for the year ended 31 December 2020 includes £0.2m (2019: £nil) which has been recognised within net gain on business disposals in the income statement, as it relates to the disposal of the HR Solutions business.

Included within office equipment are assets held under finance leases, as defined by IAS 17 Leases, which have not been transferred into right-of-use assets, as permitted under IFRS 16. As at 31 December 2020, these assets have a cost of £2.8m (2019: £2.8m) and a net book value of £0.3m (2019: £0.7m).

4.4 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**
Balance at 1 January 2020	41.0	0.2	41.2
Additions	1.3	–	1.3
Disposals	(0.9)	–	(0.9)
Translation adjustment	(0.4)	–	(0.4)
Balance at 31 December 2020	**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**
Balance at 1 January 2020	6.0	–	6.0
Depreciation charge for the year	6.0	0.1	6.1
Impairments*	3.8	–	3.8
Disposals	(0.5)	–	(0.5)
Translation adjustment	(0.1)	–	(0.1)
Balance at 31 December 2020	**15.2**	**0.1**	**15.3**
Net book value			
Balance at 31 December 2019	**35.0**	**0.2**	**35.2**
Balance at 31 December 2020	**25.8**	**0.1**	**25.9**

*The impairment charge for the year ended 31 December 2020 includes £0.3m (2019: £nil) which has been recognised within net gain on business disposals in the income statement, as it relates to the disposal of the HR Solutions business.

4.5 Intangible Assets

	Goodwill £m	Software £m	Acquisition-related intangible assets £m	Total £m
Cost				
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**
Balance at 1 January 2020	529.9	329.2	442.9	1,302.0
Acquisition of business	3.7	0.7	3.3	7.7
Additions	–	25.0	0.6	25.6
Business disposals	(5.2)	(4.2)	(0.9)	(10.3)
Disposals	–	(4.1)	–	(4.1)
Translation adjustment	(0.8)	(0.3)	(3.4)	(4.5)
Reclassification	–	(1.5)	–	(1.5)
Balance at 31 December 2020	**527.6**	**344.8**	**442.5**	**1,314.9**
Accumulated amortisation				
Balance at 1 January 2019	–	197.3	220.0	417.3
Amortisation for the year	–	29.9	31.8	61.7
Translation adjustment	–	(0.2)	(0.5)	(0.7)
Balance at 31 December 2019	**–**	**227.0**	**251.3**	**478.3**
Balance at 1 January 2020	–	227.0	251.3	478.3
Amortisation for the year	–	30.4	26.7	57.1
Business disposals	–	(2.9)	(0.9)	(3.8)
Disposals	–	(4.1)	–	(4.1)
Translation adjustment	–	–	(0.6)	(0.6)
Reclassification	–	(0.7)	–	(0.7)
Balance at 31 December 2020	**–**	**249.7**	**276.5**	**526.2**
Net book value				
Balance at 31 December 2019	**529.9**	**102.2**	**191.6**	**823.7**
Balance at 31 December 2020	**527.6**	**95.1**	**166.0**	**788.7**

4.5 Intangible Assets (Continued)

Software predominately relates to investment in enhancing the functionality of the Group's main operating platforms. Included within additions in the year is £19.6m (2019: £21.9m) 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.

Goodwill

Goodwill arose initially on the acquisition of the Lloyds TSB Registrars business and subsequently through further business 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, which are the lowest cash-generating units (CGUs): EQ Boardroom (previously Investment Solutions), EQ Digital (previously Intelligent Solutions), EQ Paymaster (previously Pension Solutions), EQ US and Interest.

Year ended 31 December 2020	Opening balance £m	Acquisitions/ (disposals) £m	Adjustments for prior year acquisitions £m	Transfers between segments £m	Translation adjustment £m	Closing balance £m
EQ Boardroom	295.3	3.7	–	–	0.2	299.2
EQ Digital	80.7	–	–	–	0.9	81.6
EQ Paymaster	88.2	(5.2)	–	–	–	83.0
EQ US	65.7	–	–	–	(1.9)	63.8
Total goodwill	**529.9**	**(1.5)**	**–**	**–**	**(0.8)**	**527.6**

Year ended 31 December 2019	Opening balance £m	Acquisitions/ (disposals) £m	Adjustments for prior year acquisitions £m	Transfers between segments £m	Translation adjustment £m	Closing balance £m
EQ Boardroom	291.6	3.7	–	–	–	295.3
EQ Digital	77.3	–	–	4.2	(0.8)	80.7
EQ Paymaster	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**

Impairment testing

Goodwill is tested at least 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 business.

Cash flows

As part of the annual financial planning process, the Group's divisions (CGUs) are required to submit budgets for the next year and financial forecasts for the following years. These plans are approved by the Board and represent management's best view of future revenue and cash flows.

The revenue growth rate applied beyond the approved forecast period is in line with long term UK and US macroeconomic forecasts, adjusted by the Directors, where appropriate, to reflect their expectations of long term growth for relevant CGU, for example an uplift is applied in the US for the specific market opportunities.

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FOR THE YEAR ENDED 31 DECEMBER 2020

4.5 Intangible Assets (Continued)

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

EQ Boardroom

- Mid-single digit per annum revenue growth, supported by market trends, customer fidelity and increased cross-selling into our customer base.
- Corporate actions return to pre-COVID-19 levels.

EQ Digital

- Remediation volumes remain resilient and PPI revenues are replaced with new opportunities in this market.
- Growth in software licences as a result of competitive advantage in the market.

EQ Paymaster

- Ongoing renewal of MyCSP contract and adequate replenishment of the existing customer base.
- Steady margin improvement from 2020, driven by operating leverage, offshoring, automation and property rationalisation.

EQ US

- Gain in market share and successful leverage of capabilities developed in the UK into the US market.
- Implementation of new operating platforms and realisation of operating synergies expected at the time of acquisition come through intact.

Discount rates

The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses. The discount rate is based on the risk-free rate for Government bonds and are adjusted for a risk premium to reflect the size and nature of the CGU.

The discount rates have been calculated using the capital asset pricing model informed by market observed data points (such as the beta and risk-free rate) where available.

Impairment tests

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.

Assumptions in determining the value in use were:

Year ended 31 December 2020	EQ Boardroom	EQ Digital	EQ Paymaster	EQ US
Period on which management approved forecasts are based	5 years	5 years	5 years	5 years
Growth rate applied beyond approved forecast period	2.1%	2.1%	2.1%	2.9%
Discount rate pre-tax	8.0%	9.7%	8.5%	8.8%

Year ended 31 December 2019	UK & Europe	USA
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	2.1%	1.8%
Discount rate pre-tax	8.3%	12.5%

4.5 Intangible Assets (Continued)

Sensitivity analysis

The key assumptions used in the value-in-use model are the assumed discount rates, the long-term growth rates and the year five EBITDA, which is considered to be closely aligned to cash flow. The discount rate has been calculated using the capital asset pricing model, informed by market-observed data points (such as the beta and risk-free rate) where available. The long-term growth rate is based on GDP predictions, which have been uplifted in the US for the specific market opportunities. As these are, in part, judgemental, and recognising that different users might arrive at different assumptions dependent on the use to which they are being put, we have demonstrated in the table below the sensitivity of each of these assumptions.

The table below considers the change required to each of the key assumptions before the divisional headroom is reduced to £nil.

Year ended 31 December 2020	Highest pre-tax discount rate	Lowest long-term growth rate	Change in year 5 EBITDA
EQ Boardroom	11.1%	<0.0%	-33.9%
EQ Digital	21.5%	<0.0%	-46.7%
EQ Paymaster	11.7%	<0.0%	-23.4%
EQ US	13.9%	<0.0%	-46.9%

The Board considered whether any reasonably possible change to a combination of the key assumptions could result in an impairment.

The pre-tax discount rate of each CGU has been modelled to increase by 100 basis points and the long term growth rate simultaneously decrease by 50 basis points. The year 5 EBITDA would have to decrease by 19.8% for EQ Boardroom, 43.2% for EQ Digital, 14.0% for EQ Paymaster and 35.3% for EQ US before an impairment would be recognised in any of the divisions.

The Board has, therefore, not identified any reasonably possible changes to the assumptions that could result in an impairment.

