EQUINITI

16

ANNUAL REPORT 2016

> "In 2016, we have demonstrated our ability to operate at unprecedented scale. In particular, we processed three of the largest corporate transactions in the UK…"
>
> GUY WAKELEY, CHIEF EXECUTIVE OFFICER

Equiniti keeps things running smoothly for some of the UK's best known brands and public sector organisations.

CONTENTS

STRATEGIC REPORT

01

GOVERNANCE

02

FINANCIAL STATEMENTS

03

ADDITIONAL INFORMATION

04

Jimmy Choo became a client of Equiniti in preparation for its listing on the London Stock Exchange in October 2014.

Jimmy Choo becomes the first UK PLC to offer an electronic AGM

In late 2015, Jimmy Choo asked Equiniti to collaborate on a fundamental review of how it manages its Annual General Meeting (AGM). The vision of a fully electronic AGM was delivered on 15 June 2016, becoming a corporate governance first.

JIMMY CHOO

Read the full case study on pages 26-27.

Image courtesy of Jimmy Choo plc

01

Strategic Report

AT A GLANCE

REVENUE (£m)

£382.6m

2015: 369.0m — 3.7%

FREE CASH FLOW PRIOR TO EXCEPTIONAL ITEMS[1] (£m)*

£92.6m

2015: £97.6m — (5.1)%

EBITDA PRIOR TO EXCEPTIONAL ITEMS (£m)*

£92.4m

2015: £86.2m — 7.2%

CASH FLOW CONVERSION (%)*

100%

2015: *113%* — *(13)pts*

EBITDA MARGIN PRIOR TO EXCEPTIONAL ITEMS (%)*

24.2%

2015: *23.4%* — *0.8pts*

EBIT (£m)

£40.7m

2015: £10.2m — £30.5m

PBT (£m)

£28.5m

2015: (loss of £71.7m) — £100.2m

EARNINGS PER SHARE[2] (PENCE)

10.2p

2015: (92.8)p — 103.0p

1 Free cash flow is EBITDA plus the change in working capital, prior to exceptional items.

2 2015 loss per share of 92.8 pence was a result of the Group having a different capital structure in place for the majority of the year, which changed when the Group listed on the London Stock Exchange in October 2015.

3 For definition of underlying earnings calculation, see page 40.

* Non-statutory measures give a clearer view of the underlying performance of the business.

HIGHLIGHTS

AT A GLANCE

UNDERLYING EARNINGS PER SHARE[3] (PENCE)*

15.9p

2015: 13.5p

18.1%

FULL YEAR DIVIDEND PER SHARE (PENCE)

4.75p

2015: 0.68p

4.07p

NET DEBT[4] (£m)

£251.2m

2015: £262.7m

(4.4)%

LEVERAGE[4] (X)

2.7x

2015: 3.0x

(0.3)x

4 Net debt and proforma leverage is calculated as net debt/EBITDA, adjusted for IPO costs paid in H1 2016.

5 For definition of organic growth calculation, see page 39.

FINANCIAL HIGHLIGHTS

- Revenue growth of 3.7%, driven by organic[5] growth of 2.1%. Excluding MyCSP, organic growth of 6.8%
- Strong EBITDA growth of 7.2% prior to exceptional items, with margin strengthening to 24.2%, reflecting higher margin organic growth from technology sales and continuing operating leverage
- Cash flow conversion of 100%, resulting in free cash flow prior to exceptional items of £92.6m
- Leverage of 2.7x, down from proforma 3.0x at 31 December 2015
- Recommended final dividend of 3.11 pence per share, giving a total dividend for the year of 4.75 pence per share, in line with progressive dividend policy, with proforma dividend growth of 16.4%, reflecting strong earnings momentum
- Strong underlying EPS growth of 18.1% to 15.9 pence per share

OPERATIONAL HIGHLIGHTS

- 13.5% revenue growth from cross-selling and up-selling to strategic clients
- Key wins included
  - Share registration clients, including AA, Abcam, Ascential, Biffa, Domino's Pizza, Draper Esprit, GoCompare, Joules, Metro Bank and Time Out
  - A life and pensions outsourcing contract with Retirement Advantage
  - Software sales to new clients, including Admiral Insurance Group
- Retained all of our FTSE 350 clients during the year
- Strategic acquisitions of KYCnet, RiskFactor, Toplevel Computing and Marketing Source, strengthening our platform and expected to drive organic growth
- Continued to enhance our proprietary technology, reinvesting 7.3% of revenue in capital expenditure
- Further increased the scale of our centre in Chennai, which now employs 760 people

KEVIN BEESTON, CHAIRMAN

Further strategic progress

This was Equiniti's first full year as a public company and we made further progress with implementing our strategy. This progress is reflected in the Group's results for the year.

CHAIRMAN'S STATEMENT

KEVIN BEESTON, CHAIRMAN

"The business has attractive cash flow characteristics… as well as continuing to reduce leverage, which is a key focus for the Board…"

We increased revenue by 3.7%, pre-exceptional EBITDA by 7.2% and grew underlying earnings per share by 18.1% to 15.9 pence per share. Organic growth and operational improvements were the primary drivers of this performance.

The business has attractive cash flow characteristics, with free cash flow conversion pre-exceptional items of 100%. This allows us to invest in the technology platforms that are fundamental to our business, as well as continuing to reduce leverage, which is a key focus for the Board. At the year end, leverage stood at 2.7x, down from proforma leverage of 3.0x at the end of the previous year, after adjusting for IPO costs paid in the first half of 2016.

The Board has proposed a final dividend of 3.11 pence per share which, subject to shareholder approval at the Annual General Meeting on 25 April 2017, will result in a full year dividend of 4.75 pence per share, including the interim dividend of 1.64 pence per share. This represents growth of 16.4% on our proforma 2015 maiden dividend. The final dividend will be paid on 31 May 2017 to shareholders on the register of members at close of business on 21 April 2017. Any shareholder wishing to participate in the Equiniti Dividend Reinvestment Plan (DRIP) needs to have submitted their election to do so by 9 May 2017. We maintain our progressive dividend policy which will see us distribute around 30% of our underlying profit attributable to ordinary shareholders each year.

A RESILIENT BUSINESS

In an uncertain world, Equiniti benefits from the resilience of its business. We are currently and largely UK focused and provide non-discretionary services, such as pension and dividend payments. The length of our client relationships and our long-term contracts with them give us high visibility of our revenues.

The Board also pays close attention to the Group's risk environment, particularly through the Risk Committee. The risk environment has become more challenging, in large part as regulation becomes ever more complex. Brexit has also increased uncertainty. We continue to develop our processes to manage risk robustly, while looking to take advantage of the opportunities this environment creates for us, as our clients seek help in managing the impact on their own operations.

STRENGTHENING THE BOARD AND SENIOR MANAGEMENT

Equiniti takes corporate governance seriously and we continued to strengthen the Board this year, with the appointment of two independent non-executive Directors. Sally-Ann Hibberd joined on 1 August 2016. Sally-Ann is a member of the Audit, Nomination and Remuneration Committees and chairs the Risk Committee. Darren Pope joined on 1 December 2016 and is a member of the Audit, Nomination and Risk Committees. Both Sally-Ann and Darren have many years' experience in financial services, which will prove invaluable to the Board.

Sir Rod Aldridge stepped down as an independent non-executive Director on 1 August 2016, after nine years on the Board. I would like to thank Sir Rod for his extremely valuable contribution and commitment during his tenure. The Board has benefitted greatly from his experience and counsel.

The Group has an excellent senior management team. We continued to add to our strength in depth, with a number of hires at managing director level. This helps ensure we have the leadership we need for the next phase of growth.

The Board recognises its responsibility for setting and overseeing Equiniti's culture. We keep abreast of this culture through regular presentations from senior management and by reviewing key people-related metrics. The recently completed employee engagement survey also provided important insights into the Group's culture through the eyes of our employees and we will take this feedback into account as we move forward. More information on our culture and the survey can be found on pages 52-53. Diversity is also important to the Board, as we understand the contribution it can make to business success. We approved the Group's new diversity policy in early 2017, which will help us to advance our diversity agenda.

A SUPPORTIVE SHARE REGISTER

After our IPO in October 2015, the Group's former owner, Advent International, held around 30% of Equiniti's equity. During 2016, Advent disposed of its entire holding via three placings of Equiniti shares, giving the Group a more typical share register for a company of its size. We thank all our shareholders for their support.

LOOKING AHEAD

The growth drivers for Equiniti's business remain robust. Our clients must cope with an ever-increasing regulatory burden, often while they are still dealing with the regulatory issues of the past. They need to digitise their operations, to give their customers the experiences they demand. They also need to drive out costs so they can increase profits at a time of low economic growth. These market drivers are only going to become more relevant over the coming years, giving Equiniti strong prospects for further growth.

Kevin Beeston
Chairman

7 March 2017

Our business model

Equiniti is a leading provider of technology and solutions for complex and regulated administration. The quality of our technology helps our clients transform their businesses. In doing so, we free them to focus on driving value.

THE RESOURCES UNDERPINNING OUR BUSINESS MODEL

Our ability to generate value is supported by our key strengths. These are:

LONG-TERM CLIENT RELATIONSHIPS

We have c1,700 corporate clients, including c70 of the FTSE 100. Our average relationship with FTSE 100 share registration clients is more than 20 years (see page 56) and our clients typically take an average of seven services from us. Long-term contracts contribute to high revenue visibility and organic growth.

PROPRIETARY TECHNOLOGY

Our well-invested and scalable proprietary technology gives us a competitive advantage and supports our growth (see pages 54-55). We have more than 30 platforms, all on UK-based infrastructure. Our four primary platforms are Sirius (register management), Xanite (custody and settlement), Compendia (pension administration and payroll) and Charter (case and complaints management).

LEADERSHIP POSITIONS

We are leaders in large and growing markets, giving us significant growth opportunities and strong momentum (see pages 14-15).

SCALE

The scale of our business means we can successfully handle the biggest transactions. In 2016, we made payments of £160 billion, interacted with 28 million shareholders and pensioners, and held 70m shareholder records.

SPECIALIST PEOPLE

We employ people who are experts in their fields. At the year end, we had over 4,300 employees, including 760 at our offshore facility in Chennai, India (see page 53).

OUR BUSINESS MODEL

ABOUT EQUINITI

We build deep relationships with our clients, who are UK blue-chip companies and public sector organisations. We also provide services to millions of individuals, enabling them to manage their company benefits and to trade through our execution-only share dealing platform.

WE SERVE OUR CLIENTS THROUGH THREE DIVISIONS.

INVESTMENT SOLUTIONS

32%
OF 2016 REVENUES

50% OF THE FTSE 100

450,000 retail CUSTOMERS

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

REGISTRATION SERVICES

INVESTMENT SERVICES

EMPLOYEE SERVICES

PENSION SOLUTIONS

34%
OF 2016 REVENUES

>2.6 million NHS MEMBERS

REGULATED, EMBEDDED PROCESSES

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

INTELLIGENT SOLUTIONS

31%
OF 2016 REVENUES

END-USER ENGAGEMENT

TARGETING COMPLEX OR REGULATED ACTIVITY

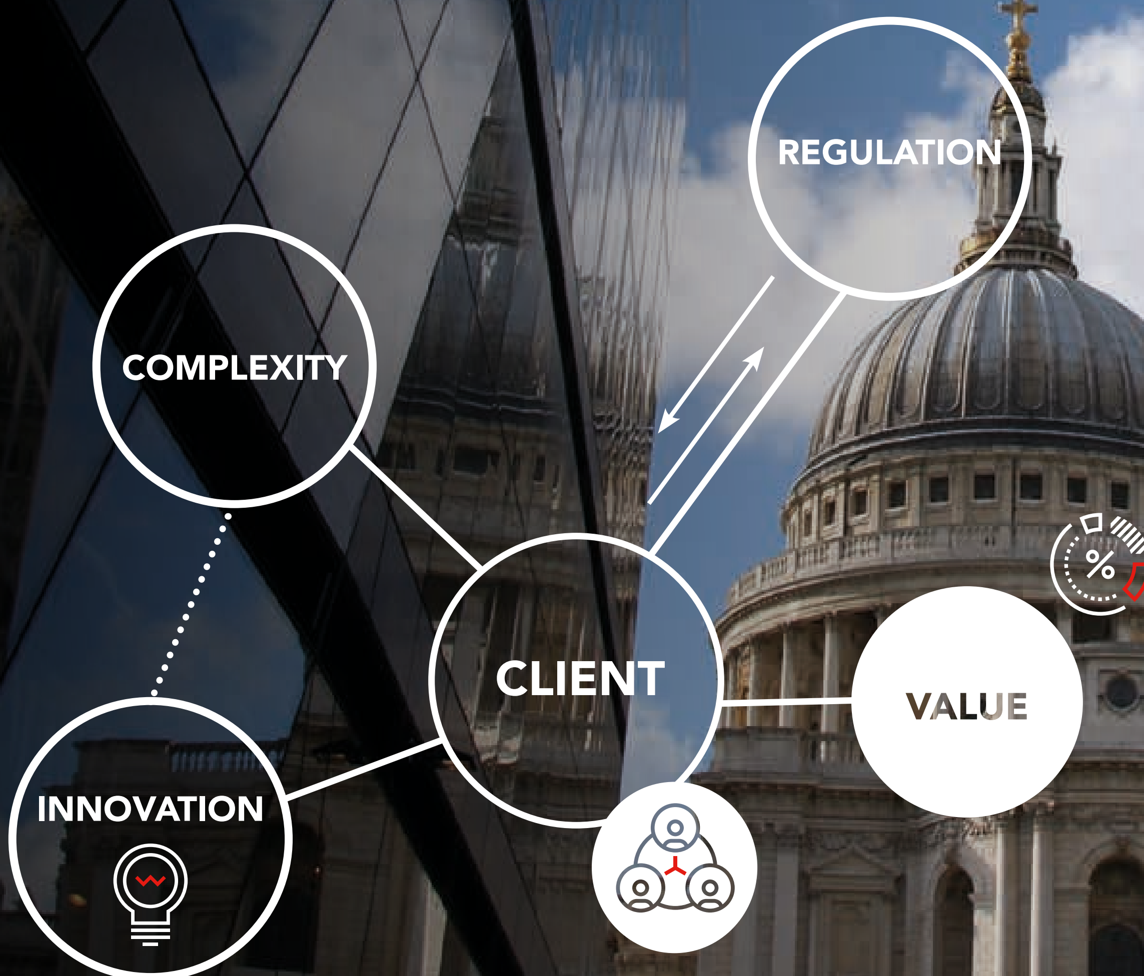
Intelligent Solutions targets complex or regulated activities to help organisations manage their interactions with customers, citizens and employees. The division also offers enterprise workflow for case and complaints management, credit services, on-boarding new clients and specialist resource for rectification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

INTEREST INCOME

In addition to our three divisions, we earn interest income on balances we administer on clients' behalf. This generated 3% of our revenues in 2016.

What we do

Equiniti makes complex things simple for our clients. By combining market-leading technology with experienced and specialist people, we assure delivery to our clients, and in turn to their customers, who are typically their employees, pensioners, shareholders and consumers. We have significant experience of operating in regulated environments, helping our clients to meet their regulatory obligations and protect their stakeholders' interests.



THE VALUE WE ADD

Our activities are often non-core but mission-critical to our clients. Through our technology, we provide them with highly accurate, flexible and effective services, helping them to manage increasing regulation and complexity, and to meet their stakeholders' evolving needs.

Our scale and broad client base means we can make investments in technology and people that our clients could not 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.

SUSTAINING OUR ADVANTAGE

We own all of the core technology, software and infrastructure required to run our core operations. Our technology platforms give us a distinct competitive advantage. They underpin our service delivery and form a barrier to entry, given the substantial experience, time and money required to build them. We continually invest in our platforms, to add functionality and ensure they keep pace with changing regulatory and fiscal requirements. We also bring on board innovative new platforms through acquisitions, along with new capabilities that are relevant to our existing clients.

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

DELIVERING RETURNS

The quality of our delivery creates long-term relationships with our clients' senior decision makers. We then work with them to identify other issues or non-core activities, where we can deliver value and innovation for them. This cross-selling and up-selling is a key driver of our top line growth. Our market leadership positions also make us a natural choice for new clients. In addition, we look to turn major client relationships into true partnerships, where we are each other's supplier and customer, and partner together to deliver new opportunities. This helps ensure even greater longevity for these relationships.

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

REVENUE VISIBILITY COMPRISES:

c50%

from long-term contracted income;

c30%

from dependable project income which relates to tasks and change work undertaken for longstanding clients on our core platforms; and

c10%

from transactional income which happens every month but is not contracted, e.g. foreign exchange from the payment of overseas pensions and interest income.

Our technology platforms provide significant operational leverage, which allows us to increase profits as we grow revenue. To ensure we are as efficient as possible, we continue to expand our offshore capability in India, strengthening our technology development capabilities and providing testing and support facilities. Strong free cash flow conversion provides funds to invest in growth and to further reduce our debt.

Our Markets

LARGE AND GROWING MARKETS

Equiniti has an addressable market in the UK that we estimate is worth c£4bn. Growth in our addressable market is driven by:

- Macro-economic conditions, including the level of interest rates and investor confidence, which affect demand for investment-linked products and the number of flotations, mergers and acquisitions, rights issues and buybacks.
- Our business development activities, which expand our addressable market as we bring new capabilities into the Group.
- Long-term structural trends, which are increasing demand for our services. These trends are outlined below.

POWERFUL TRENDS ARE EXPANDING OUR MARKETS

The environment we work in is changing ever more quickly. This creates challenges for our clients, who face greater complexity and rising costs. In particular, we see three powerful trends that our clients need help to address.

Increasing regulation

There is ongoing pressure to protect consumers' interests through greater regulation. In the UK, more than 80 pieces of legislation have been passed since the financial crisis. This means both public and private sector organisations face rising compliance costs and the need to upgrade technology in response to new regulations, while they are still contending with past regulatory issues. Organisations who fail to meet their regulatory obligations also face more investigations, which accelerates demand for remediation services. Whilst Equiniti is also impacted by compliance costs, we see the ongoing regulatory changes as more of an opportunity to service our clients.

Continuing digitisation

Consumers expect to receive high-quality service and want to manage their affairs online. Shortening product lifecycles require organisations to build customer journeys ever more quickly, through extensive investment in websites, portals and mobile apps, which can be difficult and expensive to do in-house. At the same time, they often struggle with legacy technology, particularly in the banking sector, hampering their ability to respond.

Increasing cost consciousness

With low economic growth and intense pressure on public finances, companies and government agencies must do more with less. This requires them to focus on their core operations and to be more efficient. Technology-led solutions help them to transform their businesses and deliver operational efficiencies.

THE IMPLICATIONS FOR EQUINITI

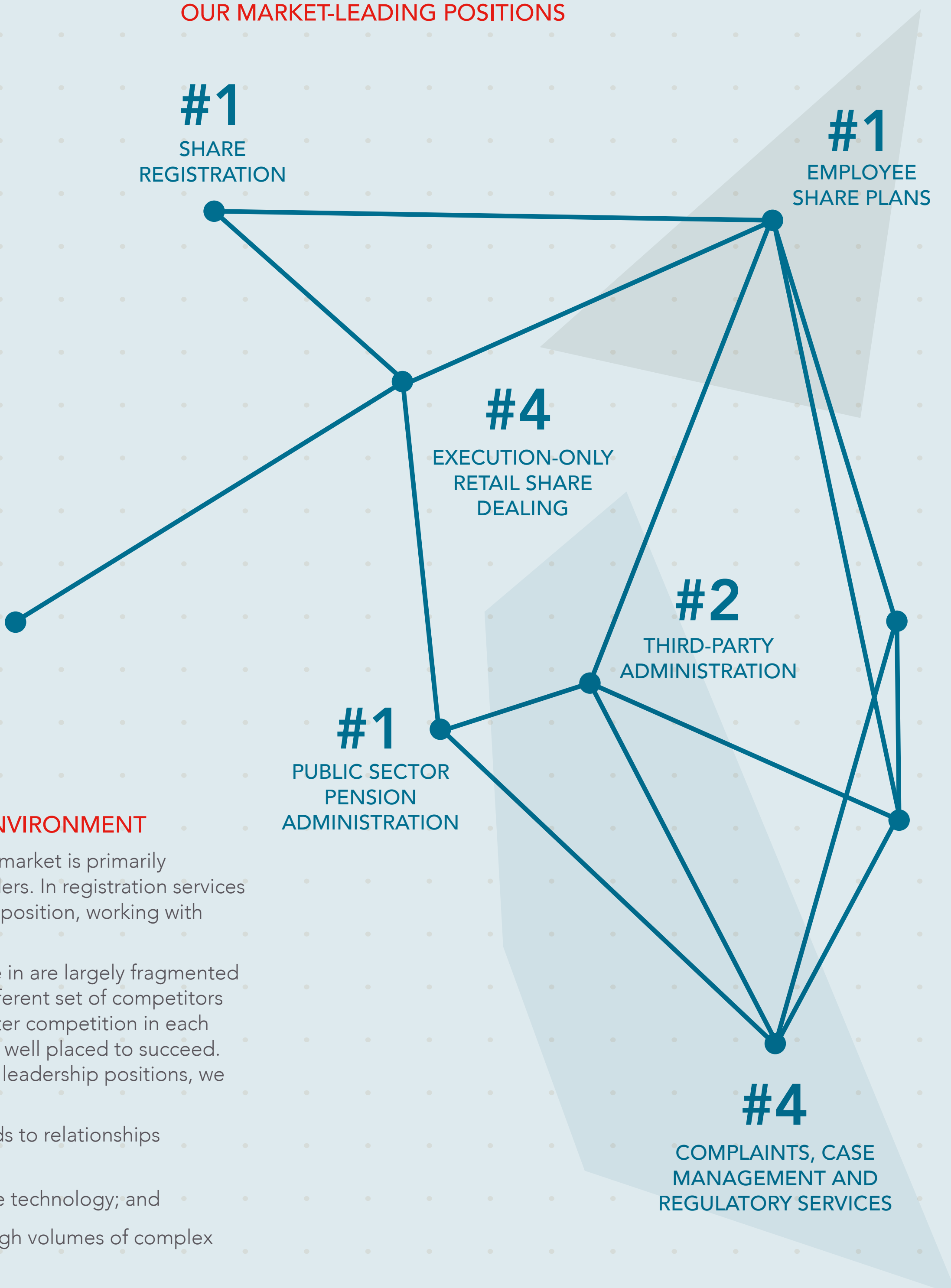
The trends outlined above have several implications for our business. In particular:

- Businesses need to work differently, which requires them to redesign processes. Technology is a key enabler of that change. To succeed, we must provide our clients with technology, on its own or accompanied by services. Our platforms are well invested with over £100m spent on them since 2007.
- The changing environment means existing clients need us to help them in new ways, creating opportunities for cross-selling and up-selling. We can also meet this growing range of needs by bringing new technology into the Group through acquisitions.
- We can attract new clients by providing them with technology, for example through software sales, as well as winning work through traditional routes such as share registration services.

Our strategy (see pages 16-17) is designed to address these trends and ensure we are well positioned to succeed, as the environment continues to change.

OUR MARKETS

OUR MARKET-LEADING POSITIONS



OUR COMPETITIVE ENVIRONMENT

The UK share registration market is primarily supported by three providers. In registration services we have a market leading position, working with c50% of the FTSE 100.

Other markets we operate in are largely fragmented and we typically face a different set of competitors in each. While we encounter competition in each market, we believe we are well placed to succeed. In markets where we have leadership positions, we benefit from our:

- client loyalty, which leads to relationships lasting many years;
- proprietary and scalable technology; and
- expertise in handling high volumes of complex and sensitive data.

In markets where we have challenger positions, we are differentiated by our proven ability to process data and payments securely and accurately. Clients in many of our markets tend to be risk averse, given the critical nature of the services we supply, which means that operational excellence is critical for winning and retaining their business.

Strategy

Equiniti has a five-part strategy, designed primarily to drive organic growth by leveraging our technology platforms. The key components of our strategy are set out below.

1.

GROW SALES TO EXISTING CLIENTS

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

- Employ great people and develop them, so they deliver consistently excellent service.
- Invest time to understand clients' needs and continue to develop our key accounts management.

WE DELIVERED 13.5% REVENUE GROWTH THROUGH CROSS-SELLING AND UP-SELLING TO OUR STRATEGIC CLIENTS.

Among many examples of cross-selling and up-selling this year were:

- Sales of complaints management software to HSBC and TSB.
- Asset reunification projects for Santander and Royal Dutch Shell.
- Bereavement services provided to Lloyds Banking Group and a pilot programme with Prudential.

2.

WIN NEW B2B CLIENTS

To win new B2B clients, we need to:

- Target clients requiring core services, in particular share registration.
- Attract clients through new routes, such as software sales.
- Maintain our reputation for service excellence.

KEY NEW ACCOUNT WINS IN THE YEAR INCLUDED:

- Share registration clients, including AA, Abcam, Ascential, Biffa, Domino's Pizza, Draper Esprit, GoCompare, Joules, Metro Bank and Time Out.
- A life and pensions outsourcing contract with Retirement Advantage.
- Software sales to new clients, including Admiral Insurance Group.

In 2016, we reviewed and refreshed our risk taxonomy to ensure risks are managed as the business grows organically and via acquisition.

3.

DEVELOP AND ACQUIRE NEW CAPABILITIES

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

- Ensuring we understand our clients' needs, so they can lead our product development.
- Developing new capabilities that meet those needs through organic investment.
- Making carefully targeted acquisitions that give us new technology to meet those needs.

DURING THE YEAR, WE ACQUIRED:

- KYCnet, which provides cutting-edge workflow technology for on-boarding and monitoring commercial and retail clients.
- RiskFactor, which offers credit decisioning and risk profiling software for commercial lending.
- Toplevel Computing, which provides large-scale digital case management solutions.
- Marketing Source, which helps clients mitigate risk and improve customer targeting through data analytics, identity checking and cyber security products.

We also continued to invest in enhancing our capabilities, with successes in the year including:

- The UK's first fully digital AGM for Jimmy Choo.
- The first augmented reality employee engagement programme for DS Smith.

01 GROW SALES TO EXISTING CLIENTS
02 WIN NEW B2B CLIENTS
03 DEVELOP & ACQUIRE NEW CAPABILITIES
04 OPERATING LEVERAGE
05 REINVEST STRONG CASH FLOWS

4.

OPERATING LEVERAGE

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

- Increase the scale of our operation in Chennai.
- Look for other opportunities to improve our efficiency.

DURING THE YEAR:

- We continued to expand our centre in Chennai, which employed 760 people at the year end. The centre provides IT, BPO, sales and marketing, finance, HR and payroll support. In addition we secured access to additional facilities in Bangalore which will facilitate our business continuity requirement in the event of an emergency in Chennai.
- We maintained our focus on procurement efficiencies and property rationalisation.

5.

REINVEST STRONG CASH FLOWS

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

IN 2016:

- We delivered free cash flow of £92.6m and invested £28.2m in capital expenditure, equivalent to 7.3% of revenue for the year.
- At the year end, we had net debt of £251.2m and net debt to EBITDA of 2.7 times. We aim to reduce our leverage to 2-2.5 times over the medium term.

We delivered
3.7%
revenue growth

We delivered free cash flow of
£92.6m

We invested a total of
£28.2m
in capital expenditure

"The majority of our organic growth comes from cross-selling and up-selling to existing clients.

KEY PERFORMANCE INDICATORS

We use the following key performance indicators (KPIs) to track our progress. Each KPI links to one or more elements of our strategy, as described on pages 16-17. We have also set medium-term targets for our key financial metrics, which are described below.

KPI	RELEVANCE TO STRATEGY
REVENUE[1] The invoiced 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
PRE-EXCEPTIONAL EBITDA MARGIN[1] Earnings before interest, tax, depreciation, amortisation and exceptional items, as a percentage of revenue, is a measure of the underlying profitability of the business.	EBITDA margin demonstrates our ability to improve our efficiency, as well as the quality of work we win. Links to the following strategy element: 4
FREE CASH FLOW CONVERSION Pre-exceptional EBITDA plus the change in working capital, as a percentage of pre-exceptional EBITDA.	Our strategy requires us to generate cash to fund investment. High levels of free cash flow also help to reduce our leverage and support shareholder returns. Links to the following strategy element: 5
LEVERAGE The ratio of net debt to pre-exceptional EBITDA.	A strong balance sheet gives us the capacity to invest organically and in acquisitions. Links to the following strategy element: 5
CLIENT SATISFACTION Three key measures: 1. Net Promoter Score (NPS), measured half yearly via online and paper surveys. 2. Customer Effort Score (CES), measured via online, paper and interactive voice response surveys. 3. Contact centre customer satisfaction score (CCCS).	Client satisfaction shows how well we are meeting our clients' needs, which is essential for protecting 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

1 Revenue and EBITDA pre-exceptional items were adjusted for 2014 to reflect the impact of fundamental changes to the business, as outlined in the Group's prospectus issued in 2015.

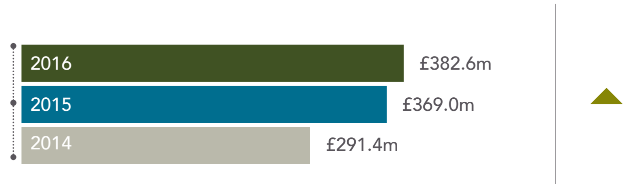
2 Proforma, adjusting net debt at 31 December 2015 for IPO costs paid in the first half of 2016.

KEY PERFORMANCE INDICATORS

PERFORMANCE	TREND

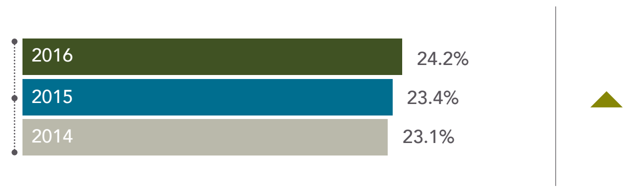
TARGET: ORGANIC REVENUE GROWTH SUPPLEMENTED BY GROWTH FROM ACQUISITIONS

Total revenue grew by 3.7% in 2016, with organic growth of 2.1% and growth from acquisitions of 1.6%.



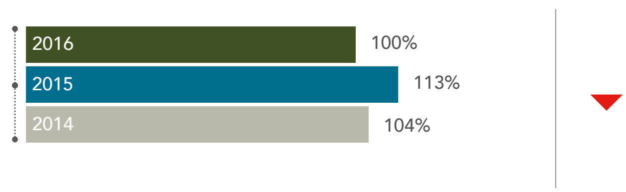
TARGET: GRADUAL MARGIN IMPROVEMENT

Our pre-exceptional EBITDA margin was 24.2%, up 0.8pts, reflecting our progressive move towards sales of higher value software products and the benefits of increasing the scale of our offshore facility in Chennai.



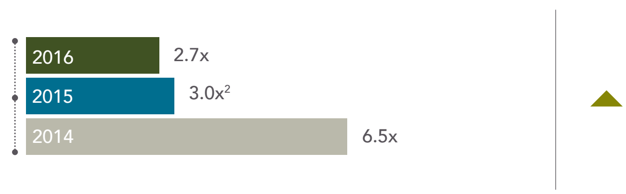
TARGET: CASH CONVERSION OF MORE THAN 95%

In 2016, we delivered a strong cash flow performance, with cash conversion of 100%.



TARGET: LEVERAGE OF 2.0-2.5X IN THE MEDIUM TERM

We made further progress reducing our leverage, which stood at 2.7x at 31 December 2016.



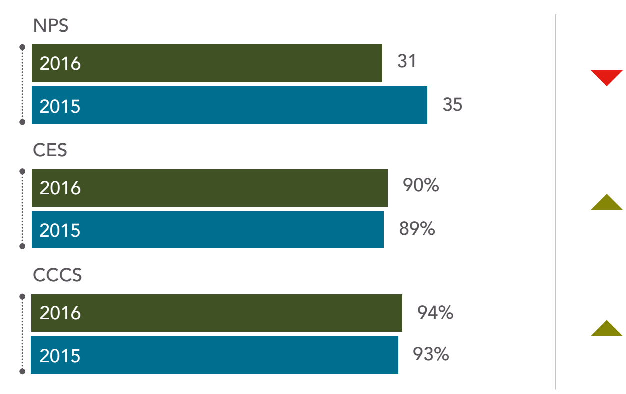
TARGETS: NPS OF 40 IN THE MEDIUM TERM, CES OF 95%, CCCS OF 97%

In 2016, overall we made further progress on customer satisfaction.

Our NPS was 31, down from 35 in 2015.

CES increased from 89% to 90%, against an industry benchmark of 70%.

CCCS rose from 93% to 94%, against an industry benchmark of 77%.



GUY WAKELEY, CHIEF EXECUTIVE

A year of solid growth

In 2016, we continued to drive organic growth in relatively challenging conditions. To a large extent, the non-discretionary nature of our services has insulated us from volatility and the lack of positive economic sentiment.

Clients have felt numerous conflicting pressures, notably increasing regulation, digitisation and the need to cut costs. We are investing in our technology to provide joined-up solutions that help our clients deal with those pressures. This year, we have also experienced the benefits of being a listed company ourselves. This is important as it puts us in the same capital market as our clients and allows us to use our own products, from share registration to running our own AGM and offering share plans to our people.

Our biggest asset is our client base, which we believe is the best in the industry. We continued to retain 100% of our large corporate clients and now have average client relationships greater than 20 years. The organic growth we delivered this year has primarily come from selling more capabilities and services to this very loyal and stable base. We have also consolidated our position with financial services clients and are delighted to be registrar to many of the UK banks that have listed in the last two years, including Shawbrook, Virgin Money, Aldermore, One Savings Bank, Metro Bank, TSB and World Pay.

In 2016, we have also demonstrated our ability to operate at unprecedented scale. In particular, we processed three of the largest corporate transactions in the UK – the acquisition of BG Group by Royal Dutch Shell, the acquisition of ARM Holdings by Softbank, and the acquisition of SABMiller by AB InBev. Including these three transactions, we processed £160bn of cash across our systems. This shows our ability to perform to 100% accuracy on the very largest volumes.

During the year, we grew revenue by 3.7% to £382.6m (2015: £369.0m), which included organic growth of 2.1%. There was an expected decline in project work in MyCSP with its software roll-out to the Civil Service concluding in Q4 2015. Excluding MyCSP, revenue grew organically by 6.8%. Acquisitions contributed £9.5m to revenue in the year.

EBITDA pre-exceptional items was £92.4m, up from £86.2m in 2015. This represented an EBITDA margin of 24.2%, an increase of 0.8pts over the previous year despite the difficult economic backdrop. The higher margin resulted from our continued expansion of our offshore facility in Chennai, which now employs 760 people providing 24/7 application support to our UK customers as well as driving onshore efficiency through better procurement and automation of processes. It also reflects the growth in higher margin software sales, as clients turn to our technology to help them transform their businesses.

STRENGTHENING OUR CAPABILITIES

Enhancing our capabilities through acquisition is an important part of our strategy. In 2016, we were pleased to build our capabilities in regulatory technology, or RegTech. This technology principally supports analytical workflow in areas such as money laundering, customer on-boarding and fraud prevention. In March we acquired RiskFactor, which provides analytics to commercial lending, and KYCnet, which offers cutting-edge workflow technology for on-boarding and monitoring commercial and retail clients. Both acquisitions have enhanced our capabilities in financial services compliance and they are already contributing to our organic growth, as we cross-sell to existing clients.

In July, we acquired Toplevel Computing. Toplevel is a digital services technology provider of large-scale digital case management solutions. Digitisation of the customer journey is a key focus for our clients and we see a material cross-selling opportunity into our extensive financial services client base.

In addition, in December, we took control of Marketing Source. Marketing Source is a data anaytics and cyber security business which helps clients mitigate risk and improve customer targeting through data analytics, identity checking and cyber security products.

We also continued to invest organically, spending 7.3% of our revenue on software development and physical infrastructure, well above our target of 5-6%. This allows us to offer new services and products and keeps us ahead of our competition. This year's achievements included the UK's first fully electronic AGM for Jimmy Choo and the first augmented reality employee engagement programme for DS Smith.

We earn our margins by having deep domain expertise in core markets. This means we require talented teams of specialists, as well as the best technology. We are very proud of the skills we have and work hard to attract, retain and develop the best people. I want to thank all our people for their considerable efforts this year.

CHIEF EXECUTIVE'S STATEMENT

GUY WAKELEY, CHIEF EXECUTIVE

"Our biggest asset is our client base, which we believe is the best in the industry. We continued to retain 100% of our large corporate clients and now have average client relationships greater than 20 years…"

OUTLOOK

Our target remains to deliver sustainable earnings growth supplemented by growth from acquisitions each year. The dependability of our revenues, our efficiency programme and progressive deleveraging, will enable us to grow profits and earnings ahead of revenue.

We continue to make progress against the strategy with many opportunities for future growth.

Guy Wakeley
Chief Executive
7 March 2017

Equiniti handled the three largest corporate actions in the UK in 2016.

Supporting clients at an unprecedented scale

2016 saw one of the largest and most complex events ever in the UK market – the acquisition of BG Group by Royal Dutch Shell. Equiniti worked in partnership with the two companies to successfully deliver the transaction, drawing on combined corporate relationships that spanned nearly 75 years.

The process was underpinned by our Sirius platform. In the space of just six weeks, we designed, built, tested and deployed new processes and utilities, specifically to support the task. The project required more than 13,000 hours worked and over 200 conference calls and meetings. Seventy specially trained agents handled nearly 50,000 calls from shareholders, including 9,000 on the first day after the settlement mailing. We processed 106,000 forms with 100% accuracy and despatched more than 500,000 cheques. On the day the transaction completed, we received £13bn and successfully settled across more than 10,000 Crest participants in just three hours.

> "These transactions demonstrate our ability to support our clients, however complex their requirements."

This was not our only ground-breaking transaction in 2016. In October, we completed the largest corporate action Crest payment in UK history, successfully settling an incredible £39bn as AB InBev acquired SABMiller. This was the culmination of 1,300 hours of work and more than four months of support to our client. This followed another successful major transaction, which saw us handle payments of nearly £24bn in September for Softbank's purchase of ARM Holdings.

These transactions demonstrate our ability to support our clients, however complex their requirements. Our market-leading technology, coupled with our dedicated and specialist people, is a truly compelling combination.

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

Processed
£13bn
of payments

Despatched
500k
cheques

Processed
£24bn
of payments

>3k
cash messages

Processed
£39bn
of payments

Largest
Crest payment in UK history

Investment Solutions

MARKET DEVELOPMENTS IN 2016

Businesses listing on the main market are an important source of new business for Equiniti. Uncertainty caused by the EU referendum meant that the number of IPOs was below expectations for the year. However, it was a significant year for the total value of corporate actions.

The UK Government continues to progress its plans for the dematerialisation of share registers. Dematerialisation is the replacement of a paper share certificate with an electronic format which is being driven by EU regulation and must be implemented by 2023. Although this is after the UK is expected to have left the EU, the Government remains in favour of dematerialisation and intends to conduct a market-wide consultation in the spring of 2017, to determine what the UK's solution should look like. We do not expect the introduction of dematerialisation for several years beyond that.

The referendum result and subsequent fall in sterling had a notable impact on share price volatility, which affected activity levels in the share plan market. The continued low interest rate environment also resulted in lower margins on funds held on clients' behalf. In addition, volatile stock market conditions affected demand for execution-only brokerage services, with some investors deterred from trading.

PERFORMANCE

Despite some challenges in its markets, Investment Solutions had a good year and achieved revenue growth of 7.6% to £123.6m (2015: £114.9m). This reflected organic growth of 6.7% and the full year contribution of TransGlobal Payment Solutions, which was acquired on 3 September 2015.

Pre-exceptional EBITDA rose by 10.0% to £38.6m (2015: £35.1m). This represented a margin of 31.2%, up from 30.5% in 2015. The margin progression was a result of project work and our continued focus on offshoring, service innovation and lean methodologies.