4.6 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 2020
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

4.6 Investments in Subsidiaries (Continued)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2020
Indirect Investments			
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 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 of America	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	50
EQ Tech sp.zo.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	Non-trading	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	Non-trading	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

4.6 Investments in Subsidiaries (Continued)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2020
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 ICS Limited	205 Airport Road West, Belfast, BT3 9ED, United Kingdom	Business process outsourcing	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 (Ireland) Finance DAC	4th Floor Garryard House, 25/26 Earlsfort Terrace, Dublin 2, Dublin, D02 PX51, Ireland	Non-trading	100
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, Netherlands	Software service provider	100
Equiniti KYC Systems B.V	Danzigerkade 23B, 1013 AP, Amsterdam, 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

4.6 Investments in Subsidiaries (Continued)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2020
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 of America	Limited purpose trust company	100
Equiniti (US) Holdings Inc	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States of America	Holding company	100
Equiniti (US) LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States of America	Non-trading	100
Equiniti (US) Services LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States of America	Non-trading	100
Financial Tailor Made B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Non-trading	100
icenet Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Non-trading	100
Information Software Solutions Limited	Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Holding company	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, Netherlands	Holding company	100
L R Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Dormant	100
MonIdee B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Holding company	100
MonIdee Finance B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Software service provider	100
MonIdee Financial Property B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Non-trading	100
MonIdee Legal and Compliance B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Software service provider	100
MonIdee Legal and Compliance Property B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Non-trading	100
MonIdee Services B.V.	Claude Debussylaan 239, 1082MC Amsterdam, Netherlands	Software service provider	100

4.6 Investments in Subsidiaries (Continued)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2020
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	Non-trading	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, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom	Company secretarial	100
Prism Cosec Limited	Elder House, St Georges Business Park, 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	Non-trading	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
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

4.6 Investments in Subsidiaries (Continued)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2020
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.

The Group disposed of its investment in Charter Systems Limited, Equiniti 360 Clinical Limited and Equiniti HR Solutions Limited in the year.

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 2020:

Company name	Registration number	Company name	Registration number
Boudicca Proxy Ltd	07847924	Information Software Solutions Limited	03915585
Charter UK Limited	02453655	Invigia Limited	03318315
Claybrook Computing Limited	01287205	MyCSP Limited	07640786
Equiniti Benefactor Limited	04403677	Mycustomerfeedback.com Limited	06829521
Equiniti Data Limited	05350329	Pancredit Systems Ltd.	02215760
Equiniti David Venus Limited	06351754	Peter Evans & Associates Limited	01870532
Equiniti Delivery Services Limited	08855189	Prism Communications & Management Limited	04352585
Equiniti Finance (Holdings) Ltd	11092909	Prosearch Asset Solutions Limited	02158381
Equiniti ICS Limited	NI036763	Refresh Personal Finance Ltd	07369895
Equiniti PMS Limited	03613039	Richard Davies Investor Relations Limited	04557486
Equiniti Services Limited	00756582	Riskfactor Software Limited	03923431
Equiniti Share Plan Trustees Limited	03925002	Riskfactor Solutions Limited	02767525
Equiniti Solutions Limited	03335560	The Nostrum Group Limited	04274181
Equiniti (UK) Finance Ltd	11092548	Toplevel Computing Limited	02341302
Icenet Limited	03332287	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 £60.9m (2019: £134.5m).

5 WORKING CAPITAL

5.1 Trade and Other Receivables

	2020 £m	2019 £m
Trade receivables	26.6	35.1
Other receivables	5.8	6.6
Prepayments	8.3	8.9
Total trade and other receivables	**40.7**	**50.6**

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 £0.7m (2019: £0.3m).

Credit risk

The ageing of trade receivables at the reporting date was:

	2020 £m	2019 £m
Not past due	17.7	23.4
Past due 1–30 days	3.7	7.1
Past due 31–90 days	1.6	2.0
Past due more than 90 days	3.6	2.6
Total trade receivables	**26.6**	**35.1**

Trade receivables not past due of £17.7m (2019: £23.4m) 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 at the year end of £0.7m (2019: £0.3m). The impairment loss recognised in the year was £0.7m (2019: £0.3m).

The movement in the year in the Group's estimated credit loss allowance on trade receivables is as follows:

	2020 £m	2019 £m
Balance at 1 January	0.3	0.2
Balances acquired from business acquisitions	–	0.4
New provisions made in year	0.7	0.1
Balances reversed in year	(0.3)	(0.4)
Balance at 31 December	**0.7**	**0.3**

Trade receivables past due but not impaired of £8.9m (2019: £11.7m) 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

	2020 £m	2019 £m
Accrued income	49.0	50.5
Contract set-up costs	3.7	3.5
Total contract fulfilment assets	**52.7**	**54.0**
Non-current asset	16.9	14.2
Current asset	35.8	39.8
Total contract fulfilment assets	**52.7**	**54.0**

Accrued income represents the fair value of goods and services supplied to customers, for which the Group is entitled to recognise revenue, which as at the reporting date is not yet invoiced or paid. All such assets are supported by client contracts and agreed invoicing 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. There is no material expected credit loss allowance against accrued income.

5.3 Trade and Other Payables

	2020 £m	2019 £m
Trade payables	13.6	22.7
Accruals	38.0	47.0
Deferred consideration	3.6	7.2
Other payables	22.7	13.7
Total trade and other payables	**77.9**	**90.6**

During 2020, HMRC gave businesses the option to defer VAT payments due between 20 March and 30 June 2020. The Group has deferred £7.5m of VAT payments to HMRC until March 2021 and these amounts are included within other payables at 31 December 2020 (2019: £nil).

5.4 Contract Fulfilment Liabilities

	2020 £m	2019 £m
Deferred income	17.0	16.3
Total contract fulfilment liabilities	**17.0**	**16.3**

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

	2020 £m	2019 £m
Revenue recognised that was included in the contract liability balance as at 1 January	14.3	14.2
	14.3	**14.2**

5.5 Provisions

	Contingent consideration £m	Property provisions £m	Total provisions £m
Balance at 1 January 2020	14.8	1.3	16.1
Additional provisions made during the year	–	6.8	6.8
Amounts utilised during the year	(5.1)	(0.5)	(5.6)
Amounts released during the year	(1.3)	(1.1)	(2.4)
Unwinding of discounted amount	0.2	–	0.2
Translation adjustment	0.3		0.3
Balance at 31 December 2020	**8.9**	**6.5**	**15.4**
Non-current liability	0.8	3.9	4.7
Current liability	8.1	2.6	10.7
Total provisions	**8.9**	**6.5**	**15.4**

Contingent consideration

A provision for contingent consideration as at 31 December 2020 of £8.9m (2019: £14.8m) 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 £14.3m. 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 from 2021 to 2023.

Property provisions

Property provisions relate to dilapidations and onerous non-rent costs. The balance in respect of dilapidations will be utilised on vacation of premises. The balance in respect of onerous non-rent costs will be released to the income statement as the costs are incurred over the periods from 2021 to 2028.

5.6 Changes in Working Capital

	2020 £m	2019 £m	Movement £m
Trade and other receivables	40.7	50.6	9.9
Contract fulfilment assets	52.7	54.0	1.3
Trade and other payables	(77.9)	(90.6)	(12.7)
Contract fulfilment liabilities	(17.0)	(16.3)	0.7
Provisions for other liabilities and charges	(15.4)	(16.1)	(0.7)
Post-employment benefits	(31.5)	(31.7)	(0.2)
Net working capital per the consolidated statement of financial position	**(48.4)**	**(50.1)**	**(1.7)**
Working capital acquired on business combinations			(4.6)
Working capital businesses disposed			(3.8)
Movement in interest accrual			(1.7)
Movement in capital expenditure accrual			4.7
Movement in accruals relating to prior-year acquisitions			12.3
Defined benefit plan actuarial loss			(0.7)
Movement in accruals relating to non-controlling interests			0.5
Other			0.2
Foreign exchange movement on translation of overseas subsidiaries			0.8
Changes in working capital per the consolidated statement of cash flows			**6.0**

6 CAPITAL STRUCTURE

6.1 Finance Income and Costs

Finance income	2020 £m	2019 £m
Interest income	0.1	–
Total finance income	**0.1**	**–**

Finance costs	2020 £m	2019 £m
Interest cost on term loan borrowings	5.9	8.5
Interest cost on revolving credit facility	2.5	3.2
Amortisation of finance arrangement fees	1.3	1.8
Net finance cost relating to pension schemes	0.6	0.6
Interest cost on lease liabilities	1.3	1.5
Unwinding of discounted amount in provisions	0.2	0.4
Foreign exchange loss	0.4	–
Net gain on derivatives not in a hedging relationship	(0.2)	–
Other fees and interest	0.5	0.1
Total finance costs	**12.5**	**16.1**

6.2 Share Capital and Share Premium

	Share capital		Share premium	
Allotted, called up and fully paid	**2020 £m**	**2019 £m**	**2020 £m**	**2019 £m**
Balance at 1 January	0.4	0.4	115.9	115.9
Employee share scheme issue	–	–	–	–
Balance at 31 December	**0.4**	**0.4**	**115.9**	**115.9**

Ordinary shares of £0.001 each	2020 Number	2019 Number
Balance at 1 January	364,536,666	364,536,666
Employee share scheme issues	846,390	–
Balance at 31 December	**365,383,056**	**364,536,666**

The Group issued 846,390 (2019: nil) ordinary shares in respect of an employee share award for £nil consideration.

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 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**
Balance at 1 January 2020	181.5	(4.0)	8.5	8.4	194.4
Changes in fair value through hedging reserve	–	–	1.0	–	1.0
Net exchange loss on translation of foreign operations	–	–	–	(3.1)	(3.1)
Share option and share awards to employees	–	1.3	–	–	1.3
Balance at 31 December 2020	**181.5**	**(2.7)**	**9.5**	**5.3**	**193.6**

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

The Group holds its own shares 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 the Group did not purchase any additional ordinary shares (2019: 1,801,167 for consideration of £3.8m). During the year 566,220 (2019: 4,340,246) 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 1,197,608 (2019: 1,763,828) shares held in trust at 31 December 2020 was £1.3m (2019: £3.6m).

Hedging reserve

The hedging reserve comprises the effective portion of changes in the fair value of cash flow 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	2020 £m	2019 £m
Non-current assets	2.7	3.6
Current assets	28.9	28.9
Non-current liabilities	(5.2)	(2.5)
Current liabilities	(8.1)	(10.1)
Net assets	**18.3**	**19.9**

Summarised statement of comprehensive income	2020 £m	2019 £m
Revenue	31.7	34.6
Profit for the year	3.9	5.1
Other comprehensive expense	(1.3)	(0.9)
Total comprehensive income	**2.6**	**4.2**

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 £0.9m (2019: £1.4m) and the tax saving was £0.1m (2019: £0.3m). The net amount of £0.8m (2019: £1.1m) 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.

	2020 £m	2019 £m
(Loss)/profit attributable to owners of the parent	(1.7)	30.8
Basic weighted average number of ordinary shares in issue (millions)	368.6	368.3
Dilutive performance share plan options (millions)	0.8	–
Diluted weighted average number of ordinary shares in issue (millions)	369.4	368.3
Basic earnings per share (pence)	**(0.5)**	**8.4**
Diluted earnings per share (pence)	**(0.5)**	**8.4**

6.6 Dividends

Amounts recognised as distributions to equity holders of the parent in the year	2020 £m	2019 £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
	–	**19.7**

The Board has not recommended a final dividend payable in respect of the year ended 31 December 2020 (2019: £12.9m). The dividend recommended in the prior year of £12.9m was withdrawn due to uncertainties caused by the COVID-19 pandemic.

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	2020 £m	2019 £m
Term loan	257.8	260.1
Revolving credit facility	58.0	115.0
Unamortised cost of raising finance	(4.7)	(6.0)
Total external loans and borrowings	**311.1**	**369.1**

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

The Group's debt facilities consist of a £190.0m term loan, a $92.0m term loan and a £260.0m revolving credit facility (RCF). The interest rate on the Sterling term loan is based on 6 month GBP LIBOR and the interest rate on the US Dollar term loan is based on 6 month USD LIBOR. The interest rate on the RCF references the LIBOR rate of the currency and the term for which the funds are drawn. The facilities are committed and mature in July 2024. The Group is required to test its ratio of net debt to consolidated EBITDA (as defined in the loan agreement) on 30 June and 31 December each year. This ratio, which is calculated on a pre-IFRS 16 basis, must not exceed 4.00:1 for the 12 month period to 31 December 2020, 3.75:1 for the 12 month periods ending 30 June 2021 and 31 December 2021, and 3.50:1 at each testing date thereafter. The margin payable on both the term loan and RCF ranges between 0.60% and 2.00% and is determined by the ratio of net debt to EBITDA. There are no mandatory debt repayments before July 2024. The ratio of net debt/EBITDA as at 31 December 2020, on a pre-IFRS 16 basis, was 3.40:1 (2019: 2.50:1).

In May 2020, the Group entered into GBP and USD interest rate swaps to hedge the variability of the interest related cash flows on its US Dollar and Sterling term loans. The Group pays a fixed rate and receives a floating rate on the interest rate swaps. The key terms of the swaps match those on the loans and have been designated as hedging relationships in accordance with the requirements of IFRS 9.

6.8 Lease Liabilities

	2020 £m	2019 £m
Current	6.2	8.0
Non-current	28.3	33.1
Total lease liabilities	**34.5**	**41.1**

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:

	2020 £m	2019 £m
Term loan	257.8	260.1
Revolving credit facility	58.0	115.0
Lease liabilities	34.5	41.1
Cash and cash equivalents	(42.4)	(72.6)
Net debt	**307.9**	**343.6**

	Liabilities from financing activities			Other assets	
	Term loan £m	Revolving credit facility £m	Lease liabilities £m	Cash and cash equivalents £m	Total £m
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**
Net debt at 1 January 2020	260.1	115.0	41.1	(72.6)	343.6
Cash flows	–	(57.0)	(7.8)	29.1	(35.7)
New leases acquired	–	–	1.3	–	1.3
Modification of lease liabilities	–	–	(1.2)	–	(1.2)
Interest on lease liabilities	–	–	1.3	–	1.3
Foreign exchange movements	(2.3)	–	(0.2)	1.1	(1.4)
Net debt at 31 December 2020	**257.8**	**58.0**	**34.5**	**(42.4)**	**307.9**

6.10 Cash and Cash Equivalents

	2020 £m	2019 £m
Cash and cash equivalents per statement of financial position	42.4	72.6
Cash and cash equivalents per statement of cash flows	**42.4**	**72.6**

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 administration 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 access to a £20.0m invoice discounting facility. All of the invoices that are discounted through this facility are covered by trade credit insurance subject to an aggregate annual cap of £6.4m. As at 31 December 2020, £8.0m (2019: £8.0m) of trade receivables had been discounted using the facility. Trade receivables are shown in the statement of financial position net of any amounts received from the invoice discounting facility.

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

The Group's strategy and objectives for managing credit, liquidity and market risk are covered in its Treasury Policies. These policies are approved annually by the Board and compliance is monitored on a monthly basis through the Treasury Committee. The Group's Audit Committee also oversees how management monitors compliance with these policies and procedures, and reviews the adequacy of the risk management framework. 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. The Group's credit risk exposure is to its financial assets, being cash and cash equivalents, derivatives, trade receivables and contract fulfilment assets.

Credit risk mitigation

The Group has strict controls around, and regularly monitors, the credit ratings of institutions with which it enters into transactions, either on its own behalf or for clients. The Group's trade credit risk is relatively low given that a high proportion of the customer base are FTSE 350 companies and public sector organisations. The Group has implemented procedures that require credit checks on potential customers before business is undertaken and uses trade credit insurance where appropriate.

The Group's treasury function only transacts with counterparties that comply with the Treasury Policies. Credit limits for cash deposits with financial institutions are set using credit ratings from recognised rating agencies and exposures are monitored on a regular basis.

6.11 Financial Risk Management (Continued)

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 2020	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	77.9	77.9	77.9	–	–	–
Term loan	6.7	257.8	274.9	4.7	4.7	265.5	–
Revolving credit facility	6.7	58.0	58.0	–	–	58.0	–
Lease liabilities	6.8	34.5	41.6	7.2	7.1	12.6	14.7
Derivatives used for hedging	9.2	2.6	2.6	0.9	0.7	1.0	–
Total		**430.8**	**455.0**	**90.7**	**12.5**	**337.1**	**14.7**

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**

All trade and other payables are expected to be paid in six months or less.