Registration Services

Registration Services continued to be successful in winning mandates with newly listed companies. These included Ascential, Biffa, Draper Esprit, GoCompare, Joules, Metro Bank and Time Out. The division was also appointed as share registrar to AA, Abcam and Domino's Pizza, replacing the existing providers. Key renewals included Man Group, Royal Dutch Shell and Tesco.

The division supported several clients going through significant corporate actions, including Royal Dutch Shell's acquisition of BG Group, which created the largest company on the London Stock Exchange by market capitalisation. Other major transactions during the year were Softbank's purchase of ARM Holdings and the acquisition of SABMiller by AB InBev. These three transactions contributed to an unprecedented level of activity for Equiniti, with £160bn of value processed through our systems.

The bereavement service launched towards the end of 2015 had a promising first year. Prudential began a 12-month pilot programme in early 2016 and in November, Registration Services signed its first large bereavement service contract with Lloyds Banking Group. The division also launched a new share forfeiture solution during the year, which is unique to Equiniti. A number of FTSE 100 and FTSE 250 clients have taken up this service.

Other key achievements in 2016 included running the first fully digital AGM for Jimmy Choo. More detail of this service can be found in the case study on pages 26-27.

The quality of the division's work continued to be recognised by industry awards. Registration Services won two awards for best share registrar – at the UK Stock Market Awards and at the Investment and Wealth Management Awards.

Investment Services

Investment Services saw strong growth in its international payments business. It benefited from last year's acquisition of TransGlobal, giving Investment Services ownership of the technology that already underpinned its international payments. This allowed the division to drive growth in that business, which included a landmark transaction supporting Visa Europe through its €18.25bn acquisition by Visa Inc.

The division's execution-only brokerage service grew customer numbers by over 100,000 in 2016 mainly through the transfer of a number of legacy ISA books from Santander and Halifax. This was a good source of customer acquisition in 2016.

Investment Services ran a successful pilot for its corporate sponsor nominee service, which presents good opportunities for cross-selling. The division will promote ISAs and regular savings for its clients' employees through this service.

Technology investment in 2016 was focused on improvements to the international payments platform. Investment Services is also working to enhance the customer journey and user experience for its online share dealing offer.

INVESTMENT SOLUTIONS

> Key achievements in 2016 included running the first fully digital AGM, for Jimmy Choo...

Equiniti Wealth Solutions, which provides administration and technology services to wealth managers and stockbrokers, received a GoodAccreditation standard at the Annual Systems in the City Awards. This award is based on feedback from system users and reflects their satisfaction with our technology.

Employee Services

Employee Services performed well in 2016. Its global nominee service continued to prove highly attractive to share plan clients, allowing both UK and international employees to retain shares when they exit a plan, as well as providing support for compliance and regulation.

The division won share plan mandates with newly listed companies such as Biffa and Metrobank, as it continued to benefit from cross-selling with Registration Services. It also won significant new clients from competitors, including Abcam and Close Brothers, and renewed contracts with clients such as Tesco and Severn Trent. Successful up-selling included winning the administration of several share plans for Tullow Oil, which had previously administered its executive plans itself, using Equiniti's Centive platform.

Activity by existing clients was also an important source of growth for Employee Services. For example, BT's acquisition of EE added 12,000 newly eligible employees to the BT share save plan and Royal Mail Group's free shares SIP reached its first three-year anniversary, allowing 130,000 employees to sell shares for the first time. Another major project was Tesco's payment of a turnaround bonus for 265,000 staff. This required a project team of c40 people from across the Group to provide seamless execution to the client.

A key initiative in 2016 was the introduction of an augmented reality communications tool, which helps clients to increase engagement with their employees. More information about our award-winning deployment of this technology for DS Smith can be found in the case study on pages 28-29. Employee Services also developed a mobile version of its PeopleSpace product, which gives clients' employees a single view of their rewards, benefits and HR self-service tools.

Pictured above: Natalie Nicholson

12,000

new EE employees added to the BT share plan

Tesco's payment of a turnaround bonus for

265,000

staff

For further detail on product offering, see page 11.

In late 2015, Jimmy Choo asked Equiniti to collaborate on a fundamental review of how it manages its Annual General Meeting (AGM). The vision of a fully electronic AGM was delivered on 15 June 2016, becoming a Corporate Governance first.

Jimmy Choo becomes the first UK PLC to offer an electronic AGM

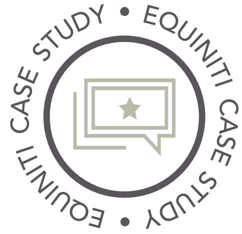
There were a number of drivers for Jimmy Choo wishing to push the boundaries and key amongst these was good corporate governance; Jimmy Choo wanted to give all its shareholders the opportunity to participate in its AGM regardless of location.

An increasing concern for many responsible investors and PLC boards is how to achieve a reduced carbon footprint. A fully electronic AGM carried the additional benefit of doing just that as it meant that shareholders and board members no longer needed to travel to a physical location, which as well as being convenient for both, underlines Jimmy Choo's socially responsible approach.

THE CHALLENGE

As this was a first, requirements were unknown, so the challenge was how to break new ground in order to deliver an inaugural electronic AGM for a UK PLC, whilst ensuring compliance with all aspects of an AGM and a positive user experience.

Image courtesy of Jimmy Choo plc



THE PROCESS

Equiniti worked very closely with Jimmy Choo's legal team, a key stakeholder in the process, to define and refine the requirements. Legal input was needed to ensure compliance with all aspects of an AGM, including the unknown, adjournment, procedural matters etc. This helped Equiniti to shape precisely the development of the solution.

The solution design had to mirror all the requirements of a physical AGM but, of course, in electronic form; attendance, presentations, Q&A and voting. It had to be simple to use, considering the experience of the end user at all times.

It soon became clear from scoping the work, that the end result would be the development of an application for shareholder verification and voting, coupled with the use of telephony for participation.

After the solution was developed, a thorough testing process was undertaken, following which extensive rehearsals took place to establish exactly how this would work in practical terms and at the live event. This investment of time set a high level of confidence amongst everyone involved in the delivery of the AGM.

THE OUTCOME

There were two keys elements to achieving the successful outcome;

- Close collaborative working relationship between Jimmy Choo and Equiniti.
- Strong project management methodology to manage risk and deliverables.
- The AGM was much better attended than Jimmy Choo's first physical AGM in 2015, evidence of the greater appeal and accessibility of an electronic AGM.

> "We are very pleased with the outcome of this process, which achieved its aim of broadening shareholder access to our AGM in the most convenient way possible. This was in good part due to our registrars and their innovative approach to modernising the traditional AGM."
>
> PETER HARF, CHAIRMAN, JIMMY CHOO PLC

THE TECHNICAL SIDE

Equiniti worked closely with Lumi, its long-term partner in delivering market-leading AGM technology solutions, to enable the AGM voting to be both legally robust and practical across a number of electronic platforms.

The AGM application was created as a native app for Android and iOS and was responsive, allowing it be viewed on a mobile, tablet or desktop. The app talked directly to the AGM registration system to allow shareholders to submit questions and vote on the resolutions being put to the meeting.

In order to access the app, a shareholder was required to enter a unique meeting code, known as the 'Meeting ID', followed by their log-in credentials (username and password). These log-in credentials were held on a secure, authentication server that connected to the meeting database via the online voting platform. A shareholder was not permitted to enter the 'virtual meeting' if their credentials could not be verified.

SETTING THE TREND

Following this historic first in good corporate governance, other companies are looking at how and when they may introduce changes to their own meeting management.

UK PLCs now have an extended choice of running the fully electronic AGM as per Jimmy Choo or perhaps a hybrid version – a physical AGM plus digital technology to allow further shareholder participation.

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

DS SMITH AND EQUINITI –
A LONG-TERM PARTNERSHIP

Equiniti and DS Smith go back a long way; they have a relationship spanning 20 years and Equiniti has been providing share option administration support for more than 17 of those years.

Catching a rising trend to create the solution

"The augmented reality solution from Equiniti added an exciting new dimension to our communications which helped us to reach the breadth of our employee base both effectively and efficiently."

ANNE STEELE,DEPUTY COMPANY SECRETARY, DS SMITH

DS Smith

The partnership has brought success on a number of levels; the collaboration between Equiniti and DS Smith on the launch of its employee share scheme helped DS Smith win the Most Creative Solution Award at the 2016 Global Equity Organization Awards.

LAUNCHING THE EMPLOYEE SHARE SCHEME

A reflection on DS Smith's culture was the clear objective for the launch of its share scheme, offering staff the chance to buy its shares at a discounted rate, to be as inclusive as possible.

The company's significant challenge is that it has employees across a total of 36 countries, speaking at least 20 different languages. Added to this, DS Smith's workforce is approximately 70% manufacturing based, many without access to a computer.

It was clear that to ensure the message about Sharesave, the share scheme, reached all employees and allowed those on the shop floor the chance to access the information and materials, that more innovative communication channels would be needed. This was the objective set by DS Smith and what Equiniti set out to achieve.

> Considering this need to optimise employee engagement across a diverse and international workforce, Equiniti created a solution using Augmented Reality (AR) that could be universally consumed.

AR is an exciting technology that overlays video animation, 3D models and audio onto images of the real world, thereby immersing consumers in an interactive environment. There has been a sudden increase in awareness of AR with the phenomenal take-up (more than 30 million downloads in the US according to SurveyMonkey Intelligence) of the AR powered game Pokémon Go, the first AR game to go mainstream. It is predicted to be the next 'big thing' in technology.

To enable clients to leverage this technology cost-effectively as part of their wider employee benefits communication strategy, Equiniti developed the Android and iOS app – EQ Strata.

Equiniti worked with DS Smith to use the AR and app technologies to enhance their wider employee engagement programme through the use of an AR poster. The poster contained an image of a sunflower head which acted as the 'trigger'. When the app recognised this image, the animation was activated and at the end, viewers could click to see the video presentation to staff, to find out more about the operation of Sharesave or seamlessly click through to the online application portal.

In the case of DS Smith, the app used GPS to determine in which country the user was viewing the poster, so the animation and links appeared in the designated language for that country.

The trigger was also used on the front of the scheme brochure that was sent to countries with larger populations.

RESULTS VERSUS OBJECTIVES

Reach a wider audience – the AR poster was used across all sites and could be accessed by anyone with a smartphone or tablet, allowing DS Smith to take an inclusive approach in its communications and reach the audience that other channels like the intranet pages or email could not.

Engage employees – using AR was a fun and modern way of presenting core information. The facility to access a portal via smartphone or tablet meant that DS Smith could employ AR as a user-immersive tool, so that employees interacted with information about Sharesave in an innovative and dynamic way.

By encouraging employees to engage directly with the information via their smartphone or tablet and by giving them the link to apply online should they so choose, more of them were able to make informed decisions and apply quickly and easily.

Converse in the local language – AR was able to provide a cost-effective, multi-lingual solution through its connectivity with GPS technology.

ADDITIONAL BENEFITS

Blend with traditional communications – AR is incredibly flexible and can be seamlessly blended with traditional communications, print and online. In this case, the AR poster worked alongside a standard presentation and Q&As, an information pack which was sent to employees and the intranet.

LONGEVITY AND FUTURE APPLICATIONS OF THE AR SOLUTION

Developing this product has enhanced Equiniti's ability to deliver cutting-edge and cost-effective solutions for its clients.

The future development of EQ Strata is playing a key role in Equiniti's discussions with its clients and with autonomy over the technology, Equiniti is able to adapt the app to client requirements.

Equiniti will continue development and lead the way in transforming how employees are informed about work-related savings schemes using this new technology.

There are plans to expand the use of AR into related Employee Benefits services and areas currently under assessment include:

Individual benefit augmentation

Cycle2Work – in addition to creating a 3D experience immersing the employee in the details of the benefit, the micro-sites within this experience would enable the employee to select and see the cost of the benefit, as well as identifying via GPS the nearest cycle shop locations.

Shopping Discount experience

If an employee has shopping discounts as part of their reward structure, an easy way to identify these whilst out shopping would be to use the EQ Strata app against a shop logo which then opens their employee discount offerings for that shop.

Access to Total Reward package

Application of the technology to employee security passes enabling instant access to an employee's Total Reward package via their employee portal to process benefit selections, review and amend pension contributions, view pay data or manage their HR Online requirements.

"Other wins included asset reunification projects on behalf of Royal Dutch Shell and Santander, and a five-year proof of life contract with the Italian social security and welfare institute (INPS), in partnership with Citi…

Pictured: Andrew Edler

Intelligent Solutions

MARKET DEVELOPMENTS IN 2016

Market conditions were positive for Intelligent Solutions as the regulatory environment remained challenging for clients, creating opportunities in a range of sectors.

The rectification and remediation market continues to grow. The deadline for resolving mis-sold payment protection insurance has been extended to 2019 and the number of cases is expected to rise as this date gets closer. There is also demand for rectification and remediation services for issues with other products, such as packaged bank accounts.

In the utilities sector, some companies have been fined for mis-selling and others are under pressure to return funds to customers who have been overcharged and built up large credit balances. In the retail sector, companies are looking for help with complaints handling and ensuring that customers receive refunds.

Another important trend is the rise of social media and the need for businesses to manage their online reputations. This is creating demand for our Charter platform, which monitors social media activity and enables operators to review trends and respond to queries, comments and complaints in real time.

Consumer lending continues to grow, with a number of new entrants in the UK. They require support with their loan application, administration, collections and credit sourcing systems. Banks are under pressure to "know your customer" (KYC) during on-boarding but must also carry out checks of their back books, where KYC tests were not done properly, as well as performing ongoing periodic reviews with their clients. There are also opportunities for us in the commercial lending market, following our acquisition of RiskFactor.

Case management services are also in demand. Clients are seeking both platforms and specialist people to support them.

> "In 2016, Equiniti saw unprecedented demand for identity and verification services.

PERFORMANCE

Intelligent Solutions had a strong year, with revenue growth of 13.8% to £116.4m (2015: £102.3m). This was the result of 8.9% organic growth, plus the benefit of the acquisitions of RiskFactor and KYCnet in March 2016, Toplevel Computing in July 2016, and Marketing Source in December 2016. EBITDA pre-exceptional items rose by 27.2% to £29.5m (2015: £23.2m). Margins expanded from 22.7% to 25.3%, with strong growth from higher margin software sales.

Growth was underpinned by a wide range of contract wins during the year. The division won a contract to provide loan management and motor finance software to Admiral, which is a new client for the Group. Other notable new business included a contract with Axcess Financial Europe, to support its new online lending portal, and the provision of broking technology to Intelligent Lending, operating under the Ocean Finance brand.

Other wins included asset reunification projects on behalf of Royal Dutch Shell and Santander, and a five-year proof of life contract with the Italian social security and welfare institute (INPS), in partnership with Citi. Intelligent Solutions is seeing increased opportunities in the utilities market for complaints management and secured a new contract and an extension with two major utility companies. It was also awarded a five-year contract with TSB to provide a complaints platform.

RiskFactor, KYCnet, Toplevel Computing and Marketing Source have all contributed to growth since their acquisition. RiskFactor signed a new contract with HSBC, while KYCnet won work with Deutsche Bank and Bank of Ireland.

In the second half of the year, Intelligent Solutions launched Prequel, its ground-breaking mobile biometric authentication and identity lifecycle solution. This has been developed specifically for the financial services industry and includes key identification and authentication processes. It will help clients to meet their KYC requirements and to prevent money laundering using digital technology.

Intelligent Solutions is also developing a new module for RiskFactor's digital banking platform, which will be launched in 2017. This will provide in-depth analysis of collateral and financial data when corporates apply for loans, enabling applications to be processed with minimal human intervention. It has the potential to shorten the application process from three to four weeks to as little as 10 minutes.

For further detail on product offering, see page 11.

LLOYDS BANKING GROUP AND MOTONOVO

Lloyds Banking Group

As an example of the extraordinary trust and confidence our clients place in us, we deployed Europe's largest complaint handling system to Lloyds Banking Group to over 70,000 users.

70,000

The complaints management software was rolled out to 70,000 users. It replaced 30 disparate systems with a single web-based platform for complaints resolution.

90%

The platform coupled with significant investments in process improvements and staff training means that the bank is now resolving 90% of customer complaints at the first point of contact.

50%

In addition, by finding and fixing the issues causing customer detriment, the bank has reduced the total number of complaints into the business by 50%.

Award-Winning

Our work with the bank was also recognised at the FStech awards where we were awarded 'Best use of IT in Retail Banking'.

MotoNovo automates their processes

MotoNovo Finance is the third largest motor finance company in the UK. Every week the firm helps thousands of individuals to buy a new or used vehicle.

With a manual loan application and collections system in place, they turned to Equiniti's loan application, administration and collections system to automate their processes.

Core Pancredit from Equiniti automatically pulls data from external resources into its real-time loan application and assessment functions to validate information provided by a buyer before a financing decision is made. This results in a single system that provides underwriters with all the supporting information they need to make a rapid, informed judgement on whether or not to move forward with a loan application.

The new system allows MotoNovo to manage the loans process more effectively. It integrates with dealer front-end systems and enables the dealers to match the buyers to finance products which they can afford and which are likely to be accepted.

The system enables the customer and sales person to speed through the application, resulting in a decision on the loan application in most instances within a few minutes.

> "Honesty and integrity, straight forward approach, and willingness to assist customers in meeting their customers' requirements."
>
> DAVE BRIGGS, GROUP CHIEF OPERATING OFFICER, MOTONOVO FINANCE

RISKFACTOR

RiskFactor provides RBS Invoice Finance with market-leading risk management software to manage their large and diverse portfolio of SME customers. Our solutions enable RBS to spot emerging risks earlier and reduce bad debts.

RiskFactor helps RBS reduce site audits by 70% over three years

Site audits reduced by 70%

Over the course of three years, RiskFactor helped RBS to reduce their site audits by 70%, moving away from periodic audits based on size of facility to a risk score and problem flagging approach to audit resource deployment. This led to substantial cost-savings and more targeted field audit activity.

Reporting

RBS uses RiskFactor to drive daily, weekly and monthly Portfolio Management and Risk Support routines including risk score movement, cash levels and erosions. Access to timely data and clear reporting allows the client to detect deteriorating profiles instantly.

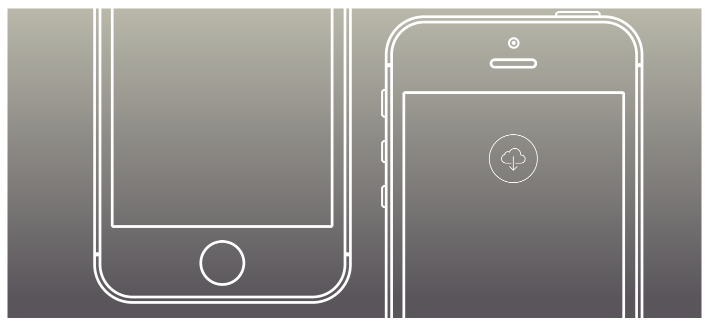
"In a busy environment with each day bringing new priorities, RiskFactor really does highlight the material emerging risks. RiskFactor has undoubtedly played a big part in our record of keeping impairments consistently low."

ALEC RANKIN, DIRECTOR OF PORTFOLIO MANAGEMENT FROM RBS INVOICE FINANCE

Pension Solutions

Pictured: Adrian Davis

Pictured: Charlotte Pitchers



MARKET DEVELOPMENTS IN 2016

Market conditions were broadly positive in 2016, tempered by the end of major public sector projects arising from the Hutton reforms. The trend towards outsourcing the administration of company pension funds is ongoing as both companies and Trustees face continuing pressure from regulation and their desire to manage their pension liabilities. Companies are also looking to transfer their pension liabilities to life companies, through both Buy-in and full Buy-out transactions in the bulk-purchase annuity market. However, very low interest rates have made this more expensive, which has led to some schemes deferring such transactions.

The pension freedoms introduced by the Government came into force in April 2016. This is driving product innovation by life insurance companies and other fund providers as they look to attract savers with flexible retirement income products. As a result, products that these providers previously considered core are becoming legacy products, creating opportunities for service providers such as Equiniti to administer them.

The cessation of contracting out has led to increased demand for Guaranteed Minimum Pension (GMP) reconciliation work. This must be completed by 2018, with the likelihood that most pension schemes will look to finish ahead of the deadline.

PERFORMANCE

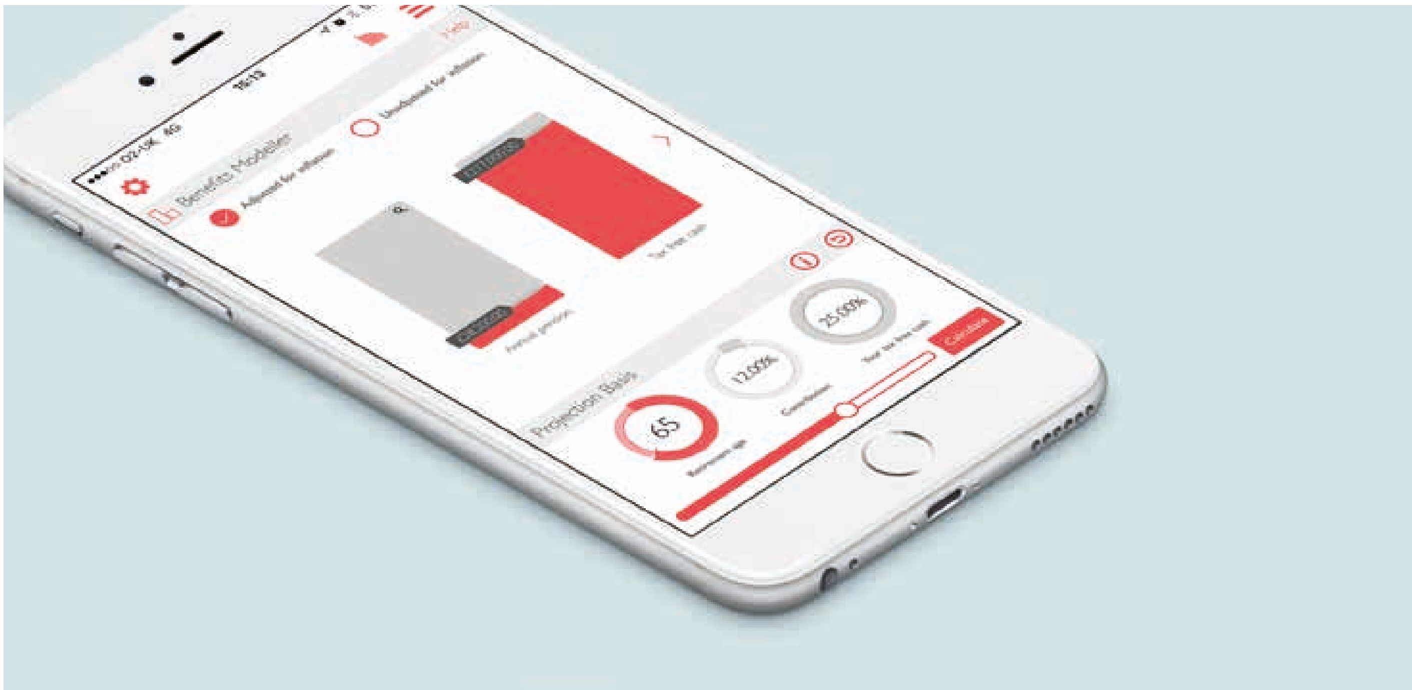
Pension Solutions revenue fell by 7.8% to £131.4m (2015: £142.5m). This was a result of the expected decline in project work for MyCSP, as the software roll-out to the Civil Service pension scheme concluded in the fourth quarter of 2015. EBITDA pre-exceptional items decreased by 9.0% to £24.3m (2015: £26.7m), driven by the volume declines at MyCSP. This resulted in a margin of 18.5%. Excluding MyCSP, the financial performance of Pension Solutions was stable over 2016. MyCSP earnings have now stabilised.

The division continued to win new clients, including a life and pensions outsourcing contract with Retirement Advantage, with a contract value of approximately £40m over 10 years. The contract saw Pension Solutions take on virtually all administrative services for the client, including processing new business. This is a first for the industry and the largest outsourcing deal in the life and pensions space in recent years. Other new client wins included Santander, Amec Foster Wheeler and University of Oxford.

Notable successes included a contract with telent to administer its closed pension scheme for the life of the plan, which is expected to be for at least another 15 years, and renewals of contracts with Heathrow, Kimberley Clark and Inchcape.

OPERATIONAL REVIEW

PENSION SOLUTIONS



The pension administration contract with Lloyds Banking Group came to an end following a retender in 2015 and a 12 month transition period. Despite this, the division secured a major GMP project with Lloyds which should run for a further two years.

The division is widely recognised for having some of the best technology in its sector and continued to win awards including Technology Innovation of the Year at the Professional Pensions UK Pensions Awards, for its RetireMe app. This app helps people considering their retirement options to understand and therefore manage their potential income on retirement. For the second year running, Equiniti's Compendia platform was ranked as the number one software package in Professional Pensions' annual survey. Equiniti also won Pensions Technology Firm of the Year at the Pensions Age awards.

Pension Solutions is focused on continually improving the quality of our outcomes to clients which serves to underpin our success in the market. We deliver these outcomes by focusing our investment on keeping our Compendia platform relevant, increasing the capability of our people and engineering more efficient and effective processes.

For further detail on product offering, see page 11.

"Equiniti's Compendia platform was ranked as the number one software package in Professional Pensions' annual survey. Equiniti also won Pensions Technology Firm of the Year at the Pensions Age awards…

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

RETIREMENT ADVANTAGE

“This deal is important for our people and our business. It secures jobs, significantly reduces our fixed costs and protects our reputation for providing excellent customer service.”

Retirement Advantage focuses on delivering simple, secure and flexible retirement products. With roots back to 1852, it wanted to scale while retaining its ability to rapidly provide innovative and good value products for the at-retirement market.

Life and pensions: Outsourcing core operations

The best way to achieve this was to outsource the core operations of customer services, technology and change activity along with the underlying systems to Equiniti. In an agreement valued at more than £40 million over 10 years, Equiniti is providing new business processing, policy and payment administration for Retirement Advantage while supporting annuity and drawdown products.

Equiniti will also take over responsibility for growing new business processing as well as the administration of all Retirement Advantage's products including The Retirement Account, Guaranteed Annuity and Flexible Income Annuity. As part of this transaction, around 100 Retirement Advantage employees have transferred to Equiniti's Worthing office.

For Equiniti, this deal reinforces its commitment to the Life and Pensions industry. Post Pensions Reform, the decumulation phase of retirement is set to grow in particular.

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

> For Equiniti, this deal reinforces its commitment to the Life and Pensions industry.

This agreement is valued at more than

£40m

over 10 years

retirement advantage

Financial Review

OVERVIEW

The Group made good progress in 2016 as we continued to drive growth in relatively challenging market conditions. To a large extent, the non-discretionary nature of our services has insulated us from volatility and the lack of positive economic sentiment. Our biggest asset is our client base, which we believe is the best in the industry. We retained 100% of our FTSE 100 clients and our average client relationship is over 20 years. We continued to deliver organic growth, continued to cross-sell to our strategic clients and increased our offshoring capability with 760 people in our Chennai centre. Margin progression, cash conversion and leverage reduction continued in line with expectations.

Reported revenue grew by 3.7% to £382.6m (2015: £369.0m) during the year, with organic revenue growth of 2.1%. EBITDA prior to exceptional items increased by 7.2% to £92.4m (2015: £86.2m). EBITDA post exceptional items for the year was £87.4m (2015: £53.4m).

The Group's free cash flow was £92.6m, resulting in a strong free cash flow conversion of 100% before capital expenditure. Net debt was at £251.2m at year end. This represented a reduction of £11.5m over 2016, and a ratio of 2.7 times net debt to EBITDA at 31 December 2016 (31 December 2015: 3.0 times on a pro forma basis).

INCOME STATEMENT

The key lines of the income statement for the year are summarised below and include analysis of revenue, EBITDA prior to exceptional items, exceptional items, EBIT and profit before tax. Proforma adjustments have been made to the prior year to remove IPO-related exceptional costs and record finance costs in relation to the new debt structure, to enable us to compare like-for-like performance. An adjustment to tax has been made to reflect the Group's expected ongoing effective cash tax rate of 14% (2015: 15%).

£m	2016 Reported	2015 Proforma	2015 Adjustment	2015 Reported
Revenue	382.6	369.0	–	369.0
EBITDA prior to exceptional items	92.4	86.2	–	86.2
Depreciation	(5.4)	(4.4)	–	(4.4)
Amortisation – software	(16.0)	(15.8)	–	(15.8)
Amortisation – acquired intangibles	(25.3)	(23.0)	–	(23.0)
EBIT prior to exceptional items	45.7	43.0	–	43.0
Exceptional items	(5.0)	(10.3)	–	(10.3)
Reported EBIT prior to IPO costs	40.7	32.7	–	32.7
IPO related exceptionals – operating costs	–	–	22.5	(22.5)
Reported EBIT	40.7	32.7	22.5	10.2
IPO related exceptionals – finance costs	–	–	21.2	(21.2)
Net finance costs[1]	(12.2)	(13.0)	47.7	(60.7)
Profit / (loss) before tax	28.5	19.7	91.4	(71.7)
Taxation[2]	4.9	(3.0)	(28.9)	25.9
Profit / (loss) after tax	33.4	16.7	62.5	(45.8)
Non-controlling interests	(2.9)	(4.6)	–	(4.6)
Profit/ (loss) attributable to ordinary shareholders	30.5	12.1	62.5	(50.4)

1 2015 proforma net finance costs has been presented to better reflect the cost that would have been incurred had the Group's current debt structure been in place throughout the current and prior year including the associated swap agreements.

2 2015 proforma taxation has been presented to better reflect the tax charge that would have been incurred had the Group's current debt structure been in place throughout the current and prior year at an estimated effective tax rate for the Group of 15% in 2015 and 14% in 2016.

FINANCIAL REVIEW

REVENUE

Reported revenue increased by 3.7% to £382.6m (2015: £369.0m) during the year whilst proforma revenue adjusted for acquisitions grew organically by 2.1%. Investment Solutions delivered strong growth benefitting from organic growth through corporate actions, share plans and project work with existing clients, along with the acquisition of TransGlobal Payment Solutions (TransGlobal) in September 2015. Intelligent Solutions also delivered strong growth, benefitting from the acquisitions of KYCnet and RiskFactor in March 2016, along with strong organic growth driven by an increase in technology sales in complaints management and on-boarding of new clients. Pension Solutions revenue declined as anticipated, as a result of the conclusion of the MyCSP roll-out in the fourth quarter of 2015, whilst the rest of the pensions business was stable over 2016. Revenue from interest was 20.4% higher than the prior year due to higher average client cash balances and the full year benefit of interest rate swaps put in place in August 2015.

EBITDA PRIOR TO EXCEPTIONAL ITEMS

EBITDA prior to exceptional items is a key measure of the Group's performance. It reflects profit before finance costs, taxation, depreciation and amortisation and exceptional items. EBITDA prior to exceptional items of £92.4m increased by 7.2% in 2016, reflecting the impact of acquisitions made in the current and prior year, organic growth and improved cost management.

REPORTABLE SEGMENTS

The Group reports its results in four segments: Investment Solutions, Intelligent Solutions, Pension Solutions and Interest Income, supported by central functions. The Board monitors the performance of the four segments through revenue and pre-exceptional EBITDA. The results of these segments were as follows:

Reportable segments	Reported 2016	Reported* 2015	Reported Change %	Organic Change %
Revenue (£m)				
Investment Solutions	**123.6**	114.9	7.6	6.7
Intelligent Solutions	**116.4**	102.3	13.8	8.9
Pension Solutions	**131.4**	142.5	(7.8)	(7.8)
Interest Income	**11.2**	9.3	20.4	17.9
Equiniti Group	**382.6**	369.0	3.7	2.1
EBITDA prior to exceptional items (£m)				
Investment Solutions	**38.6**	35.1	10.0	
Intelligent Solutions	**29.5**	23.2	27.2	
Pension Solutions	**24.3**	26.7	(9.0)	
Interest Income	**11.2**	9.3	20.4	
Central Costs	**(11.2)**	(8.1)	38.3	
Equiniti Group	92.4	86.2	7.2	

* 2015 restated to reflect Company Secretariat business transfer from Investment Solutions to Intelligent Solutions (£2.7m revenue and £0.3m EBITDA).

ORGANIC REVENUE

Organic revenue growth is reported revenue growth adjusted for acquisitions on a like-for-like basis. Here we retstate 2015 for the period acqusitions have been owned in 2016 to create a like-for-like comparison of year on year progress. This is calculated as follows:

Revenue (£m)	2015 Reported	2015 Adjustment	2015 Proforma
Investment Solutions	**114.9**	0.9[1]	115.8
Intelligent Solutions	**102.3**	4.6[2]	106.9
Pension Solutions	**142.5**	–	142.5
Interest Income	**9.3**	0.2[3]	9.5
Total Group	**369.0**	5.7	374.7

1 Acquisition of Selftrade.
2 Acquisition of KYCNet, RiskFactor, Top Level and Marketing Source.
3 Acquisition of Selftrade.

Investment Solutions

Revenue increased by 7.6% to £123.6m, with strong organic growth including corporate action activity of £7.9m (2015: £6.2m) as well as the contribution from acquisitions. Revenue grew organically by 6.7%.

EBITDA prior to exceptional items grew by 10.0% driven by strong organic growth. Strong margin progression resulted from continued focus on offshoring, service innovation and lean methodologies.

Intelligent Solutions

Revenue increased by 13.8% to £116.4m, as a result of organic growth of 8.9%, driven by continued strength in demand for technology solutions in complaints management. The acquisitions of KYCnet and RiskFactor in March 2016, Toplevel Computing in July 2016, and Marketing Source in December 2016 contributed to reported growth.

EBITDA prior to exceptional items increased by 27.2% as a result of strong revenue growth and an increasing proportion of the business being driven by technology sales.

Pension Solutions

Revenue in Pension Solutions decreased by 7.8% to £131.4m with a decrease in EBITDA prior to exceptional items of 9.0% to £24.3m. This was due to the expected decline in project work in MyCSP with its software roll-out to the Civil Service concluding in Q4 2015. Excluding MyCSP, the financial performance of Pension Solutions was stable over 2016. MyCSP earnings have now stablised.

Interest

Revenue from interest was 20.4% higher than the prior year, due to higher average client cash balances of £1,917m (2015: £1,296m), and includes the benefit that the Group has secured through entering into three-year interest rate swaps at a blended rate of 1.03%, relating to £650.0m of cash balances. The interest rate swaps expire in July and August 2018.

EARNINGS BEFORE INTEREST AND TAX

EBIT	2016 £m	2015 £m	%
EBITDA prior to exceptional items	92.4	86.2	7.2
Depreciation	(5.4)	(4.4)	22.7
Amortisation – software	(16.0)	(15.8)	1.3
Amortisation – acquired intangibles	(25.3)	(23.0)	10.0
EBIT prior to exceptional items	45.7	43.0	6.3
Exceptional items – non-IPO related	(5.0)	(10.3)	(51.5)
EBIT prior to IPO costs	40.7	32.7	24.5

EBIT remains an important measure of the Group's performance, reflecting profit before finance costs and taxation. In 2016, reported EBIT prior to IPO-related exceptional costs was £40.7m, an increase of £8.0m (24.5%) compared with the prior year (£32.7m). Reported EBIT growth was partially offset by an increase in amortisation of acquired intangibles, which rose through our acquisition programme.

Exceptional items	2016 £m	2015 £m
Operating costs		
Acquisition, restructuring and other costs	5.0	10.3
IPO-related costs	–	22.5
Operating costs – exceptional items	5.0	32.8

Finance costs		
Write off of unamortised fees of previous finance arrangement	–	12.3
Other financing fees	–	8.9
Finance costs – exceptional items	–	21.2

Exceptional operating costs of £5.0m (2015: £32.8m) primarily relate to acquisition-related expenses, including transactional fees and changes in expected contingent consideration, and restructuring and other costs related to building an offshore centre in Chennai, and driving the Group's efficiency agenda.

NET FINANCE COSTS

Group net finance costs before exceptional items fell by £48.5m to £12.2m (2015: £60.7m) reflecting the benefits of the Group's new capital structure and loan agreements from October 2015.

PROFIT BEFORE TAX

The Group made a profit for the year of £28.5m, compared to a loss of £71.7m in 2015.

EARNINGS PER SHARE

Earnings per share	2016	2015
Basic earnings per share		
Profit / (loss) attributable to shareholders (£m)	30.5	(50.4)
Weighted average shares (m)	300.0	54.3
Basic earnings / (loss) per share (pence)	10.2	(92.8)

The Group made a basic earnings per share of 10.2 pence (2015: loss per share of 92.8 pence) which is based on weighted average shares of 300.0 million (2015: 54.3million).

UNDERLYING EARNINGS PER SHARE (UNAUDITED)

The Group's stated dividend policy is a pay-out of around 30% of normalised profit after tax. Underlying profit excludes exceptional items and amortisation of acquisition related intangible assets and includes finance expenses on a proforma basis. Cash tax is deducted at 14% (2015: 15%), to reflect the Group's estimated effective cash tax rate over the medium term. This better allows the assessment of operational performance, the analysis of trends over time, the comparison of different businesses and the projection of future performance. Underlying earnings per share is calculated as follows:

Underlying earnings per share	2016 £m	2015 £m
EBITDA prior to exceptional items	92.4	86.2
Depreciation	(5.4)	(4.4)
Amortisation – software	(16.0)	(15.8)
Net finance costs (2015 proforma)	(12.2)	(13.0)
Underlyting PBT	58.8	53.0
Cash tax	(8.2)	(8.0)
Underlying PAT	50.6	45.0
Non-controlling interest	(2.9)	(4.6)
Underlying profit attributable to ordinary shareholders	47.7	40.4
Number of shares (m)	300.0	300.0
Underlying earnings per share (pence)	15.9	13.5

Underlying earnings per share was 15.9 pence compared to the prior year adjusted earnings per share of 13.5 pence, based on the number of shares in issue at 31 December 2016.

DIVIDEND

The recommended final dividend payable in respect of the year ended 31 December 2016 is £9.4m or 3.11 pence per share, giving a total dividend for the year of 4.75 pence per share. This is in line with the Group's stated policy and shows growth of 16.4% compared to the proforma maiden dividend of 4.08 pence per share in 2015.

FINANCIAL REVIEW

CASH FLOW

The Group generated a free cash flow of £92.6m (2015: £97.6m) representing a conversion of EBITDA prior to exceptional items to free cash flow of 100% (2015: 113%). The main movements in cash flow are summarised below:

£m	2016	2015
EBITDA (pre-exceptional)	92.4	86.2
Working capital movement	0.2	11.4
Free cash flow	92.6	97.6
Cash flow conversion	100%	113%
Capital expenditure	(28.2)	(18.4)
Net interest costs	(9.9)	(29.4)
Proceeds from issue of share capital	–	495.0
Net increase / (decrease) in borrowings	(14.0)	274.5
Repayment of loans	–	(706.9)
Exceptional items – IPO/refinancing	–	(14.8)
Exceptional items/provisions – other, including IPO costs	(28.7)	(24.2)
Investment in current year acquisitions	(12.0)	(19.9)
Payment of deferred consideration	(7.3)	(3.9)
Dividends paid	(10.3)	–
Taxes paid	(2.2)	(1.5)
Other	0.1	(1.7)
Net cash movement	(19.9)	46.4

Free cash flow

Free cash flow is EBITDA plus the change in working capital, both prior to exceptional items, and is a key performance indicator. The movement in working capital of £0.2m excludes cash flows relating to exceptional items and is indicative of the Group's commitment to improve its working capital position through automating invoice generation and improving payment terms.

Capital expenditure

Net expenditure on tangible and intangible assets was £28.2m (2015: £18.4m). This represents 7.3% of revenue (2015: 5.0%) reflecting the Group's commitment to developing industry leading software.