6.11 Financial Risk Management (Continued)

Liquidity risk mitigation

The Group prepares cash flow forecasts on a regular basis, to ensure that its minimum committed funding headroom, defined as corporate cash plus unutilised revolving credit facility, is above the minimum policy threshold at all times. As at 31 December 2020, the Group had £42.4m (2019: £72.6m) of cash and £202.0m (2019: £145.0m) available on its revolving credit facility.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the Group's income or the value of its financial instruments.

Interest rate risk

The Group holds interest-bearing assets in the form of cash and cash deposits. The interest earned on cash balances, including client and corporate cash, is based on floating interest rates largely driven by changes in the Bank of England base rate and the US Federal Reserve benchmark rate. The Group's debt facilities, consisting of bank term loans and a revolving credit facility, are subject to LIBOR floating rates and will be effected by the forthcoming reforms to GBP LIBOR at the end of 2021 and USD LIBOR in 2023.

Interest rate risk mitigation

The Group uses interest rate derivatives to reduce the impact of movements in floating interest rates on the Group's financial statements. All interest rate derivatives are approved by the Board in accordance with the Group's risk management policies and the Group does not enter into speculative transactions in financial instruments or derivatives. All of the Group's interest rate derivatives are designated in hedge relationships under IFRS 9.

The Group has entered into interest rate derivatives with total notional values of £645.0m and $700.0m to protect the income it earns on cash balances held on behalf of customers. Derivatives with a notional value of $700.0m will mature in March 2021, £215.0m will mature in September 2021, £215.0m will mature in September 2022 and the remaining balance of £215.0m will mature in September 2023.

During 2020, the Group entered into interest rate derivatives to fix the rate of interest that is paid on the £190.0m and $92.0m term loans. The interest rate payable by the Group has been fixed until the loans mature. Both the term loans and the associated interest rate swaps will be effected by the LIBOR reforms. The Group Treasury function is managing the IBOR transition plan to ensure that all of the necessary documentation is updated prior to the index cessation effective dates. It is assumed that the new reference rates and credit adjustments spreads will be aligned across both the interest rate swaps and the term loans.

The Group has applied the following reliefs in its 2020 financial statements that were introduced by the amendments made to IFRS 9 in September 2019;

- when considering the highly probable requirement, the Group has assumed that the GBP and USD LIBOR interest rates on which the Group's debt are based do not change as a result of IBOR reform.
- in assessing whether the hedge is expected to be highly effective, the Group has assumed that the GBP and USD LIBOR interest rates on which the cash flows of the hedged debt and the associated interest rate swaps are not altered by IBOR reform.
- the Group has not recycled the cash flow hedge reserve relating to the period after the expected index cessation effective dates.

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, changes in interest rates will have an impact on consolidated earnings.

An increase of one percentage point in UK and US interest rates is expected to increase finance costs for the Group by £0.6m (2019: £2.9m), and to increase interest income by £12.3m (2019: £11.5m), yielding a net increase in profit after tax of £9.4m (2019: £6.6m). A decrease of one percentage point in UK and US interest rates is expected to reduce finance costs for the Group by £0.9m, and to reduce interest income by £7.5m, prior to any mitigating factors. This analysis includes the current portfolio of interest rate swaps, which will reduce some of the earnings volatility resulting from interest rate movements.

6.11 Financial Risk Management (Continued)

Foreign exchange rate risk

The Group has exposure to foreign exchange (FX) rate risk on cash flows, particularly in relation to the Group's operations in the US, Poland and India. FX risk is actively managed by the Group's treasury function. Highly probable FX transactional exposures may be hedged for a period of up to 12 months. The Group will try to match the currency of its assets and liabilities to mitigate FX translational exposures. Where this is not possible, derivatives may be used.

As at 31 December 2020, the Group had outstanding forward contracts against Sterling totalling PLN 44.4m and INR 1,067.0m, to hedge the expected 2021 cash flows required to run the Polish and Indian operations. These forward contracts are designated as hedges under IFRS 9.

The Group has USD FX exposure on its $92.0m term loan. This exposure has been mitigated by designating the loan as a hedge of the USD denominated investment in its EQ US business.

6.12 Capital Risk Management

The Group's objectives for managing capital are to focus on delivering value for its shareholders by maintaining a strong capital base, whilst ensuring it is able to continue effectively as a going concern and meet its regulatory requirements.

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 designed to increase shareholder value by maximising profits and cash. The policies are set around the budgeting and forecasting processes, with regular reviews of financial data to ensure that the Group is tracking to the targets set. The Board regularly reviews the Group's capital structure. To maintain an optimum capital structure, the Group may consider repayment of debt, issuance of new debt, repurchase of existing shares and adjustments to dividend payments.

Regulated entities

In the UK, the Group has several Financial Conduct Authority (FCA) regulated entities, the most significant being Equiniti Financial Services Limited (EFSL). These entities must ensure that they have sufficient regulatory capital and liquidity to meet 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 help 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 (EQTC). EQTC 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, EQTC 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.

Management of capital	Note	2020 £m	2019 £m
Equity		517.5	520.0
Term loan	6.7	257.8	260.1
Revolving credit facility	6.7	58.0	115.0
Lease liabilities	6.8	34.5	41.1
Cash and cash equivalents	6.10	(42.4)	(72.6)
Total equity plus net debt		**825.4**	**863.6**

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	2020 £m	2019 £m
At amortised cost			
Trade and other receivables	5.1	32.4	41.7
Contract fulfilment assets	5.2	52.7	54.0
Cash and cash equivalents	6.10	42.4	72.6
At fair value through profit or loss			
Derivatives used for hedging	6.14	14.3	10.9
Total financial assets		**141.8**	**179.2**

Financial liabilities	Note	2020 £m	2019 £m
At amortised cost			
Trade and other payables	5.3	77.9	90.6
Contract fulfilment liabilities	5.4	17.0	16.3
Term loans	6.7	257.8	260.1
Revolving credit facility	6.7	58.0	115.0
Lease liabilities	6.8	34.5	41.1
At fair value through profit or loss			
Derivative used for hedging	6.14	2.6	0.4
Total financial liabilities		**447.8**	**523.5**

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	–	13.9	–	13.9
Forward contracts	–	0.4	–	0.4
Total assets	**–**	**14.3**	**–**	**14.3**

Liabilities	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	–	(2.4)	–	(2.4)
Forward contracts	–	(0.2)	–	(0.2)
Total liabilities	**–**	**(2.6)**	**–**	**(2.6)**

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 and forward foreign exchange contracts. The interest rate swaps are fair valued using forward interest rates extracted from observable yield curves and the 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 Treasury department is responsible for monitoring the values of financial assets and liabilities required for financial reporting purposes. This team reports to the Chief Financial Officer and prepares presentations for the Audit Committee. Valuations are reviewed regularly through the Treasury Committee.

Fair value of financial assets and liabilities

Due to the short-term nature of the current financial assets and current financial liabilities, the carrying amount of these items is considered to be the same as their fair value. The term loans and revolving credit facility are considered to have a fair value materially similar to their carrying amounts, since the interest payable on those borrowings is closely aligned to current market rates.

6.14 Derivatives

The Group's derivative portfolio comprises interest rate swaps and forward FX contracts. Sterling denominated interest rate swaps with notional values of £215.0m maturing in September 2021, £215.0m maturing in September 2022 and £215.0m maturing in September 2023 are used to hedge the interest income on customer balances held in the UK. US Dollar denominated interest rate swaps with a notional value of $700.0m maturing in March 2021 are used to hedge the interest income on customer balances held in the US. The Group also has interest rate swaps with notional balances of £190.0m and $92.0m maturing in July 2024 that hedge the interest expense on the Group's term loans.

The Group enters into forward foreign exchange contracts to hedge its highly probable exposures to GBP/INR, GBP/PLN and EUR/GBP exchange rate fluctuations.

Where the derivatives qualify for hedge accounting, and are designated as being in such relationships, fair value changes are recognised within other comprehensive income. All derivatives, where hedge accounting is applied, are considered to be fully effective.