Net interest costs

Net interest paid decreased by £19.5m to £9.9m (2015: £29.4m) as we started to see savings from the change in capital structure in October 2015. Total interest bearing loans decreased from £320.0m to £306.0m, at a lower rate of interest.

Exceptional items

Exceptional items of £5.0m primarily relate to costs associated with building an offshore centre with scale in Chennai and driving the Group's efficiency agenda.

Investment in current year acquisitions

Net cash outflow on current year acquisitions was £12.0m (2015: £19.9m). A further £7.3m (2015:£3.9m) was spent on deferred consideration for prior year acquisitions. Details of acquisitions are given later in this financial review.

Tax paid

The Group continues to pay tax in relation to MyCSP and our Indian operations. In addition, in 2016 the Group also started to make payments on account in respect of its year-end tax liability. The Group has become tax paying as a result of the change in capital structure following its IPO in October 2015. The tax cash rate of 14% (2015: 15%) is significantly less than the effective tax rate in the UK due to the utilisation of deferred tax assets in respect of tax losses brought forward and unclaimed intangible assets and capital allowances.

BANK BORROWING AND FINANCIAL COVENTANTS

At the end of December 2016, net debt was £251.2m (2015: £246.0m).

£m	Reported 2016	Proforma 2015	Reported 2015
Cash and cash equivalents	(56.7)	(58.2)	(76.5)
Senior debt	250.0	250.0	250.0
Revolving credit facility	56.0	70.0	70.0
Other	1.9	0.9	2.5
Net debt	251.2	262.7	246.0
Net debt/EBITDA prior to exceptional items (times)	2.7	3.0	2.8

On a proforma basis, allowing for the timing of IPO costs, net debt reduced by £11.5m in 2016. The fully drawn senior term debt facility and the revolving credit facility are available to October 2020. £94.0m of the £150.0m revolving credit facility was undrawn at the year end. The Group has substantial liquidity to support its growth ambitions and ongoing working capital needs.

ACQUISITIONS

During the year the Group made four acquisitions. It also completed a further acquisition in January 2017.

On 3 March 2016, the Group acquired KYCnet. KYCnet provides cutting edge workflow technology for on-boarding and monitoring of commercial and retail clients and has broad applicability across financial services as well as retail, travel and legal services.

On 4 March 2016, the Group acquired RiskFactor, a UK-based provider of credit decisioning and risk profiling software for commercial lending, with deep client relationships and broad applicability across lending products. RiskFactor complements our other 'control risk' capabilities within our Intelligent Solutions division.

On 22 July 2016, the Group acquired Toplevel Computing. Toplevel is a digital services technology provider of large-scale digital case management solutions. This acquisition will add to our technology-based services and demonstrates progress on our strategy. Digitisation of the customer journey is a key focus for our clients and we see a material cross-sell opportunity into our extensive financial services client base.

The Group took control of Marketing Source on 1 December 2016 for a total consideration of £14.0m (net of cash acquired) with a further earn-out of up to £2.5m payable in 2019 and up to £4.7m payable in 2021, dependent on growth. Marketing Source is a data analytics and cyber security business which helps clients mitigate risk and improve effective customer targeting through data analytics, identity checking and cyber security products. For full year 2017, Marketing Source is expected to deliver c£5m of revenue and c£2m of EBITDA post acquisition costs.

In January 2017, the Group acquired Gateway2Finance for a total consideration of £200k with a further earn-out of up to £1.0m payable in 2020, dependent on growth. Gateway2Finance is an FCA authorised entity acting as a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites. Post-acquisition costs, contribution from Gateway2Finance will be negligible for FY2017.

The acquisitions will enhance our capabilities in compliance for Financial Services and will contribute to organic growth as we leverage our ability to cross-sell to existing clients.

RETIREMENT BENEFITS

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

The aggregate deficit across all three schemes is £23.9m (2015: £13.5m) with a funding plan in place to clear these deficits over the next 10 years. During the year, the Group has closed all schemes to future accrual, as well as consolidating its defined contribution pension plans into a single provider.

TAXATION

Equiniti Group plc is a UK-based Group, with some support services based in India.

Following the Group's IPO in October 2015, the net external debt on which the Group pays interest reduced. The Group is now forecast to pay corporate income tax in the UK, Holland (acquisition during the year) and India, totalling £2.2m (2015: £1.2m).

Equiniti has the following tax assets to utilise:

- Schedule D1 trading losses of £236m (2015: £224m)
- Intangible assets of £378m (2015: £400m)
- Other tax assets of £35m (2015: £33m)

This will allow the Group to benefit from a low effective cash tax rate for the foreseeable future. For 2017, this is estimated at approximately 14% of pre-tax profit.

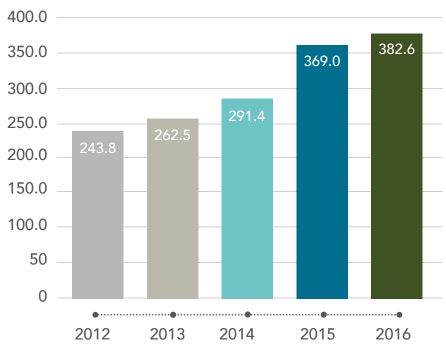
The Group undertakes research and development (R&D) activities in relation to enhancements to its software platforms. Some of this R&D activity qualifies for R&D tax credits under HMRC rules. The Group continues to monitor its R&D activities and will apply for tax credits for all qualifying expenditure.

John Stier
Chief Financial Officer

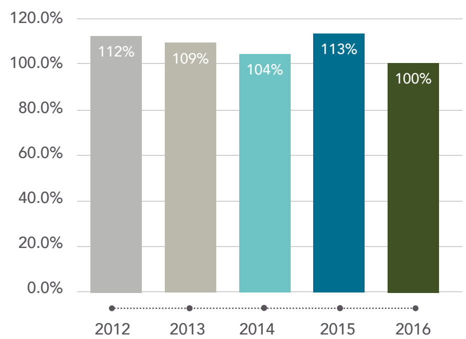
7 March 2017

FINANCIAL REVIEW

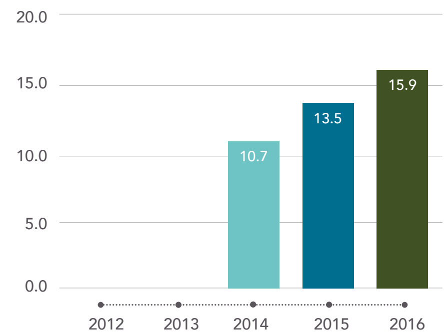
ADJUSTED* REVENUE (£m)



FREE CASH CONVERSION (%)

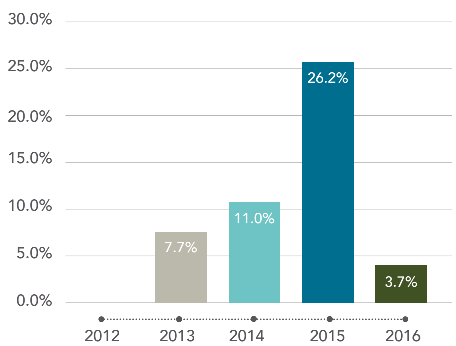


UNDERLYING EPS (UNAUDITED) (PENCE)

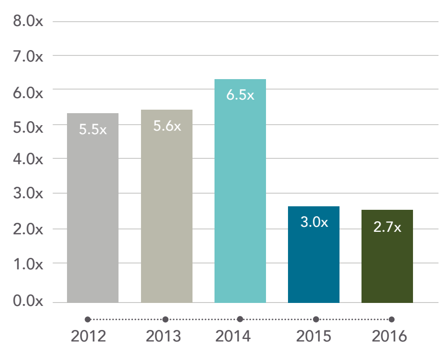


Underlying EPS has not been stated before 2014 with the business operating under a fundamentally different capital structure before then.

ADJUSTED* REVENUE GROWTH (%)

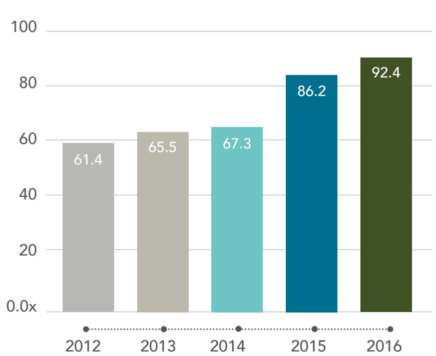


LEVERAGE – NET DEBT: EBITDA (x)

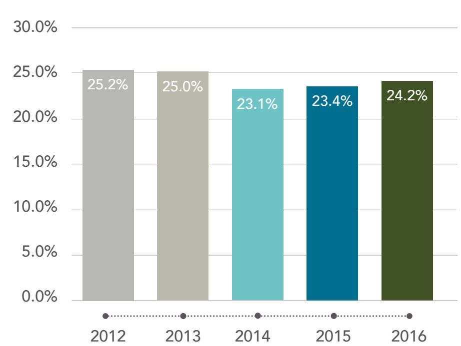


*2015 leverage is proforma, calculated as net debt/ EBITDA, adjusted for IPO costs paid in H1 2016.

ADJUSTED* EBITDA PRIOR TO EXCEPTIONAL ITEMS (£m)



ADJUSTED* EBITDA MARGIN (%)



Financial history has been provided for the financial years from 2012, where the metric is available, to correspond with the financial history presented in the Equiniti Group plc prospectus for the Initial Public Offering in 2015. This will expand to a five year history in future reporting periods.

* Revenue and EBITDA have been adjusted in 2012-2014 to reflect the impact of fundamental changes to the business, as outlined in the Group's prospectus. No adjustments have been made to 2015 or 2016 revenue and EBITDA.

Principal risks and uncertainties

Equiniti has continued to make progress in 2016 with the development and implementation of its risk management framework.

As Equiniti grows, either through business development or acquisition, the complexity of the business increases and the risk environment changes. It is therefore important that the business continually evolves its approach to risk management in line with these changes.

OUR RISK MANAGEMENT FRAMEWORK

We have an enterprise-wide risk management (EWRM) framework, which is defined by our Group Risk Management Policy.

The Board has ultimate responsibility for our system of risk management and internal control. It delegates responsibility for overseeing and directing the EWRM's development to the Risk Committee and then to our risk owners, who are the managing directors (MDs) of our businesses, operations and information technology. The Group Chief Risk Officer oversees the risk management system as a whole, while the Head of Operational Risk oversees the Group-wide risk process.

Our MDs are required to establish mechanisms for identifying, assessing and managing risks in their area, in accordance with the EWRM. They identify and define the risks they face, plot the risks' impact against the probability of them arising, and log them in a divisional risk register. The EWRM framework sets out common language for describing risk, enabling us to consistently categorise and communicate risk across the Group.

Every quarter, the Executive Risk Committee reviews and challenges the top ten risks for each area and reviews specific areas in details. For example, the Committee might review areas where risk exposure is expected to increase due to external events or where the Committee requires further understanding of mitigations in place to manage a material risk. Risk is also considered as part of our monthly Group Performance Reviews, which are led by the Chief Financial Officer and Chief Executive, and involve all divisional MDs and finance directors.

We also have an Internal Audit function that reports directly to the Chair of the Audit Committee. It oversees the ongoing challenge of the design and operation of our risk framework, to provide comfort that the framework is effective and to raise any necessary remediating actions.

RISK MANAGEMENT AND GOVERNANCE OF REGULATED ENTITIES

Equiniti Financial Services Limited (EFSL) is the Group's most significant FCA-regulated entity. It must ensure that it can meet its regulatory capital requirements and has sufficient liquidity to meet its liabilities as they fall due, including under potentially highly stressed circumstances. It must also comply with a range of other regulatory obligations, such as the FCA's conduct of business rules and the need for periodic regulatory supervisory visits.

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

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

A detailed description of EFSL's risk management approach, risk governance and risk appetite can be found in its Capital Requirement Directive "Pillar 3 disclosures", which are available on our website at https://equiniti.com/about/statutory-and-regulatory-reports/2016/04/capital-requirements-directive-2016/

"The EWRM framework sets out common language for describing risk, enabling us to consistently categorise and communicate risk across the Group…

PRINCIPAL RISKS AND UNCERTAINTIES

The tables below set out the principal risks and uncertainties facing the Group.

RISK	IMPACT	MITIGATION	TREND*
Change in client demand We are exposed to client behaviour and trends in their decisions to outsource services and pursue corporate actions. This can be hard to predict as individual business strategy, the UK economic outlook and geo-political issues, including Brexit, may all influence clients' activity.	Changes in clients' approach could affect demand for our services, with a corresponding impact on our results from operations. Links to the following strategy elements: 1 2	• Diversification of clients and services. • Ongoing relationship management with clients to monitor demand trends. • Monitoring industry outsourcing trends. • Monitoring trends in corporate actions.	–
Reduction in Bank of England base rate The revenue we earn on cash balances depends on the Bank of England base rate.	A reduction in the base rate would decrease our revenue and profit from interest on cash balances. Links to the following strategy elements: 1	• Hedging programme reduces severity and timing of impact. • Alternative charging models.	–
Information security breach We collect, process and store confidential information about our clients and their employees, shareholders, pensioners and customers. There is a risk of inappropriate access, unauthorised modification or unavailability of such information stemming from failed processes and controls or targeted cyber-attacks.	An information security breach could reduce the quality of our services to clients and result in legal or contractual breaches, reputational damage, increased costs and reduced revenues. Links to the following strategy elements: 1 2	• Ongoing programme of investment in cyber security (internal and external). • ISO27001 compliant control framework for key elements of the Group. • Continuous review of cyber security capability and emerging threats.	–
Loss of key clients While our business is spread across c1,700 clients, we have a small number of clients that are material to our business. Our largest single client provided 9% of our 2016 revenues and our top ten clients made up 34% of our 2016 revenues between them. We could lose a key client when its contract with us comes up for renewal or if a client is acquired by a company that we do not serve.	Loss of a key client could significantly affect our results from operations. Links to the following strategy elements: 1	• Investment in technology and processes to support clients. • Dedicated relationship management and support. • Major clients take many services from us which improves retention.	▼

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	IMPACT	MITIGATION	TREND*
Regulatory risk There are two main elements to regulatory risk within Equiniti: a) Regulatory burden There is an ongoing trend for greater regulation and supervision in our markets. Making acquisitions in new business areas can also increase the range of regulations we must comply with. b) Regulatory failure There is a risk that we could breach our regulatory requirements.	Greater regulation can increase our compliance costs, reduce our business agility and take up ever-greater amounts of staff time. Failure to meet our regulatory requirements could lead to investigation, remediation, sanction, and adverse publicity. It may also lead to lost opportunities and loss of a key client as a consequence of management being focused on resolution. Links to the following strategy elements: 1 2 3 4	• Three lines of defence model and EWRM framework embedded in business. • Dedicated risk and compliance teams. • Capital investment programme ensures mitigation actions receive appropriate funding. • The costs of regulation can be offset through the development of new services and products to support customers facing increased regulatory burden.	▲
Attracting and retaining high calibre employees We depend on the knowledge, expertise and efforts of our people, including our senior executives and other senior management, Key Account relationship managers and key IT personnel. There is a risk that key individuals, instrumental in setting our strategic direction, operating our business, identifying, recruiting and training other key personnel and identifying and securing business opportunities will leave the business.	Failure to attract and retain the people we need could affect our operating efficiency and our ability to deliver our business plans. Links to the following strategy elements: 1 2 3 4	• Succession planning and talent management programme. • Graduate scheme and "rising stars" talent development programme. • Group-wide employment benefits package.	▼
Change, transformation & mobilisation Equiniti has an ongoing change programme to improve efficiency and grow the business. This includes offshoring, acquisition and delivery of complex programmes. There is a risk that we are not able to manage the scale and complexity of change smoothly. The regulatory burden risk is a contributory factor to this risk.	Failure to successfully implement our change programme could prevent us from optimising our efficiency and affect our ability to grow the business. Links to the following strategy elements: 1 2 3 4	• Embedded experience of successful large scale mobilisation. • Dedicated change management function. • For offshoring, running processes on both sites within the same control framework and careful handover. • Prioritised capital investment programme ensures mitigation actions receive appropriate funding.	–

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	IMPACT	MITIGATION	TREND*
Adverse legislative and environmental changes While Equiniti has benefitted from legislative changes creating opportunities to help our clients, there is also the risk that legislative change may negatively affect an income stream. Dematerialisation of share certificates is likely. A change in legislation around earning interest on client balances (currently 12% of EBITDA) could require us to pass the interest on to clients. Emerging technologies (such as blockchain based systems) could disrupt parts of the Group's business model.	Failure to respond effectively to changes in legislation or our operating environment could result in lost revenue or increased costs. Conversely, these changes also present opportunities to support clients facing these challenges. Links to the following strategy elements: 1 2 3	• Diversification of revenue streams to avoid concentration on any specific area. • Dematerialisation risk is an opportunity through the launch of digital certification. • Review pricing models as economic circumstances change. • Fintech innovation centre is developing insights into new technologies.	–
Disruption to client servicing Our services rely on company assets consisting of buildings, IT infrastructure, systems and people. The loss of a key building or a serious IT availability issue could affect our ability to execute client tasks on time and to agreed quality standards.	Disruption to our client service could result in additional costs, damage to our reputation and the loss of clients and the associated revenue. Links to the following strategy elements: 1 2 3 4	• Group risk business continuity management framework (including attention, compliance review and alignment to ISO standards). • Detailed business continuity planning for key infrastructure and processes. • Investment in alternative site provision (e.g. warm standby for key processes). • Disaster recovery plans.	▼

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

Viability statement

Equiniti conducts a significant portion of its business through recurring revenue secured via long term contracts and has a stated modest growth strategy, evidenced both by its past performance and resilience and the position it occupies in the market. A period of three years has been chosen as this period is covered by our financial planning time frame and the Directors have a reasonable confidence over this time horizon.

The Group's strategy is well documented (see pages 16-17). As such, the key factors affecting the Group's prospects are:

- Underlying mix and quality of our client base: we serve 70% of the companies in the FTSE 100, and our revenues are distributed as follows: c46% derived from our top 25 private clients, c36% from other private clients and c18% from our public sector clients. As such, we have a resilient underlying portfolio of clients. We normally provide multiple services under many contracts to each client which diversifies our risk further.
- Market position: the Group is the leading provider of share registration and corporate action services, and the number two provider by the number of pension scheme members. The underlying tenure of FTSE 100 clients for share registration extends beyond 20 years.
- Platforms and technology: the Group has invested continuously in developing and acquiring platform technology that is both proprietary and well recognised in the industry and by its clients.
- Modest but realistic growth aspirations: the Group is targeting organic revenue growth supplemented by acquisitions, with moderate margin improvements driven by offshoring, automation and property rationalisation.

2. THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

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

The output of the annual review process is a set of objectives, detailed financial forecasts and a clear explanation of the key assumptions and risks to be considered when agreeing the plan. The latest updates to the plan were finalised in December 2016. 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 forecasts 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:

- Organic revenue growth supplemented by acquisitions, supported by market trends and increased cross-selling into our customer base.
- Modest margin improvement driven by operating leverage, offshoring, automation and property rationalisation.
- No change in the stated dividend policy.
- No change in capital structure given the Group has secured term debt and a revolving credit facility out to October 2020.

3. ASSESSMENT OF VIABILITY

Although the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has also assessed the financial impact of a number of alternative scenarios.

These represent stresses which include the following potential scenarios:

- Depressed market activity leading to a prolonged reduction in corporate action revenue.
- Reduction in revenue growth for a long period of time, with a lag in cost reduction action.
- Significant change programmes (offshoring/automation/property rationalisation) do not deliver anticipated benefits.
- 20% reduction in planned EBITDA across a three year period.

The results of the stress testing, including a combination of the individual scenarios, demonstrated that due to the Group's high cash generation and access to additional funds that it would be able to withstand the impact in each case. Mitigations considered as part of this stress testing included cost reduction programmes, dividend cuts and a reduction in capital expenditure.

4. VIABILITY STATEMENT

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

PEOPLE

This section describes the resources and relationships that underpin our business success. It sets out how we develop our people and technology platforms, how we manage our relationships with clients, suppliers, communities and charities, and how we work to reduce our environmental impact.

PEOPLE

People are at the heart of our sophisticated services. For our business to succeed, we need to manage our people's performance and develop and bring through talent, all while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform our behaviour, so we achieve our goals in the right way.

> People are at the heart of our sophisticated services

DRIVING PERFORMANCE

We have a consistent objective and performance management framework, which we use across the organisation. This framework is aligned to the Group's strategic objectives. In 2016, our Chief Executive and Group Human Resources Director ran a people review with the Managing Directors of each division and with each function head. These meetings considered:

- performance moderation for each part of the organisation, including a person-by-person analysis of everyone in the two levels below the Managing Directors and function heads; and
- a review of talent and succession.

The results of these reviews enabled us to focus on the top performers, confirming the talent we have and the relevant succession plans. We also put considerable effort into managing poor performers. This can involve developing them to improve their performance or finding them other roles in the organisation, and if absolutely necessary, exit them from the business.

In addition, we are developing a pool of graduates to drive performance in all areas of the business. The first graduates were offered roles in December 2016 and joined the Group at the beginning of 2017.

Pictured anti-clockwise (this page)
Emma Penn
Jack Gillett

Pictured from top (opposite)
Tony Dasca
Kathy Cong and Lina Brown

DEVELOPING CAPABILITY

DEVELOPING CAPABILITY

A major focus this year has been developing capability to support our strategy and revenue growth. For example, we have put significant investment into developing our salesforce, by running development programmes through our Sales Academy. More than 120 people were trained this year, to bring them to a consistent level of ability.

In the second half of the year we ran our C-Suite programme for 23 key account managers and business development directors. This development programme is aimed at real revenue generation via strategic account, client proposition and pursuit plans for high-value opportunities. We have received excellent feedback from attendees. We also focused on other areas of the business, such as finance and audit teams, to ensure they have the capability and leadership they need to achieve their plans and the Group strategy.

All staff have access to our newly launched learning management system (LMS), which includes nearly 300 courses. In 2017, we intend to build online journeys and learning academies for each area of the business. Another major focus next year will be rolling out a new reward framework and supporting career paths, which will link to learning and development and the LMS. This will help us to guide our peoples' career progression and development.

TALENT AND SUCCESSION

Having completed talent reviews and succession plans for the top three levels of the organisation, we held the first six-monthly talent review assessment with the Executive Committee in December. These reviews enable regular consideration, at the most senior level, of the factors that allow potential to flourish, as well as planning developmental experiences and regular career moves that will build a robust talent and succession pipeline. We have also created a Group development programme, for launch in 2017.

In parallel with our graduate programme, we introduced a 'rising stars' programme for existing employees. The first cohort of 17 people will receive the same development, mentoring and stretch project opportunities as our graduates. We have also identified a group of talent ambassadors who will support graduates and rising stars through mentoring and coaching.

In addition, we are running several apprentice programmes. These include a two-year apprenticeship in pension administration, which we piloted in 2016, and higher level apprenticeships to develop software engineers, which will launch in the first half of 2017.

Enhancing the Group's leadership has also been high on the agenda, with a number of senior hires across the business. This has brought new talent and industry insight into the Group.

RECRUITMENT AND OFFSHORING

Improving our operational efficiency is a key part of our strategy. In 2016 we made significant progress with our offshoring programme, ending the year with 760 roles in Chennai. Our work this year included enhancing our offshore HR capability. We further developed the recruitment team and looked at additional processes and support that the offshore team can provide to our people.

We also manage our headcount in the UK carefully, to ensure we make best use of our resources. This includes reviewing our use of contractors each month and looking to redeploy individuals to avoid both exit and hiring costs.

During the year, we ran an initiative called Movement to Work with the Prince's Trust. The pilot programme provided 15 unemployed young people with three weeks of structured training, development and work experience. The programme also hones their job-seeking skills, including CV writing and interview techniques. The pilot was highly successful, with seven young people being offered roles with Equiniti. In 2017, we will run one programme each quarter, with each one lasting six weeks.

HARMONISING PENSIONS

One of our major people-related projects this year was to harmonise pension arrangements across the Group. This involved the closure of three defined benefit schemes and the consolidation of 40 different pension arrangements into one defined contribution scheme, with a single provider.

RESOURCES AND RELATIONSHIPS

OUR CULTURE AND VALUES

Equiniti 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.

THE GROUP HAS FIVE VALUES, WHICH WE IDENTIFIED THROUGH EMPLOYEE AND MANAGEMENT WORKSHOPS. THESE ARE:

TRUST

We act with integrity and openness in our dealings with others

- We are honest in accepting responsibility rather than apportioning blame.
- We have faith in our colleagues and can rely on one another.
- We demonstrate high personal standards of integrity by always giving our best, being consistent and being ourselves.
- We act consistently with our Company's values and maintain the organisation's reputation for high standards of business conduct.

EXCELLENCE

We work hard to get it right first time and keep our promises and commitments to others

- We take actions to enhance our performance and reputation.
- We deliver on our commitments and manage expectations to ensure needs are met.
- We take ownership for problems and find solutions.
- We learn and improve from experience.

CLIENT FOCUS

We add value and build true partnerships

- We are constantly seeking new and better ways of doing things.
- We know and understand our clients and customers so that we exceed their expectations and create value.
- We aim to be a trusted partner, not just a supplier.
- We are passionate about delivering service excellence and putting the customer first.

BELIEF

We have passion and belief in what we do and who we are

- We believe in the strength and value of working together as one.
- We believe in collaborating across the business for the benefit of clients and customers.
- We promote our organisation to our friends, colleagues and external parties.

PEOPLE

We are positive, enthusiastic and supportive of one another

- We value and respect each other.
- We enable one another to develop and grow to bring out the collective best.
- We communicate with passion and enthusiasm, creating an energetic and enjoyable place where people want to work.
- We seek and value feedback.

Our values are supported by a set of defined behaviours, each of which has associated positive and negative examples. These behaviours cover communication, collaboration and team working, how we develop capability, our service and results focus, continuous improvement, building relationships, commercial awareness, and decision making and problem solving. We expect all employees to abide by these core behaviours.

We assess for behaviour during recruitment and evaluate it during performance management. Line managers are required to set behavioural objectives as part of the performance review process, identifying the key behaviours that will help individuals to deliver their objectives. Line managers also provide feedback and coaching on behaviours.

A healthy culture is one in which people have the chance to develop and thrive. Our learning and development programmes, apprenticeships and initiatives such as Movement to Work demonstrate our commitment to helping our people succeed.

Two-way communication is important for an engaged and committed workforce. We have a communication champions' forum, which meets quarterly, and launched an employee forum, to share initiatives and get feedback from our people. We also introduced a new intranet which includes a direct feedback channel allowing all staff to ask the Chief Executive questions. In October, we undertook an engagement survey as we look to understand our people's views of Equiniti and how we can improve as an employer.

Wherever we operate, and across every part of our business, we strive to create an inclusive culture in which we recognise and value difference. By bringing together men and women from diverse backgrounds and giving each person the opportunity to contribute their skills, experience and perspectives, we can deliver the best solutions to challenges and create sustainable value for Equiniti and its stakeholders.

RESOURCES AND RELATIONSHIPS

OUR CULTURE AND VALUES

Equiniti has an excellent gender balance overall, with a broadly equal split between men and women. However, we recognise we have more to do to increase the number of women in our senior management. At the beginning of 2017, the Board approved a new diversity policy for the Group, which will help us advance our diversity efforts.

The table below shows our gender diversity at the year end.

	2016		2015	
	Men	Women	Men	Women
BOARD	6	2	7	1
SENIOR MANAGEMENT	33	7	31	7
OTHER EMPLOYEES	2,255	2,045	2061	2099
TOTAL	2,294	2,054	2099	2107

>4,300

HUMAN RIGHTS

Protecting human rights is important but we do not believe it is a significant issue for our business. We ensure we protect the rights of our people by adopting suitable employment practices and we also aim to act ethically in all our business dealings.

MODERN SLAVERY

We operate a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all of our business activities and relationships. See detail in the Governance Report.

RESOURCES AND RELATIONSHIPS

OUR TECHNOLOGY PLATFORMS

We deliver our services and solutions through a suite of proprietary platforms, which provide state-of-the-art technology and functionality to our clients and give us a significant competitive advantage.

Our platforms are well-invested, with more than £100m spent on them since 2007. No major software rewrites are anticipated over the next five years. Their flexibility underpins our strategy of expanding our service offering, while adapting to changing client and regulatory requirements. Because they are proprietary, we can use them to provide white label services to clients. Our infrastructure is onshore and configured to be secure and resilient.

The platforms' scalability supports our business growth, with significant capacity to process increasingly large volumes of data and transactions. We also have a track record of making targeted acquisitions of companies with exciting technology, which open new growth areas for us.

Our four primary platforms are Sirius, Xanite, Compendia and Charter.

Sirius manages over **70m** data records on behalf of 19m shareholders

Charter processes over **4.5m** complaints on behalf of clients

Xanite supports our growing **D2C** business

EQ Xanite

Xanite is our custody and settlement wealth management platform. Through its interface with SWIFT and CREST, it supports share dealing for both retail investors and corporate clients, as well as our outsourcing services for wealth managers. The platform also enables us to provide asset custody services and supports our growing D2C business, which we deliver through our web and mobile offering.

RESOURCES AND RELATIONSHIPS

OUR TECHNOLOGY PLATFORMS

EQ Sirius

Sirius is our core 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 £120bn in 2016. Sirius receives approximately 1 million internal website hits each day and delivers an average response time of less than 1 second.

EQ Charter

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

EQ Compendia

Compendia is our award-winning pension administration and payroll platform. It is used to manage records and payments for over 7 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.

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.

Compendia manages records and payments for over

7m

UK pension scheme members

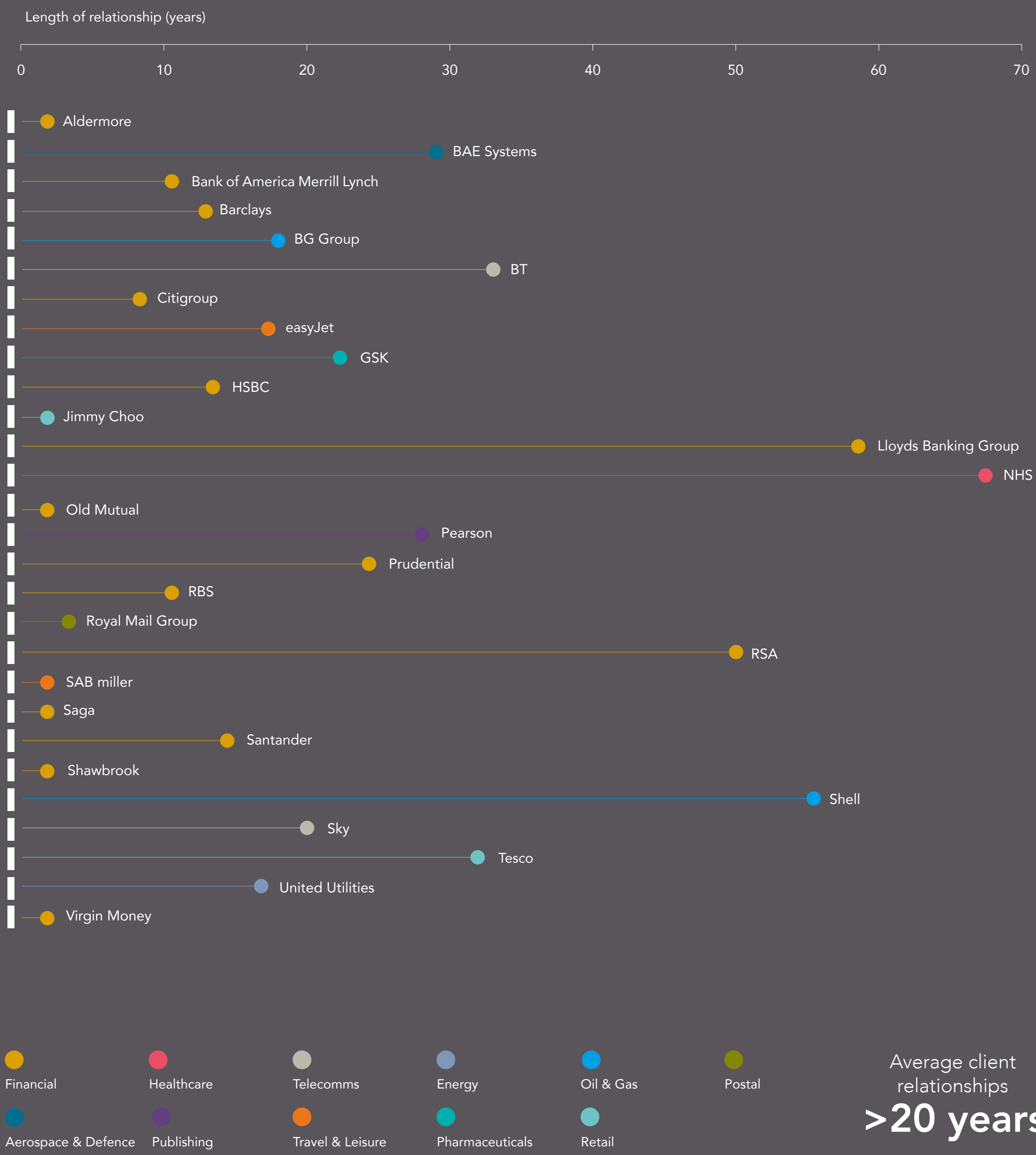
OTHER KEY TECHNOLOGY PLATFORMS

Our other key technology platforms include Centive, our executive share plans platform, and Pancredit, which supports our loan administration services.

RESOURCES AND RELATIONSHIPS

CLIENTS

Long standing client relationships



Average client relationships

>20 years

RESOURCES AND RELATIONSHIPS

CLIENTS / SUPPLIERS / CSR / COMMUNITIES AND CHARITIES

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 continue to benefit from the key accounts programme we introduced in 2014. It focuses on growing revenue from our top 32 clients, by identifying opportunities to up-sell and cross-sell other solutions. In 2016, this enabled us to deliver revenue growth of 13.5% from our strategic clients. Beyond our key accounts programme, each of our divisions have specialist sales teams who work with our clients and potential clients to win new business. We also have a bid support team, which helps us to prepare tenders and to price our contracts.

Ultimately, our clients stay with us because we have outstanding technology and deliver excellent service. The average length of our share registration relationships is more than 20 years but we also have a good balance of longer relationships and clients who are newer to the Group.

SUPPLIERS

We value all of our suppliers and have multi-year contracts with our key suppliers. While they provide services that are important to our delivery to clients, the loss of any one supplier would not have a material impact on our business and we could replace any of our suppliers without materially disrupting our business.

To ensure we manage our suppliers effectively, we use the following approach:

- Strategic suppliers: we may develop a joint business strategy with the supplier, share innovation and product development, jointly optimise total supply chain costs and reduce lifecycle costs.
- Critical suppliers: we look to reduce and mitigate risk, optimise specification and supply chain costs, and may develop the relationship towards a strategic one.
- Operational suppliers: we consolidate spend, reduce transactions and consumption, and aim to have competing suppliers to maximise efficiency.

We expect all of our suppliers to comply with our standards, such as those relating to environmental responsibility, modern slavery, human rights and ethics.

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

We believe we have a duty of care to the communities and environment in which we operate. There are also commercial benefits to adopting an active and integrated CSR approach. It helps to provide a prosperous economic environment for us to work in, increases staff loyalty, protects and enhances our brand, and helps us to win business.

The four cornerstones of our CSR approach are people, environment, charity and community. In managing our corporate responsibilities, we aim to:

- Comply with, and where practicable exceed, all applicable legislation, regulations and codes of practice.
- Integrate corporate responsibility considerations into every business decision, where possible.
- Make all staff fully aware of our corporate responsibility approach and our commitment to implementing and improving it.
- Minimise the impact of our office activities and transport use.
- Make clients and suppliers aware of our policies and encourage them to adopt sound and sustainable management practices.
- Review our performance, so we can continually improve.

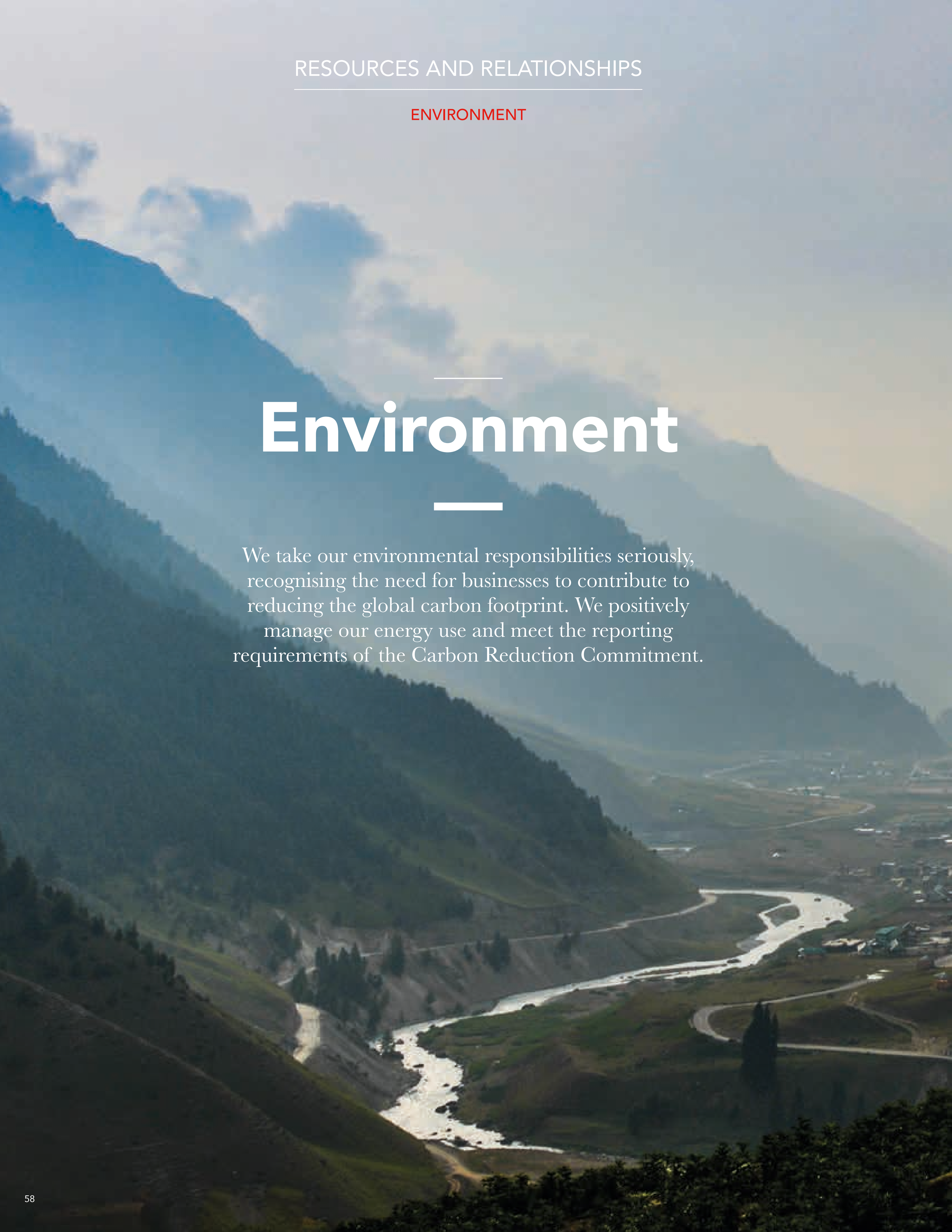
COMMUNITIES AND CHARITIES

We believe we have a duty of care to the communities in which we operate. In particular, we focus on supporting youth and education, helping to identify the next generation of talent in our industry and giving young people the opportunity to experience the world of work. Our graduate, apprenticeship and Movement to Work programmes are an important part of this.

CHARITABLE WORK

We work closely with ShareGift, a charity which specialises in accepting donations of shares which are aggregated and sold to benefit different registered charities. We often offer their services as an option to clients, allowing them to donate small unwanted bundles of shares and related cash entitlements to charity. Over the years, we have helped ShareGift raise millions of pounds for good causes.

We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. Furthermore, we encourage our people to act as responsible and responsive citizens and to support projects, organisations and services that work towards the common good and improvement of their community and society. Examples of charities supported during the year include MacMillan Cancer Support, Children in Need, Children's Hospice – Chestnut Tree House, and Capability Scotland which provides support for disabled people of all ages in schools and in the workplace.



Environment

We take our environmental responsibilities seriously, recognising the need for businesses to contribute to reducing the global carbon footprint. We positively manage our energy use and meet the reporting requirements of the Carbon Reduction Commitment.

RESOURCES AND RELATIONSHIPS

ENVIRONMENT

The table below shows our greenhouse gas emissions.

GHG EMMISSION (TONNES OF CO_2)

	2016	2015	CHANGE %
VEHICLES (BUSINESS TRAVEL)	309	324	(5%)
TOTAL BUILDINGS	5,414	5,719	(5%)
AIR TRAVEL	476	325	47%
TOTAL	6,199	6,368	(3%)

CARBON INTENSITY

	2016	2015	CHANGE %
TONNES CO_2 PER £m TURNOVER	16.1	17.3	(7%)
REVENUE £m	382.6	369.0	4%

While revenue in the year increased by 4%, the tonnes of CO_2 per £m turnover reduced by 7%.

Vehicle business travel is based on the use of a medium sized car of average value, from the financial records each year ending 31 December. Overall business travel by car has reduced by 7% in 2016, with total miles per year down to 1,002k from 1,072k, resulting in a 5% fall in emissions.

Air travel is based on data from financial records each year ending 31 December. Air travel increased by 47% from 2015 and miles travelled were up by 1,602k to 2,306k miles. The number of flights over 3,000 miles have increased by 74% reflecting the increased transformation activities in 2016 as we developed our offshoring centre in Chennai, India.

Buildings emissions are based on data for the years ended 31 March 2015/16. Overall the emissions from our building usage has shown a 5% reduction year on year. Electricity emissions are down by 8% from 5,134 tonnes in 2015 to 4,742 tonnes in 2016. Gas emissions have increased by 15% from 586 tonnes in 2015 to 672 tonnes in 2016.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Equiniti Group plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE4Good

The strategic report was approved by order of the Board

Guy Wakeley
Chief Executive

7 March 2017

The partnership has brought success on a number of levels; the collaboration between Equiniti and DS Smith on the launch of its employee share scheme helped DS Smith win the Most Creative Solution Award at the 2016 Global Equity Organization Awards.

Catching a rising trend to create the solution

Equiniti worked with DS Smith to use Augmented Reality (AR) and app technologies to enhance their wider employee engagement programme through the use of an AR poster. The poster contained an image of a sunflower head which acted as the 'trigger'.

When the app recognised this image, the animation was activated and at the end, viewers could click to see the video presentation to staff, to find out more about the operation of Sharesave or seamlessly click through to the online application portal.

DS Smith

Read the full case study on pages 28-29.

02

Governance

Governance Report

Dear Shareholder

I am pleased to present to you our second Annual Report and Accounts since we listed on the London Stock Exchange in October 2015. Succession planning and continuing to strengthen our corporate governance framework were key focus areas in 2016, amongst the many other areas that required the Board's oversight.

Good corporate governance makes a positive contribution to the growth and long-term success of any business. Providing appropriate support, focused oversight and constructive challenge are critical elements of a well-functioning Board. This means ensuring that our own processes, mechanisms and structures are best matched to the business and its strategy. Alongside this is the important role of the Board in establishing and promoting the culture and values of Equiniti, by creating the necessary internal culture to enable us to meet the requirements of our customers, employees, shareholders and wider stakeholders, deliver long-term sustainable growth and increase investor returns.

To achieve all of these aims, it is my duty as Chairman to effectively manage the development of the Board. I have sought to cast the Board so that its composition and balance best supports Equiniti in delivering sustainable long-term value. This means ensuring that we have the right skill sets and experience and that succession planning is supported by a strong bench, with a depth of talent within the business.

BOARD CHANGES

There have been a number of changes to the Board during the year and the Nomination Committee has played a key role in identifying the skill set we need to achieve the right balance for Equiniti. This Committee also considered how we manage our talent and succession planning – for more details see page 87.

I am delighted to welcome Sally-Ann Hibberd, who joined the Board as an independent non-executive Director in August 2016 and has assumed the Chair of the Risk Committee. Sally-Ann's insight and experience in change management and technology within the financial services industry will be a great asset for Equiniti and the Board. I am also pleased to welcome Darren Pope, who we appointed to the Board as an independent non-executive Director in December 2016. Darren brings a wealth of financial services sector experience to Equiniti, as well as his strong financial and commercial acumen.

Sir Rod Aldridge retired from the Board in August 2016. We thank Sir Rod for his contributions as a Board member and supporting Equiniti through its evolutionary journey to becoming a public listed company.

On announcement of share disposals by Equiniti (Luxembourg) S.a.r.l. in August 2016, Haris Kyriakopoulos resigned from the Board. This was in accordance with the Relationship Agreement dated 14 October 2015, which required his resignation as a non-independent Director once the level of indirect shareholdings owned by our previous private equity owner fell below 10% of the total issued share capital of the Company.

I continually review the membership of the Board and its range of skills. We look to appoint outstanding candidates with a diverse mix of experience, as we recognise the importance of diversity in its widest sense in Board effectiveness. At the moment, we have 25% female representation on the Board.

BOARD EVALUATION

As reported to you last year, we undertook our first Board and Committee evaluation during the year to ensure that our independent non-executive Directors had good understanding of our business, our strategic goals and implementation of our governance framework. I am pleased to say that the Board evaluation confirmed that this was the case. This exercise also identified areas on which to focus over the forthcoming year, including how we can ensure that Board meetings are structured to allow maximum time for strategic debate and discussion. A full explanation of the evaluation exercise can be found on pages 88-89.

In November 2016, I held my first formal scheduled meeting with the non-executive Directors without the executive management team present, since our listing. We had a full discussion looking back at the Board's activities in 2016 and forward to our priorities in 2017. In particular, we discussed the performance of the executive Directors, the appointment and induction of Sally-Ann and planning for Darren's induction, the evaluation process, and our risk management framework. Although the non-executive Directors did not raise any substantive items that had not previously been considered in meetings of the whole Board, particularly given the Board's very open style, we all found the session useful and also provided me with valuable insights to enable my ongoing relationship with the Chief Executive and executive management team to be informed by my fellow board members' formal input.

MESSAGE TO SHAREHOLDERS / THE UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

GOVERNANCE AND RISK

The Board, through the Audit and Risk Committees, has also spent time during the year enhancing elements of the Group's governance framework in response to specific regulatory developments, because the Board continues to believe that governance is important and should not remain static. Initiatives included developing and approving the Group risk taxonomy, approval of internal audit and compliance resources and plans and reviewing the same, together with evolving a number of Group policies to enhance internal controls.

We continue to develop and embed the risk function through the Risk Committee, to enhance risk consideration as an important part of daily decision making, and an improvement of the identification, mitigation and reporting of risk to the business, management and Board. Further details are set out in the Risk Committee report on pages 83-85.

CONCLUSION

We are making good progress to enhance and embed our governance processes, to provide a solid platform from which to manage the Equiniti businesses. I am confident this will help continue to drive performance and enable us to stay aligned with best practice over the coming years.

Finally, on behalf of the Board, I would like to thank the leadership team and all of our employees for their work, energy and passion throughout the year, and for the results that they have achieved. I am confident that we have an excellent team to steer Equiniti through the opportunities and challenges ahead.

Kevin Beeston
Chairman
7 March 2017

THE UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

This Corporate Governance Report sets out how Equiniti has applied the main principles of the UK Corporate Governance Code (the Code). The Board considers that Equiniti has been compliant with the Code provisions except as noted below.

Code provision A.3.1

Our Chairman, Kevin Beeston, is not considered independent due to his role as an Operating Partner at Advent International. At the time of his appointment and following our listing up until August 2016, Advent International together with other Advent companies and Kevin Beeston, were our controlling shareholders. This ceased to be the case in August 2016, when Advent disposed of its controlling interest.

Kevin Beeston did not act on behalf of Advent International in respect of its investment in Equiniti and received no remuneration from Advent International in respect of its investment in the business or his role with us. The Board is unanimously of the view that Kevin Beeston is an extremely valuable asset to Equiniti. He brings with him a wealth of experience in publicly listed companies, an understanding of technology and service businesses as well as being independent in character and judgement.

A copy of the UK Corporate Governance Code may be downloaded from the corporate governance pages of the Financial Reporting Council website (https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance.aspx)

Board of directors

The Board has six non-executive and two executive Directors, assisted by an Executive Committee. The members of the Board, the Executive Committee and the Company Secretary are:

KEVIN BEESTON
NON-EXECUTIVE CHAIRMAN (54)

Appointed: September 2011

Skills and experience
Kevin is an accountant by background. He was Chairman of Serco Group plc, having held the roles of Chief Executive and Finance Director during a 25-year career with Serco until 2010. He has been a non-executive Director of engineering group IMI plc, Chairman of Domestic and General Group Limited and Partnerships in Care Group Limited, as well as a Director of Ipswich Town Football Club. Kevin's other previous roles include Chairman of the CBI's Public Services Strategy Board and commissioner for the TUC's Commission on Vulnerable Employment.

Other appointments
Kevin is also Chairman of FTSE 100 developer and homebuilder Taylor Wimpey plc and a non-executive Director of Severn Trent plc. In addition, he holds directorships in non-listed companies FA Premier League Limited and Marston Corporate Limited and he is also an Operating Partner of Advent International.

CHAIR N

D

GUY WAKELEY
CHIEF EXECUTIVE (46)

Appointed: January 2014

Skills and experience
Guy holds an MA in Engineering Science from the University of Cambridge and a PhD in applications of artificial intelligence to engineering design. He is a Chartered Engineer, a Fellow of the Royal Institution of Chartered Surveyors, an FCA Approved Person and a commercial pilot and flight instructor and examiner. Previously Guy was Chief Executive of Morrison plc for five years and has held divisional leadership positions with Amey, The Berkeley Group, General Electric and Rolls-Royce.

Other appointments
Guy is a member of the CBI's Public Services Strategy Board.

CHAIR E Sb O

RC D Ip

JOHN STIER
CHIEF FINANCIAL OFFICER (50)

Appointed: June 2015

Skills and experience
John is a fellow of the Institute of Chartered Accountants and has a background in corporate finance. He was the Chief Financial Officer of Northgate Information Solutions Ltd (NIS) for over ten years. NIS was a FTSE 250 organisation until 2007, when the business was acquired by KKR, the US private equity firm. Prior to this, he was the Chief Financial Officer of Subterra Ltd, a subsidiary of Thames Water Plc.

CHAIR Ip RC

D E Sb O

VICTORIA JARMAN
SENIOR INDEPENDENT DIRECTOR* (44)

Appointed: May 2014

Skills and experience
Victoria joined the Board as a non-executive Director in May 2014 and became the Senior Independent non-executive Director in October 2015. Victoria is a qualified chartered accountant, with an early career at KPMG and latterly 11 years in corporate finance at Lazard, where she was Chief Operating Officer. During her time at Lazard she successfully led the restructuring of UK operations, sat on the Lazard London Board and European Management Committee and opened Lazard's Dubai office. Victoria holds a Mechanical Engineering degree from Leicester University.

Other appointments
Victoria is an independent non-executive Director at Hays plc, where she chairs their Audit Committee, and is a non-executive advisor to Knight Frank's group executive board.

CHAIR A

R N Rm

GOVERNANCE REPORT

KEY

Board Committees	A Audit Committee	D Disclosure Committee	N Nomination Committee	Rm Remuneration Committee	R Risk Committee
Executive Committees	E Executive Committee	RC Executive Risk & Compliance Committee	Ip Investment & Projects Committee	O Operating Committee	Sb Sales & Bid Committee

*Independent (as per the UK Corporate Governance Code)

DR TIM MILLER
NON-EXECUTIVE DIRECTOR* (59)

Appointed: February 2015

Skills and experience
Tim has extensive experience as a board level executive across a range of sectors. During his 14 years at Standard Chartered Bank, he held a number of director level positions with global responsibility for areas including human resources, compliance, audit, assurance, financial crime and legal.

Other appointments
Tim is currently non-executive Director of Otis Gold Corporation, a Toronto Stock Exchange Listed company. Recently he has been appointed as Chairman of the Academy of St Martin in the Fields and has previously held non-executive Director roles including acting as non-executive Chairman of the Girls Day School Trust and Chairman of the Governing Body of the School of Oriental and African Studies. Tim is also a non-executive Director of Equiniti Financial Services Limited, the Group's most significant FCA regulated entity.

CHAIR Rm

A R N

JOHN PARKER
NON-EXECUTIVE DIRECTOR (61)

Appointed: January 2014

Skills and experience
John joined the Group in 1999 (when it was Lloyds TSB Registrars) and held a number of senior positions. He is a former employee of the Group but considered to be independent by the Board. He has extensive management, banking, share registration and investment and wealth management services experience and is a fellow of the Chartered Institute of Bankers. John continues to participate in the Global Share Alliance (GSA), to provide enhanced global registry and financial services to international companies around the world, on behalf of Equiniti.

Other appointments
John is the Chairman of the GSA.

R N

SALLY-ANN HIBBERD
NON-EXECUTIVE DIRECTOR* (58)

Appointed: August 2016

Skills and experience
Sally-Ann has a broad background in financial services and technology. She 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.

Other appointments
Sally-Ann is a non-executive Director of Shawbrook Group plc and NFU Mutual, a non-executive member of the governing body of Loughborough University and an advisory board member of OEE Consulting.

CHAIR R

A N Rm

DARREN POPE
NON-EXECUTIVE DIRECTOR* (51)

Appointed: December 2016

Skills and experience
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 has held a number of other senior positions at Lloyds Banking Group, Cheltenham & Gloucester plc, Egg plc and Prudential plc.

Other appointments
Darren is a non-executive Director of Virgin Money Holdings (UK) plc and a director of the subsidiary Virgin Bank.

A R N

Company Secretary

KATHY CONG
COMPANY SECRETARY

Kathy was appointed as Company Secretary in July 2016. Prior to joining Equiniti, Kathy worked for a FTSE 250 specialist banking group, Investec plc, for over 13 years, to ensure appropriate governance systems were established and maintained, particularly in relation to Directors' duties, relevant regulatory requirements and related party transactions, including FCA regulated firms. Kathy is an active industry contributor, having held the position of the Secretary of the Association of Women Chartered Secretaries and the London Money Market Association. She has a BA (Hons) in Law and is an ICSA professional.

Executive Committee

DAVID BERESFORD
DIRECTOR OF STRATEGY AND BUSINESS DEVELOPMENT

David joined Equiniti in 2014 and is responsible for our growth strategy. During his career David has worked on various plc and executive boards focusing on strategy, M&A and business development in the UK, Europe and Asia. He started his career with Andersen Consulting, working in both the London and Paris offices, and was global head of Serco's consulting business until 2013. He holds a first class degree in French and Economics from Loughborough University.

E Sb Ip O

ADAM GREEN
CHIEF RISK OFFICER

Adam joined Equiniti as Chief Risk Officer in 2015, working as part of the Executive Leadership Team. 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 work stream at the Financial Services Authority, as it established the Financial Conduct Authority and Prudential Regulatory Authority. He has also worked at PricewaterhouseCoopers helping boards, management teams and change programmes to deliver complex risk and regulatory requirements, which followed his time as a major groups regulator at the Financial Services Authority.

E Sb Ip RC O

EXECUTIVE COMMITTEE

KEY

Board Committees	A Audit Committee	D Disclosure Committee	N Nomination Committee	Rm Remuneration Committee	R Risk Committee
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^Appointed to the Executive Committee with effect from 1 January 2017.

PAUL MATTHEWS
MANAGING DIRECTOR, CORPORATE MARKETS

Paul joined Equiniti in 2011 as Managing Director, Corporate Markets. 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. Paul's stock market experience spans 30 years and he currently leads Equiniti's partnership with the Global Share Alliance. Prior to joining Equiniti, Paul was a Managing Director at the investment bank JP Morgan Cazenove, where he had a successful career spanning over 25 years.

E RC O

LIAM MCGRATH^
CHIEF OPERATING OFFICER

Liam started with Equiniti as Managing Director, Group Operations in May 2014. He joined Equiniti from Chaucer Insurance plc, where he was the UK Division Operations Director responsible for all underwriting and claims operations, as well as facilities. Prior to this, he worked for the Royal Bank of Scotland Group running a number of large operational areas, including mortgages, credit cards, loans and overdrafts. Liam has also worked in senior roles in GE Consumer Finance, Royal and Sun Alliance Insurance and Vodafone, driving large scale operational change and improvement.

E O

MARK TAYLOR^
CHIEF CUSTOMER OFFICER

Mark joined Equiniti in 2009 and has over 30 years' experience in the retail financial services industry. He has responsibility for direct to consumer marketing and digital strategy across the Group. He has a track record of new business start-ups and product development in the "direct" market place. Previously a Director at Virgin Money, he was responsible for growing Virgin's savings, investments and pensions business and the launch of Virgin's Climate Change Fund. Mark was also a Director of Egg Investments, where he launched the UK's first fully automated on-line fund trading platform. He was a founding partner in Clearwell Ltd, an online personal finance software business, prior to its sale to a national IFA network. Mark also held a number of senior roles in other leading companies such as Fidelity and Charles Schwab and has worked both in the USA and mainland Europe.

E O

LEADERSHIP

THE BOARD

The Board consists of the non-executive Chairman, Chief Executive, Chief Financial Officer, four independent non-executive Directors (including the Senior Independent Director) and one non-executive Director. It is supported by the Company Secretary. The roles of the Chairman and the Chief Executive are separate.

The Board is collectively responsible for the long-term success of Equiniti and delegates the day-to-day management of Equiniti to the Chief Executive and Chief Financial Officer. The Board is responsible for approving the Group strategy and ensuring that the Group is suitably resourced to achieve it. In doing so, the Board takes account of its responsibilities to Equiniti's stakeholders, including our shareholders, employees, suppliers and the communities in which we operate.

The non-executive Directors are responsible for constructively challenging, and helping to develop, proposals on Group strategy, offering input based on individual and collective experience. They scrutinise the performance of the executive management team in meeting agreed goals and objectives and take on specific duties as members of the Board's main Committees.

The Company Secretary acts as secretary to the Board and its main Committees, provides advice on corporate governance issues and ensures compliance with Board procedures. She is also Company Secretary of Equiniti Financial Services Limited, the Company's primary regulated subsidiary, and ensures consistency of and adherence to our governance framework at subsidiary board level.

The Board receives and reviews regular reports on overall, divisional and individual business unit performance, financial position, health & safety, regulatory compliance, HR, corporate compliance and governance issues, legal matters and investor relations. In addition, the Board invites other senior managements from around the Group, and external advisers, to provide insight into key strategic areas.

The Board agrees an annual budget, together with corporate goals to underpin that budget. The corporate goals will form the basis of the Chief Executive's and Chief Financial Officer's personal objectives and these goals and objectives are cascaded down to the senior management team, to form divisional and business unit goals and management objectives.

The Board is responsible for setting Equiniti's culture and for determining our values and standards. The cascade of goals and objectives is used by the Board as the framework to establish and guide a unified culture throughout Equiniti. The Board has adopted and regularly reviews a number of policies and codes of conduct, to ensure that Equiniti's obligations to its investors and other stakeholders are clear, understood and observed.

During 2016, the Board remained focused on monitoring the effectiveness of our risk management and internal control systems and will continue to reinforce this culture throughout Equiniti, to support effective risk management and internal controls, including through our operating model and business plan. Effective risk management and internal controls are particularly relevant to our regulated activities and support the development and implementation of significant changes required to meet enhanced regulatory supervision and reporting being introduced by MiFID II and the Market Abuse Regulation, amongst other pending regulatory changes.

DIVISION OF RESPONSIBILITIES

The Board has agreed a clear division of responsibilities between the Chairman and Chief Executive. The roles of the Chairman, Chief Executive and other Directors are clearly defined so that no single individual has unrestricted powers of decision.

Chairman

As Chairman, Kevin Beeston has overall responsibility for leadership of the Board and assures its overall effectiveness. He sets the Board's agendas, to ensure the Board has adequate time for discussion of all agenda items, in particular strategic issues, and ensures the Board receives relevant information in a timely fashion. The Chairman promotes a culture of openness and debate, and fosters constructive relations between the executive and non-executive Directors. Externally the Chairman is a key contact for shareholders to discuss governance and strategy. The Chairman meets regularly and individually with the Chief Executive, Chief Financial Officer and with members of the Executive Committee and other senior managers, to seek their views and advice on governance within the Group.

Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chairman and as a trusted intermediary for the other Directors. In addition, the Senior Independent Director meets with the other non-executive Directors in the absence of the Chairman at least once a year, in order to review the Chairman's performance. She is also available to shareholders as required.

Chief Executive

The Chief Executive is responsible for the day-to-day management of the Company and executing the strategy, once agreed by the Board. He creates a framework of strategy, values, organisation and objectives to ensure the successful delivery of results, and allocates decision making and responsibilities accordingly. He manages the risk profile in line with the risk appetite and categories of risk identified and accepted by the Board. He takes a leading role, with the Chairman, in the relationship with all external stakeholders and in promoting Equiniti.

LEADERSHIP

Decision making

There is a clear division of responsibilities between the Board and the executive management team for the running of the business. Whilst routine business decisions are delegated to the executive management team, 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. Decisions reserved for the Board include approval of strategic plans and annual budgets, acquisitions, audited accounts and the appointment of additional Directors. The delegated authority schedule sets out the financial parameters of authority, covering all areas of the Group's activities below Board level to the executive Directors, divisional MDs and 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 is appropriate.

CONFLICTS OF INTEREST

The Board has an established framework for the identification, approval and recording of actual or potential conflicts of interest of its Directors and subsidiary company Directors. All conflicts of interest must be declared to the Board and are recorded in Equiniti's register of Directors' interests. The Companies Act 2006 (the Act) and Equiniti'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 is or may have a conflict, are clearly defined.

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

BOARD AND EXECUTIVE COMMITTEES

The Board has four Board Committees, comprised only of non-executive Directors. These committees assist with the following:

- the detailed oversight of Equiniti's internal and external audit work;
- oversight of Equiniti's risk identification and management;
- establishing the remuneration policy and overseeing implementation for Equiniti as a whole, and specifically the Directors and leadership team; and
- determining appropriate succession and contingency plans for the Directors and senior managers and undertaking appropriate searches for new Directors as required.

In addition to the oversight provided by the Board and Committees noted above, the executive Directors are supported by a number of executive management committees, which help them discharge their duties. These include monthly 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 Board and executive management committee structure and more information about the Executive Committee is available on pages 70 and 73-74.

The following documents are available to review on our website at http://investors.equiniti.com/investors/shareholder-services/corporate-governance

- Schedule of matters reserved for the decision of the Board
- Terms of reference of the committees of the Board, setting out their objectives, responsibilities and any delegated authority

LEADERSHIP

BOARD

Audit Committee

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

A

Risk Committee

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

R

Remuneration Committee

Sets, reviews and recommends Equiniti's overall remuneration policy and strategy and monitors their implementation.

Rm

Nomination Committee

Evaluates and makes recommendations regarding Board and Committee composition, succession planning and Directors' potential conflicts of interest.

N

Executive Committee

Weekly reviews of performance, allocation of resources and directs activity to deliver business plan.

E

Disclosure Committee

Oversee continuing obligations in respect of the disclosure and control of inside information directly concerning the Company.

D

Sales & Bid Committee

Weekly review of all sales submissions, tenders and renewals.

Sb

Investment & Projects Committee

Monthly review of all capital expenditure and acquisitions.

Ip

Executive Risk & Compliance Committee

Assure performance of business in accordance with policies, relevant legislation and risk appetite.

RC

Operating Committee

Challenge and review of P&L performance, business planning and resourcing, budgeting, central costs and overhead.

O

KEY

Board Committees	A Audit Committee	D Disclosure Committee	N Nomination Committee	Rm Remuneration Committee	R Risk Committee
Executive Committees	E Executive Committee	RC Executive Risk & Compliance Committee	Ip Investment & Projects Committee	O Operating Committee	Sb Sales & Bid Committee

LEADERSHIP

Details of meetings held and meeting attendance in 2016:

DIRECTOR	COMMITTEE APPOINTMENTS	BOARD	AUDIT	RISK	REMUNERATION	NOMINATION
SCHEDULED MEETINGS IN 2016		10	5	4	2	4
SIR ROD ALDRIDGE[1]	Audit, Remuneration, Nomination	86%	100%	75%	100%	100%
KEVIN BEESTON	Nomination, Disclosure	100%	N/A	N/A	N/A	100%
HARIS KYRIAKOPOULOS[2]		100%	N/A	N/A	N/A	N/A
SALLY-ANN HIBBERD[3]	Audit, Risk, Remuneration, Nomination	100%	100%	100%	100%	100%
VICKY JARMAN[4]	Audit, Risk, Remuneration, Nomination	90%	100%	90%	100%	100%
DR TIM MILLER	Remuneration, Risk, Audit, Nomination	100%	100%	100%	100%	100%
DARREN POPE[5]	Audit, Risk, Nomination	100%	100%	100%	N/A	0
JOHN PARKER[6]	Risk, Nomination	90%	100%	100%	N/A	75%
JOHN STIER	Executive, IPC, ERCC, Sales & Bid, Disclosure, Operating	100%	N/A	N/A	N/A	N/A
GUY WAKELEY	Executive, IPC, ERCC, Sales & Bid, Disclosure, Operating	100%	N/A	N/A	N/A	N/A

The work of the Board Committees is set out in detail on pages 78-107.

1 Sir Rod Aldridge resigned as a Director on 1 August 2016. Sir Rod Aldridge was unable to attend one Board and Risk meeting due to prior commitments.
2 Haris Kyriakopoulos resigned as a Director on 4 August 2016 following Advent International share disposals and ceasing to be a significant controller of the Company.
3 Sally-Ann Hibberd was appointed as a Director on 1 August 2016 and appointed as the Chair of the Risk Committee.
4 Victoria Jarman was unable to attend one Board and Risk meeting due to prior commitments.
5 Darren Pope was appointed as a Director on 1 December 2016.
6 John Parker was unable to attend one Board and Nomination meeting due to prior commitments.

LEADERSHIP

Principal Board Activities

Responsibilities	Activities during 2016	Focus areas for 2017
Strategy and Operational Performance	• Monitor the performance of the Group's revenue and earnings growth • Review and monitor the delivery of the 2016 business plan and delivering sustainable earnings growth • Oversaw the expansion of the Group's addressable markets and service capabilities • Directed the optimisation of operating efficiencies through better alignment of employees, technologies and locations • Approved new Group pension scheme and rolled out to existing and new employees	• Review cross revenue opportunities within the Group • Develop and enhance the digitisation and automation of back office systems • Monitor 2017 business plan
Financial Statements	• Approved 2015 financial results and dividend • Approved 2016 half year results and interim dividend	• Approve financial results and consider dividends as appropriate
Annual Budget	• Approved amendments to 2016 budget • Approved 2017 budget	• Approve 2018 budget
Dividend Policy	• Reviewed and approved dividend policy • Agreed to continue progressive dividend policy	• Review dividend policy
Governance and Risk	• Approved new risk taxonomy • Approved the Viability Statement • Conducted an audit tendering process and PricewaterhouseCooper (PwC) was re-elected as the Group's external Auditor • Strengthened governance, risk management, compliance and internal audit functions	• Review Group risks and risk reporting processes • Review risks facing the business • Approve risk appetite
Internal Controls	• Approved going concern review • Monitored the effectiveness of the Group's risk management and internal systems • Approved non-audit services policy • Reviewed corporate governance compliance	• Monitor effectiveness of the Group risk management and internal control systems
Acquisitions and Disposals	• Monitored full integration of KYCnet, RiskFactor and Toplevel • Discussed and approved disposals of certain subsidiaries, as part of the rationalisation programme • Discussed and approved the acquisitions of Marketing Source and Gateway2Finance	• Review acquisition and disposal pipeline • Review performance of 2015/16 acquisitions
Values	• Oversaw the development of employee learning and development of skills, and improving employee engagement. • Reviewed and approved a Diversity & Inclusivity Policy • Reviewed and approved the Modern Slavery Statement	• Review implementations of key initiatives with regards to diversity within the Group • Review implementation of initiatives further to the review of the Employee Engagement Survey in 2016 • Monitor implementation of learning and development initiatives agreed for 2017
Succession Planning	• New non-executive Directors appointed to succeed retiring non-executive Director • Succession planning for executive Directors and senior leadership roles • Development of talent pool and succession to support the leadership team	• Succession planning of executive Director and non-executive Director roles as required • Review Group succession planning • Continue to monitor talent pool
Effectiveness Review	• Annual external audit effectiveness review completed • Internal Board and Committee effectiveness evaluation completed and agreed actions for 2017	• Review findings from 2016 Board and Committee evaluation • Consider 2017 Board and Committee performance and evaluation

GOVERNANCE REPORT

EFFECTIVENESS

BOARD & COMMITTEE BALANCE

It is a core feature of good corporate governance that the Board and Committees have an appropriate balance of skills, 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 Board considers that the range of skills, experience and background of each of the Directors is sufficiently relevant and complementary to allow appropriate oversight, challenge and review of Equiniti's progress in achieving its corporate goals. The individual experience and background of each Director is set out on pages 64-65.

It is Equiniti's policy, in line with the Code, that proposed appointments to the Board follow an open and transparent recruitment process and that candidates are assessed on merit against objective criteria.

BOARD COMMITTEES

To allow the Board to operate effectively, a number of Board Committees have been established: the Audit Committee, chaired by Victoria Jarman, the Risk Committee, chaired by Sally-Ann Hibberd, the Remuneration Committee, chaired by Dr Tim Miller, and the Nomination Committee, chaired by Kevin Beeston. Summaries of each Board Committee's terms of reference are set out below. The Chair of each Board Committee formally reports to the Board on each Committee meeting. The Committees' reports set out their responsibilities and activities.

Nomination Committee

The Committee reviews the structure, size and composition of the Board and Committees, including their balance of skills, knowledge, experience and diversity and makes recommendations to the Board with regard to any changes. The Committee is also responsible for establishing and reviewing plans and policies covering succession plans for Directors and other senior leadership roles, Board diversity and staff vetting policies.

Audit Committee

The Committee monitors the integrity of Equiniti's financial statements, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance. It also reviews and reports to the Board on significant financial reporting issues and judgements, regarding matters communicated by the external Auditor.

The Committee recommends to the Board any appointment, reappointment or removal of an external Auditor. If the external Auditor were to resign, the Committee would investigate the issues leading to this and take action where required.

The Committee reviews the adequacy and effectiveness of our internal financial controls and internal control and risk management systems. This includes the manner in which management ensures and monitors the adequacy of the extent, effectiveness and nature of our internal controls.

The Committee reviews Equiniti's whistleblowing and anti-bribery and corruption policies and the adequacy of arrangements to allow proportionate and independent investigation and follow up of any matters reported.

Risk Committee

The Committee oversees the implentation and maintenance of effective policies and processes to identify, manage, monitor and report the risks to which Equiniti is or might be exposed. The Committee exercises competent and independent judgement when making recommendations to the Board.

Remuneration Committee

The Committee reviews Equiniti's remuneration policy and makes recommendations to the Board, including the remuneration of the executive Directors and the Chairman. It also sets and monitors performance criteria for all incentive schemes. The non-executive Directors' remuneration is reserved to the Board as a whole. In addition to remuneration, the Committee oversees any major changes in Equiniti's employee benefit structures.

Disclosure Committee

The Board has delegated responsibilities to the Disclosure Committee to oversee Equiniti's compliance with its obligations (as laid down by the UKLA's Listing Rules, Disclosure and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Company. The Committee will meet as and when it is deemed necessary and its members consists of the Chairman, Chief Executive, Chief Financial Officer and the Company Secretary.

Details of Directors' attendance at Board and Board Committee meetings is set out on page 71.

EXECUTIVE MANAGEMENT COMMITTEES

Executive Committee

The Chief Executive leads Equiniti'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 leadership 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 and consists of:

Guy Wakeley – Chief Executive

John Stier – Chief Financial Officer

David Beresford – Director of Strategy and Business Development

Adam Green – Chief Risk Officer

Paul Matthews – Managing Director, Corporate Markets

Liam McGrath – Chief Operating Officer

Mark Taylor – Chief Customer Officer

EFFECTIVENESS

The Executive Committee meets weekly to review performance and allocation of resources and directs activity to deliver the business plan. (Biographies of this executive management team are set out on pages 66-67).

The Executive Committee is supported by four management sub-committees.

The Sales & Bid Committee, chaired by the Chief Executive, meets weekly and is responsible for reviewing performance against P&L budgets and forecast, planning, resourcing and costs, and reviewing sales submissions, tenders and contract renewals.

The Operating Committee chaired by the Chief Executive, meets monthly and is responsible for reviewing performance against P&L budgets, forecast and monitor central costs and run the budget process.

The Investment and Projects Committee chaired by the Chief Financial Officer, also meets monthly and reviews capital expenditure requests and acquisition targets.

The Executive Risk and Compliance Committee is also chaired by the Chief Financial Officer and meets at least quarterly, to ensure performance of the business is in accordance with policies, legislation and agreed risk appetite.

DIVERSITY

The Board notes and supports the aims of the Davies Report and the aspiration to achieve at least 33% representation of women on the Board by 2020 where deemed appropriate. We continue to seek to improve opportunities for talented women to progress throughout Equiniti and particularly to the ranks of senior and executive management. Further details on Equiniti's gender diversity statistics as at 31 December 2016 are set out on page 53.

The Board, supported by the Nomination Committee, values diversity in its broadest sense and when considering new non-executive Director appointments will, in addition to considering gender, age, disability, ethnicity or experience, look to maintain within the boardroom the appropriate balance of skills, experience, independence and knowledge of Equiniti and the industry as a whole. We recognise that providing opportunities for all of our colleagues to develop provides access to a broader talent pool that will support our strategic focus on retaining competitiveness.

BOARD INDUCTION, DEVELOPMENT AND INFORMATION

Induction

On appointment, Directors take part in an induction programme to increase their knowledge and understanding of the business. The programme is designed for each individual, taking account of their existing knowledge of the business, specific areas of expertise and proposed Committee appointments. They will receive information about Equiniti including financial data and the key policies supporting Equiniti's business practices, together with previous Board and Committee meeting packs. We also give new Directors details on the role of the Board, its terms of reference, membership of the main Board committees and the matters reserved for decision by the Board and Committees.

Development and Information

All Directors are supplied with good quality information in an appropriate format. They each have 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. In addition, 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.

The Board receives regular briefings on the activities of its principal subsidiaries, EFSL and MyCSP, through the monthly reporting process and relevant Audit and Risk Committees of these subsidiaries, allowing the Board to ensure that sufficient resources are available to EFSL and MyCSP to meet their obligations. Board members are also encouraged to visit any of the Group operating locations at any time and regularly do so.

BOARD EVALUATION

We undertook our first Board and Committee evaluation during October-November 2016. Being the first review, the overall aim was to measure the current performance of the Board and Committees, to identify areas for improvement in future years. The process considered the Board and Committees' overall way of working, strengths and weaknesses, its range and balance of skills, experience, independence and knowledge of Equiniti, its diversity including gender, how the Board works together as a unit, the effectiveness of advice and advisors to the Board and any other factors considered to be relevant. A comprehensive questionnaire (71 questions with rankings and open text boxes) was sent to each Board member and a report was compiled by the Company Secretary, based on the information and comments provided.

As part of the Board Evaluation exercise, the Chairman conducted a meeting with just the non-executive Directors and the Senior Independent Director reviewed the Chairman's performance with the other Directors. Individual input was also sought from the Chief Executive and the Senior Independent Director. Draft conclusions were discussed with the Chairman and subsequently the whole Board at its meeting in December 2016. The Board concluded that good progress had been made under Kevin Beeston's leadership in the year and that the execution of the strategy was being well managed, with appropriate pace of change. The Committees were performing effectively with good balance, debate and challenge.

The results of the Board evaluation were presented to the Board and confirmed that the Board and its Committees were operating effectively. The Board recommendations for 2017 are to:

- continue to embed the newer members of the Board, through informal engagement;
- continue to focus on strategic priorities, with regular 'deep dives';
- develop the content and format of information for the Board; and
- develop succession and diversity plans at the senior executive level.

EFFECTIVENESS / ACCOUNTABILITY

ANNUAL RE-ELECTION OF THE BOARD

In compliance with the Code, all Directors will retire and offer themselves for re-election or reappointment as appropriate at each year's Annual General Meeting. At our second Annual General Meeting to be held on 25 April 2017 all the Directors, regardless of their date of appointment or length of service, will offer themselves for re-election as a Director.

Full details of the resolutions, together with explanatory notes and supporting biographies, are set out in the Notice of 2017 Annual General Meeting.

The Board has reviewed and re-affirmed that it considers each of the non-executive Directors to be independent in character and judgement and that there are no relationships that might prejudice this independence. Whilst John Parker is not considered independent under the terms of the Code (as he worked for the Group up until his retirement) the Board considers John to be independent of mind and he provides strong challenge and very relevant experience to the Board in the oversight of the business.

	Date of appointment	Independent*
Executive Directors		
Guy Wakeley (Chief Executive)	27 January 2014	–
John Stier (Chief Financial Officer)	19 June 2015	–
Non-executive Directors		
Kevin Beeston (Chairman)	1 September 2011	No
Vicky Jarman (Senior Independent Director)	1 May 2014	Yes
Dr Tim Miller	1 February 2015	Yes
John Parker	1 January 2014	No
Sally-Ann Hibberd	1 August 2016	Yes
Darren Pope	1 December 2016	Yes

*Considered Independent as defined under the Code

BUSINESS MANAGEMENT

The Chief Executive is responsible for delivering Equiniti's agreed strategy and prepares the annual budget, which is subject to formal scrutiny and approval by the Board. Progress in meeting 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 Operating Committee meetings.

There are clear policies outlining delegated authority limits for all types of business transactions and associated authorised signatories. These policies are reviewed at least annually, to ensure they continue to be set at appropriate levels. The authority limits and processes are verified by reviews undertaken by compliance and internal audit. Additional detail on the work of the compliance and internal audit functions is set out on pages 44, 75, 76, 79, 81 and 84.

All employees undergo an objective-based personal appraisal process, with individual objectives derived from the corporate strategy and the objectives of their line managers and set within the context of Equiniti's corporate goals and annual budget.

REGULATED ACTIVITIES

A number of Equiniti's businesses include regulated activities and the Company has several regulated subsidiaries. The main such subsidiary is Equiniti Financial Services Limited (EFSL), which has a Board which includes two independent non-executive Directors. The Board works closely with the EFSL Board, to ensure that appropriate governance is followed in respect of all regulated activities.

ACCOUNTABILITY

THE BOARD'S REVIEW OF THE SYSTEM OF INTERNAL CONTROL

The Board has responsibility for Equiniti's overall approach to risk management and internal controls and considers their effectiveness fundamental to the achievement of Equiniti's strategic objectives. During 2016, the Board, through its Risk Committee, has reviewed with management the process for identifying, evaluating and managing the principal risks faced by Equiniti.

The Board, with the input of the of the Audit Committee, has reviewed Equiniti's risk management and internal controls for the financial period ended 31 December 2016 and to the date of this report and is satisfied that they are effective and that Equiniti complies in this respect with the FRC 'Risk Management, Internal Control and Related Financial and Business Reporting' guide.

The Internal audit function advises the executive management team on the extent to which systems of internal control are adequate and effective to manage business risk, safeguard Equiniti's resources, and ensure compliance with Group policies and legal and regulatory requirements, as well as advising on ways in which areas of risk can be addressed. It provides objective assurance on risk and controls to senior management, the Audit Committee and the Board. Internal audit's work is focused on the Group's principal risks. The mandate and programme of work of the 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. Internal audit follows up on the implementation of recommendations and reports on progress to senior management and to the Audit Committee.