6.14 Derivatives (Continued)

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 2020	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	13.9	13.9	5.5	2.9	3.8	1.7
Forward contracts	0.4	0.4	0.3	0.1	–	–
Total	**14.3**	**14.3**	**5.8**	**3.0**	**3.8**	**1.7**
Liabilities						
Interest rate swaps	(2.4)	(2.4)	(0.4)	(0.3)	(0.7)	(1.0)
Forward contracts	(0.2)	(0.2)	(0.2)	–	–	–
Total	**(2.6)**	**(2.6)**	**(0.6)**	**(0.3)**	**(0.7)**	**(1.0)**

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)**	**–**	**–**

7 GOVERNANCE

7.1 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 £1.47 (2019: £2.14).

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:

	2020		2019	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	12,061,104	£0.00	10,679,430	£0.00
Granted	2,293,669	£0.00	3,351,506	£0.00
Forfeited	(3,227,142)	£0.00	(815,471)	£0.00
Exercised	(422,314)	£0.00	(1,154,361)	£0.00
Outstanding at 31 December	**10,705,317**	**£0.00**	**12,061,104**	**£0.00**

Of the 10,705,317 (2019: 12,061,104) outstanding options at the end of the year, 4,617,937 (2019: 5,519,603) 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 £	2020 Number	2019 Number
2015–2018	2025	£0.00	3,254,777	3,830,137
2016–2019	2026	£0.00	1,133,563	1,342,265
2017–2018	2027	£0.00	164,606	247,467
2017–2019	2027	£0.00	64,991	99,734
2017–2020	2027	£0.00	–	1,911,352
2018–2021	2028	£0.00	1,317,947	1,452,978
2019–2022	2029	£0.00	2,721,176	3,177,171
2020–2023	2030	£0.00	2,048,257	–
			10,705,317	**12,061,104**

7.1 Share-Based Payments (Continued)

There were three different tranches of share awards made in 2020.

The first tranche of options awarded in 2020 were granted on 31 March 2020. The fair value of these options was determined using the Black-Scholes valuation model. There were no performance conditions associated with these awards. The fair value of an option on this date was £1.70 per option. The significant inputs into the model were the share price of £1.70 at the grant date, the exercise price as shown in the table above, volatility of 34.6% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), an expected vesting period of three years and an annual risk-free interest rate of 0.2%.

The second tranche of options awarded in 2020 were granted on 21 April 2020. The fair value of these options was determined using the Black-Scholes valuation model. There were no performance conditions associated with these awards. The fair value of an option on this date was £1.27 per option. The significant inputs into the model were the share price of £1.50 at the grant date, the exercise price as shown in the table above, volatility of 34.6% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), an expected vesting period of three years and an annual risk-free interest rate of 0.1%.

The third tranche of options awarded in 2020 were granted on 21 April 2020. The fair value of options granted during the year was £0.78 per option, which was determined using the Monte Carlo valuation model, as these awards were subject to market based performance conditions. The significant inputs into the model were the share price of £1.50 at the grant date, the exercise price shown above, volatility of 33.8% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), an expected vesting period of three years and an annual risk-free interest rate of 0.1%.

The total charge for the year relating to this scheme was £1.1m (2019: £1.6m).

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:

	2020		2019	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	–	–	3,187,081	£1.19
Granted	–	–	–	–
Forfeited	–	–	(14,209)	£1.19
Exercised	–	–	(3,172,872)	£1.19
Outstanding at 31 December	**–**	**–**	**–**	**–**

There were no share options outstanding at the end of the current or prior year. The total charge for the year relating to this scheme was £nil (2019: £nil).

7.1 Share-Based Payments (Continued)

Sharesave Plan 2018

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2020		2019	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	3,091,171	£1.79	–	–
Granted	–	–	3,685,058	£1.78
Forfeited	(289,578)	£1.78	(581,833)	£1.77
Cancelled	(266,412)	£1.81	–	–
Exercised	(1,828)	£1.77	(12,054)	£1.77
Outstanding at 31 December	**2,533,353**	**£1.78**	**3,091,171**	**£1.79**

Of the 2,533,353 (2019: 3,091,171) outstanding options at the end of the year, 47,567 (2019: 30,393) 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 £	2020 Number	2019 Number
2018–2021	2021	£2.23	80,962	93,820
2018–2022	2022	£1.77	2,452,391	2,997,351
			2,533,353	**3,091,171**

The total charge for the year relating to this scheme was £1.0m (2019: £0.8m).

7.1 Share-Based Payments (Continued)

All Employee Award 2020

The Group launched an all employee share award in 2020, which was granted to all eligible UK staff employed by the Group on 1 March 2020 under the existing share incentive plan rules. Each eligible member of staff received an award equivalent to £300. These awards vest over three years and the employees will receive their shares provided they remain employed by the Group over the vesting period. Non-UK based employees received a deferred cash bonus award in lieu of a share award.

Movements in the number of awards outstanding and their related weighted average exercise prices were as follows:

	2020		2019	
	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £
Outstanding at 1 January	–	–	–	–
Granted	1,217,787	£0.00	–	–
Forfeited	–	–	–	–
Exercised	–	–	–	–
Outstanding at 31 December	**1,217,787**	**£0.00**	**–**	**–**

Of the 1,217,787 (2019: nil) awards outstanding at the end of the year, none (2019: none) had vested. Share awards outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date – Vest date	Expiry date Year	Exercise price £	2020 Number	2019 Number
2020–2023	2023	£0.00	1,217,787	–
			1,217,787	**–**

The fair value of awards granted during the year, which was determined using the Black-Scholes valuation model, was £1.12 per award. The significant inputs into the model were share price of £1.12 at the grant date, exercise price shown above, volatility of 38.1% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), an expected vesting period of three years and an annual risk-free interest rate of −0.2%.

The total charge for the year relating to this scheme was £0.1m (2019: £nil).

7.1 Share-Based Payments (Continued)

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 the grant date.

Movements in the number of shares outstanding were as follows:

	2020 Number	2019 Number
Outstanding at 1 January	516,960	349,217
Granted	107,748	200,628
Forfeited	(7,336)	(32,885)
Transferred to employees on vesting	(143,037)	–
Outstanding at 31 December	**474,335**	**516,960**

Share awards outstanding at the end of the year had the following expiry dates:

Grant date – Vest date	Expiry date Year	2020 Number	2019 Number
2017–2020	2027	–	134,489
2018–2021	2028	181,843	181,843
2019–2022	2029	200,628	200,628
2020–2023	2030	91,864	–
		474,335	**516,960**

The total cash value of the deferred shares awarded during the year was £0.2m (2019: £0.2m). The total charge for the year relating to this scheme was £0.3m (2019: £0.2m).

7.2 Related-Party Transactions

Transactions with key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	2020 £m	2019 £m
Short-term employee benefits	4.0	4.7
Post-employment benefits	0.1	0.1
Termination benefits	0.6	0.4
Share-based payment expense	0.9	0.5
Total	**5.6**	**5.7**

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.

Full details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 100 to 126.

7.3 Auditors' Remuneration

	2020 £m	2019 £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	0.3	0.2
– Audit of the Company's subsidiaries	0.4	0.4
Audit fees	**0.7**	**0.6**
Fees payable to Group's auditor and its associates for non-audit services were as follows:		
– Other assurance services required by regulation	0.3	0.2
– Other assurance services	0.1	0.1
Non-audit fees	**0.4**	**0.3**
Total	**1.1**	**0.9**

Other assurance services required by regulation includes £0.2m (2019: £0.1m) 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 2020 was 1 : 0.3 (2019: 1 : 0.3).

8 TAXATION

8.1 Income Tax (Credit)/Charge

Recognised in the income statement in the year:	2020 £m	2019 £m
Current tax:		
Current period	1.0	4.4
Adjustment in respect of prior periods	(2.4)	(1.2)
Total current tax	**(1.4)**	**3.2**
Deferred tax:		
Origination and reversal of temporary differences	(2.3)	4.3
Impact of rate changes on opening deferred tax balances	(1.8)	–
Adjustment in respect of prior periods	–	(0.1)
Total deferred tax	**(4.1)**	**4.2**
Total income tax (credit)/charge	**(5.5)**	**7.4**

Reconciliation of effective tax rate:	2020 £m	2019 £m
(Loss)/profit for the year	(1.1)	32.4
Total tax (credit)/charge	(5.5)	7.4
(Loss)/profit before tax	**(6.6)**	**39.8**
Tax using the UK corporation tax rate of 19% (2019: 19%):	(1.3)	7.6
Non-deductible expenses	0.7	0.8
Non-taxable gains on business disposals	(0.8)	–
Effect of unrecognised temporary differences	1.1	0.2
Effect of tax rate change	(1.8)	–
Difference in overseas tax rates	(0.3)	(0.1)
Effect of claims for research and development and other tax incentives and reliefs	(0.7)	0.2
Adjustment in respect of prior periods	(2.4)	(1.3)
Total income tax (credit)/charge	**(5.5)**	**7.4**

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. The UK corporation tax rate was expected to reduce from 19% to 17% on 1 April 2020, and deferred tax balances were recognised at 31 December 2019 on this basis. The cancellation of the planned reduction was substantively enacted on 17 March 2020, and deferred tax balances have been restated in the year accordingly. This gave rise to a deferred tax credit of £1.8m in the year.

On 3 March 2021, the Government announced that, with effect from 1 April 2023, the main rate of UK corporation tax will increase to 25%. As the proposal to increase the UK corporation tax rate had not been substantively enacted at the statement of financial position date, its effects have not been reflected in the preparation of the consolidated financial statements. An estimate of the immediate financial impact cannot readily be made due to uncertainty over the timing of the reversal of temporary differences; it is however likely that the overall effect of the change will be to increase the Group's future tax charge.

8.1 Income Tax (Credit)/Charge (Continued)

The current tax adjustment in respect of prior periods includes £1.9m relating to differences between the provision for tax made in the Group's 2019 consolidated financial statements and the filing position taken in the 2019 submitted tax computations. The adjustment primarily relates to the treatment of non-taxable provisions reversing in the period and the effectiveness of derivative financial instruments in the subsidiary statutory accounts, both giving rise to reduced taxable profit in the final returns.

In the year ended 31 December 2019, the adjustment in respect of prior periods arose from the increased recognition of deductible temporary differences in respect of goodwill recognised on the acquisition of EQ US.

8.2 Deferred Income Tax Assets and Liabilities

Recognised assets

Deferred income tax assets are attributable to the following:

	2020 £m	2019 £m
Property, plant and equipment	–	1.9
Employee benefits and other timing differences	11.6	10.7
Tax value of losses carried forward	45.1	34.5
Tax assets	**56.7**	**47.1**
Net of tax liabilities	(33.4)	(26.8)
Net tax assets	**23.3**	**20.3**

Recognised liabilities

Deferred income tax liabilities are attributable to the following:

	2020 £m	2019 £m
Intangible assets	33.4	26.8
Tax liabilities	**33.4**	**26.8**
Net of tax assets	(33.4)	(26.8)
Net tax liabilities	**–**	**–**

No deferred tax asset has been recognised in respect of £7.1m (2018: £4.8m) of gross tax losses, due to uncertainty in terms of future recoverability. The Group has no other unrecognised deferred tax assets.

8.2 Deferred Income Tax Assets and Liabilities (Continued)

Movements in deferred tax during the year:

Year ended 31 December 2020	Opening balance £m	Acquisitions /disposals £m	Recognised in income £m	Recognised in equity £m	Closing balance £m
Property, plant and equipment	1.9	–	(1.9)	–	–
Intangible assets	(26.8)	(0.8)	(5.8)	–	(33.4)
Employee benefits and other timing differences	10.7	–	1.2	(0.3)	11.6
Tax value of losses carried forward	34.5	–	10.6	–	45.1
	20.3	**(0.8)**	**4.1**	**(0.3)**	**23.3**

Year ended 31 December 2019	Opening balance £m	Acquisitions /disposals £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)	(2.7)	–	(26.8)
Employee benefits and other timing differences	9.4	–	(0.3)	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**

9 OTHER DISCLOSURES

9.1 Other Financial Assets

Non-current	2020 £m	2019 £m
Derivatives used for hedging (note 6.14)	9.9	10.9
Total	**9.9**	**10.9**

Current	2020 £m	2019 £m
Derivatives used for hedging (note 6.14)	4.4	–
Total	**4.4**	**–**

9.2 Other Financial Liabilities

Non-current	2020 £m	2019 £m
Derivatives used for hedging (note 6.14)	0.2	–
Total	**0.2**	**–**

Current	2020 £m	2019 £m
Derivatives used for hedging (note 6.14)	2.4	0.4
Total	**2.4**	**0.4**

9.3 Post-Employment Benefits

Employees Gratuity Scheme

All employees in our Indian business receive a one-off bonus on departure from the business, following the completion of five years continuous service. The bonus is based on employee's salary and years in service. An actuarial valuation is completed annually and movements in the provision have been recognised within the income statement.

The scheme had 958 active members as at the latest actuarial valuation on 31 March 2020 (2019: 882). The principal assumptions are the discount rate, rate of increase in salaries and attrition rate.

	2020 £m	2019 £m
Equiniti India (Private) Limited	0.4	–
	0.4	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9.3 Post-Employment Benefits (Continued)

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:

	2020 £m	2019 £m
ICS Pension Scheme	0.9	1.9
Paymaster Pension Scheme	26.6	27.7
Prudential Platinum Pension – MyCSP Limited	3.6	2.1
Total defined benefit pension plan net liability	**31.1**	**31.7**

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 £4.3m (2019: £3.6m) relating to active employees, £55.7m (2019: £49.1m) relating to deferred members and £37.5m (2019: £36.6m) 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.

9.3 Post-Employment Benefits (Continued)

The Group and Trustees are aware of these risks and manage them through 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 31 December 2020 by a qualified independent actuary.

	2020 £m	2019 £m
Present value of obligations	(14.2)	(13.8)
Fair value of plan assets	13.3	11.9
Recognised liability for defined benefit obligations	**(0.9)**	**(1.9)**

Movement in present value of defined benefit obligation	2020 £m	2019 £m
Defined benefit obligation at 1 January	13.8	12.3
Interest cost	0.2	0.3
Actuarial losses – changes in financial assumptions	1.2	1.4
Actuarial gains – changes in demographic assumptions	(0.4)	–
Actuarial gains – other experience items	(0.1)	–
Benefits paid	(0.5)	(0.2)
Defined benefit obligation at 31 December	**14.2**	**13.8**

Movement in fair value of plan assets	2020 £m	2019 £m
Fair value of plan assets at 1 January	11.9	10.6
Interest income	0.2	0.3
Return on plan assets	1.6	1.1
Employer contributions	0.1	0.1
Benefits paid	(0.5)	(0.2)
Fair value of plan assets at 31 December	**13.3**	**11.9**

Expense recognised in the income statement	2020 £m	2019 £m
Interest cost	0.2	0.3
Interest income	(0.2)	(0.3)
Total expense	**–**	**–**

9.3 Post-Employment Benefits (Continued)

Actuarial gains and losses recognised in other comprehensive income	2020 £m	2019 £m
Cumulative loss at 1 January	(3.8)	(3.5)
Actuarial gains/(losses) recognised in other comprehensive income	0.9	(0.3)
Cumulative loss at 31 December	**(2.9)**	**(3.8)**

Plan assets are comprised of the following:	2020 £m	2019 £m
Equities	3.2	3.0
Corporate bonds	1.2	1.1
Diversified growth funds	2.6	1.8
Liability-driven investment funds	3.2	2.6
Illiquid asset funds	2.8	2.6
Cash	0.3	0.8
Fair value of plan assets at 31 December	**13.3**	**11.9**

Weighted average assumptions used to determine benefit obligations:	2020	2019
Discount rate	1.33%	1.94%
Rate of increase for pensions in payment	1.79%–2.90%	1.91%–2.88%
Rate of increase for pensions in deferment	1.95%–2.95%	2.13%–2.93%
Inflation assumption	2.85%–2.95%	2.93%

Weighted average life expectancy for mortality tables (104% SAPS S2PMA, 104% SAPS S2FA, 104% SAPS S2PA CMI 2019 with 0.25% adjustment, 0.7% long-term trend) used to determine benefit obligations at 31 December 2020:

	Male	Female
Member age 65 (current life expectancy)	86.3	88.2
Member age 45 (life expectancy at 65)	86.9	89.1

Contributions

Equiniti ICS Limited expects to contribute £0.2m to its pension plan in 2021.