ACCOUNTABILITY

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have a further responsibility to establish and maintain adequate internal control over financial reporting for the Group. The Group's internal control over financial reporting is designed to provide reasonable assurance regarding the accuracy and reliability of financial reporting and includes clearly defined lines of accountability, policies and procedures that cover financial planning and reporting, and preparing consolidated accounts. The Directors have delegated responsibility for reviewing the effectiveness of the Group's systems of internal financial and non-financial controls to the Audit and Risk Committees.

The Directors are responsible for the maintenance and integrity of Equiniti's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. A copy of the financial statements is available on Equiniti's website: http://investors.equiniti.com/investors.

Pursuant to Rule 4.1.12 of the Disclosure Guidance and Transparency Rules each of the Directors, the names and functions of whom are set out on pages 64-65, confirm that to the best of his or her knowledge:

- The Groups' financial statements, which have been prepared in accordance with IFRSs, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.
- The Directors have concluded 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 Company's performance, business model and strategy in accordance with the Code.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As required by sections 418 and 419 of the Act, each Director has approved this report and confirmed that, so far as they are aware, there is no relevant audit information (being information needed by the auditors in connection with preparing their audit report) of which the Company's auditors are 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 auditors are aware of that information.

GOING CONCERN

Equiniti's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 5-59. 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 85 and 113-185. Financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity risk are described in Notes 5.1, 6.8 and 3 to the Accounts on pages 84,150,154-156 and 180.

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 risk, particularly those that could threaten the business model. 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 Directors are satisfied that:

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

REMUNERATION

The Company's Remuneration Policy is designed to attract and retain the best people to the Company, allowing us to maintain a strong and effective Board and senior leadership team. The Policy is also structured to complement our strategy, linking proportions of Executive Directors' remuneration to corporate and individual performance. The Policy was developed by the Remuneration Committee and approved by our shareholders in April 2016.

Full details of Equiniti's Remuneration Policy and the implementation of that Policy, together with details of the remuneration of the Directors, are set out on pages 91-107.

RELATIONS WITH 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 shareholders or employee shareholders. It is important to us that our shareholders understand Equiniti's strategy and objectives, so these must be explained clearly, shareholders' feedback must be heard and the issues and questions raised properly considered.

The Board has established a comprehensive investor relations programme during the year, with the executive Directors meeting investors and analysts regularly, being supported where appropriate by the Chairman and Senior Independent Director. The programme supports the aims of the Code and the UK Stewardship Code to promote engagement and interaction between listed companies and their major shareholders. With this in mind, we welcome any opportunities for investors and shareholders to engage directly with the Chairman and Senior Independent Director, in addition to the Chief Executive and Chief Financial Officer. The Chairman wrote to and met a number of the Group's largest shareholders during 2016.

We report formally to our shareholders when we publish our full year results in March and the half year results in July. On publication, the executive Directors give presentations on the half year and full year results by way of face to face meetings with institutional investors and analysts in London. Live webcasts of the half year and full year results presentations are available on our website.

In addition, we held a Capital Markets Day for investors and analysts during 2016, to showcase some of the core capabilities of the Group, and in particular two key capabilities: the technology of the Group and how it underpins our client relationships, and our ability to operate at scale and to transact the very largest of corporate transactions in the UK market.

Our next Annual General Meeting will be held on 25 April 2017 and is an opportunity for shareholders to vote on aspects of the business in person. The Board values the Annual General Meeting as an opportunity to meet with our shareholders and to take their questions. Full details of the resolutions to be proposed at the Annual General Meeting, shareholders' rights with respect to attendance, participation in the meeting and the process for submission of proxy votes in advance of the meeting are set out in the Notice of 2017 Annual General Meeting.

Additional information for shareholders is contained on our website http://investors.equiniti.com/investors.

CONTROLLING SHAREHOLDERS AND RELATIONSHIP AGREEMENT

Any person who exercises or controls 30% or more of the votes able to be cast on all or substantially all matters at our general meetings, whether on their own or together with any person with whom they are acting in concert, are known as 'controlling shareholders'. Under the Listing Rules companies with controlling shareholders are required to enter into a written and legally binding agreement intended to ensure that the controlling shareholder complies with certain independence provisions.

With effect from Equiniti's listing, Equiniti, Equiniti (Luxembourg) S.a.r.l. and the Chairman entered into a Relationship Agreement on 14 October 2015 (the Agreement)to regulate the relationship between Equiniti (Luxembourg) S.a.r.l., the Chairman, Advent International plc, various other Advent Companies, the Advent Funds (and its and their respective associates) (the Controlling Shareholders) and Equiniti following Admission. The Agreement also imposed obligations on Equiniti (Luxembourg) S.a.r.l. to procure compliance by the Advent Companies and the Advent Funds, who were controlling shareholders of Equiniti for the purpose of the Listing Rules, with the independence obligations contained in the Agreement. The Chairman was subject to the same terms and gave an undertaking to procure that his associates complied with those terms. The Controlling Shareholders had a combined total holding of approximately 31% of Equiniti's ordinary shares in issue.

During 2016 the Controlling Shareholders' combined total holding of Equiniti's ordinary shares in issue reduced to 19.9% on 6 May, then to 7.9% on 4 August and 0% on 15 December. In accordance with the terms of the Agreement, the Controlling Shareholders ceased to be entitled to appoint a nominee director and the Agreement terminated when the Controlling Shareholders' combined total holding of Equiniti's ordinary shares in issue reduced to below 10% on 4 August 2016.

The Board confirms that, from the entry into the Relationship Agreement on 30 October 2015 until 4 August 2016:

- Equiniti complied with the independence provisions included in the Relationship Agreement;
- so far as Equiniti is aware, the independence provisions included in the Agreement were complied with by;
- the Controlling Shareholders; and
- so far as Equiniti is aware, the procurement obligation included in the Agreement was complied with by the Controlling Shareholders.

REPORT OF THE AUDIT COMMITTEE

Dear Shareholder

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2016, prepared in accordance with the 2016 edition of the Corporate Governance Code (the Code). We have revised the Audit Committee (the Committee) terms of reference, to bring them in line with the 2016 edition of the Code, under which it is operating for future financial years.

The Committee has continued to ensure that the Group's financial reporting remains clear, accurate and informative. We have worked closely with the Risk Committee to provide an integrated approach to risk assurance and management. Members of this Committee also sit on the Risk Committee, to facilitate efficient cross communication and ensure that all risk and audit issues are addressed effectively.

The Committee continues to focus on data governance, in particular on information security. Together with the Risk Committee we have requested and reviewed detailed presentations and challenged management, thereby encouraging a strong approach to risk management and controls, given that any data breach could have a significant impact.

This year we conducted a tender of the external audit contract and after a comprehensive tendering process, the Committee recommended to the Board that PricewaterhouseCoopers LLP (PwC) be put forward for reappointment at the Company's 2017 AGM. Graham Lambert will be replaced by Jass Sarai as lead auditor on completion of the 2016 audit, in line with PwC's partner rotation policy. I would like to express my thanks to all those involved in the tender process, including the unsuccessful tenderers, as the time and effort invested by all was significant.

On behalf of the Committee I would also like to mark our appreciation for the work completed by Graham Lambert as lead auditor for the last four years.

We welcomed Sally-Ann Hibberd as a member of the Committee and she is already proving to be a valued member. Darren Pope became a member of the Committee in December 2016 and we look forward to his contributions. On behalf of the Committee I would also like to mark our appreciation for the work completed by Graham Lambert as lead auditor for the last 4 years.

During the year, the Committee also considered, amongst other matters, audit effectiveness (both internal and external), non-audit services, and the Group's whistleblowing policy and procedures.

Victoria Jarman
Chair of the Audit Committee

7 March 2017

MEMBERSHIP AND MEETINGS

The Committee members are appointed by the Board from its independent non-executive Directors, one of whom is the Chair of the Risk Committee, Sally-Ann Hibberd. The Chair of the Committee is Victoria Jarman and the Company Secretary acts as secretary to the Committee. Sally-Ann Hibberd and Darren Pope became members of the Committee with effect from 1 August 2016 and 1 December 2016 respectively. All Committee members are financially literate and sit on the Risk Committee to facilitate efficient cross communication and ensure that all risk and audit issues are addressed effectively. Biographies of the Committee's members are set out on pages 64-65.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee commissions reports from external advisers, the Group Chief Audit Executive or executive management, to enable it to discharge its duties. The Chief Financial Officer and the Group Financial Controller attend its meetings. The Chairman of the Board and the Chief Executive are also invited to, and regularly attend, committee meetings. The internal and external Auditors both have the opportunity to meet privately with the Committee, without executive Directors or executive management being present.

COMMITTEE ATTENDANCE DURING 2016

There were five Committee meetings held during 2016 and the Directors' attendance during their tenure in that period was as follows:

CHAIR Victoria Jarman	Dr Tim Miller	Sir Rod Aldridge[1]
100%*	100%*	100%*
Sally-Ann Hibberd[2]	**Darren Pope[3]**	**John Parker[4]**
100%*	100%*	100%*

*Percentage based on number of meetings entitled to attend during the period.
1 Sir Rod resigned from the Board effective 1 August 2016.
2 Sally-Ann Hibberd was appointed to the Board and as a member of the Committee effective 1 August 2016.
3 Darren Pope was appointed to the Board and as a member of the Committee effective 1 December 2016. Darren attended the Audit Committee meeting in November 2016 as an attendee, prior to his appointment.
4 Under the Code and following shareholder feedback received during the AGM, John Parker is not considered to be independent and it was agreed he would resign from the Committee effective 20 May 2016.

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE COMMITTEE

The Committee's terms of reference are available on the investor section of the Equiniti website.
http://investors.equiniti.com/investors/shareholder-services/corporate-governance

The Audit Committee provides an independent overview of the effectiveness of the internal financial control systems and financial reporting processes. Its principal responsibilities are:

- making recommendations to the Board on the appointment of the external Auditor, including on effectiveness, independence, non-audit work undertaken (against a formal policy) and remuneration;
- reviewing the accounting principles, policies and practices adopted throughout the period;
- reviewing and approving external financial reporting for adoption by the Board;
- monitoring the Group's financial statements, including annual and half year results and announcements and reporting to the Board on significant financial reporting issues and judgments;
- assisting the Board in achieving its obligations under the Code in areas of risk management and internal control, focusing particularly on compliance with legal requirements, accounting standards and the Listing Rules;
- ensuring that an effective system of internal financial and non-financial controls is maintained;
- approving, monitoring and annually reviewing a formal whistleblowing policy whereby staff may confidentially disclose concerns about possible malpractice or wrongdoings by any of the Group's businesses or employees without fear of reprisal, and including arrangements to investigate and respond to any issues raised; and
- approving the Group's systems and controls for the prevention of bribery and corruption, including the receipt of any reports on non-compliance.

ACTIVITIES

During the period, the Committee met on five occasions and dealt with the following matters:

Financial Reporting	• reviewed the Group's full-year and half-yearly results for publication, and considered the significant accounting policies, principal estimates and accounting judgements used in their preparation and the transparency and clarity of disclosures within them, and compliance with financial reporting standards and governance; • reviewed the matters which informed the Board's assessment that it was appropriate to prepare accounts on a going concern basis; • reviewed the ongoing process for assessing the long term viability of the Company;	• received reports from management and the external Auditor on accounting, financial reporting regulation and taxation issues; • reviewed reports from the external Auditor on its audit in respect of the full-year and review of the half-yearly results, prior to them being signed on behalf of the Board; and • reviewed and assessed the process by which the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
Internal control, risk management and internal audit	• reviewed the structure and effectiveness of the Group's system of risk management and internal control and the disclosures made in the Annual Report and Accounts on this matter; • reviewed the Group's risk management activities undertaken by the divisions and at Group level, in order to identify, measure and assess the Group's principal risks; • reviewed the effectiveness of the Group's risk management framework, and reports arising from the risk management process; • approved the annual internal audit plan and reviewed reports from the Internal Audit department relating to control matters. Progress against the internal audit plan was monitored and any deviations to the plan were agreed;	• considered reports on resourcing of the Internal Audit function; • monitored and assessed the Group's insurance arrangements; • received a report from the Group Chief Information Security Officer on information security and management's approach to the threat of such attacks; and • received a report from the Group Financial Controller and Group Compliance on the annual fraud risk assessment.
External Auditor	• undertook a tender process for the selection of the external Auditor; • approved the terms of engagement of, the fees paid to and the scope of work carried out by the external Auditor; • reviewed the performance and effectiveness of the external Auditor in respect of the previous financial year; • assessed the objectivity and independence of the external Auditor. In assessing independence and objectivity, the Committee considered the level and nature of services provided by the external Auditor , as well as confirmation from the external Auditor that it has remained independent;	• received reports on the findings of the external Auditor during the half-yearly review and annual audit, and reviewed the recommendations made to management by the external Auditor and management's responses; and • reviewed letters of representation to the external Auditor.
Other matters	• reviewed the terms of reference of the Committee and aligned changes with Financial Reporting Council (FRC) recommendations; • received reports on the latest technical accounting, taxation and regulatory changes, including the long term viability statement; and	• received reports on matters raised on the confidential reporting system and the process for the investigation of such matters, to ensure that confidential arrangements are in place by which employees may raise concerns about possible legal, regulatory or other improprieties in matters of financial reporting and other areas.

REPORT OF THE AUDIT COMMITTEE

SIGNIFICANT ISSUES

The items noted below reflect those issues which were considered most significant in preparing the Annual Report. These items are also consistent with the reference in the fair, balanced and understandable section:

Area of focus	Why was this significant	How did the Committee address this area
Revenue recognition on complex contracts	The Group has entered into a number of complex revenue contracts and variations of existing ones during 2016. The revenue recognition within these contracts is complex and involved a high degree of management judgement.	In common with all companies, there is a risk that arrangements could be made to recognise sales that do not meet the revenue recognition criteria in relation to these contracts. Discussions were held with management and the external Auditor, PwC, and following a further review, the Committee are satisfied that there had been no misstatements in the amount of revenue recognised on these contracts.
Other items included in Revenue	The Group has recognised amounts within revenue arising from research and development grants, balance releases and revenue from acquisitions.	We have received and discussed the reports from management in respect of revenue to be recognised from research and development grants, balance releases and revenue from acquisitions. Having reviewed the reports provided by PwC and following management agreement to certain adjustments, the Committee has concluded that the remaining unadjusted amount is appropriate.
Determination of purchase price allocation on acquisitions	During the year the Group made four acquisitions. Accounting for the purchase price allocation has been complex and judgemental with a number of assumptions based on customer relationships and software.	The Committee has reviewed the methodologies and valuations used to determine the tangible and intangible assets and liabilities of these acquisitions. In conclusion we have considered management's assessments to be appropriate and reasonable.
Classification of exceptional items	The Group has incurred one off costs in relation to offshoring activities, related redundancies and acquisition expense (and in some cases, credits). This has amounted to £5m.	We have considered management's treatment of these costs and concluded that they were in line with market guidance.

EXTERNAL AUDITOR

Audit Tender

The Committee is responsible for overseeing the Group's relationship with its external Auditor, PwC. This includes the ongoing assessment of the Auditor's independence and the effectiveness of the external audit process, the results of which inform the Committee's recommendation to the Board as to the external Auditor's appointment (subject to shareholder approval) or otherwise.

As reported previously, the Committee has undertaken a full tender of the Company's external audit services during 2016. Further to the tender process and review, the Committee is pleased to report that following their recommendation the Board has approved the reappointment of PwC as external Auditor. This appointment remains subject to approval by shareholders at the next AGM.

The Competition and Markets Authority Statutory Audit Services Order 2014 sets out certain regulations in respect of audit tendering and appointments and related audit committee responsibilities, which came into effect for the financial years commencing on or after 1 January, 2015. The Company has complied with the provisions of the Order for the financial year ended 31 December 2016.

There are no contractual obligations to restrict the Committee's choice of external Auditor.

Independence and objectivity of external Auditor

The Committee reviews the external Auditor's performance, independence and objectivity and ensures that procedures are in place to safeguard the external Auditor's independence and objectivity. Following the listing of the Company on the London Stock Exchange in October 2015, the Committee undertook a review of its audit and non-audit services to ensure that the Group is compliant with best practice, and in the context of EU audit reforms and consultations issued by The Department for Business, Energy and Industrial Strategy (BEIS) and the FRC.

The Committee recognises that the engagement of the external Auditor to provide non-audit services to the Group might impact on the external Auditor's independence. The Group has therefore established a policy governing the provision of any such non-audit services. The policy specifies services which cannot be carried out by the external Auditor (generally activities that would involve the external Auditor taking on management responsibility) and sets the framework within which non-audit services may be provided. The policy states that the external Auditor will only be able to perform non-audit work in exceptional circumstances and where agreed by the Audit Committee. The Group retendered both its external audit services and non-audit services during 2016. PwC was recommended to the Board for reappointment as the Group's external Auditor.

REPORT OF THE AUDIT COMMITTEE

Last year we committed to review the level of audit and non-audit fees with the aim of identifying those services that should no longer be undertaken by the external Auditor and to reduce the ratio of audit to non-audit fees initially to 1:1 and ultimately 0.7:1.

During 2016 PwC was engaged to provide non-audit services to the Group, commencing prior to the adoption of the non-audit services policy. The fees paid to PwC in respect of non-audit services during the year totalled £0.7m, which was comprised of £0.2m other assurance work in relation to the CASS audit of Equiniti Financial Services Limited and £0.5m advisory work in connection to the pension arrangements of our UK employees. The ratio of non-audit fees to audit fees, calculated in accordance with appropriate guidance, is noted to be 1.67:1 for 2016 (5.0:1 for 2015). For 2017, the Committee is committed to reducing this ratio to a maximum of 70% of the average statutory audit fee for the past three financial years and, following a period of adjustment since the Group's IPO in 2015, we would not expect the ratio to exceed 0.7:1 in future years.

The majority of the non-audit fees incurred during the year were in connection with changing the pension provision arrangements for our UK employees. The Group considered PwC to be best placed to perform this work in the most efficient manner possible, given that this work commenced in 2015 and PwC's detailed knowledge of the Group's businesses. As with all non-audit services, the Committee considered the work and was satisfied that PwC's independence would not be impaired.

Reappointment

Annually, the Committee reviews the external Auditor's audit plan and reviews and assesses information provided by it confirming its independence and objectivity, within the context of applicable regulatory requirements and professional standards. The Committee also reviews its effectiveness, which involves assessment of the external Auditor by the Committee and key senior financial staff, including the Chief Financial Officer, and confirmation that the external Auditor meets the minimum standards of qualification, independence, expertise, effectiveness and communication.

INTERNAL AUDIT

The Group has a dedicated in-house Internal Audit function, and following the tender process during 2016, Internal Audit has a co-source arrangement with KPMG LLP which provides additonal support and resourcing when required. Internal Audit principally reviews the effectiveness of the controls operating within the business by undertaking an agreed schedule of independent audits each year. The Committee determines the nature and scope of the annual audit programme and revises it from time to time, according to changing business circumstances and requirements. The Committee also confirms that Internal Audit has appropriate resources available to it. The annual audit programme is derived from an audit universe including financial and commercial processes, governance issues and key corporate risks.

Following the review of the Internal Audit function in 2015 and appointment of the Group Chief Audit Executive in January 2016, Internal Audit has received further investment and strengthened its headcount. During 2016 the Group Chief Audit Executive has overseen Internal Audit in a robust and productive way and there has been clear strengthening of effectiveness of the function.

Internal Audit reports on a day-to-day basis to the Chief Financial Officer, and, in addition, reports directly to the Committee Chair. The findings of the internal audits are reported initially to executive management, and any necessary corrective actions are agreed. Summaries of these reports are presented to, and discussed with, the Committee along with details of progress against action plans as appropriate.

RISK MANAGEMENT & INTERNAL CONTROLS

The Board, supported by the Audit and Risk Committee members, consider the nature and extent of the Group's risk management framework and that the risk appetite is appropriate. Further details on the Group's principal risks and uncertainties are in the Strategic Report on pages 4-59. The Committee has oversight of the Group's system of internal controls, including its design, implementation and effectiveness. Further details of risk management and internal control are set out on pages 75 and 84-85.

During the year, the Committee considered the review and reassessment of the Group's major risks and risk appetite, reports from the Compliance and Risk functions of reviews of controls relating to external payments, internal expenses payments, outsourced print management and client money bank accounts.

VIABILITY STATEMENT

The Committee reviewed management's work in conducting a robust assessment of those risks that could threaten the business model and the future viability of the Company. This assessment included identifying severe but plausible scenarios for each of our principal risks, as well as considering interdependencies and scenarios involving multiple risks. To support the final conclusion on viability, the assessment also took into account the mitigations available to the Company to protect against these downside scenarios. Based on this analysis, the Committee recommended to the Board that it could approve and make the viability statement on page 48.

WHISTLEBLOWING AND ANTI-BRIBERY

The Committee has reviewed the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible legal, regulatory or other improprieties in matters of financial reporting and other areas. During the year there was one instance of an issue being raised, which was escalated to the appropriate party for satisfactory resolution.

ACCOUNTING POLICIES

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. In assessing the exercise of management judgements, the Audit Committee reviews accounting papers prepared by management and the external Auditor.

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 C.1 of the Code, the Committee has been requested by the Board to consider whether it supports the view that the Company's Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and, further, that it provides shareholders the information necessary to assess the Company's position and performance, business model and strategy.

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

The briefing note:

- Explained how the process of preparing and compiling the report was collaborated across the business's internal teams (Investor Relations, Finance, HR and Company Secretarial) and also involved specialist advisors with the requisite skills to structure and review the 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.
- Demonstrated that the 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 report content.
- Explained how the report was designed to be understandable, with consistent presentation of key messages throughout the report. In arriving at their conclusion the Committee also noted that internal reporting aligned to the KPIs, key financial measures and narrative themes as presented in the annual report.
- In addition, the Committee reviewed the process undertaken by management to support and allow the Directors to make the Group's viability statement. The Committee considered and provided input into the determination of the period over which viability should be assessed, and which of the Group's principal risks and combinations thereof should be modelled to assess the impact on the Group's liquidity and solvency. The Group's approach to producing its viability statement, with the viability statement itself, can be found on page 48.

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

REPORT OF THE RISK COMMITTEE

Dear Shareholder

I am pleased to present the report of the Risk Committee (the Committee), our second since our listing on the London Stock Exchange and my first as Chair since taking on the role in August 2016. The report outlines the objectives and responsibilities of the Committee and the work that it has carried out during 2016, together with its plans for the coming year.

Following our listing in October 2015 and changes to the composition of the Board during 2016, we continue to develop and refine our risk framework as the Equiniti business develops both organically and inorganically. This has included reviewing the risk environment and the competency and effectiveness of our risk framework and categorisation. The Committee has assessed and adopted a revised risk taxonomy, risk acceptance policy and categorisation of principal risks for the Group during 2016, in addition to refining our standard policy format and structure and compliance monitoring plan.

Further information on the activities of the Committee and our governance structures and processes around risk are provided in the following report and on pages 44-47 of Principal Risks and Uncertainties.

I look forward to reporting on developments to Equiniti's systems and controls in next year's Committee report.

Sally-Ann Hibberd
Chair of the Risk Committee

7 March 2017

MEMBERSHIP AND MEETINGS

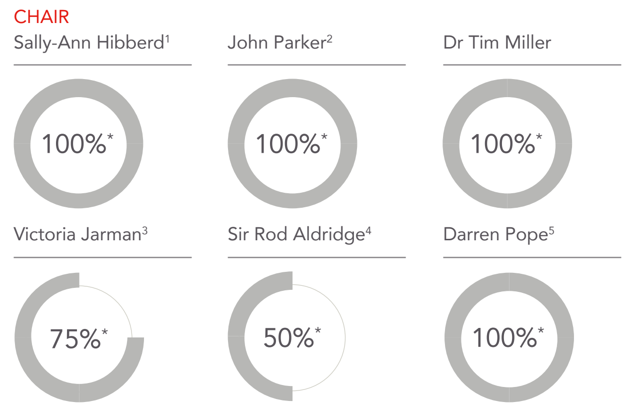
The Committee comprises the non-executive Directors, one of whom is the Chair of the Audit Committee, Victoria Jarman. Biographies of the Committee's members are set out on pages 64-65. The Chair of the Committee is Sally-Ann Hibberd and the Company Secretary acts as secretary to the Committee.

On the appointment of Sally-Ann Hibberd to the Board and the Committee effective 1 August 2016, John Parker stepped down as Chair of the Committee and Sally-Ann became Chair. Upon his appointment to the Board, Darren Pope became a member of the Committee effective 1 December 2016.

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee commissions reports from the Chief Risk Officer, executive management and independent risk consultants, to enable it to discharge its duties. The Committee meetings are routinely attended by the Chairman of the Board, Chief Executive, Chief Financial Officer and the Chief Risk Officer.

COMMITTEE ATTENDANCE DURING 2016

There were four Committee meetings held during 2016 and the Directors' attendance during their tenure in that period was as follows:



*Percentage based on number of meetings entitled to attend.
1 Sally-Ann Hibberd was appointed to the Board and as a member and Chair of the Committee effective 1 August 2016.
2 John Parker stepped down as Chairman of the Committee effective 1 August 2016.
3 Victoria Jarman was unable to attend one Committee meeting due to prior commitments.
4 Sir Rod Aldridge was unable to attend one Committee meeting due to prior commitments and resigned from the Board and Committee effective 1 August 2016.
5 Darren Pope was appointed to the Board and as a member of the Committee effective 1 December 2016.

ROLE OF THE RISK COMMITTEE

The Committee provides experienced, competent and independent judgement when making recommendations to the Board, to ensure that the Group establishes, implements and maintains effective, comprehensive and proportionate policies and processes to identify, manage, monitor and report the risks to which the Group is or might be exposed. Its principle responsibilities are:

- advising the Board and the Audit Committee on the development of Equiniti's overall current and future risk appetite, exposure, tolerance and strategy, taking into account the current and forecast macroeconomic and financial environment;
- assisting the Board in overseeing the implementation of that strategy by senior management;
- in conjunction with EFSL's risk committee, advising the Board on the amount of regulatory capital that should be held commensurate with Equiniti's risk profile, business needs, working capital requirements and regulatory obligations; and
- assessing the Group's risk management framework, principles, policies, methodologies, systems, processes, procedures, people and risk culture.

The Committee's terms of reference are available on the investor section of the Equiniti website.
http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

REPORT OF THE RISK COMMITTEE

2016 ACTIVITIES

During the period, the Committee met on four occasions to deal with a number of matters. The key agenda items in 2016 included:

- review and revision of the risk framework and articulation of principal risks, including recalibration of standardised risk categories and risk taxonomy, and related reporting;
- review of routine updates of Equiniti's policies relating to fraud and risk acceptance;
- review of reports from the compliance function;
- risk assessment of the potential impact on the Group of the UK referendum and resulting vote in favour to leave the UK (Brexit), including on the ICAAP of EFSL;
- receiving reports relating to information security and social engineering and internal threat tests; and
- future changes to Markets in Financial Instruments and Derivatives (MiFID II), General Data Protection Regulation (GDPR) and EU Data Protection Regulation (EUDPR), which are likely to impact Equiniti's activities and in particular its regulatory business and transaction reporting responsibilities.

RISK MANAGEMENT AND INTERNAL CONTROL

Equiniti has established and continues to develop its risk management policy and the Audit and Risk Committees oversee how management monitors compliance with these. With these policies and procedures, we continuously review the adequacy of our risk management framework in relation to the risks Equiniti faces.

Various aspects of Equiniti's activities are regulated, either directly or indirectly. As such, Equiniti's risk management systems are longstanding, standardised and proven to be robust. We have a risk management framework, which uses a "three lines of defence" model, namely:

- Line 1: Operational management's proactive risk identification and application of systems and controls in line with policy.
- Line 2: Risk and Compliance oversight and challenge, including independent compliance monitoring and escalation. The second line owns the development and maintenance of Equiniti's policies, which are approved by the Risk Committee.
- Line 3: Independent assessment of the completeness and effectiveness of line 1 and line 2 by our independent internal audit function.

The Chief Executive and Chief Financial Officer form part of Equiniti's first line of defence and attend Risk Committee meetings by invitation, to respond to any matters that arise. The Chief Risk Officer also attends Committee meetings by invitation, as part of our second line of defence. Together, they are responsible for taking forward actions that the Committee delegates to them. The Chief Risk Officer oversees the closure of these actions. The Risk Committee is assisted in its oversight role by the compliance monitoring function, which undertakes themed regulatory reviews and reports the results to the Committee.

Equiniti assesses its risk and risk profile using its enterprise-wide risk management model (EWRM), which covers financial soundness, liquidity, market and credit exposure, legal and regulatory compliance, fraud exposure, business continuity, financial crime, reputation, change management, major projects and operational risks within its business units.

During 2016, a comprehensive review of Equiniti's risk management framework was undertaken, together with re-assessment of the Group's principal risks. The risk categorisation was assessed, recalibrated and standardised, to inform an updated risk log and risk heat map.

EFSL, Equiniti's principal regulated subsidiary, has its own Risk Committee to oversee its regulatory compliance and a separate compliance function in the form of a CASS Oversight office, specifically tasked with the oversight of all regulated client assets held by EFSL.

In addition, we have a well-established business continuity management (BCM) framework, which determines the criticality of each activity to clients and customers, our clients' customers, other external stakeholders and us. Once assessed and independently challenged, we require each business unit to apply a range of business continuity tests, which increase in line with the level of critical activity undertaken. We actively track our compliance with this BCM testing programme.

Our principal risks and mitigations are discussed in the Strategic Report on pages 44-47. Our approach to financial risk management is discussed below.

FINANCIAL RISK MANAGEMENT

Our operations expose us to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in interest rates on debt and cash balances. We have a risk management programme that seeks to limit the adverse effects on our financial performance, by monitoring levels of cash and debt finance and the related financial impact.

Our principal financial instruments comprise sterling cash and bank deposits, a bank term loan and revolving credit facility, and a portfolio of interest rate swaps, together with trade debtors and trade creditors that arise directly from our operations.

CASH FLOW INTEREST RATE RISK

We are exposed to interest rate risk in three main respects and protected against this as outlined below:

- floating rates are generally earned on client and corporate balances, which are partially mitigated by interest rate derivatives which mature in July and August 2018;
- the mid-term risk of change in long-term interest rate swaps, through which income is earned in our SAYE share-plan products, is protected by notional fixed rate interest rate swap agreements; and
- expense relating to our bank debt term loan. The variable rate on our £250m term facility is fixed by an interest rate swap, which expires in October 2018. We have not hedged the revolving credit facility as this is a flexible instrument and the drawn proportion of the facility is offset by cash we hold for day to day trading matters.

CREDIT RISK

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

REPORT OF THE RISK COMMITTEE

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

FOREIGN CURRENCY RISK

We have some exposure to foreign currency risk, particularly in relation to our Indian based operations. This risk is not deemed to be sufficiently material or economic to hedge.

PRICE RISK

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

Our financial instruments are mainly in sterling, so foreign exchange movements do not have a material effect on our performance. We do not hold positions in traded securities and are only involved in receiving and transmitting transactions on behalf of clients.

Equiniti earns income in relation to client and investor deposits, as well as interest on its own deposits. We are therefore exposed to movements in the interest rate in both our intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to the bank base rate, while both our term facility and revolving credit facility are linked to Libor. As noted above, interest swaps are used to manage medium term exposure to movements in interest rates.

As detailed above, in 2015 Equiniti entered into interest rate swaps for a total of £650m, agreeing to receive fixed rate income in exchange for variable rates for a period of three years to July and August 2018.

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

CAPITAL RISK MANAGEMENT

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

PRUDENTIAL CAPITAL RISK

Two subsidiaries are subject to FCA regulatory capital requirements where, as set against their regulated trading permissions, they must maintain minimum levels of capital in order to manage their affairs. EFSL is categorised as a P2 prudentially significant firm, which means that its disorderly failure would have a significant impact on the functioning of the market in which it operates. Paymaster (1836) Limited (P1836L) is categorised as a P3 prudentially non-significant firm, which means that its failure, even if disorderly, would be unlikely to have a significant impact.

As an IFPRU MiFID qualifying firm, EFSL must comply with the Capital Requirements Directive. It does so under the FCA framework consisting of its three "Pillars" approach, where EFSL assesses its minimum capital requirement for its credit, market and operational risk and whether its minimum capital is adequate to meet its risks, and discloses specific information relating to underlying risk management controls, capital position and remuneration at www.equiniti.com.

As a MiFID exempt firm, P1836L is not bound to comply with the Capital Requirements Directive. P1836L does, however, assess its capital requirements and is subject to Equiniti's EWRM and three lines of defence risk management model.

LIQUIDITY RISK AND GOING CONCERN

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

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

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

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

2017 OBJECTIVES

For 2017, the Committee's priorities are to:

- continue to develop and refine the Group's risk appetite and key risk indicators;
- follow up actions from the implementation of the recalibrated risk framework and re-assessment of risks and additional actions identified to mitigate risks;
- continue to monitor progress in implementing changes being brought in by MiFID II, GPRD and EUDPR, as well as other relevant regulatory and legislative changes;
- continue to give oversight, in conjunction with EFSL's risk committee, on progress to develop and improve its regulatory processes and controls for the Group; and
- review the scope of the terms of reference of the Committee, to ensure that the document is fit for purpose with the Group's evolving risk management.

REPORT OF THE NOMINATION COMMITTEE

Dear Shareholder

I am pleased to take this opportunity as Chairman of the Nomination Committee (the Committee) to outline the objectives and responsibilities of the Committee and the work it has carried out during 2016, together with its plans for the coming year.

> "We have continued to focus on leadership succession and contingency for the Board and the executive management team, including developing talent development programmes…"

This was a very busy year for the Committee. Having been advised of Sir Rod Aldridge's intention to retire from the Board after 9 years' service, we instigated a Board and Committee composition and development review and oversaw the process to appoint two independent non-executive Directors during the year. We have continued to focus on leadership succession and contingency for the Board and the executive management team, including formulating talent development programmes, and intend to retain this item for regular focus and continuous monitoring and development in 2017. We have also led a focus on diversity and inclusion initiatives, to implement a Group policy for monitoring and review next year.

Due to the level of discussion and consideration required for the appointment of new Board members, additional meetings were scheduled to allow sufficient time for a robust process of review and scrutiny of the potential candidates. With the appointment this year of two new non-executive Directors, we are confident that we have a strong Board to take the Group forward. That said, the Committee will continue to refresh and review succession plans and Board development.

Kevin Beeston
Chairman of the Nomination Committee
7 March 2017

MEMBERSHIP AND MEETINGS

The Committee is comprised of the non-executive Directors and chaired by the Chairman of the Board, Kevin Beeston. Biographies of the current Committee members are set out on pages 64-65. Kevin Beeston is also Chairman of listed company Taylor Wimpey plc and Senior Independent Director of Severn Trent plc. In addition he holds non-executive Directorships of unlisted companies The Football Association Premier League Limited and Marston Corporate Limited.

The Board has considered these appointments and do not consider that they impose any restriction on his ability to perform his duties to Equiniti.

On 1 August 2016, Sir Rod Aldridge retired from his non-executive Director role after nine years' service to the Board. Following the share disposals by Equiniti (Luxembourg) Sàrl, Haris Kyriakopoulos resigned on 4 August 2016 in accordance with the Relationship Agreement dated 14 October 2015, which required his resignation once the level of indirect shareholdings fell below 10% of the total issued share capital of the Company. A description of how appointments are typically made to the Board is set out below and was followed in connection with the recent appointments of Sally-Ann Hibberd and Darren Pope as independent non-executive Directors, with effect from 1 August 2016 and 1 December 2016 respectively.

The Committee discharges its responsibilities through a series of scheduled and additional meetings during the year. At the request of the Committee Chairman, other individuals and external advisors may be invited to attend all or a part of any meeting, as and when appropriate. The Committee members, together with a schedule of their attendance at meetings during 2016, is shown below.

COMMITTEE ATTENDANCE DURING 2016

There were four Committee meetings held during 2016 and the Directors' attendance during their tenure in that period was as follows:

CHAIR Kevin Beeston	100%*
John Parker[1]	75%*
Dr Tim Miller	100%*
Victoria Jarman	100%*
Sir Rod Aldridge[2]	100%*
Sally-Ann Hibberd[3]	100%*
Darren Pope[4]	N/A

*Percentage based on number of meetings entitled to attend.
1 John Parker was unable to attend one Committee meeting due to prior commitments.
2 Sir Rod Aldridge resigned from the Board and Committee effective 1 August 2016.
3 Sally-Ann Hibberd was appointed to the Board and a member of the Committee effective 1 August 2016.
4 Darren Pope was appointed to the Board and a member of the Committee effective 1 December 2016.

REPORT OF THE NOMINATION COMMITTEE

ROLE OF THE COMMITTEE

The Committee's terms of reference are available on the investor section of the Equiniti website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance

The role of the Committee is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and reappointments to the Board. In addition, it is responsible for reviewing the succession plans for the executive Directors and the non-executive Directors.

2016 ACTIVITIES

During the period, the Committee met on four occasions to deal with a number of matters, the key achievements of which are considered to be:

- The successful appointment of two independent non-executive Directors and strengthening of the Board's composition.
- Further advancement of the leadership succession and contingency planning and development plans for the Board and executive management team.
- Establishment of a diversity and inclusion policy for implementation and monitoring across the Group.

SUCCESSION PLANNING

A key role of the Committee is to ensure that plans are in place for the orderly and progressive refreshing of the Board and to identify and develop individuals with potential for Board and Executive Committee positions. During the year, we have increased our emphasis on short and long-term leadership succession and contingency planning for the Board and executive management team, linked to appropriate talent development and targeted training programmes. As part of this, both the Board and the Committee have visibility of a wide range of employees with leadership potential, together with their individual development plans.

Further actions to support succession planning include the establishment of a Leadership Development programme for implementation on multiple levels of the Group, continued development of the role and influence of the bi-annual Talent Review Panel, and extension of the Graduate Recruitment and Rising Stars programmes. There is an increased focus on recruiting individuals from a wider range of backgrounds, experience and industries at all levels, to fulfil vacancies where internal placement is unsuitable.

2016 Board Changes

During 2016 there were four changes to the composition of the Board, as described above and in the Governance Report on page 62. In view of Sir Rod Aldridge stepping down from the Board, non-executive director succession was considered during 2016.

Non-Executive Director Succession

The Committee reviewed the structure, size and composition of the Board and its Committees, including their balance of skills, knowledge, experience and diversity. It was determined that there was scope for a new non-executive Director who:

- was an outstanding candidate with a diverse mix of experience, recognising the importance of diversity, in its widest sense, in Board effectiveness;
- could make a genuine contribution to the Board and all its Committees and add value by offering wise counsel and advice, based on their experience and successful track record of achievement;
- could attend and contribute to the effective running of all the Committees;
- has held an executive role or has related business experience and capabilities, particularly in relation to financial services and/or accounting, and could provide input on strategic and operational matters;
- could support the Chairman in ensuring that the Board provides effective direction for and oversight of management of the Group and its compliance with its statutory and regulatory responsibilities; and
- could help set the values and standards of the Group and ensure that its obligations to its customers, shareholders, finance providers, regulators and others are understood and met.