9.3 Post-Employment Benefits (Continued)

Defined benefit plan – Paymaster Pension Scheme

A full actuarial valuation was carried out at 6 April 2018 and has since been updated to 31 December 2020 by a qualified independent actuary.

	2020 £m	2019 £m
Present value of obligations	(71.8)	(66.7)
Fair value of plan assets	45.2	39.0
Recognised liability for defined benefit obligations	**(26.6)**	**(27.7)**

Movement in present value of defined benefit obligation	2020 £m	2019 £m
Defined benefit obligation at 1 January	66.7	57.5
Current service cost	0.1	0.1
Interest cost	1.3	1.7
Actuarial losses – change in financial assumptions	6.8	9.7
Actuarial gains – change in demographic assumptions	(1.2)	–
Actuarial (gains)/losses – other experience items	(0.3)	0.6
Liabilities extinguished on settlements	–	(1.5)
Benefits paid	(1.6)	(1.4)
Defined benefit obligation at 31 December	**71.8**	**66.7**

Movement in fair value of plan assets	2020 £m	2019 £m
Fair value of plan assets at 1 January	39.0	37.3
Interest income	0.8	1.1
Return on plan assets	5.4	1.9
Assets distributed on settlements	–	(1.0)
Employer contributions	1.8	1.3
Benefits paid	(1.6)	(1.4)
Administration expenses	(0.2)	(0.2)
Fair value of plan assets at 31 December	**45.2**	**39.0**

Expense recognised in the income statement	2020 £m	2019 £m
Current service cost	0.1	0.1
Administration expenses	0.2	0.2
Interest cost	1.3	1.7
Interest income	(0.8)	(1.1)
Total expense	**0.8**	**0.9**

9.3 Post-Employment Benefits (Continued)

Actuarial gains and losses recognised in other comprehensive income	2020 £m	2019 £m
Cumulative loss at 1 January	(30.0)	(21.6)
Actuarial gains/(losses) recognised in other comprehensive income	0.1	(8.4)
Cumulative loss at 31 December	**(29.9)**	**(30.0)**

Plan assets are comprised of the following:	2020 £m	2019 £m
Private equity and diversified growth funds	21.9	19.4
Liability-driven investment funds	16.2	11.6
Illiquid asset funds	6.9	6.4
Cash and other	0.2	1.6
Fair value of plan assets at 31 December	**45.2**	**39.0**

Weighted average assumptions used to determine benefit obligations:	2020	2019
Discount rate	1.36%	1.96%
Rate of compensation increase	1.50%	1.50%
Rate of increase for pensions in payment	1.83%–2.89%	2.86%
Rate of increase for pensions in deferment	1.89%–2.69%	2.06%–2.86%
Inflation assumption	2.89%–2.79%	2.86%

Weighted average life expectancy for mortality tables (96% SAPS S2PMA, 86% SAPS S2PFA CMI 2019, 0.8% long-term trend, 0.35% initial addition) used to determine benefit obligations at 31 December 2020:

	Male	Female
Member age 65 (current life expectancy)	86.4	89.6
Member age 45 (life expectancy at 65)	87.3	90.6

Contributions

Paymaster (1836) Limited expects to contribute £1.6m of additional funding to its pension plan in 2021.

9.3 Post-Employment Benefits (Continued)

Defined benefit plan – Prudential Platinum Pension – MyCSP Limited

The latest full actuarial valuation was carried out as at 31 December 2018 and has since been updated to 31 December 2020 by a qualified independent actuary.

	2020 £m	2019 £m
Present value of obligations	(11.5)	(8.8)
Fair value of plan assets	7.9	6.7
Recognised liability for defined benefit obligations	**(3.6)**	**(2.1)**

Movement in present value of defined benefit obligation	2020 £m	2019 £m
Defined benefit obligation at 1 January	8.8	7.2
Interest cost	0.2	0.2
Actuarial losses – change in financial assumptions	2.8	1.5
Actuarial gains – change in demographic assumptions	(0.1)	–
Actuarial gains – other experience items	(0.1)	–
Benefits paid	(0.1)	(0.1)
Defined benefit obligation at 31 December	**11.5**	**8.8**

Movement in present value of defined benefit obligation	2020 £m	2019 £m
Fair value of plan assets at 1 January	6.7	6.2
Interest income	0.1	0.2
Return on plan assets	0.9	0.4
Employer contributions	0.4	–
Benefits paid	(0.1)	(0.1)
Administration expenses	(0.1)	–
Fair value of plan assets at 31 December	**7.9**	**6.7**

Expense recognised in the income statement	2020 £m	2019 £m
Administration expenses	0.1	–
Interest cost	0.2	0.2
Interest income	(0.1)	(0.2)
Total expense	**0.2**	**–**

9.3 Post-Employment Benefits (Continued)

Actuarial gains and losses recognised in other comprehensive income	2020 £m	2019 £m
Cumulative loss at 1 January	(2.4)	(1.3)
Actuarial losses recognised in other comprehensive income	(1.7)	(1.1)
Cumulative loss at 31 December	**(4.1)**	**(2.4)**

Plan assets are comprised of the following:	2020 £m	2019 £m
Overseas equities	1.8	1.7
Liability-driven investment funds	3.6	2.7
Index linked investment funds	0.2	–
Diversified growth fund	2.2	2.2
Cash	0.1	0.1
Fair value of plan assets at 31 December	**7.9**	**6.7**

Weighted average assumptions used to determine benefit obligations:	2020	2019
Discount rate	1.39%	2.20%
Rate of increase for pensions in payment	1.78%–2.58%	1.96%
Rate of increase for pensions in deferment	1.78%–2.58%	1.96%
Inflation assumption	2.68%–2.78%	2.76%

Weighted average life expectancy for mortality tables (102% SAPS S2PMA, 102% SAPS S2PFA, 102% SAPS S2PxA CMI 2019, 0.8% long-term trend, 0.4% initial addition) used to determine benefit obligations at 31 December 2020:

	Male	Female
Member age 65 (current life expectancy)	86.6	88.5
Member age 45 (life expectancy at 65)	88.5	89.6

Contributions

MyCSP Limited expects to contribute £0.3m of additional funding to its pension plan in 2021.

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 2020 of an increase in life expectancy by one year would be an increase of £4.3m (2019: £3.7m), a 0.5% decrease in the discount rate used would be an increase of £10.2m (2019: £8.2m), and a 0.5% increase in the inflation assumption would be an increase of £5.4m (2019: £7.4m). These individual sensitivity analyses are based on a change in one assumption, whilst holding all other assumptions constant.

9.4 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 £58.0m at 31 December 2020 (2019: £115.0m). Both facilities are repayable in 2024.

Certain entities in the Group are party to legal actions and claims which may arise in the normal course of business. The Directors apply judgement in determining the merit of litigation against the Group and the chances of a claim successfully being made. The Directors assess the likelihood of an outflow of economic benefits occurring and whether there is a need to disclose a contingent liability or whether a provision might be required. At any time there are a number of claims or notifications that require assessment across the Group. While there are inherent uncertainties in the outcome of such matters, the Directors are satisfied that they are not expected to have a material impact on the Group.

9.5 Events After the Reporting Date

On 8 March 2021, the Group announced that it had reached an agreement to sell its EQi direct-to-consumer (D2C) business to interactive investor (ii), for a consideration of up to £48.5m. The sale to ii is anticipated to complete during the summer of 2021, following a customer migration exercise. The total consideration payable is up to £48.5m comprising £47.5m payable in cash on completion, and up to a further £1.0m contingent on the timing of migrating all customers to the ii platform.

At 31 December 2020, the D2C business had assets under administration of £5.3bn, including cash balances of £0.6bn, which did not form part of the Group's net assets. During the year ended 31 December 2020, the business generated revenue of £14.5m and profit before tax of approximately £3.3m. The results of this business forms part of the EQ Boardroom division. The Group's interest costs will reduce by £0.4m following completion of the transaction as debt is reduced.

At 31 December 2020, discussions around the sale of the business were not sufficiently advanced to be disclosed as assets held for sale as required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as the transaction was not considered highly likely at that point.

There have been no other material events between 31 December 2020 and the date of authorisation of the consolidated financial statements that would require disclosure within, or adjustments to, the consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £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	505.5	513.0
		505.5	**513.0**
Total assets		**782.4**	**789.9**
Liabilities			
Current liabilities			
Amounts due to Group undertakings	11	64.0	74.3
		64.0	**74.3**
Total liabilities		**64.0**	**74.3**
Net assets		**718.4**	**715.6**
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	(2.7)	(4.0)
Retained earnings		604.6	603.1
Total equity		**718.4**	**715.6**

The Company's profit for the financial year was £10,000 (2019: £nil). The notes on pages 223 to 229 form part of these financial statements.

The financial statements of Equiniti Group plc (registered number: 07090427) on pages 221 to 229 were approved by the Board of Directors on 1 April 2021 and were signed on its behalf by:

John Stier

Chief Financial Officer

1 April 2021

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 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)
Capital contribution in respect of share-based compensation plans (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**

	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 2020	**0.4**	**115.9**	**0.2**	**(4.0)**	**603.1**	**715.6**
Comprehensive income						
Profit for the year	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Share option and share awards to employees (note 13)	–	–	–	1.3	(1.0)	0.3
Share-based payment transactions (note 14)	–	–	–	–	2.5	2.5
Transactions with owners recognised directly in equity	–	–	–	1.3	1.5	2.8
Balance at 31 December 2020	**0.4**	**115.9**	**0.2**	**(2.7)**	**604.6**	**718.4**

The notes on pages 223 to 229 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 both 'International Accounting Standards in conformity with the requirements of the Companies Act 2006' and 'International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union'.

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 a profit of £10,000 in the year (2019: £nil).

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 awards is recognised within equity in the statement of financial position, and the cost is recharged to subsidiary Group companies. The amount recognised 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); and
- 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).

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 service and non-market performance vesting 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.

2.1 Summary of Significant Accounting Policies (Continued)

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 Amendments Adopted

New standards adopted by the Company

- Amendments to IAS 1 and IAS 8 – changes to definition of 'material'
- Amendments to IFRS 3 – changes to definition of a business
- Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of the Interest Rate Benchmark Reform

The above standards came into effect in the reporting period and did not have any impact on the financial statements of the Company.

2.3 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.

2.4 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

The strategy and objectives for managing credit and liquidity risk are covered in the Treasury Policies of the Equiniti Group plc group of companies (the Group), which includes the Company. These policies are approved annually by the Board and compliance is monitored on a monthly basis through the Treasury Committee. The Group's Audit Committee also oversees how management monitors compliance with these policies and procedures, and reviews the adequacy of the risk management framework. 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.

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	**2020 £m**	**2019 £m**
Equity	718.4	715.6
Total equity	**718.4**	**715.6**

5 AUDITOR'S REMUNERATION

The audit fees for these financial statements of £20,000 (2019: £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 (2019: none).

7 DIRECTORS' REMUNERATION

Full details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 100 to 126. The Directors were remunerated for services to the Group as a whole and their remuneration was borne by fellow Group companies, without recharge to the Company. The Directors are not remunerated solely for their services to the Company.

8 INCOME TAX CHARGE

The Company made a profit before tax of £12,000 in the year (2019: £nil) resulting in a tax charge of £2,000 (2019: £nil).

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9 INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiaries:

Cost and net book value	2020 £m	2019 £m
At beginning and end of the year	276.9	276.9
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 2020
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	Holding company	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 4.6 to the consolidated financial statements.

10 AMOUNTS DUE FROM GROUP UNDERTAKINGS

Current	2020 £m	2019 £m
Non-interest bearing receivables due from related parties	505.5	513.0
Total amounts due from Group undertakings	**505.5**	**513.0**

Balances due from related parties are repayable on demand.

11 AMOUNTS DUE TO GROUP UNDERTAKINGS

Current	2020 £m	2019 £m
Non-interest bearing payables due to related parties	64.0	74.3
Total amounts due to Group undertakings	**64.0**	**74.3**

Balances due to related parties are repayable on demand.

12 SHARE CAPITAL

	Share capital		Share premium	
Allotted, called up and fully paid	**2020 £m**	**2019 £m**	**2020 £m**	**2019 £m**
Balance at 1 January	0.4	0.4	115.9	115.9
Employee share scheme issues	–	–	–	–
Balance at 31 December	**0.4**	**0.4**	**115.9**	**115.9**

Ordinary shares of £0.001 each	**2020 Number**	**2019 Number**
Balance at 1 January	364,536,666	364,536,666
Employee share scheme issues	846,390	–
Balance at 31 December	**365,383,056**	**364,536,666**

The Company issued 846,390 (2019: nil) ordinary shares in respect of an employee share award for £nil consideration.

13 RESERVE FOR OWN SHARES

The Company holds its own shares 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 the Group did not purchase any additional ordinary shares (2019: 1,801,167 for consideration of £3.8m). During the year 566,220 (2019: 4,340,246) 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 1,197,608 (2019: 1,763,828) shares held in trust at 31 December 2020 was £1.3m (2019: £3.6m).

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 7.1 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	2020 £m	2019 £m
Amortised cost			
Non-interest bearing receivables due from related parties	10	505.5	513.0
Total financial assets		**505.5**	**513.0**

Financial liabilities	Note	2020 £m	2019 £m
Amortised cost			
Non-interest bearing payables due to related parties	11	64.0	74.3
Total financial liabilities		**64.0**	**74.3**

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	2020 £m	2019 £m
From fellow Group companies	505.5	513.0
Total	**505.5**	**513.0**

Payable at the year end	2020 £m	2019 £m
To fellow Group companies	64.0	74.3
Total	**64.0**	**74.3**

17 DIVIDENDS

Amounts recognised as distributions to equity holders in the year	2020 £m	2019 £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
Total dividend paid during the year	**–**	**19.7**

The Board has not recommended a final dividend payable in respect of the year ended 31 December 2020 (2019: £12.9m). The dividend recommended in the prior year of £12.9m was withdrawn due to uncertainties caused by the COVID-19 pandemic.

The Equiniti Group Employee Benefit Trust has waived its right to receive dividends on shares held.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 £58.0m at 31 December 2020 (2019: £115.0m). Both facilities are repayable in 2024.

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Employee wellbeing

Looking after our clients’ customers starts with **looking after our colleagues**. Following a recent home-working survey, we were pleased to learn that 93% of colleague respondents knew how to access emotional support if required. EQ’s growing group of **Mental Health First Aiders** meet regularly to discuss any emerging trends amongst colleagues which is helping to inform our response to COVID.

A lack of face-to-face contact, plus the challenges of either working remotely or being on-site at this time mean our colleagues are having to pull together like never before. That’s why we’re delighted to be recognising all this extra effort through our **Lockdown Heroes awards**. It’s just one initiative we’ve launched to keep motivation high, with others including a free share award, entry to the J.P. Morgan virtual run, Macmillan virtual coffee mornings, regular mindfulness and more.

Section 04
Additional Information

SHAREHOLDER INFORMATION

Registered Office	For enquiries regarding Ordinary Shares, please contact	Telephone
Equiniti Group plc Sutherland House Russell Way Crawley West Sussex RH10 1UH Company number 07090427	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	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:
company.secretary@equiniti.com

For investor relations enquiries, please contact the Head of Investor Relations:
Frances Gibbons
frances.gibbons@equiniti.com

Financial Calendar*	
1 April 2021	Annual results for year ended 31 December 2020
26 May 2021	Annual General Meeting and Trading Update
29 July 2021	Interim results for six months ended 30 June 2021

* 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 2020

RANGE	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARE REGISTER
1–1,000	540	52.02	119,271	0.03
1,001–50,000	303	29.19	2,807,581	0.77
50,001–500,000	115	11.08	22,770,280	6.23
500,001+	80	7.71	339,685,924	92.97
Total	**1,038**	**100.00**	**365,383,056**	**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	**Tulchan** 85 Fleet Street London EC4Y 1AE
LEGAL ADVISER	**Linklaters LLP** One Silk Street London EC2Y 8HQ
REGISTRAR	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA


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