REPORT OF THE NOMINATION COMMITTEE

APPOINTMENT PROCESS

Subsequent to the Board composition review, the Committee recommended the appointment of two independent non-executive Directors. Twice during the year, the Committee led the selection and appointment process described in the following chart, which aims to identify the best-qualified candidates to be an independent non-executive Director:

Search Consultants Selection	The Committee Chairman conducted a review to identify an appropriate external consultant and proposed that Lygon Group* (Lygon), an independent executive search partnership, be appointed to assist with the selection and appointment process.
Board Composition Review	The Committee reviewed the skills, experience and diversity of the Board and its Committees, to identify any particular gaps that should be covered by the new appointee.
Specification	Based on the review of Board composition and discussions with Lygon, a specification for the new appointee was produced. The specification was considered by the Committee.
Interviews	A long list of candidates was provided by Lygon to the Chairman and CEO for feedback and a shortlist of four candidates was then prepared. Interviews with the selected candidates were conducted by the Chairman and CEO and a series of second interviews conducted with the senior independent Director and independent non-executive Director(s).
Final Interviews	The Committee conducted final interview(s) with the preferred candidate(s) and selected an intended appointee.
Due Diligence Recommendation	A thorough due diligence and referencing process was conducted. Following a satisfactory conclusion of this process, the Committee recommended the appointment of the preferred candidate to the Board for approval.

*Lygon is a signatory to the voluntary code of conduct for executive search firms to address gender diversity on corporate boards. Lygon has no other connection with the Company.

Appointment of Sally-Ann Hibberd

Sally-Ann's insight and experience in financial services and the technology industry is a great asset for Equiniti and the Board. She has previous executive and non-executive experience, bringing a diverse skillset to contribute and add value to the Board and its Committees, in setting and overseeing the realisation of values, standards and obligations of the Group.

Appointment of Darren Pope

Darren brings a wealth of financial services sector experience to Equiniti, as well as being a qualified accountant with strong financial acumen. He has held a number of executive positions, leaving him well placed to provide valuable input on strategic and operational matters and supporting the Chairman and Board in providing effective direction for, and oversight of, the management of the Group.

DIRECTORS' INDUCTION AND TRAINING

Led by the Chairman with the support of the Company Secretary, an induction programme is tailored for each new Director prior to their appointment to the Board. The process takes account of their existing knowledge of the industry, specific areas of expertise and proposed Committee appointments.

Information is typically provided on director duties, the Code, Board and Committee composition, operational and management structure across the Group, key Group policies and procedures, Group strategy and financials, and governance framework, including matters reserved for the Board, Committee terms of reference, forward agendas, previous Board and Committee meeting minutes, and Board and Committee meetings schedule.

The induction process includes detailed briefings with the Chairman, Chief Executive and Committee Chairs and further meetings with the rest of the Board and key individuals from the senior leadership team, in order to understand the issues being discussed at Board and Executive Committee levels. Members of the Board have access to all Board and Committee papers.

The Chairman discusses training requirements with the Board throughout the year and with the Company Secretary, and arranges meetings, key site visits or information to be provided as appropriate. As a part of the ongoing development of Directors, they are each supplied with quality information in a suitable format. All Directors have access to the advice and services of the Company Secretary and independent professional advice.

BOARD EVALUATION

The first Board and Committee evaluation since our listing on the London Stock Exchange was undertaken during the year, to ensure that the independent non-executive Directors had gained a good understanding of the business, strategic goals and implementation of the Group's governance framework, and to identify areas on which to focus during 2017. In accordance with the Code the evaluation covered the Board, its main Committees and each Director individually and was based around a number of key areas: Board process and composition, Board and Board Committees, personal and professional qualities, and the performance of the Chairman.

REPORT OF THE NOMINATION COMMITTEE

The process of the evaluation, which was internally facilitated by the Company Secretary and undertaken from October to November 2016, encompassed the following steps:

1. A comprehensive questionnaire (71 questions with rankings and open text boxes) was sent to each Board member for completion.
2. A report was compiled by the Company Secretary, based on the information and comments provided. All recommendations were based on best practice, as described in the Code and other corporate governance guidelines.
3. In November 2016, the Chairman conducted a formal meeting with the non-executive Directors, without the executive Directors present, to discuss the Board's activities during 2016 and priorities for 2017.
4. Draft conclusions were discussed with the Chairman and proposed recommendations agreed.
5. In November 2016, the Senior Independent Director conducted a meeting with the non-executive Directors in the absence of the Chairman, on his leadership during 2016.
6. The proposed conclusions and recommendations of the evaluation process were discussed by the Board at its meeting in December 2016 and the conclusions of that discussion were recorded in the minutes of the meeting.

The evaluation process concluded that during 2016, the effective working practices, engagement, processes, and policies in place had been enhanced and that with the new Board composition the Company was in a solid position to further develop strong culture, governance and business analysis and address any arising challenges. Key outcomes of the evaluation included considering restructuring Board meetings and packs, to allow maximum debate and strategic discussion, organising more informal opportunities for Board members to integrate and build rapport, and continuing to evolve the operation of the Committees. The Board is considering all of the recommendations of the Board evaluation report.

Effective Discharging of Responsibilities

The Committee reviews the time commitments of each Director both prior to all appointments and periodically, to ensure that all Directors can discharge their responsibilities effectively. The composition and performance of the Board and its Committees were considered during the year and it was concluded that the Board and each Committee continue to function effectively. Further information on the evaluation is detailed above. The composition of the Board will be kept under regular review in line with the guidance set out in the Code, to ensure that the Board and its Committees can continue to provide the right blend of experience, expertise and challenge in order to take the Company forward in line with its strategy, whilst ensuring and maintaining good governance and best practice.

DIVERSITY AND INCLUSION

The Board values and embraces diversity and inclusion in its broadest sense. The Board adopted a new Group policy in February 2017 on diversity and inclusion, which is set out on page 109.

Following the appointments of Sally-Ann Hibberd and Darren Pope as independent non-executive Directors during the year, the Board now consists of eight Directors, two of whom are women, representing 25% of the Board. The 25% target established by the Davies Report and the increased target of 33% by 2020 are both fully supported by the Board. The Board will work towards achieving the higher target of 33% by 2020, whilst continuing to also have due regard to other aspects of diversity.

In addition to considering gender, age, disability, ethnicity and experience, the Group looks to maintain within the Boardroom the appropriate balance of skills, experience, independence and knowledge of Equiniti and the industry as a whole. A similar approach is used for the senior leadership team.

Equiniti is committed to ensuring that our employees are treated fairly and with dignity, which includes being free from any direct or indirect discrimination, harassment, bullying or any other form of victimisation. Our whistleblowing policy and associated policies encourage employees to speak up, including through an independent whistleblowing contact facility, against any inappropriate practices or behaviour.

Diversity and inclusion was an area of focus for 2016 which will continue into 2017 and for future years. The focus for 2017 will be on implementing the new Group policy on diversity and inclusion and monitoring the embedding process and employee engagement in the policy. It is anticipated that the policy will be further developed, as the challenges are faced in developing an inclusive and diverse workforce and raising and meeting the expectations from our employees throughout the organisation. Consideration will be given for improving how we attract and recruit candidates to enable us to succeed through a workforce that is inclusive, creative and innovative.

2017 OBJECTIVES

For 2017 the Committee's key priorities are to:

- continue to focus on leadership succession and contingency planning across the Group, including the progression of talent development programmes;
- monitor the balance of the Board, to ensure that there remains an appropriate range of skills, experience and diversity; and
- observe the embedding process of the revised diversity and inclusion policy and review and further develop the policy as appropriate.

DIRECTORS' REMUNERATION REPORT

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present you with our Directors' Remuneration Report, for the year ended 31 December 2016, our second since our listing on the London Stock Exchange.

The Remuneration Committee (the Committee) continues to focus on the need for a clear link between pay and performance and provides information on this in the Report by way of disclosures on our reward structure and on our remuneration decisions in line with recommendations of the UK Corporate Governance Code (the Code) and the requirements of the UKLA Listing Rules (the Listing Rules). The Report also complies with the provisions of the Companies Act 2006 (the 2006 Act) and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations).

The Report has two parts:

1. The Directors' Remuneration Policy on pages 92-99, setting out all elements of Equiniti's Remuneration Policy and the key factors that were taken into account in setting that policy. This policy received overwhelming support from the shareholders under a binding shareholder vote at the Annual General Meeting held on 26 April 2016 and will be resubmitted to shareholders for a vote at least every third year.
2. The Annual Report on Remuneration on pages 100-108, setting out payments and awards made to our Directors and an explanation of the link between Company performance and remuneration for the financial year covered by the accounts. This report on remuneration, together with this letter, is subject to an advisory vote at the AGM being held on 25 April 2017.

Our goal as a Remuneration Committee last year was to formulate a Remuneration Policy (the Policy) and strategy which stimulates sustainable, value creating growth and performance for the business and rewards management accordingly. The Policy we put forward at last year's AGM received 99.94% support, for which I would like to thank our shareholders. Even though there was strong support for the Policy, the Committee has kept the Policy under review to ensure that it still meets our goals. As a result, we believe the Policy continues to be fit for purpose and therefore will remain unchanged.

Key pay outcomes in respect of 2016

2016 Share awards

The performance measures for the 2016 Performance Share Plan awards are average normalised EPS growth and Relative TSR and are described in more details in the Implementation Report on page 105. The awards are subject to malus, clawback requirements, together with a holding period.

Bonus awards

In assessing performance, the Committee consulted with the Chief Risk Officer and the Head of Internal Audit to ensure the performance achieved was consistent with the Group risk objectives and that underlying performance was satisfactory.

2016 has been a year of strong performance, with Equiniti delivering year-on-year growth in Earnings per Share (EPS) of 18% against a backdrop of challenging market and sector conditions. Very stretching annual objectives were set and the Company's performance resulted in bonuses of 85.51% and 96.58% of salary for the Chief Executive and Chief Financial Officer, respectively (57.01% and 64.39% of the maximum respectively), for the year ended 31 December 2016. The Committee considers that both the Chief Executive and Chief Financial Officer had performed well against the majority of their 2016 objectives. This included strong financial performance, successful cost transformations and the progress on our strategic objectives achieved during the year. Based on their achievements, the Committee has also determined that their performance was above target for the personal element relating to their 2016 objectives, which is in line with other high performing individuals in the Group.

An overview of the objectives, performance indicators and resultant bonuses paid to the executive Directors can be found on page 100-102.

Remuneration 2017

There are no structural changes to the Policy outlined on pages 93-95 proposed for the year ending 31 December 2017.

The Committee has proposed salary increases for the executive Directors in line with the policy applied to the company as a whole. The Chief Financial Officer, has received an increase of £4,600 (1.5%), while the Chief Executive has declined an increase for 2017.

Effectiveness of the Remuneration Committee

An evaluation of the Committee's effectiveness took place during 2016, as part of the Board effectiveness review. The evaluation was very positive and the conclusion was that the Committee had worked at the right level of challenge and independence.

Shareholder engagement

The Committee and I value dialogue with our shareholders. The Committee considers investor feedback and the voting results received in relation to relevant AGM resolutions each year. The voting outcome at the 26 April 2016 Annual General Meeting in respect of the 2015 Annual Report on Remuneration and the Remuneration Policy reflected very strong shareholder support, with a 99.40% and 99.94% votes in favour.

Having been approved in April 2016, our Remuneration Policy will be resubmitted to shareholders for a binding vote in April 2019. The Committee will continue to engage pro-actively with shareholders and ensure that shareholders are consulted in advance, where any material changes to the Directors' Remuneration Policy are proposed.

As a Committee, we will continue to engage with our key shareholders and strive to implement an executive remuneration framework which is both fair, appropriate and fully aligned with their interests. I would like to thank my fellow Committee members and those who support the Committee, for their commitment and guidance over the year. I am also grateful for the input received from our shareholders, which plays an important part in developing responsible pay practices.
I look forward to receiving your support at the 2017 AGM.

Dr Tim Miller
Chairman of the Remuneration Committee

7 March 2017

DIRECTORS' REMUNERATION REPORT

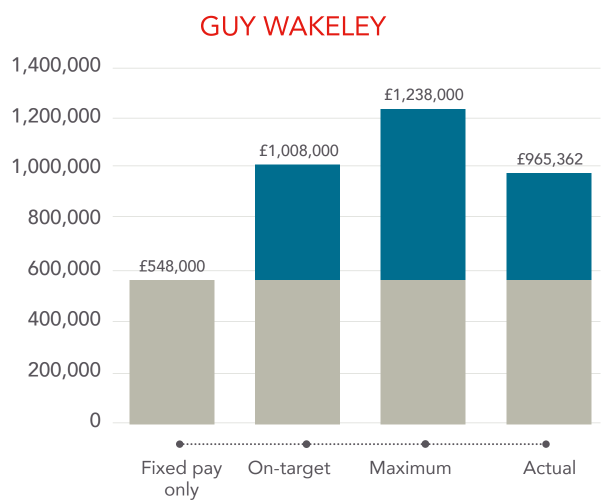
AT A GLANCE: IMPLEMENTATION OF REMUNERATION POLICY FOR 2017 AND KEY DECISIONS FOR 2016

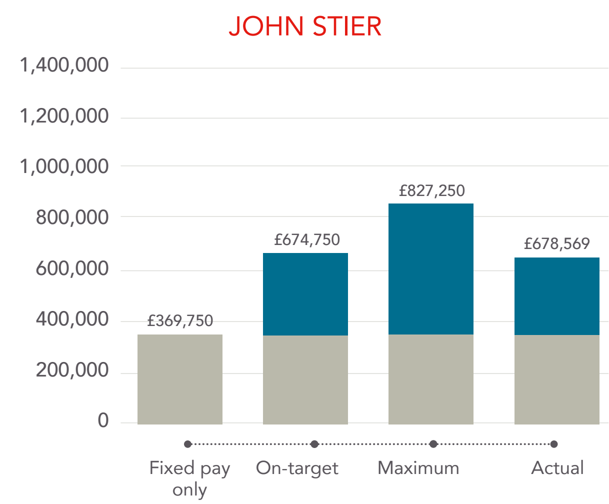
A summary of how key elements of the Remuneration Policy will be implemented in 2017 and key decisions taken by the Committee in relation to base pay and incentives for executive Directors in respect of the year ended 31 December 2016 are shown in the following table.

Element	Chief Executive Guy Wakeley	Chief Financial Officer John Stier
Base salary from 1 April 2017	£460,000	£309,600
Pension	15% cash in lieu of pension	15% cash in lieu of pension
Annual bonus	Maximum: 150% On-target: 100%	Maximum: 150% On-target: 100%
Annual bonus measures	• Financial (equally weighted) – Profit before Tax, Revenue and Cash Flow. • Non-financial – performance against the individual non-financial metrics act as a multiplier ranging from 0 to 1.5, determined through the Remuneration Committees' review of performance against personal objectives, with a multiplier of 1.0 for on-target performance. • A cap on the overall bonus pool to ensure above target bonus payments do not exceed 40% of incremental profit in excess of budget.	
Deferred Annual Bonus Plan (DABP)	30% of earned bonus is compulsorily deferred into an award over shares, which normally vest after three years.	
Performance Share Plan (PSP)	Maximum 150%	Maximum 150%
PSP measures	• EPS – average normalised EPS growth. An EPS growth range of 6% to 12% will apply to the 2017 awards. • TSR – relative to the FTSE250 index (excluding investment trusts but including Equiniti).	
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.	
Malus and clawback	• Recovery and withholding mechanisms apply for a period of three years from the date of grant for the annual bonus. • Recovery and withholding mechanisms apply for a period of at least three years from the date on which an award vests under the PSP.	
Changes for 2017	No change	
Year-end decisions made:		
1 April salary review	0% increase	1.5% increase
2016 Bonus outcome:		
• Value	£393,362	£294,569
• % of salary	85.51%	96.58%
• % of maximum	57.01%	64.39%
Non-executive directors		
	No change	

2016 ACTUAL SINGLE FIGURE VERSUS REMUNERATION POLICY

Under the Directors' Remuneration Policy, a significant proportion of total remuneration is linked to the performance of the Group. How the executive Directors' total pay package varies under three different performance scenarios is shown below. The three different performance scenarios are as follows: fixed pay only, on-target and at maximum as well as showing the actual single figure for 2016:





FIXED PAY   ANNUAL INCENTIVE

Notes: The scenarios in the graphs are defined as follows:

Fixed elements of remunerations	Base salary as at 1 April 2016. Estimated value of benefits provided under the remuneration policy. Cash allowance in lieu of pension of 15% of salary.		
	Fixed pay only	**On-target**	**Maximum**
Annual bonus (payout as a % of salary)	0%	100%	150%

For the purpose of these illustrations Long Term Incentives have been excluded as the first award under PSP was made in 2015 so there were no awards that could have vested during the year.

For 2016 the benefits reported in the actual single figure includes the benefit in kind charge payable on the director loans.

The executive Directors can participate in all-employee share schemes (such as Sharesave and the share incentive plan) on the same basis as other employees. The value that may be received under these schemes is subject to the tax approved limits. For simplicity and in accordance with the Regulations, the value that may be received from participating in these schemes has been excluded from the above charts. These charts are indicative as future share price movement and dividend accrual have been excluded.

DIRECTORS REMUNERATION POLICY

This Report summarises the details of the Remuneration Policy for our executive Directors and non-executive Directors approved by shareholders at Equiniti's 2016 AGM and which was applied throughout the 2016 financial year. A copy of the Policy as approved by the shareholders can be found in the 2015 Annual Report. The Report has been drafted in compliance with the disclosure requirements of the Code and the requirements of the Listing Rules. The Report also complies with the provisions of the 2006 Act and the Regulations.

The policy was developed taking into account the principles of the Code, guidelines from major investors and guidance from the PRA and FCA on best practice.

In line with the Investment Association's Guidelines on Responsible Investment Disclosure, the Committee ensures that the incentive structure for executive Directors and senior management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour.

More generally, with regard to the overall remuneration structure, there is no restriction on the Committee that prevents it from taking into account corporate governance on ESG matters.

In addition, the Committee regularly reviews the remuneration packages for Equiniti's executive Directors and senior management, to ensure that they do not encourage inappropriate risk-taking. This review includes liaison with the Risk and Audit Committees and the Group's risk function.

The Remuneration Policy was approved by shareholders at the 2016 AGM. It is intended that the Policy will apply until the AGM in 2019.

REMUNERATION POLICY

When setting the policy for Directors' remuneration, the Committee takes into account the overall business strategy and risk tolerance, considering the long-term interests of Equiniti with a view to adequately attracting, retaining and rewarding skilled individuals, as well as delivering rewards to shareholders.

Consistent with these principles, the Committee has agreed a remuneration policy for senior management, including executive Directors, which will:

- promote the long-term success of the business;
- attract, retain and motivate executives and senior management, in order to deliver Equiniti's strategic goals and business objectives;
- provide an appropriate balance between fixed and performance related pay, supporting a high-performance culture;
- provide a simple remuneration structure which is easily understood by all stakeholders;
- adhere to the principles of good corporate governance and appropriate risk management;
- align senior managers with the interests of shareholders and other external stakeholders;
- consider the wider pay environment both internally and externally; and
- encourage widespread equity ownership across Equiniti.

FUTURE 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 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 individuals' 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.

DIRECTORS' REMUNERATION REPORT

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
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.
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. From the 2016 financial year onwards, 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. In respect of the annual bonus for the financial year 2016 and future years, in the case of gross misconduct, fraud, material misstatement of Equiniti's results or accounts or error made in assessing the satisfaction of any bonus conditions, recovery and withholding mechanisms apply for a period of three years from the date of grant.	The on-target bonus payable to executive Directors is 100% of base salary with 150% of base salary the maximum payable. The bonus payable at the minimum level of performance varies from year-to-year and is dependent on the degree of stretch. Dividends may accrue on DABP share awards over the vesting period and be paid out either as cash or as shares on vesting in respect of the number of shares that have vested.
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[1], 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 but, in the case of the initial PSP awards, is tested over the periods described below. 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. The measures for the Initial PSP Awards are based on average normalised earnings per share (EPS) growth over the financial years 2016 and 2017 (50%) and TSR vs. the FTSE 250 index (excluding investment trusts but including Equiniti) on the date of Admission over a three year period to the third anniversary of the date of Admission (50%). 25% of the award vests at threshold under the EPS condition and 25% vests at median for the relative TSR condition. There is straight-line vesting for performance between threshold and maximum. Following vesting, a further two-year holding period will apply to the awards whereby executive Directors will be restricted from selling the net of tax shares which vest. In the case of gross misconduct, fraud, material misstatement of Equiniti's results or accounts or error made in assessing the satisfaction of a performance condition, recovery and withholding mechanisms apply for at least three years from the date on which an award vests.	Other than the Initial PSP Awards, under which awards over shares worth up to 450% of the executives' basic annual salary could be granted, the maximum opportunity is 150% of base salary. In exceptional circumstances, this may be increased to 300%. Dividends may accrue on PSP awards over the vesting period and be paid out either as cash or as shares on vesting, in respect of the number of shares that have vested.

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
All-employee share plans	Encourages employee share ownership and therefore increases alignment with shareholders.	Equiniti may from time to time operate tax-approved share plans (such as the HMRC approved Save As You Earn Option Plan and Share Incentive Plan) for which executive Directors are eligible.	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.

Notes to the policy table:
1 Awards may be structured as nil-cost options which will be exercisable until the tenth anniversary of the grant date or as conditional awards.

PERFORMANCE MEASURES AND TARGETS

The table below sets out the rationale for the performance conditions chosen for annual bonus and Performance Share Plan 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.	• The Committee reviews the focus each year and varies them as appropriate to reflect the priorities for the business in the year ahead.
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.

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 extent of vesting based on the assessment of performance;
- 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 required in certain circumstances (such as rights issues, corporate restructuring events, variation of capital and special dividends);
- cash settling awards; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans, from year to year.

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

REMUNERATION POLICY FOR OTHER EMPLOYEES

The remuneration policy described in the previous table applies specifically to the executive Directors of Equiniti. The Committee believes that the structure of management reward at Equiniti should be linked to Group strategy and performance. The table below explains how the remuneration policy has been cascaded below executive Directors, to achieve alignment of policy across the Company.

Element	Difference in remuneration policy for other employees
Base salary	• The same principles and considerations that are applied to the executive Directors are, as far as possible, applied to all employees.
Benefits	• Equiniti also has provisions for market-aligned benefits for all employees.
Pension	• The Group operates a number of defined benefit and defined contribution schemes.
Annual bonus	• Approximately 400 members of the management team are eligible for a bonus award under The Leadership Incentive Scheme.
Deferred Annual Bonus Plan (DABP)	• Members of the Operating Committee 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 awarded to members of the Operating Committee and key individuals in the Senior Management Team.
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 purchase up to £1,800 of shares each year from gross salary.

CONSIDERATIONS OF CONDITIONS ELSEWHERE IN THE GROUP

Although the Committee does not consult directly with employees on the Directors' Remuneration Policy, the Committee seeks to ensure that the underlying principles which form the basis for decisions on executive Directors' 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.

However, there are some structural differences in the executive Directors' Remuneration Policy (as set out on page 92-99) compared to that for the broader employee base, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. A greater weight is placed on performance-based pay through the quantum and participation levels in incentive schemes. This ensures the remuneration of the executive Directors is aligned with the performance of Equiniti and therefore the interests of shareholders.

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 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).

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 following an appointment (assuming Equiniti is not in a close period).

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

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

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

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

In approving this Directors' Remuneration Policy, authority is given to Equiniti to honour any commitments entered into with current or former Directors that pre-date the approval of the policy. Details of any payments to former Directors will be set out in the annual report on Remuneration as they arise.

Element of remuneration	Maximum percentage of salary
Maximum variable pay:	300%
comprising:	
• Annual bonus	150%
• Performance Share Plan (PSP)	150% (300% in exceptional circumstances)
Pension	15% pension contributions / cash in lieu of pension

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

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

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

Provision	Detailed terms
Notice period	• 12 months' notice from the Company • 12 months' notice from the Director

Termination payment	• Payment in lieu of notice comprising:
	  • Base salary
	  • Benefits
	  • Pension allowance
	• 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.
	• The executive Directors may be suspended or put on a period of garden leave, during which they will be entitled to salary, benefits and pension.
	• 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 worked 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 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	• Any share-based entitlements granted to an executive Director under Equiniti's share plans will be treated in accordance with the relevant plan rules. • Usually, any outstanding awards lapse on cessation of employment. 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. • Under the PSP, outstanding awards will normally vest at the original vesting date to the extent that the performance condition has been satisfied, and would normally be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by Equiniti. • The Committee retains the discretion to vest awards (and measure performance accordingly) on cessation and/or to disapply time pro-rating. However, it is envisaged that this would only be applied in exceptional circumstances. • 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.
Change of control	• Outstanding awards on a takeover, winding up or other corporate event will vest early to the extent that the performance condition has been satisfied, and would normally be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by Equiniti. • The Committee would retain discretion to waive time pro-rating, if it felt it was in the interests of shareholders to do so. • 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.

THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

The table below sets of 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 fee levels.	The Chairman is paid a single consolidated fee. The non-executives are paid a basic fee with the Chairmen of the main Board committees and the Senior Independent Director paid additional fees, to reflect their extra responsibilities and time commitments. 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 and the Chairman is provided with life assurance benefits. They may also receive limited travel or accommodation related benefits in connection with their role as a Director.	The fees are subject to maximum aggregate limits, as set out in Equiniti's Articles of Association (£2m). 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.

DATE OF DIRECTORS SERVICE CONTRACTS / LETTERS OF APPOINTMENT

All current non-executive Directors' letters of appointment are subject to the individual's annual re-election at the annual general meeting. The appointment of each non-executive Director may be terminated at any time with immediate effect if they are removed as a Director by resolution at a general meeting or pursuant to the Articles. The non-executive Directors are not entitled to receive any compensation on termination of their appointment.

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

Executive Directors	Commencement Date	Term of Current Service Contract, Notice Period
Guy Wakeley	Tuesday, 27 October 15	Rolling contract, terminable on 12 months' notice
John Stier	Tuesday, 27 October 15	Rolling contract, terminable on 12 months' notice
Non-executive Directors	**Commencement Date**	**Term of Current Letter of Appointment, Notice Period**
Kevin Beeston	Tuesday, 27 October 15	Initial period of three years, terminable on 3months' notice
Sally-Ann Hibberd	Monday, 27 June 16	Initial period of three years, terminable on 3 months' notice
Victoria Jarman	Tuesday, 27 October 15	Initial period of three years, terminable on 3 months' notice
Dr Tim Miller	Friday, 9 October 15	Initial period of three years, terminable on 3 months' notice
John Parker	Monday, 7 September 15	Initial period of three years, terminable on 3 months' notice
Darren Pope	Thursday, 6 October 16	Initial period of three years, terminable on 3 months' notice

Notes:
Sir Rod Aldridge was appointed to the Board on 27 October 2015 and ceased to be a Director on 1 August 2016.
Haris Kyriakopoulos was appointed to the Board on 27 October 2015 and ceased to be a Director on 4 August 2016.

ANNUAL REPORT ON REMUNERATION

THE IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDED 31 DECEMBER 2016

This part of the Directors' Remuneration Report sets out a summary of how the Directors' Remuneration Policy was applied over the financial year ended 31 December 2016 and will be subject to an advisory vote at the AGM. Details of the remuneration earned by executive and non-executive Directors and the outcomes of the incentive schemes, together with the link to Equiniti's performance, are provided in this section.

Various disclosures about the Directors' remuneration set out below have been audited by Equiniti's independent external Auditor, PricewaterhouseCoopers LLP. Where information has been audited, this has been clearly indicated.

SINGLE FIGURE – DIRECTORS REMUNERATION (AUDITED)

The following tables report the total remuneration receivable by each Director during the year and previous year:

£'000		Salary and fees	Benefits[1]	Annual Bonus[2]	PSP[3]	Employer Pension Contribution[4]	Other[5]	Total
Executive								
Guy Wakeley	2016	460	47	393	–	65	–	965
	2015	368	19	343	–	38	1,975	2,743
John Stier	2016	305	33	295	–	46	–	679
	2015	181	10	179	–	8	1,385	1,763

Notes:
1 Benefits include car allowance (£15,000), private medical insurance (£2,082), life assurance (£1,899 for Guy Wakeley and £1,259 for John Stier) and benefit in kind charge payable on loans (£27,842 for Guy Wakeley and £14,311 for John Stier).
2 For 2016, annual bonus is paid in cash and 30% is compulsory deferred into an award of shares which are held for three years.
3 The first awards under the PSP were made in 2015 and therefore no awards vested during the year.
4 Guy Wakeley and John Stier receive a cash allowance of 15% of salary in lieu of pension contributions. Prior to the IPO in October 2015, Guy Wakeley received 11% of salary and John Stier received no pension.
5 Other remuneration includes the value of shares transferred to certain directors of the Group by Advent on IPO, in recognition of their contribution and management of the IPO process. The shares immediately vested but were subject to lockup until October 2016. As previously disclosed in the Prospectus and later in this report, interest free loans were granted to the Directors to fund their tax and national insurance liabilities arising from the transaction. The loans are to be repaid within three years or the Directors' departure from Equiniti. As defined by current accounting standards and policies, the loans will be treated as a benefit in kind for income tax purposes with the benefit in kind value being included in the single figure in future years.

THE ANNUAL BASE SALARIES OF THE EXECUTIVE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016 WERE:

Director	Base salary	Effective Date	Increase
Guy Wakeley	£460,000	27 October 2015	N/A
John Stier	£305,000	27 October 2015	N/A

VARIABLE PAY OUTCOMES (AUDITED INFORMATION)

ANNUAL BONUS

For 2016, annual bonuses for the executive Directors were based on corporate financial and personal objectives. A bonus of up to 150% of salary may be earned with 30% of any award deferred in shares for three years. The corporate financial metrics were based on profit before tax, revenue and cash flow, equally weighted. The individual personal objectives were individually set and are detailed overleaf.

The Remuneration Committee reviewed the achievements against the targets for the year and proposed bonus payments for the executive Directors through the annual performance review process. The table below shows the achievement against the financial and personal performance measures.

OUTCOME OF PERFORMANCE AGAINST INDIVIDUAL PERSONAL OBJECTIVES ACTS AS A MULTIPLIER WITH ANNUAL BONUS CALCULATED USING THE FOLLOWING FORMULA:

Salary × On-target bonus opportunity × Corporate financial outcome × Individual multiplier = Annual bonus

Where

1. Individual multiplier ranges from 0 to 1.5, both are determined through the Committees' review of performance against personal objectives, with a multiplier of 1.0 for on-target performance.
2. Assuming target performance against both the corporate and personal elements, 75% of the on-target bonus opportunity will be payable.

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.

Corporate Financial Outcome

Performance measures	Weighting	Threshold target (m)	Budget target (m)	Maximum target (m)	Actual performance (m)	% of bonus payable
		0%	75%	125%		
Profit before tax	1/3	25.9	28.7	34.5	28.5	23.2%
Revenue	1/3	37.7	396.8	416.6	382.6	7.0%
Cash flow	1/3	(7.8)	(7.0)	(5.8)	(5.8)	41.7%
Total						**71.9%**
Individual multiplier					Guy Wakeley	John Stier
Multiplier awarded					1.19	1.34

	Guy Wakeley	John Stier
Bonus amount achieved as % of salary	85.51%	96.58%
Bonus amount achieved	£393,362	£294,569
Paid in cash (70%)	£275,353	£206,198
Deferred in shares (30%)	£118,009	£88,371

ANNUAL REPORT ON REMUNERATION

Individual personal objectives

Guy Wakeley's objectives focussed on:	Evidenced by:	Score
• Delivering the 2016 business plan achieving consensus revenues, earnings and cash generations	Delivery of strong revenue growth, EBITDA and cash flow conversion, reduction in leverage and strong underlying EPS growth.	Exceeded
• Generating significant top line progression delivering sustainable organic growth and step-change revenue opportunities	Revenue growth from cross-selling and up-selling, new client wins and retention of all FTSE350 clients.	Exceeded
• Growing Equiniti's addressable markets and service capabilities	Strategic acquisitions of KYCnet, RiskFactor and Toplevel Computing to strengthen our platform for organic growth.	Exceeded
• Development of frameworks for regulation, risk and operational resilience	Chief Audit Officer recruited to strengthen risk management and audit capabilities across the group.	Achieved
• Delivery of cash savings through reduction of property footprint and strengthening procurement function	Reduction of the property footprint with London locations being reduced to one and further reductions in Belfast, Bristol, Edinburgh and Ipswich (finalising early 2017).	Exceeded
• People and talent	All sourcing and recruitment managed offshore, talent and management framework launched, EC learning portal implemented for all staff and staff engagement survey launched.	Achieved
• Develop and deliver successful investor relations programme	Investor engagement improved with the appointment of a Head of Investor Relations and program of events including capital markets day, roadshows, investor conferences/meetings.	Exceeded
• Increase digitalisation and automation of key customer facing services	Progress with digital marketing, leveraging web, mobile and social media including expert videos and thought leadership pieces.	Achieved

John Stier's objectives focussed on:	Evidenced by:	Score
• Reducing net debt / EBITDA leverage through working capital management and reduction in financing costs	Working capital and net cash flow both exceeding budget.	Exceeded
• Delivery of group property strategy, reducing the UK footprint	Reduction of the property footprint with London locations being reduced to one and further reductions in Belfast, Bristol, Edinburgh and Ipswich (finalising early 2017).	Exceeded
• Re-establish group procurement function delivering cash savings of at least £1.4m in 2016	Strengthened Procurement team with key new hires delivering in-year benefit of £2.8m through improved processes and development of offshore capability of analytics.	Exceeded
• Restructuring the group finance teams, with the standardisation of ledger functions, improved automation and reporting and the offshoring of headcount	Successful finance transformation to an offshore model with 40% of headcount offshored and significantly improved systems and processes in place resulting in improved Board reporting and proactive management of the balance sheet.	Exceeded
• Build a strong programme of investor relations, supporting share price progression and innovative shareholder communications	Strong share progression despite the difficult economic back drop of 2016 demonstrated by out-performance of the FTSE250 by c.20%.	Exceeded
• Restructuring pension provision to Equiniti staff moving to one defined contribution scheme	Pension arrangements across the group successfully reduced from over 25 to a single DC pension scheme.	Exceeded

Individual multiplier

The performance of each of the executive Directors was assessed through the annual performance review process, the Committee deemed performance strong against the majority of their personal objectives resulting in Guy Wakeley being awarded a performance rating of 'High' and John Stier being awarded a performance rating of 'Outstanding'. Based on the achievement against these objectives the Committee has awarded above target performance of 1.19 for Guy Wakeley and 1.34 for John Stier, which is in-line with other high performing individuals in the Group.

Performance rating	Maximum multiplier
Outstanding	150%
High	125%
Good	100%
Off Track	50%
Low	0%

PERFORMANCE SHARE PLAN (PSP)

The first awards were made in 2015, therefore no awards vested during the year.

SINGLE FIGURE – NON-EXECUTIVE DIRECTORS REMUNERATION (AUDITED INFORMATION)

The Chairman is paid a single consolidated fee. The non-executives are paid a basic fee with Chairs of the Board committees and the Senior Independent Director paid additional fees to reflect their extra responsibilities.

£'000		Salary and fees	Benefits[1]	Other[2]	Total
Non-executive					
Kevin Beeston	2016	210	18	–	228
	2015	168	1	1,444	1,613
Sir Rod Aldridge[3]	2016	58	–	–	58
	2015	100	–	–	100
Sally-Ann Hibberd[4]	2016	27	–	–	27
	2015	–	–	–	–
Victoria Jarman	2016	75	–	–	75
	2015	67	–	99	166
Haris Kyriakopoulos[5]	2016	–	–	—	–
	2015	–	–	–	–
Dr Tim Miller[6]	2016	115	–	–	115
	2015	73	–	–	73
John Parker[7]	2016	81	–	–	81
	2015	151	–	–	151
Darren Pope[8]	2016	5	–	–	5
	2015	–	–	–	–

1 The Chairman is provided with life assurance benefits (£867). Benefits also includes benefit in kind charge on his loan (£16,746).
2 Other remuneration includes the value of shares transferred to certain directors of the Group by Advent on IPO in recognition of their contribution and management of the IPO process. The shares immediately vested but were subject to lockup until October 2016. As previously disclosed in the Prospectus and later in this report, interest free loans were granted to the Directors to fund their tax and national insurance liabilities arising from the transaction. The loans are to be repaid within three years or on the Directors' departure from Equiniti. As defined by current accounting standards and policies, the loans will be treated as a benefit in kind for income tax purposes with the benefit in kind value being included in the single figure in future years.
3 Sir Rod Aldridge stepped down from the Board and left the Company on 1 August 2016. Fees shown are for the seven months he served in 2016.
4 Sally-Ann Hibberd joined Equiniti on 1 August 2016. Fees shown are for the five months she served in 2016.
5 Haris Kyriakopoulos resigned from the Board on 4 August 2016 following the holding of Equiniti (Luxembourg) Sàrl (the "Advent Shareholder") reducing to 7.9% of the Ordinary Shares in issue in accordance with the terms of the relationship agreement between the Advent Shareholder and Equiniti dated 14 October 2015, under which the Advent Shareholder ceases to be entitled to appoint a nominee director as result of the Ordinary Shares held by the Advent Shareholder and its associates no longer representing, in aggregate, 10% or more of the Ordinary Shares or voting rights in the Company.
6 The fees for Dr Tim Miller include the £50,000 that he receives for serving on the board of EFSL.
7 The fees for John Parker include additional fees for the period that he served as chair to the Risk Committee in advance of Sally-Ann Hibberd joining.
8 Darren Pope joined Equiniti on 1 December 2016. Fees shown are for the month that he served in 2016.

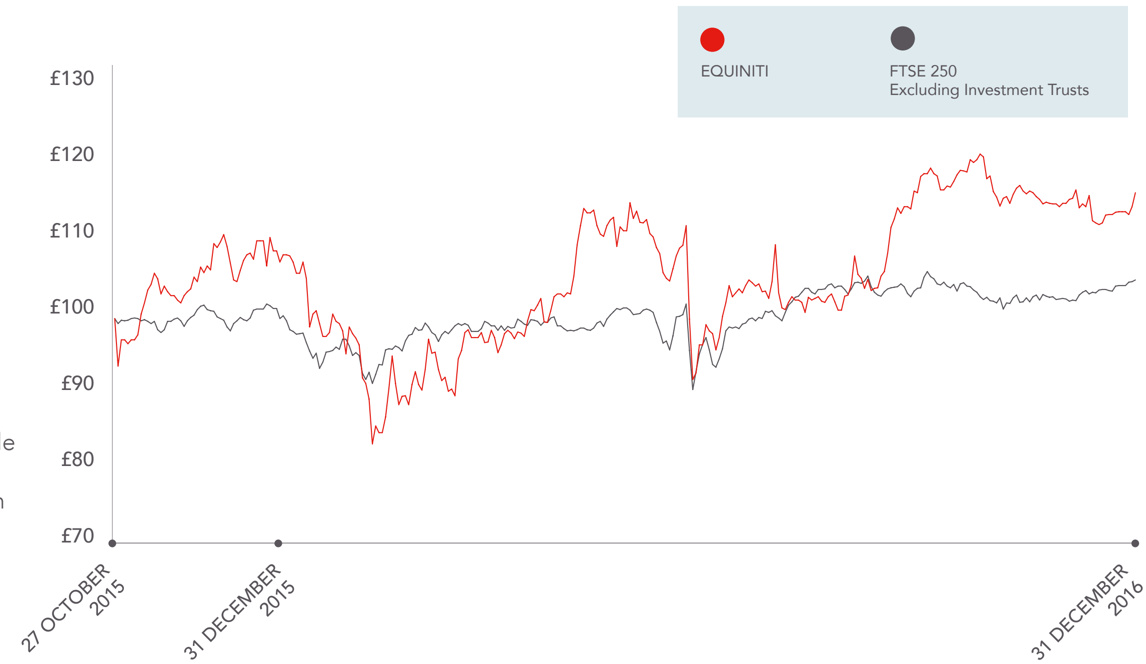
ANNUAL NON-EXECUTIVE DIRECTOR FEES

	Year Ending 31 December		
	2017	2016	Change %
Board Chairman	£210,000	£210,000	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%

ANNUAL REPORT ON REMUNERATION

PERFORMANCE GRAPH AND TABLE

This graph shows a comparison of Equiniti's total shareholder return (share price growth plus dividends paid) with that of the FTSE 250 Index (excluding investment trusts) since admission assuming an investment of £100 at the offer price. Equiniti has selected this index as it comprises companies of a comparable size and complexity and provides a good indication of Equiniti's relative performance.



CHIEF EXECUTIVE'S PAY IN THE LAST THREE FINANCIAL YEARS

The total remuneration of the Chief Executive's over the last three years is shown in the table below.

	Year Ended 31 December		
	2016	2015	2014
Total remuneration (£,000)	965	2,743	528
Annual bonus (as a % of target opportunity)	85.51%	98.1%	56%
PSP vesting (as a % of maximum opportunity)	N/A	N/A	N/A

PERCENTAGE CHANGE IN CHIEF EXECUTIVE'S REMUNERATION

The table below shows the percentage change in each of the Chief Executive's salary, taxable benefits and annual bonus earned in 2015 and 2016, compared to that for the average employee of Equiniti (on a per capita basis).

	Guy Wakeley, Chief Executive	Average Employee
	% change	% change
Salary	0.00%	1.47%
Benefits	147.00%	0.00%
Annual bonus	14.57%	26.69%

1 The Chief Executive's individual benefits have remained unchanged, the increase shown above reflects the benefit in kind charge on his interest free loan (see page 107 for further details).

ANNUAL REPORT ON REMUNERATION

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.

	2016 vs 2015	2016	2015
Dividend per share	100%	2.32p	0.00p
Total employee benefit expense	8.8%	£160.5m	£147.4m

Dividend per share, and Total employee benefit expense have the same meaning as in the Notes to the Company Financial Statements.

PENSIONS (AUDITED)

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 are capped at 15% of salary. As at 31 December 2016, there were no executive Directors participating in an Equiniti pension plan. The table below provides details of the executive Directors' pension benefits:

	Total contributions to DC-type pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Guy Wakeley	N/A	65
John Stier	N/A	46

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

There were no payments for loss of office made in 2016.

PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments made to any past Directors during the year, except payments made in accordance with the signed service contracts and letters of appointment for those Directors who served during the period.

PEFORMANCE SHARE PLAN AWARDS MADE IN 2016 (AUDITED)

On 24 March 2016, the executive Directors received awards equivalent to 150% of base salary. The awards made in 2016 will be subject to the following performance conditions, measured over the three financial years to 31 December 2018:

Performance Measure	Weighting of Measure	Performance Target
EPS growth	50%	Average annual growth in Equiniti's fully diluted normalised earnings per share (EPS) for financial years 2016, 2017 and 2018 measured from a proforma EPS for the financial year ending December 2015 of 13.0p. If average growth in EPS over the 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%.
Relative TSR	50%	Total shareholder return (TSR) performance relative to the constituent companies of the FTSE 250 Index (excluding investment trusts) on the date of grant. Vesting of 25% of the award will occur for median ranking and the award will vest in full for upper quartile or above ranking, with straight line vesting in between these points based on ranking. No awards will vest if TSR ranks below the median.

Following vesting, a further two-year holding period will apply to the PSP awards, whereby executive Directors will be restricted from selling the net of tax shares which vest.

	Type of award	Number of shares	Face value[1]	Face value as a % of salary	Threshold vesting as % of maximum	End of performance period
Guy Wakeley	PSP	434,864	689,999	150%	25%	24/03/2019
John Stier	PSP	288,334	457,500	150%	25%	24/03/2019

1 PSP awards were granted on 24 March 2016 at a share price of 158.57p being the closing share price on the day prior to grant.

ANNUAL REPORT ON REMUNERATION

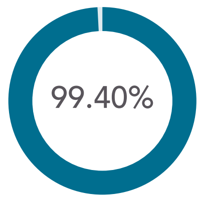
STATEMENT OF VOTING AT THE ANNUAL GENERAL MEETING

At the last Annual General Meeting, votes on the Remuneration Report were cast as follows:

ANNUAL REMUNERATION REPORT VOTES

Votes for
99.40%

Votes against
0.6%



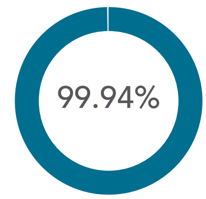
220,787,844
Total votes cast

6,823,213
Votes withheld (abstentions)

DIRECTORS REMUNERATION POLICY VOTES

Votes for
99.94%

Votes against
0.06%



227,611,057
Total votes cast

0
Votes withheld (abstentions)

EXTERNAL APPOINTMENTS

Executive Directors are permitted to accept one external appointment, with the prior approval of the Chairman and where there is no impact on their role with Equiniti. The Board will determine on a case-by-case basis whether the executive Directors will be permitted to retain any fees arising from such appointments, details of which will be provided in the annual report on Remuneration. No external appointments are currently held.

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

To align the interests of the executive Directors with shareholders, each executive Director must build up and maintain a shareholding in Equiniti equivalent to 200% of base salary. Executives must meet the shareholding guideline within five years of appointment to the Board.

Details of the Directors' interests in shares are shown in the table below.

Director	Beneficially[1] owned shares at 31 December 2016, or date of leaving if earlier	Beneficially owned shares at 7 March 2017	Shareholding guideline achieved	PSP	DABP	SAYE
Guy Wakeley	1,319,813	1,319,813	Yes	1,689,409	–	2,834
John Stier	448,910	448,910	Yes	1,120,152	–	2,834
Kevin Beeston	506,304	506,304	N/A	–	–	–
Sir Rod Aldridge	1,525,749	N/A	N/A	–	–	–
Sally-Ann Hibberd	–	–	N/A	–	–	–
Victoria Jarman	31,713	31,713	N/A	–	–	–
Haris Kyriakopoulous	–	–	N/A	–	–	–
Dr Tim Miller	63,793	63,793	N/A	–	–	–
John Parker	57,312	57,312	N/A	–	–	–
Darren Pope	–	–	N/A	–	–	–
Total	**3,953,594**	**2,427,845**		**2,809,561**	–	**5,668**

1 Sir Rod Aldridge ceased to be Director on 1 August 2016.
2 The Partnership shares that Guy Wakeley and John Stier hold in the SIP are included in the figure for beneficially owned shares.

OTHER SHAREHOLDING INFORMATION (AUDITED)

The closing share price of Equiniti's ordinary shares at 31 December 2016, was 195p and the price range for financial year was 130p to 205.25p.

Shareholder dilution

Awards granted under Equiniti's share plans are met by the issue of new shares when awards vest. The Committee 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 (formerly the ABI) in respect of share plans is 10% in any rolling ten-year period and in respect of discretionary share plans is 5% in any ten-year rolling period.

During 2016, there were a number of good leavers within the Group resulting in the exercise of 0.28% of the SAYE options granted in 2015 and lapsing of 0.75% of those options. Following changes in management and the consequential lapsing and granting of PSP awards, at 31 December 2016 the options granted under discretionary schemes had reduced by 4% from that as at 31 December 2015.

Based on the Company's issued share capital as at 31 December 2016, and assuming that all current awards made under Equiniti's share plans as at that date vest in full, our dilution level was 4.09% against all share plans and 2.63% against discretionary schemes.

Director loans

As previously disclosed, Advent transferred shares to certain Directors of the Group on IPO in recognition of their contribution and management of the IPO process. The shares are subject to lock up arrangements, as disclosed in the price range prospectus. As the shares vested immediately, they were therefore taxable at the point of grant. The Group lent three of those Directors who received the shares monies to cover their income tax and National Insurance liabilities. These loans were all subject to relevant approvals through the IPO process and are treated as a benefit in kind to the receiving individuals. All benefiting individuals have entered into a loan agreement with the Group. These loans must be repaid no later than October 2018. Loans were made to three of the Directors for the following amounts: £928,050, £678,732 and £580,031. Two of the directors had settled their loans and the amount of £928,050 remained outstanding as at 31 December 2016.

THE ROLE OF THE REMUNERATION COMMITTEE

The Committee has responsibility for determining Equiniti's overall pay policy. In particular, the Committee is responsible for:

- approving the framework or broad policy for the remuneration of the Chairman, the executive Directors, and certain other senior executives;
- approving their remuneration packages and service contracts;
- reviewing and approving decisions made in relation to Code Staff by the Remuneration Committee of EFSL;
- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- approving the design of, and determining targets for, all performance related pay schemes operated by Equiniti and approving the total annual payments made under such schemes; and
- 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.

TERMS OF REFERENCE

The Committee's terms of reference are available on the investor section of the Equiniti website:
http://investors.equiniti.com/investors/shareholder-services/corporate-governance

MEMBERS OF THE COMMITTEE

The Committee is made up exclusively of independent non-executive Directors.

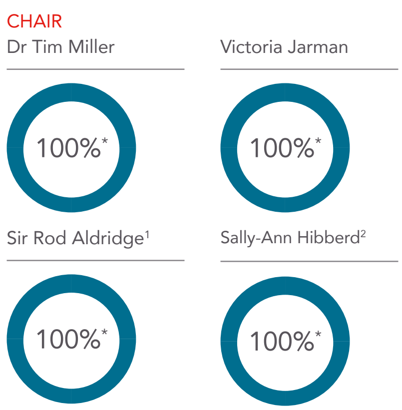
Remuneration Committee members	Position	Comments
Dr Tim Miller	Chairman and member from 27 October 2015	
Sir Rod Aldridge	Member from 27 October 2015	Resigned from the Board 1 August 2016
Sally-Ann Hibberd	Member from 1 August 2016	
Victoria Jarman	Member from 27 October 2015	

ANNUAL REPORT ON REMUNERATION

Biographies of the current Committee members are set out on pages 64-65. The Committee discharges its responsibilities through a series of scheduled meetings during the year. At the request of the Committee Chairman, other individuals and external advisors may be invited to attend all or a part of any meeting, as and when appropriate. The Committee members, together with a schedule of their attendance at meetings during 2016, is shown below.

COMMITTEE ATTENDANCE DURING 2016

There were two Committee meetings held during 2016 and the Directors' attendance during their tenure in that period was as follows:



*Percentage based on number of meetings entitled to attend during the period.
1 Sir Rod Aldridge resigned from the Board and Committee effective 1 August 2016.
2 Sally-Ann Hibberd was appointed to the Board and as a member of the Committee effective 1 August 2016.

Remuneration Committee attendees during the year	Position	Comments
Kevin Beeston	Chairman	Attended by invitation
Guy Wakeley	CEO	Attended by invitation
John Stier	CFO	Attended by invitation
Nicola Pattimore	Group HR Director	Attends as an executive responsible for advising on the remuneration policy
Josephina Smith	Head of Reward	Attended as an executive responsible for advising on the remuneration policy
Emma Penn	Reward & Benefits Director	Attends as an executive responsible for advising on the remuneration policy
Doug Armour	Company Secretary	Attended as the secretary to the Committee
Kathy Cong	Company Secretary	Attends as the secretary to the Committee

No person was present during any discussion relating to their own remuneration arrangements.

SUMMARY OF THE COMMITTEE'S ACTIVITIES DURING THE FINANCIAL YEAR

Meeting	
February	Considering salary review proposals for the executive Directors, Executive Committee and Operating Committee; review the final draft of the 2015 Remuneration Report; confirmation of the bonus payable; approving 2016 bonus targets; approving 2016 PSP grant; approving new Share Incentive Plan.
December	Review initial draft of the 2016 Remuneration Report; update on performance of Chief Executive's direct reports; update on in-flight share awards; review 2017 bonus targets; receive a Corporate Governance update.

ADVISORS TO THE COMMITTEE

New Bridge Street, (NBS), part of Aon plc, is retained as the independent adviser to the Remuneration Committee. NBS has also been appointed as advisor to the Remuneration Committee of Equiniti Financial Services Limited.

NBS have been appointed by the Committee to provide advice and information. NBS is a signatory to the Remuneration Consultants' Code of Conduct which requires that its advice be objective and impartial. The Committee will review annually the performance and independence of its advisors.

NBS have provided advice throughout the year mainly around the following key executive reward areas:

- support in reviewing the Director's Remuneration Report;
- advice on the performance share plan documentation;
- informing the Committee on market practice and governance issues; and
- responding to general and technical reward queries.

The total fees paid to NBS for providing advice and information during the year were £45,169. The fees charged are predominantly charged on the basis of hourly rates.

APPROVAL

This report was approved by the Board of Directors on 7 March 2017 and signed on its behalf by:

Dr Tim Miller
Chairman of the Remuneration Committee

7 March 2017

DIRECTORS' REPORT 2016

The Directors have pleasure in presenting the Directors' Report, together with the audited Accounts of the Company and of the Group for the year ended 31 December 2016.

The Directors' Report comprises pages 109-111, and incorporates by reference those sections of the Annual Report set out below:

In accordance with Listing Rule LR 9.8.4C, the information to be included in the Annual Report, where applicable, under LR 9.8.4, is set out in this Directors' Report, with the exception of details of transactions with controlling shareholders which is set out in Note 7.3 to the Accounts on page 162.

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.

Equiniti Group plc is incorporated as a public limited company and is registered in England with the registered number 07090427. Equiniti Group plc's registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH. The Company's registrars are Equiniti Limited who are situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Charitable Donations

We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. The needs of our local communities are varied and diverse and although there are no Group sponsored charities, there are numerous charitable efforts carried out within the regions.

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.

Diversity and Inclusion Policy

Further to work completed during 2016, Equiniti adopted a new Diversity and Inclusion policy in February 2017, which notes the Group's responsibility to make adjustments to meet the needs of disabled employees, workers and customers where reasonable and practicable to do so, and our commitment to protecting our employees from any adverse treatment as a result of any of the protected characteristics covered by UK/EU legislation: age, disability, gender or gender reassignment, marriage and civil partnership status, pregnancy and maternity, race (including ethnic origins, nationality and colour), religion or belief or absence of religion or belief, and sexual orientation.

Political Donations

Equiniti does not make any political donations and does not incur any political expenditure. As a precautionary measure, authority is to be sought at the Annual General Meeting to make limited political donations or incur political expenditure and there is a full explanation in the explanatory note of Resolution 17 to the Notice of 2017 Annual General Meeting.

Dividend

The Board is recommending a final dividend of 3.11 pence per share which, subject to shareholder approval at the Annual General Meeting on 25 April 2017, will result in a full year dividend of 4.75 pence per share, including the interim dividend of 1.64 pence per share. The final dividend will be paid on 31 May 2017 to shareholders on the register of members at close of business on 21 April 2017. Any shareholder wishing to participate in the Equiniti Dividend Reinvestment Plan (DRIP) needs to have submitted their election to do so by 9 May 2017. We maintain our progressive dividend policy which will see us distribute around 30% of our underlying profit attributable to ordinary shareholders each year.

The Board has adopted a progressive dividend policy, reflecting Equiniti's long-term earnings and cash flow potential, with a target pay-out ratio of 30% of underlying profit after tax and split approximately one-third and two-thirds between interim and final dividends respectively.

Directors During the Year

SIR ROD ALDRIDGE	RESIGNED: 01/08/2016
KEVIN BEESTON	
VICTORIA JARMAN	
SALLY-ANN HIBBERD	APPOINTED: 01/08/2016
HARIS KYRIAKOPOULOS	RESIGNED: 04/08/2016
DR TIM MILLER	
JOHN PARKER	
DARREN POPE	APPOINTED: 01/12/2016
JOHN STIER	
GUY WAKELEY	

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

Retirement & Reappointment

All the Directors will retire and offer themselves for re-appointment at the Annual General Meeting to be held on 25 April 2017, as set out in the Governance Report on page 75.

Equiniti'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 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 68-69.

DIRECTORS' REPORT 2016

Directors' Interests

	Unvested	Vested but not exercised	Exercised during the year	Total of all options held[1]	Number of shares held	Total
Kevin Beeston	–	–	–	–	506,304	506,304
Sally-Ann Hibberd	–	–	–	–	-	-
Vicky Jarman	–	–	–	–	31,713	31,713
Dr Tim Miller	–	–	–	–	63,793	63,793
John Parker	–	–	–	–	57,312	57,312
Darren Pope	–	–	–	–	–	–
John Stier	1,122,986	–	–	1,122,986	448,910	1,571,896
Guy Wakeley	1,692,243	–	–	1,692,243	1,319,813	3,012,056

1 Includes both unexercised vested interests and unvested interests at 7 March 2017.

Third Party Indemnity
Equiniti 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.

External Auditor
Having conducted an independence and effectiveness assessment during the year and formal tender process as described in the Audit Committee Report on page 80, the Audit Committee has recommended to the Board the reappointment of PricewaterhouseCoopers LLP (PwC) as the Group's external Auditor. The Audit Committee will be responsible for determining the audit fee on behalf of the Board. PwC has indicated its willingness to continue in office.

Following the recommendation of the Audit Committee and in accordance with section 489 of the Companies Act 2006, a resolution to reappoint PricewaterhouseCoopers LLP will be put to shareholders at the Annual General Meeting to be held on 25 April 2017.

Annual General Meeting
An explanation of the resolutions to be put to shareholders at the 2017 Annual General Meeting, and the recommendation of the Directors in relation to them, is as set out in the Notice of Meeting.

Equiniti's second Annual General Meeting will be held at the offices of Weil, Gotshal & Manges LLP, 110 Fetter Lane, London, EC4A 1A at 11.00 a.m. on 25 April 2017. The Notice of Meeting will be available on our website: http://investors.equiniti.com/investors.

Share Capital Structure
There has been no significant change to Equiniti's share capital structure during the year. Equiniti's share capital at 31 December 2016 comprised only Ordinary Shares of £0.001 each, which rank equally in all respects. The rights attaching to the Ordinary Shares are set out in Equiniti's Articles of Association. Details of Equiniti's issued share capital as at 31 December 2016 and of the movements during the year are set out in Note 6.2 to the Accounts on page 152.

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

i. Equiniti has exercised its right to suspend the voting rights or to prohibit the transfer of shares, as a result of the failure by the shareholder to provide us with information requested by us in accordance with part 22 of the Companies Act 2006; or

ii. the shareholder is prohibited from exercising voting rights by the Listing Rules or the City Code on Takeovers and Mergers.

Equiniti operates a share incentive scheme open to all employees. Any shares held by the Employee Benefit Trust trustees abstain from voting.

Except as noted above any shares acquired through a share incentive scheme rank equally with existing ordinary shares and have no additional or special rights.

Authority to Allot and Purchase Shares
Equiniti was granted authority at our 2016 Annual General Meeting to allot equity securities up to a nominal amount of £100,000, subject to certain restrictions, and allot equity securities up to a nominal amount of £15,000 on a non-pre-emptive basis, subject to certain restrictions. During the year ended 31 December 2016 23,830 Ordinary Shares were allotted at an average price of 127 pence per share, to satisfy the share options exercised under the Equiniti Group UK Sharesave Plan during that period.

At the 2016 Annual General Meeting Equiniti was also granted authority to make market purchases of up to 30,000,000 of our own Ordinary Shares, as permitted by the Companies Act 2006.

Resolutions to renew these authorities and permit Directors to allot equity securities up to a nominal amount of £100,008.97 (representing one third of Equiniti's share capital as at 7 March 2017), of which £15,001.34 (representing 5% of Equiniti's share capital as at 7 March 2017) could be allotted on a non-pre-emptive basis, subject to certain restrictions, and make market purchases of up to 30,002,690 of our own Ordinary Shares (representing 10% of Equiniti's issued share capital as at 7 March 2017), will be put to shareholders at the 2017 Annual General Meeting. A further explanation of the resolutions is set out in the Notice of 2017 Annual General Meeting.

Following the conclusion of the Relationship Agreement with Equiniti (Luxembourg) S.a.r.l. in 2016, 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.

DIRECTORS' REPORT 2016

Substantial Shareholdings

At 7 March 2017, the Company had been notified in accordance with the Disclosure and Transparency Regulations, or was otherwise aware, that the following held, or were beneficially interested in, 3% or more of Equiniti's ordinary shares at that date:

	Number of ordinary shares	% of voting rights
Woodford Investment Mgt	32,365,909	10.79
GVQ Investment Mgt	16,111,909	5.37
Paradice Investment Mgt	12,905,728	4.30
Citadel Investment Group	12,714,671	4.24
Allianz SE	11,534,698	3.84
River & Mercantile Asset Mgt	10,196,870	3.40
Pelham Capital Mgt	9,433,604	3.14

During 2016 a series of share disposals were made by Equiniti (Luxembourg) S.a.r.l. resulting in the resignation of Haris Kyriakopoulos from the Board on 4 August 2016, when the level of indirect shareholdings fell below 10% of the total issued share capital of Equiniti. The entity ceased to be a shareholder on 15 December 2016, when the remaining shareholding was sold and the 3% threshold of the total issued share capital of Equiniti crossed.

Research & Development

Equiniti continues to commit resources to the development of new and improved technologies and capabilities, 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. 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.

Change of Control

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. Equiniti does not have any agreements with any Director or officer that provide for compensation for loss of office or employment resulting from a takeover.

Equiniti has facility arrangements with its bank lenders which contain provisions giving those lenders certain rights on a change of control.

Save as otherwise disclosed above, there are no other significant agreements to which Equiniti is a party that take effect, alter or terminate upon a change of control following a takeover bid.

Post Balance Sheet Events

In the first quarter of 2017, the Group completed two acquisitions in financial services technology, for a total consideration of c.£18m, with a further earnout payment of up to c.£8m by the end of 2020, dependent on growth. Further details on these acquisitions is detailed below.

On 6 January 2017, Equiniti acquired the entire share capital of two businesses: Marketing Source Ltd (Marketing Source) and Gateway 2 Finance Limited (G2F). Marketing Source is a data analytics and cyber security business based in Exeter, aligned with Equiniti Group's strategy in providing regulatory-driven, technology-enabled specialist services and helping clients mitigate risk and improve effective customer targeting through data analytics, identity checking and cyber security products. The offering is particularly relevant for major retail banks, challenger banks, retail clients and other consumer-facing businesses, including utilities. G2F is a loan brokerage firm based in Halifax, West Yorkshire, with exemplary mortgage and consumer credit expertise supporting Equiniti's strategy to promote loan, mortgage and technology solutions to meet the requirements of the fast-moving credit market place, and providing Equiniti Group with the necessary permissions to access the high-growth loans BPO market.

The Directors' Report was approved by the Board of Directors on 7 March 2017.

Kathy Cong
Company Secretary

7 March 2017

“

This deal is important for our people and our business. It secures jobs, significantly reduces our fixed costs and protects our reputation for providing excellent customer service.”

Life and pensions: Outsourcing core operations

Retirement Advantage focuses on delivering simple, secure and flexible retirement products. With roots back to 1852, it wanted to scale while retaining its ability to rapidly provide innovative and good value products for the at-retirement market.

retirement advantage

Read the full case study on pages 36-37.

03

Financial Statements

Report on the Group financial statements

OUR OPINION

In our opinion, Equiniti Group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

OUR AUDIT APPROACH

Overview

- Overall group materiality: £2.7m which represents 5% of profit before tax adjusted for amortisation of acquired intangibles.

- Of the Group's 32 trading entities, we performed full scope audit procedures on five statutory entities.
- Specific procedures on certain balances were performed at a further three statutory entities.
- Overall this accounted for 85% of Group revenue and 97% of profit before tax adjusted for amortisation of acquired intangibles.

- Revenue recognition on complex contracts.
- Determination of purchase price allocation for acquisitions.
- Classification of exceptional items.

REPORT ON THE GROUP FINANCIAL STATEMENTS

THE SCOPE OF OUR AUDIT AND OUR AREAS OF FOCUS

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit. In the prior year, the risk of impairment of goodwill was included as an area of focus, however based on the performance of the group in 2016 we do not consider it an area of focus for 2016.

Area of focus	How our audit addressed the area of focus
Revenue recognition on complex contracts The Group has entered into a number of complex revenue contracts and has negotiated variations to existing ones. The arrangements can include multiple elements and as a result revenue recognition in connection with these contracts is complex and involves a high degree of management judgement.	We assessed whether the revenue recognised on these contracts was in line with the group accounting policy and IAS18. For a sample of multiple element contracts, we assessed whether each element was separately identifiable and performed testing over the fair value of each element by comparing the margins or selling prices used in the calculations to those achieved on similar contracts. For licence revenue, we assessed whether there was an enforceable right to use the licence at the year end for the customer and an enforceable right to consideration for Equiniti, and where necessary challenged management to provide additional evidence where required as well as obtaining evidence of delivery and acceptance of the related deliverable. Our testing did not identify any material misstatements in the amount of revenue recognised on these contracts.
Other items included in Revenue The Group recognised amounts within revenue arising from research and development grants, balance releases and revenue from acquisitions.	We challenged a number of revenue items that were not in accordance with IFRS and both management and the Audit Committee agreed to change the majority of these items. Other unchanged items were more judgemental in nature and individually and cumulatively immaterial. We and the Audit Committee concluded that the remaining unadjusted amount was not material in quantitative or qualitative terms.
Determination of purchase price allocation on acquisitions During the year the Group made four acquisitions (see note 4.1). Accounting for the purchase price allocation is complex and judgemental with a number of assumptions involved in allocating the consideration to specific assets such as customer relationships and software.	For each of the acquisitions: We identified and assessed the methodologies used by the Group to identify the acquired identifiable tangible assets and liabilities, and identify previously unrecognised intangible assets, which we considered reasonable. We tested the valuations of identified acquired intangible assets prepared by the Group by assessing the appropriateness of the valuation method used, and by comparing the assumptions used, for example attrition rates, customer income, asset lives and contingent consideration to market data, empirical data from the business acquired and our experience of similar transactions and found no material differences. We challenged management's assessment of whether other intangible assets should be recognised, such as brands, and based on the nature of the acquisitions we agreed with management's conclusion that there were no other material intangible assets to recognise.

REPORT ON THE GROUP FINANCIAL STATEMENTS

Area of focus	How our audit addressed the area of focus
Classification of exceptional items Net costs of £5m have been classified as exceptional items in the current year financial statements (see note 3.3). One of the Group's financial reporting KPIs is EBITDA prior to exceptional items. There is a risk that some the recurring costs could have been incorrectly included in exceptional items.	We assessed the disclosed accounting policy for compliance with accounting standards and for consistency of application. We tested whether exceptional items were non-recurring in nature and recognised and presented in accordance with the disclosed accounting policy by gaining an understanding of why the amounts have been treated as exceptional. We tested a sample of items to check the amounts and the nature of the cost to supporting evidence. We scanned the listing for costs that appeared unusual to us in the context of the accounting policy and tested whether such items were appropriately treated. Our testing did not identify any material misstatements in the amounts or classification of exceptional items.

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 geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The Group is organised into three operating divisions (Investment Solutions, Pension Solutions and Intelligent Solutions) each of which is made up of 32 trading entities and a further 16 holding company entities , and our Group audit approach was aligned with this structure. All but five of these entities are based in the UK. All of the overseas entities are financially insignificant to the Group.

We performed full scope audit procedures on five trading entities which are financially significant and contributed 85% to Group revenue and 97% to Group profit before tax adjusted for amortisation of acquired intangibles.

Of the five full scope audits, four audits are completed by the Group engagement team in Gatwick. For one entity, MyCSP, a separate audit team performed the audit under instruction from the Group team. The risks and proposed response for MyCSP were agreed with the component team prior to the commencement of that audit. The Group engagement team reviewed the work of the component team and attended the clearance meeting to discuss the findings to ensure the risk and the planned response had been appropriately executed.

Specified audit procedures in relation to third party debt, cash, deferred income and provisions were performed at a further three entities to gain sufficient audit coverage over these balances. Additionally the Group engagement team performed all audit work over tax balances, exceptional items, share based payments, employee benefits and business combinations as these balances are controlled centrally.

REPORT ON THE GROUP FINANCIAL STATEMENTS

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 on the financial statements as a whole.

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

Overall group materiality	£2.7m (2015: £2.1m).
How we determined it	5% of profit before tax adjusted for amortisation of acquired intangibles. In the prior year adjusted EBITDA was used as the benchmark as the group was Privately Equity owned for most of the year and therefore EBITDA was the primary measure used by shareholders when the group was highly geared.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by shareholders to assess the performance of the group and that the profit before tax should be adjusted for the amortisation of acquired intangibles as this is not a performance related cost.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150,000 (2015: £150,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules we are required to review the directors' statement, set out on page 76, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's ability to continue as a going concern.

Other required reporting

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

COMPANIES ACT 2006 REPORTING

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAS (UK & IRELAND) REPORTING

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or • otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 76, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 80, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

OTHER REQUIRED REPORTING

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors' confirmation on page 44 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated	We have nothing material to add or to draw attention to.
• the directors' explanation on page 48 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 76, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER

We have reported separately on the company financial statements of Equiniti Group plc for the year ended 31 December 2016 and on the information in the Directors' Remuneration Report that is described as having been audited.

Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
7 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Revenue	3.1, 3.4	**382.6**	**369.0**
Operating costs before exceptional costs, depreciation and amortisation	3.2	(290.2)	(282.8)
EBITDA* prior to exceptional items	3.4	**92.4**	**86.2**
Operating costs – exceptional items	3.3	(5.0)	(32.8)
EBITDA*		**87.4**	**53.4**
Depreciation of property, plant and equipment	4.2	(5.4)	(4.4)
Amortisation of software	4.3	(16.0)	(15.8)
Amortisation of acquisition related intangible assets	4.3	(25.3)	(23.0)
Total operating costs	3.2	(341.9)	(358.8)
Earnings before interest and tax (EBIT)		**40.7**	**10.2**
Finance income	6.1	0.2	0.7
Finance costs before exceptional items	6.1	(12.4)	(61.4)
Finance costs – exceptional items	6.1	–	(21.2)
Net finance costs		**(12.2)**	**(81.9)**
Profit/(loss) before income tax		**28.5**	**(71.7)**
Income tax credit	8.1	4.9	25.9
Profit/(loss) for the year		**33.4**	**(45.8)**
Profit/(loss) for the year attributable to:			
– Owners of the parent		30.5	(50.4)
– Non-controlling interests		2.9	4.6
Profit/(loss) for the year		**33.4**	**(45.8)**
Basic and diluted earnings/(loss) per share attributable to owners of the parent:			
Basic earnings/(loss) per share (pence)	6.4	10.2	(92.8)
Diluted earnings/(loss) per share (pence)	6.4	10.1	(92.8)

*Earnings before interest, tax, depreciation and amortisation

The notes on pages 129 to 173 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Profit/(loss) for the year		**33.4**	**(45.8)**
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss			
Fair value movement through hedging reserve		3.1	2.0
Net exchange gain on translation of foreign operations		3.1	–
		6.2	**2.0**
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial (loss)/gain	9.3	(11.3)	2.6
Deferred tax credit/(charge) on other comprehensive income		1.9	(0.4)
		(9.4)	**2.2**
Other comprehensive (expense)/income for the year		**(3.2)**	**4.2**
Total comprehensive income/(expense) for the year		**30.2**	**(41.6)**
Total comprehensive income/(expense) attributable to:			
– Owners of the parent		28.0	(46.4)
– Non-controlling interests		2.2	4.8
Total comprehensive income/(expense) for the year		**30.2**	**(41.6)**

The notes on pages 129 to 173 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Property, plant and equipment	4.2	17.1	11.4
Intangible assets	4.3	670.1	637.2
Other financial assets	9.1	7.8	1.8
Deferred income tax assets	8.2	29.1	20.0
		724.1	**670.4**
Current assets			
Trade and other receivables	5.1	75.4	70.5
Agency broker receivables		15.9	15.9
Other financial assets	9.1	0.2	–
Cash and cash equivalents	6.7	56.7	76.5
		148.2	**162.9**
Total assets		**872.3**	**833.3**
Liabilities			
Non-current liabilities			
External loans and borrowings	6.6	301.5	314.3
Post-employment benefits	9.3	23.9	13.5
Provisions for other liabilities and charges	5.3	16.2	4.5
Other financial liabilities	9.2	4.5	0.5
		346.1	**332.8**
Current liabilities			
Trade and other payables	5.2	105.4	97.8
Agency broker payables		15.9	15.9
Income tax payable		2.2	1.8
Provisions for other liabilities and charges	5.3	–	4.1
Other financial liabilities	9.2	0.5	0.4
		124.0	**120.0**
Total liabilities		**470.1**	**452.8**
Net assets		**402.2**	**380.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Equity			
Equity attributable to owners of the parent			
Share capital	6.2	0.3	0.3
Capital contribution reserve	6.3	181.5	181.5
Hedging reserve	6.3	4.9	1.8
Share-based payments reserve	6.3	2.1	0.2
Translation reserve	6.3	3.1	–
Retained earnings		191.5	176.7
		383.4	**360.5**
Non-controlling interest		18.8	20.0
Total equity		**402.2**	**380.5**

The notes on pages 129 to 173 form part of these financial statements.

The financial statements on pages 122 to 173 were approved by the Board of Directors on 7 March 2017 and were signed on its behalf by:

John Stier

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Share premium	Capital contribution reserve	Hedging reserve	Share-based payments reserve	Translation reserve	Accumulated retained (losses)/ earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2015	**5.0**	**3.5**	**–**	**(0.2)**	**–**	**–**	**(277.9)**	**17.7**	**(251.9)**
Comprehensive (expense)/income									
(Loss)/profit for the year per the income statement	–	–	–	–	–	–	(50.4)	4.6	(45.8)
Other comprehensive income/(expense)									
Changes in fair value through hedging reserve	–	–	–	2.0	–	–	–	–	2.0
Actuarial gains on defined benefit pension plans	–	–	–	–	–	–	2.4	0.2	2.6
Deferred tax on defined benefit pension plans	–	–	–	–	–	–	(0.4)	–	(0.4)
Total other comprehensive income	–	–	–	2.0	–	–	2.0	0.2	4.2
Total comprehensive income/(expense)	**–**	**–**	**–**	**2.0**	**–**	**–**	**(48.4)**	**4.8**	**(41.6)**
Issue of share capital	0.3	494.7	–	–	–	–	–	–	495.0
Capital reduction	(4.8)	(498.2)	–	–	–	–	503.0	–	–
Buy back of own shares	(0.2)	–	0.2	–	–	–	–	–	–
Capital contribution	–	–	181.3	–	–	–	–	–	181.3
Dividends	–	–	–	–	–	–	–	(1.1)	(1.1)
Transactions with non-controlling interests	–	–	–	–	–	–	–	(1.4)	(1.4)
Share-based payments expense	–	–	–	–	0.2	–	–	–	0.2
Transactions with owners recognised directly in equity	**(4.7)**	**(3.5)**	**181.5**	**–**	**0.2**	**–**	**503.0**	**(2.5)**	**674.0**
Balance at 31 December 2015	**0.3**	**–**	**181.5**	**1.8**	**0.2**	**–**	**176.7**	**20.0**	**380.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Share premium	Capital contribution reserve	Hedging reserve	Share-based payments reserve	Translation reserve	Accumulated retained (losses)/ earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2016	**0.3**	**–**	**181.5**	**1.8**	**0.2**	**–**	**176.7**	**20.0**	**380.5**
Comprehensive income									
Profit for the year per the income statement	–	–	–	–	–	–	30.5	2.9	33.4
Other comprehensive income/(expense)									
Changes in fair value through hedging reserve	–	–	–	3.1	–	–	–	–	3.1
Net exchange gain on translation of foreign operations	–	–	–	–	–	3.1	–	–	3.1
Actuarial losses on defined benefit pension plans	–	–	–	–	–	–	(10.4)	(0.9)	(11.3)
Deferred tax on defined benefit pension plans	–	–	–	–	–	–	1.7	0.2	1.9
Total other comprehensive income/(expense)	–	–	–	3.1	–	3.1	(8.7)	(0.7)	(3.2)
Total comprehensive income	**–**	**–**	**–**	**3.1**	**–**	**3.1**	**21.8**	**2.2**	**30.2**
Dividends	–	–	–	–	–	–	(7.0)	(1.6)	(8.6)
Transactions with non-controlling interests	–	–	–	–	–	–	–	(1.8)	(1.8)
Share-based payments expense	–	–	–	–	1.7	–	–	–	1.7
Deferred tax relating to share option schemes	–	–	–	–	0.2	–	–	–	0.2
Transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**1.9**	**–**	**(7.0)**	**(3.4)**	**(8.5)**
Balance at 31 December 2016	**0.3**	**–**	**181.5**	**4.9**	**2.1**	**3.1**	**191.5**	**18.8**	**402.2**

The notes on pages 129 to 173 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	9.5	64.0	73.7
Interest paid		(9.7)	(30.1)
Income tax paid		(2.2)	(1.5)
Net cash inflow from operating activities		**52.1**	**42.1**
Cash flows from investing activities			
Interest received	6.1	0.2	0.4
Dividends from investment	6.1	–	0.3
Business acquisitions net of cash acquired	4.1	(12.0)	(19.9)
Payment relating to prior year acquisitions		(7.3)	(3.9)
Acquisition of property, plant and equipment		(8.3)	(2.9)
Acquisition of intangible assets		(19.9)	(15.5)
Net cash outflow from investing activities		**(47.3)**	**(41.5)**
Cash flows from financing activities			
Proceeds from issue of share capital		–	495.0
Proceeds from new bank loans	6.6	–	250.0
(Decrease)/increase in revolving credit facility	6.6	(14.0)	24.5
Repayment of loan notes		–	(440.0)
Repayment of payment in kind loans		–	(161.9)
Repayment of preference shares		–	(105.0)
Payment of finance lease liabilities		(0.4)	(0.3)
Dividends paid	6.5	(7.0)	–
Dividends paid to non-controlling interests		(1.6)	(1.1)
Transactions with non-controlling interests		(1.7)	(1.2)
Refinancing fees paid		–	(14.2)
Net cash (outflow)/inflow from financing activities		**(24.7)**	**45.8**
Net (decrease)/increase in cash and cash equivalents		(19.9)	46.4
Foreign exchange gains on cash and cash equivalents		0.1	–
Cash and cash equivalents at 1 January		76.5	30.1
Cash and cash equivalents at 31 December		**56.7**	**76.5**

The notes on pages 129 to 173 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company which is listed on the London Stock Exchange and 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 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.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (the EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The Group's functional and presentational currency is the British Pound (£).

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included within exceptional items.

Going Concern

The Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its bank facilities. The Directors, after making enquiries and on the basis of current financial projections and the facilities available at the reporting date, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the historical financial information.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less any provisions for impairment.

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 at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the statement of comprehensive income 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:

• Leasehold improvements	2 - 50 years
• Office equipment	2 - 10 years
• Fixtures and fittings	3 - 20 years

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 (CGUs) that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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 and is not subsequently reversed.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are 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

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these 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.

Other intangible assets

Other intangible assets consist of intangible assets identified as part of a business combination. They are stated at fair value at date of acquisition less accumulated amortisation and impairment losses.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives. Order books are valued based on expected revenue generation. Brand valuation is based on net present value of estimated royalty returns.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software development 3 - 5 years
- Other intangible assets 1 - 20 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 grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Classification of financial instruments issued by the Group

The Group classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired and management will determine the classification of its financial assets on initial recognition.

Other financial assets include loans and receivables and derivatives. Derivatives are explained below. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, and are included in non-current assets as their maturity is greater than 12 months after the end of the reporting period.

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 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.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Derivative financial instruments and hedging activities

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see cash flow hedges below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the instruments at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current liability when the remaining maturity of the hedged item is less than 12 months.

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 statement of comprehensive income within finance costs.

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 variable rate borrowings is recognised in the statement of comprehensive income within finance costs. 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 hedged item occurs.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The impairment recorded is the difference between the carrying value of the receivable and the estimated future cash flows, discounted where appropriate. Any impairment is recognised in the statement of comprehensive income within operating costs.

Agency broker balances

Where the Group acts as an agency broker for retail investors, balances owed by or to the retail investor and the market maker are recognised within other receivables and other payables until the settlement date, when these balances are eliminated.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of financial position and the statement of cash flows.

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 statement of comprehensive income over the period of the borrowings on an effective interest basis. On borrowings extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables

Trade payables represent liabilities for goods and services received by the Group prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separately administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income 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) are deducted. The liability discount rate is the yield at the statement of financial position 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 recognised asset 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 charged or credited to equity 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 service in the current year, benefit curtailments and settlements. Payments are recognised as employee benefit expense in the statement of comprehensive income.

Past-service costs, which arise as a result of current changes to plan arrangements affecting the obligation for prior periods, are recognised immediately as employee benefit expense in the statement of comprehensive income.

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 cost is included within finance costs in the statement of comprehensive income.

Share-based payment transactions

Equity settled:

The Group operates a number of equity-settled, share based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time); and

– including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the statement of comprehensive income, 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.

Contingent consideration is provided on the acquisition of a business, where the monetary amount is dependant on the future performance of the acquired business.

Dilapidations provisions relate to estimated costs 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 where leasehold improvements have been made that would require reinstatement back to original status on exit. These are uncertain in timing, as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year, they are shown as current.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions for onerous leases have been made for unused property space on operating leases for the period up until the space is estimated to become used or the break clause in the lease, whichever comes earlier.

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.

Foreign currency translation

The results and financial position of all Group entities having a different functional currency from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of services and software supplied and interest on funds under administration of the Group, and is almost entirely attributable to the United Kingdom. The Group is one of the largest providers of outsourced financial services in the UK, covering pension administration, pensions payroll, annuity services, complaints handling and resourcing services.

Professional services revenue is recognised as the services are performed. Hardware sales and software licences are recognised when goods and perpetual licences are delivered. Technical support revenues and term licences are recognised rateably over the term of the agreement.

Revenue is recognised and deferred on multiple element contracts, for example the sale of a perpetual licence with an annual maintenance and support contract, when an element of the contracted work has not been completed. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situations, based upon published list prices.

Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are deferred in the statement of financial position as deferred income.

Revenue with respect to long term contracts, where delivery of a service spans more than one accounting period, is recognised using the 'percentage of completion' method. 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 statement of comprehensive income, are stated less foreseeable losses and payments on account.

Revenue also comprises fixed periodic administration fees, transaction processing fees, fees for managing corporate actions, fees for professional and IT services and fees earned on the administration of client funds.

Periodic administration fees are recognised evenly over the contract period. Transaction based fees are recognised at the time of processing the related transactions. Revenues from corporate actions are recognised in line with the stage of completion and fees in relation to administration of client funds are recognised as they accrue.

Revenue also includes variable margin intermediary fee income, earned on funds under administration of the Group.

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

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss in the statement of comprehensive income in the same periods in which the expenses are recognised. Grants relating to employment are recognised in profit and loss in the statement of comprehensive income as they are earned. Grants relating to intangible assets are netted against the related expenditure, prior to capitalisation, and amortised over the useful life of the asset.

Expenses

Operating lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Exceptional items

Exceptional items are items which due to their size, incidence or non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and, in management's judgement, to show more accurately the underlying profits of the Group. Such items are included within the statement of comprehensive income caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated statement of comprehensive income.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, dividend income, foreign exchange gains and losses that are recognised in the statement of comprehensive income 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 statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payment is established.

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.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (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 INTERPRETATIONS NOT YET ADOPTED

The following new and amended standards have been adopted by the Group in all periods of the consolidated financial statements:

- IAS 1 (amendment) Presentation of financial statements
- IAS 16 (amendment) Property, plant and equipment
- IAS 19 (amendment) Employee benefits
- IAS 32 (amendment) Financial instruments: presentation
- IAS 36 (amendment) Impairment of assets
- IAS 38 (amendment) Intangible assets
- IAS 39 (amendment) Financial instruments: Recognition and measurement

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss, with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier adoption is permitted. The Group is currently assessing the impact of IFRS 15 and, at this stage, does not believe there will be a material impact on the Group results.

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset value is low. The standard replaces IAS 17 'Leases' and related interpretations and is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, subject to EU endorsement and if IFRS 15 'Revenue from contracts with customers' has also been applied. The Group is currently assessing the impact of IFRS 16 and expects that there will be a material impact on both non-current assets and finance lease liabilities.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future, the results of which may affect the carrying values of amounts in the financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are described below.

Accounting estimates and assumptions

Fair value of intangible assets

Fair values of intangible assets recognised on acquisitions have been calculated by estimating the net present value of future revenues generated by the assets over their estimated useful lives.

Expected useful lives of intangible assets and property, plant and equipment

The carrying value of intangible assets and property, plant and equipment and the respective amortisation and depreciation of these assets is affected by the assumptions made in determining the expected useful lives of the assets. A judgement has been made of the useful life of each category of asset and this judgement has been applied consistently year to year.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.1 above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which are disclosed in note 4.3.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Fair value of derivative financial instruments

Third party valuations are used to fair value the Group's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Deferred tax assets

Under IAS 12 "Income taxes", deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. As at the year end, the Directors consider that the IAS 12 recognition criteria are satisfied. See note 8.2 for further details.

Pension assumptions

The present value of the net defined benefit pension obligation is dependant 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 Post-employment benefits, include salary rate increases, interest rates, inflation rates, the discount rate and mortality assumptions. Any changes in these assumptions will impact the carrying value of the pension obligation and a sensitivity analysis is 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.

Provisions

Provisions for contingent consideration have been made in relation to acquisitions the Group has made. There are various criteria that need to be satisfied in order for a payment to be made. The Group has made provisions as appropriate based on the relevant accounting standards and management's best estimate of the criteria for settlement being fulfilled.

Dilapidations provisions have been made for properties which the Group currently leases, based upon the cost to make good the property in accordance with lease terms where applicable, if the Group were to vacate at the period end as assessed by a chartered surveyor with reference to current market rates.

Provisions for onerous leases have been made for unused property space on operating leases for the period up until the space is estimated to become used or the break clause in the lease, whichever comes earlier.

Revenue recognition

The Group uses the percentage of completion method in accounting for its fixed-price contracts to deliver services. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Judgements in applying the Group's accounting policies

Exceptional items

Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by the Directors. Exceptional items includes costs in relation to business integration and reorganisation, as well as potential and aborted acquisitions, costs incurred against investigated and completed acquisitions, onerous contract provision expenses and any income related to reversal of onerous contract and contingent consideration provisions.

3 OPERATING PROFIT

3.1 REVENUE

Revenue from continuing operations:	2016 £m	2015 £m
Rendering of services	371.4	359.7
Intermediary fee	11.2	9.3
Total revenue	**382.6**	**369.0**

3.2 OPERATING COSTS

Expenses by nature:	2016 £m	2015 £m
Employee benefit expense (note 3.5)	160.1	147.4
Direct costs	69.4	66.3
Bought in services	15.8	18.0
Premises costs	6.6	5.8
Operating lease costs	7.2	6.3
Government grants for research and development	(1.9)	–
Other general business costs	33.0	39.0
Operating costs before exceptional costs, depreciation and amortisation	**290.2**	**282.8**
Exceptional items (note 3.3)	5.0	32.8
Depreciation of property, plant and equipment (note 4.2)	5.4	4.4
Amortisation of software (note 4.3)	16.0	15.8
Amortisation of acquisition related intangible assets (note 4.3)	25.3	23.0
Total operating costs	**341.9**	**358.8**

3.3 OPERATING COSTS – EXCEPTIONAL ITEMS

Included in the profit for the year are the following:	2016 £m	2015 £m
Change of control costs	–	22.5
Acquisition, restructuring and other costs	5.0	10.3
Total exceptional items	**5.0**	**32.8**

Change of control costs relate to legal, advisory, banking and other fees in relation to the Group's change in ownership which resulted in the Company's listing on the London Stock Exchange in October 2015.

Acquisition related expenses represent fees paid to third party advisors and transaction fees in respect of acquisitions completed in the period, as well as costs incurred on further potential acquisitions and disposals not yet completed. It also includes exceptional income in relation to the reversal of the contingent consideration provision on historic acquisitions as a result of a change in post-acquisition performance expectations or other earn-out criteria.

Restructuring and other costs primarily relate to costs associated with building an offshore centre in Chennai with scale and driving the Group's efficiency agenda.

3.4 OPERATING SEGMENTS

In accordance with IFRS 8 'Operating Segments', an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker ('CODM') and for which discrete information is available. The Group's CODM is the Board of Directors.

The Group's operating segments have been identified as Investment Solutions, Intelligent Solutions, Pension Solutions and Interest, in line with how the Group runs and structures its business.

Year ended 31 December 2016	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	127.9	(4.3)	123.6
Intelligent Solutions	127.8	(11.4)	116.4
Pension Solutions	140.7	(9.3)	131.4
Interest	11.2	–	11.2
Total revenue	**407.6**	**(25.0)**	**382.6**

Year ended 31 December 2015	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	122.8	(7.9)	114.9
Intelligent Solutions	115.6	(13.3)	102.3
Pension Solutions	157.2	(14.7)	142.5
Interest	9.3	–	9.3
Total revenue	**404.9**	**(35.9)**	**369.0**

EBITDA prior to exceptional items	2016 £m	2015 £m
Investment Solutions	38.6	35.1
Intelligent Solutions	29.5	23.2
Pension Solutions	24.3	26.7
Interest	11.2	9.3
Total segments	103.6	94.3
Central costs	(11.2)	(8.1)
EBITDA prior to exceptional items	**92.4**	**86.2**

Central costs principally include corporate overheads. The EBITDA prior to exceptional items of each segment is reported after charging relevant corporate costs based on the business segments' usage of corporate facilities and services.

3.4 OPERATING SEGMENTS (CONTINUED)

Reconciliation to profit/(loss) before tax	2016 £m	2015 £m
EBITDA prior to exceptional items	92.4	86.2
Exceptional items	(5.0)	(32.8)
EBITDA	87.4	53.4
Depreciation of property, plant and equipment	(5.4)	(4.4)
Amortisation of software	(16.0)	(15.8)
Amortisation of acquisition related intangible assets	(25.3)	(23.0)
Finance costs – net	(12.2)	(81.9)
Profit/(loss) before tax	**28.5**	**(71.7)**

Other segmental disclosures Year ended 31 December 2016	Depreciation and amortisation £m	Exceptional items £m	Capital expenditure £m
Investment Solutions	(19.0)	(0.2)	(6.6)
Intelligent Solutions	(8.1)	(1.0)	(4.8)
Pension Solutions	(7.2)	(1.8)	(1.8)
Total segments	(34.3)	(3.0)	(13.2)
Central	(12.4)	(2.0)	(17.5)
Total	**(46.7)**	**(5.0)**	**(30.7)**

Other segmental disclosures Year ended 31 December 2015	Depreciation and amortisation £m	Exceptional items £m	Capital expenditure £m
Investment Solutions	(19.0)	(4.3)	(6.9)
Intelligent Solutions	(1.8)	(2.7)	(3.0)
Pension Solutions	(5.1)	(1.8)	(3.5)
Total segments	(25.9)	(8.8)	(13.4)
Central	(17.3)	(24.0)	(5.4)
Total	**(43.2)**	**(32.8)**	**(18.8)**

Capital expenditure consists of additions to property, plant, equipment and software.

3.5 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:	2016 Number	2015 Number
Operations	3,839	3,829
Support functions	386	212
Sales and marketing	110	108
Total employees	**4,335**	**4,149**

Number of employees – by operating segment:	2016 Number	2015 Number
Investment Solutions	1,244	1,278
Intelligent Solutions	515	479
Pensions Solutions	1,651	1,721
Central	925	671
Total employees	**4,335**	**4,149**

Number of employees – by geography:	2016 Number	2015 Number
United Kingdom	3,756	3,788
India	579	361
Total employees	4,335	**4,149**

At the year end date, the total number of employees based in India was 760 (2015: 402).

The aggregate payroll costs of these persons were as follows:

	2016 £m	2015 £m
Wages and salaries	136.8	129.1
Social security costs	13.5	11.2
Other pension costs	8.1	6.9
Share-based payment expense	1.7	0.2
Total employee benefit expense	**160.1**	**147.4**

4 INVESTMENTS

4.1 ACQUISITIONS OF BUSINESSES

KYCnet

On 3 March 2016, the Group purchased the entire issued share capital of KYCnet BV and its subsidiaries (KYCnet) for £17.2m, consisting of £8.5m cash on completion, £1.6m deferred consideration payable in April 2017, and up to £7.5m of contingent consideration, discounted to £7.1m payable in March 2019. KYCnet is based in the Netherlands and offers services and software to major financial institutions with a focus on client onboarding and customer due diligence processes.

On acquisition, the business had net assets of £4.0m, including a cash balance of £0.1m. The results of the business have been consolidated since the date of control and KYCnet contributed £5.7m of revenue and £1.4m of net profit to the Group results in 2016. If the business had been acquired on 1 January 2016 it would have contributed an additional £0.9m of revenue and £0.1m of net loss to the Group's results for the year ended 31 December 2016.

On acquisition, intangible assets relating to software and to customer contracts and related relationships were re-evaluated, resulting in a combined upward adjustment of £4.6m to the book value. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. 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 KYCnet and the Group.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.1
Software	2.1
Customer intangibles	3.3
Trade and other receivables	0.7
Cash and cash equivalents	0.1
Trade and other payables	(1.5)
Deferred income tax liabilities	(0.8)
Net identifiable assets and liabilities	**4.0**
Goodwill on acquisition	13.2
Total consideration	**17.2**
Cash acquired	(0.1)
Deferred consideration	(1.6)
Contingent consideration	(7.1)
Net cash outflow in the period	**8.4**

As at 31 December 2016, the minimum amount of contingent consideration payable is £nil and the maximum amount is £7.5m. The final amount to be paid will be determined based on the acquiree's financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

Riskfactor Group

On 4 March 2016, the Group purchased the entire issued share capital of Information Software Solutions Limited and its subsidiaries (Riskfactor Group) for £9.9m, consisting of £5.2m cash on completion, £2.0m of deferred consideration, payable in March 2018, and up to £3.0m of contingent consideration, discounted to £2.7m payable in March 2019. Riskfactor provides software based risk management solutions to the commercial finance sector, which incorporate functionality such as potential fraud detection and workflow management.

On acquisition, the business had net assets of £3.8m, including a cash balance of £1.5m. The results of the business have been consolidated since the date of control and Riskfactor Group contributed £1.9m of revenue and £0.5m of net profit to the Group results in 2016. If the business had been acquired on 1 January 2016 it would have contributed an additional £0.4m of revenue and £0.1m of net profit to the Group's results for the year ended 31 December 2016.

On acquisition, intangible assets relating to software and customer contracts and related relationships were re-evaluated, resulting in a combined upward adjustment of £4.0m to the book value. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. The value of goodwill reflects expected synergies from combining the operations and expertise of Riskfactor and the Group and to enable future market development.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.1
Software	1.3
Customer intangibles	2.7
Trade and other receivables	0.8
Cash and cash equivalents	1.5
Trade and other payables	(1.9)
Deferred tax liability	(0.7)
Net identifiable assets and liabilities	**3.8**
Goodwill on acquisition	6.1
Total consideration	**9.9**
Cash acquired	(1.5)
Deferred consideration	(2.0)
Contingent consideration	(2.7)
Net cash outflow in the period	**3.7**

As at 31 December 2016, the minimum amount of contingent consideration payable is £nil and the maximum amount is £0.3m.

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

Toplevel

On 22 July 2016, the Group purchased the entire issued share capital of Toplevel Holdings Limited and its subsidiaries (Toplevel) for £3.5m, consisting of £3.3m cash on completion and £0.2m deferred consideration. Toplevel, a UK company, is a digital services technology provider of large-scale digital case management solutions.

On acquisition, the business had net assets of £2.0m, including a cash balance of £0.7m. The results of the business have been consolidated since the date of control and Toplevel contributed £1.0m of revenue and £0.1m of net profit to the Group results in 2016. If the business had been acquired on 1 January 2016 it would have contributed an additional £1.3m of revenue and £0.2m of net profit to the Group's results for the year ended 31 December 2016.

On acquisition, intangible assets relating to software and to customer contracts and related relationships have been re-evaluated, resulting in a combined upward adjustment of £1.6m to the book vaue. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. 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 Toplevel and the Group.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.1
Software	0.3
Customer intangibles	1.3
Trade and other receivables	0.6
Cash and cash equivalents	0.7
Trade and other payables	(0.6)
Deferred tax liability	(0.3)
Net identifiable assets and liabilities	**2.1**
Goodwill on acquisition	1.4
Total consideration	**3.5**
Cash acquired	(0.7)
Deferred consideration	(0.2)
Net cash outflow in the period	**2.6**

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

Marketing Source

On 6 January 2017, the Group purchased the entire issued share capital of Marketing Source Limited and its subsidiary (Marketing Source) for £24.2m, consisting of £1.2m of deferred consideration, up to £6.0m of contingent consideration discounted to £1.2m payable in March 2019 and £4.2m payable in March 2021, and cash on legal completion of £14.0m (consisting of £17.6m purchase price less £3.6m cash on completion) which was paid in January 2017.

The Group took control of Marketing Source on 1 December 2016. On this date the business had net assets of £11.8m, including a cash balance of £2.8m. The results of the business have been consolidated since the date of control and Marketing Source contributed £0.9m of revenue and £0.6m of net profit to the Group results in 2016. If the business had been acquired on 1 January 2016 it would have contributed an additional £3.6m of revenue and £1.7m of net profit to the Group's results for the year ended 31 December 2016.

On acquisition, intangible assets relating to software and to customer contracts and related relationships have been re-evaluated, resulting in a combined upward adjustment of £6.3m to the book value. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. 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 Marketing Source and the Group.

Recognised amounts of identifiable assets acquired and liabilities assumed	**£m**
Property, plant and equipment	0.9
Software	2.2
Customer intangibles	5.0
Trade and other receivables	2.9
Cash	2.8
Trade and other payables	(1.0)
Deferred tax liability	(1.0)
Net identifiable assets and liabilities	**11.8**
Goodwill on acquisition	12.4
Total consideration	**24.2**
Cash acquired	(2.8)
Accrued consideration	(17.6)
Deferred consideration	(1.2)
Contingent consideration	(5.4)
Net cash inflow in the period	**(2.8)**

As at 31 December 2016, the minimum amount of contingent consideration payable is £nil and the maximum amount is £6.0m. The final amount to be paid will be determined based on the acquiree's financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

Costs of acquiring and integrating the above businesses amounted to £0.9m in the year and these are reflected within exceptional items in the income statement.

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

Gateway2Finance

In January 2017, the Group purchased the entire issued share capital of Gateway 2 Finance Limited and Refresh Personal Finance Limited (Gateway2Finance) for £0.2m plus contingent consideration of up to £1.0m, payable in 2020. Gateway2Finance is an FCA authorised entity acting as a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites.

Prior year acquisitions

At 31 December 2015, the fair value adjustments made against net assets acquired during 2015 were provisional. The accounting in respect of these acquisitions has since been finalised. The adjustments to net assets acquired and goodwill of all acquisitions made during 2015 are as follows:

Fair value of 2015 acquisitions	Net assets acquired £m	Fair value adjustments in 2015 £m	Prior year fair values recognised £m	Fair value adjustments in 2016 £m	Final fair values recognised £m
Software	–	2.3	2.3	(0.9)	1.4
Customer intangibles	–	0.3	0.3	0.4	0.7
Trade and other receivables	3.9	–	3.9	–	3.9
Cash and cash equivalents	0.6	–	0.6	(0.1)	0.5
Trade and other payables	(3.8)	–	(3.8)	–	(3.8)
Deferred income tax assets/(liabilities)	0.3	(0.4)	(0.1)	0.1	–
Net identifiable assets and liabilities	**1.0**	**2.2**	**3.2**	**(0.5)**	**2.7**
Goodwill on acquisition	4.2	(2.2)	2.0	0.5	2.5
Total consideration	**5.2**	**–**	**5.2**	**–**	**5.2**
Cash acquired	(0.6)	–	(0.6)	0.1	(0.5)
Contingent consideration	(2.3)	–	(2.3)	–	(2.3)
Net cash outflow in the period	**2.3**	**–**	**2.3**	**0.1**	**2.4**

4.2 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Office equipment £m	Fixtures & fittings £m	Total £m
Cost				
Balance at 1 January 2015	6.1	22.1	4.8	33.0
Additions	0.8	2.3	0.1	3.2
Reclassification	0.3	(0.3)	–	–
Balance at 31 December 2015	**7.2**	**24.1**	**4.9**	**36.2**
Balance at 1 January 2016	7.2	24.1	4.9	36.2
Acquisition of business	0.8	0.3	0.1	1.2
Additions	2.7	6.7	0.3	9.7
Disposals	–	(1.9)	(0.1)	(2.0)
Translation adjustment	0.1	0.2	–	0.3
Balance at 31 December 2016	**10.8**	**29.4**	**5.2**	**45.4**
Accumulated depreciation				
Balance at 1 January 2015	3.7	14.3	2.4	20.4
Depreciation charge for the year	1.0	2.7	0.7	4.4
Balance at 31 December 2015	**4.7**	**17.0**	**3.1**	**24.8**
Balance at 1 January 2016	4.7	17.0	3.1	24.8
Depreciation charge for the year	0.8	3.7	0.9	5.4
Disposals	–	(1.9)	(0.1)	(2.0)
Translation adjustment	–	0.1	–	0.1
Balance at 31 December 2016	**5.5**	**18.9**	**3.9**	**28.3**
Net book value				
Balance at 31 December 2015	**2.5**	**7.1**	**1.8**	**11.4**
Balance at 31 December 2016	**5.3**	**10.5**	**1.3**	**17.1**

Included within office equipment are assets held under finance lease with a cost of £2.2m as of 31 December 2016 (2015: £2.6m). As at the 31 December 2016 year end these assets had a net book value of £1.9m (2015: £0.8m).

4.3 INTANGIBLE ASSETS

	Goodwill £m	Software development £m	Acquisition related intangible assets £m	Total £m
Cost				
Balance at 1 January 2015	401.9	176.6	296.2	874.7
Acquisition of business	5.7	2.2	14.3	22.2
Additions	–	15.6	–	15.6
Disposals	–	(0.3)	–	(0.3)
Reclassification	–	(0.8)	0.8	–
Balance at 31 December 2015	**407.6**	**193.3**	**311.3**	**912.2**
Balance at 1 January 2016	407.6	193.3	311.3	912.2
Acquisition of business	33.6	5.0	12.7	51.3
Additions	–	21.0	–	21.0
Disposals	–	–	(0.8)	(0.8)
Translation adjustment	1.9	0.3	0.5	2.7
Balance at 31 December 2016	**443.1**	**219.6**	**323.7**	**986.4**
Accumulated amortisation				
Balance at 1 January 2015	–	123.6	112.9	236.5
Amortisation for the year	–	15.8	23.0	38.8
Disposals	–	(0.3)	–	(0.3)
Balance at 31 December 2015	**–**	**139.1**	**135.9**	**275.0**
Balance at 1 January 2016	–	139.1	135.9	275.0
Amortisation for the year	–	16.0	25.3	41.3
Balance at 31 December 2016	**–**	**155.1**	**161.2**	**316.3**
Net book value				
Balance at 31 December 2015	**407.6**	**54.2**	**175.4**	**637.2**
Balance at 31 December 2016	**443.1**	**64.5**	**162.5**	**670.1**

Software development predominately relates to investment in the functionality of the Group's main operating platforms.

Acquisition related intangible assets consist primarily of customer lists arising from business combinations.

Goodwill is the only intangible asset with an indefinite life.

4.3 INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill arose initially on the acquisition of the Lloyds TSB Registrars business and subsequently through equity and trade and asset acquisitions. For goodwill on current year acquisitions see note 4.1. Goodwill is monitored by management in line with the Group's operating segments; Investment Solutions, Intelligent Solutions, Pensions Solutions and Interest.

Year ended 31 December 2016	Opening balance £m	Acquisitions £m	Disposals £m	Impairment £m	Closing balance £m
Investment Solutions	288.9	0.5	–	–	289.4
Intelligent Solutions	31.5	35.0	–	–	66.5
Pension Solutions	87.2	–	–	–	87.2
Total goodwill	**407.6**	**35.5**	**–**	**–**	**443.1**

Year ended 31 December 2015	Opening balance £m	Acquisitions £m	Disposals £m	Impairment £m	Closing balance £m
Investment Solutions	283.2	5.7	–	–	288.9
Intelligent Solutions	31.5	–	–	–	31.5
Pension Solutions	87.2	–	–	–	87.2
Total goodwill	**401.9**	**5.7**	**–**	**–**	**407.6**

Impairment testing

Goodwill is tested annually for impairment. The recoverable amount of cash-generating units (CGUs) for the above periods has been determined in accordance with IAS 36 "Intangible assets". This is determined by assessing the present value of net cash flows generated by the business over the period which the management expects to benefit from the acquired business.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and revenue growth rates. The Group derives cash flows from its most recent business plans over a three year period. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific in the CGUs.

The outcome of the impairment assessment has been that the directors do not consider that the goodwill has been impaired, given that the value in use is greater than the carrying value of goodwill.

	2016	2015
Period on which management approved forecasts are based	3 years	3 years
Revenue growth rate applied beyond approved forecast period	2.4%	2.0%
Discount rate pre-tax	10.2%	10.2%

The revenue growth rate applied beyond the approved forecast period is in line with underlying UK macro economic forecasts.

Sensitivity analysis

A sensitivity analysis was carried out using a 1% increase in the pre-tax discount rate and a 1% reduction in the growth rate. In the opinion of the Directors, there are no reasonably possible changes to these key assumptions which would cause the carrying value of any CGU to exceed its recoverable amount.

4.4 INVESTMENTS IN SUBSIDIARIES

The Directors consider the value of the investments to be supported by their underlying assets. The Group has the following investments in subsidiaries:

Name of controlled entity	Registered office address	Principal activities	Ownership % 31 Dec 2016
Direct Investments			
Equiniti Holdings Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Holding company	100
Indirect Investments			
Charter.Net Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Charter Systems Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
Charter UK Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
Circle of Insight Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Claybrook Computing Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH	Computer software consultancy	100
Connaught Secretaries Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
Custodian Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Holding company	100
David Venus & Company LLP	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	50
David Venus (Health & Safety) Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
Equiniti 360 Clinical Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Business process outsourcing	100
Equiniti Corporate Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti David Venus Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Company secretarial	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	Financial services	100
Equiniti India (Private) Limited	DLF IT Park, 1/124, Mt Poonamalle High Road, Ramapuram, Chennai, Tamil Nadu 600 089, India	Technology enabled services	100
Equiniti ICS Limited	205 Airport Road West, Belfast, BT3 9ED	Business process outsourcing	100
Equiniti ISA Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti Jersey Limited	26 New Street, St Helier, JE2 3RA, Jersey	Registrars	100
Equiniti KYC Solutions B.V.	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Software service provider	100

4.4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Registered office address	Principal activities	Ownership % 31 Dec 2016
Equiniti KYC Systems B.V.	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Software service provider	100
Equiniti Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Registrars	100
Equiniti Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti Registrars Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti Savings Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Holding company	100
Equiniti Share Plan Trustees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Trustee company	100
Equiniti Shareview Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Equiniti Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Pensions administration	100
Information Software Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Holding company	100
Invigia International Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Invigia Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
KYCnet BV	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Holding company	100
L R Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Non trading	100
Marketing Source Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
MyCSP Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN	Pensions administration	51
MyCSP Trustee Company Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN	Non trading	51
MyCustomerfeedback.com Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
Pancredit Systems Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Business process outsourcing	100
Paymaster (1836) Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH	Pensions administration	100
Peter Evans & Associates Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Business process outsourcing	100
Prism Communications & Management Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Company secretarial	100
Prism Cosec Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Prosearch Asset Solutions Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Asset recovery	100

4.4 INVESTMENTS IN SUBSIDIARIES (CONTINUED

Name of controlled entity	Registered office address	Principal activities	Ownership % 31 Dec 2016
RiskFactor Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
RiskFactor Software Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
SLC Corporate Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
SLC Registrars Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
Toplevel Computing Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Software service provider	100
Toplevel Development Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
Toplevel Holding Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Holding company	100
Toplevel Software Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Dormant	100
TransGlobal Payment Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	International payment services	100
Trust Research Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100
Wealth Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA	Non trading	100
Yes Offers Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Non trading	100

All the above investments are held in the Ordinary share capital of the company.

Audit exemption guarantee

The following subsidiaries will take 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 2016:

Charter Systems Limited
Charter UK Limited
Claybrook Computing Limited
Equiniti 360 Clinical Limited
Equiniti David Venus Limited
Equiniti Holdings Limited
Equiniti Share Plan Trustees Limited
Equiniti Solutions Limited
Information Software Solutions Limited
Invigia Limited
Mycustomerfeedback.com Limited
Pancredit Systems Ltd
Peter Evans & Associates Limited
Prism Communications & Management Limited
Prosearch Asset Solutions Limited
Riskfactor Software Limited
Riskfactor Solutions Limited
Toplevel Computing Limited
Toplevel Development Limited
Toplevel Holdings Limited

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 subsidiaries at the year end date was £354.5m (2015: £342.0m).

5 WORKING CAPITAL

5.1 TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Trade receivables	28.7	29.0
Accrued income	26.1	18.3
Other receivables	11.2	14.7
Prepayments	9.4	8.5
Total trade and other receivables	**75.4**	**70.5**

At the year end trade receivables are shown net of an allowance for doubtful debts of £0.2m (2015: £0.3m). The impairment loss recognised in the year was £0.1m (2015: £0.2m).

Excluding trade receivables, none of these financial assets are either past due or impaired.

The Group has the ability to sell certain trade receivables in a debt factoring arrangement on a non-recourse basis. The trade receivables shown above are reflected net of cash received at the year end.

Credit risk

The ageing of trade receivables at the reporting date was:

	2016 £m	2015 £m
Not past due	17.9	22.0
Past due 0-30 days	7.1	5.3
Past due 31-90 days	3.7	1.1
Past due more than 90 days	–	0.6
Total trade receivables	**28.7**	**29.0**

Trade receivables not past due of £17.9m (2015: £22.0m) are all existing customers with no defaults in the past.

Based on historic performance of these contracts, the Group has made an impairment allowance of £0.2m (2015: £0.3m) in respect of trade receivables. Where impairment allowances are made, these are for the full value of the impaired debt.

	2016 £m	2015 £m
Balance at 1 January	0.3	0.1
New provisions made in year	0.1	0.2
Release against receivables written off	(0.2)	–
Balance at 31 December	**0.2**	**0.3**

Trade receivables past due but not impaired of £10.8m (2015: £7.0m) relate to a number of independent customers for whom there is no recent history of default.

5.2 TRADE AND OTHER PAYABLES

	2016 £m	2015 £m
Trade payables	18.4	18.8
Accruals	40.6	48.8
Deferred consideration	22.5	4.0
Deferred income	13.4	14.6
Other payables	10.5	11.6
Total trade and other payables	**105.4**	**97.8**

5.3 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Contingent consideration £m	Property provisions £m	Total provisions £m
Balance at 1 January 2016	6.0	2.6	8.6
Provisions made during the year	15.2	0.1	15.3
Provisions used during the year	(3.4)	(0.8)	(4.2)
Provisions reversed during the year	(3.9)	(0.3)	(4.2)
Unwinding of discounted amount	0.7	–	0.7
Balance at 31 December 2016	**14.6**	**1.6**	**16.2**
Non-current	14.6	1.6	16.2
Current	–	–	–
Total provisions	**14.6**	**1.6**	**16.2**

Contingent consideration

A provision for contingent consideration as at 31 December 2016 of £14.6m (2015: £6.0m) relates to various requirements to be met following the Group's acquisitions. This is management's best estimate of the amounts likely to be paid. The minimum value of these provisions could be £nil up to a maximum of £16.7m. These were discounted at an appropriate post-tax discount rate at the time of the acquisitions and are provided within provisions due to their uncertainty. Management regularly reconsiders the appropriateness of the discount rate used and updates when appropriate. The remaining balance is expected to be utilised over periods between 2016 and 2020.

Property provisions

Property provisions includes a provision for onerous leases for unused property space on operating lease as at 31 December 2016 of £0.1m (2015: £0.6m).

Also included in property provisions is a provision in respect of dilapidations as at 31 December 2016 of £1.5m (2015: £2.0m).

6 CAPITAL STRUCTURE

6.1 FINANCE INCOME AND COSTS

Finance income	2016 £m	2015 £m
Interest income	0.2	0.4
Dividend income	–	0.3
Total finance income	**0.2**	**0.7**

Finance costs – ordinary	2016 £m	2015 £m
Interest cost on senior secured borrowings	6.3	1.2
Interest cost on revolving credit facility	2.2	2.3
Interest cost on senior secured loan notes	–	24.9
Interest cost on payment in kind (PIK) loan	–	10.8
Interest on preference shares classified as liabilities	–	12.2
Interest cost on loans from related parties	–	5.0
Amortised fees	1.2	2.8
Net finance cost relating to pension scheme	0.6	0.6
Unwinding of discounted amount in provisions	0.7	0.4
Cost of interest rate swap against financial liabilities	1.4	0.5
Other fees and interest	–	0.7
Total finance costs – ordinary	**12.4**	**61.4**

Finance costs – exceptional	2016 £m	2015 £m
Write off of unamortised fees of previous finance arrangement	–	12.3
Early termination of bond notes	–	8.9
Total finance costs – exceptional	**–**	**21.2**

Exceptional finance costs relate to costs incurred by putting new financing arrangements into place during 2015. These costs include the write off of unamortised arrangement fees that related to the refinancing exercise that took place in 2013 and the break costs for the early termination of the Group's senior secured notes.

6.2 SHARE CAPITAL

Allotted, called up and fully paid	2016 £m	2015 £m
Ordinary shares of £0.001 each	0.3	0.3
Total share capital	**0.3**	**0.3**

Ordinary shares of £0.001 each – in millions of shares	2016 Number	2015 Number
On issue – fully paid	300.0	300.0

6.3 OTHER RESERVES

Capital contribution reserve

The capital contribution reserve arose on Initital Public Offering in 2015 where the Group issued equity instruments to settle non-current financial liabilities with shareholders.

Hedging reserve

The hedging reserve comprises the effective portion of changes in the fair value of cash flow swaps and forward foreign exchange contracts that have not yet occurred.

Share-based payments reserve

The share-based payments reserve represents the amounts recognised in equity in respect of the equity-settled share-based compensation plans. See note 7.2 for further details.

Translation reserve

The translation reserve represents the foreign exchange movements arising from the translation of financial statements in foreign currencies.

6.4 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.

	2016 £m	2015 £m
Profit/(loss) from continuing operations attributable to owners of the parent	30.5	(50.4)
Weighted average number of ordinary shares in issue (thousands)	300,002	54,301
Employee share options (thousands)	1,063	–
Weighted average number of ordinary shares in issue adjusted for the effect of dilution (thousands)	301,065	54,301
Basic earnings/(loss) per share (pence)	**10.2**	**(92.8)**
Diluted earnings/(loss) per share (pence)	**10.1**	**(92.8)**

6.5 DIVIDENDS

Amounts recognised as distributions to equity holders of the parent in the year	2016 £m	2015 £m
Interim dividend for year ended 31 December 2016 (1.64p per share)	5.0	–
Final dividend for year ended 31 December 2015 (0.68p per share)	2.0	–
	7.0	**–**

The recommended final dividend payable in respect of the year ended 31 December 2016 is £9.3m or 3.11p per share (2015: £2.0m). The proposed dividend has not been accrued as a liability as at 31 December 2016.

Proposed final dividend for year ended 31 December 2016	**9.3**

6.6 EXTERNAL LOANS AND BORROWINGS

Non-current liabilities	2016 £m	2015 £m
Term loan	250.0	250.0
Revolving credit facility (RCF)	56.0	70.0
Unamortised cost of raising finance	(4.5)	(5.7)
Total external loans and borrowings	**301.5**	**314.3**

Terms and debt repayment schedule	Currency	Closing interest rate	Year of maturity
Term loan	Sterling	Libor + 1.75%	2020
Revolving credit facility	Sterling	Libor + 1.75%	2020

The Group's debt facility, which matures in full in 2020, contains one financial covenant only, namely a maximum ratio of Net Debt to EBITDA (as defined in the loan agreement) which is tested half yearly and at year end. Net Debt to EBITDA must be no more than 4.50:1 for the periods to 31 December 2017 and 4.00:1 thereafter. The Group was in compliance with this covenant at the year end. The margin payable on both the term loan and RCF is determined based on the ratio of Net Debt to EBITDA, where the margin payable ranges from a maximum of 2.25% to a minimum of 1.25%. In December 2015, the Group entered into an interest rate swap agreement for a three year period to exchange variable rate interest expense for fixed rate on the £250.0m term loan. No debt is repayable before the end of our current funding agreement in 2020.

6.7 CASH AND CASH EQUIVALENTS

	2016 £m	2015 £m
Cash and cash equivalents per statement of financial position	56.7	76.5
Cash and cash equivalents per statement of cash flows	56.7	76.5

In addition to the above, the Group holds certain cash balances with banks in a number of segregated accounts. These balances represent client money under management and hence are not included in the Group’s consolidated balance sheet. The number of accounts and balances held vary significantly throughout the year.

6.8 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

– credit risk

– liquidity risk

– market risk

Risk management policies are established for the Group and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit and Compliance Monitoring. Internal Audit and Compliance Monitoring undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

6.8 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Due to the nature of the business the majority of the trade receivables are with large institutions, including many FTSE 350 companies, and losses have occurred infrequently over previous years and were immaterial.

Credit risk mitigation

Trade and other receivables are due from primarily FTSE listed companies, their pension funds and major UK public bodies, all of which have few occurrences of defaults in the past.

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with credit ratings assigned by international credit-rating agencies are accepted, with 100% of cash balances at the year end being held in banks and financial institutions with a short-term credit rating of A or higher.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The maximum exposure to liquidity risk at the reporting dates was as follows:

31 December 2016	Note	Carrying Amount	Total contractual cash flows	Within 1 year	Fair value adjustments in 2016	2-5 years
Derivatives used for hedging	9.2	3.1	3.1	1.7	1.4	–
Trade and other payables	5.2	105.4	105.4	105.4	–	–
Other financial liabilities	9.2	1.9	2.1	0.6	0.6	0.9
Term loan	6.6	250.0	273.2	5.8	5.8	261.6
Revolving credit facility	6.6	56.0	56.0	–	–	56.0
Total		**416.4**	**439.8**	**113.5**	**7.8**	**318.5**

31 December 2015	Note	Carrying Amount	Total contractual cash flows	Within 1 year	Fair value adjustments in 2016	2-5 years
Trade and other payables	5.2	97.8	97.8	97.8	–	–
Other financial liabilities	9.2	0.9	1.1	0.5	0.3	0.3
Term loan	6.6	250.0	287.6	7.2	7.6	272.8
Revolving credit facility	6.6	70.0	70.0	–	–	70.0
Total		**418.7**	**456.5**	**105.5**	**7.9**	**343.1**

All trade and other payables are expected to be paid in six months or less.

Employee benefits become repayable when the units lapse, as described in note 9.3.

Liquidity risk mitigation

The Group regularly updates forecasts for cash flow and covenants, to ensure it has sufficient funding available. It maintains significant cash balances to meet future cash funding requirements and had £56.7m of cash at 31 December 2016. The Group also has revolving credit facilities of £150.0m available, of which £94.0m was undrawn as at 31 December 2016.

6.8 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its financial instruments.

a) Interest rate risk

The Group is exposed to movements in interest rates in both its intermediary fee revenue and its net finance costs. Intermediary fee revenue is mostly linked to the Bank of England base rate, whilst both the variable term loan and the RCF rates are linked to Libor. Intermediary fee revenue consists of fee income in relation to client and shareholder deposits, as well as interest income on its own deposits.

A movement in interest rates which negatively affects net finance costs would have a positive effect on revenue, and vice versa.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps. Interest rate swaps are agreed by the Board and have the objective of reducing the impact of variations in interest rates on the Group's profit and cash flow. The Group does not enter into speculative transactions in financial instruments or derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

Interest rate risk mitigation

Interest rate risk on intermediary fee revenue is managed across the Group's companies by monitoring its interest linked revenues which are derived based on the Bank of England base rate. The Group has entered into interest rate swaps totalling £650.0m for a three year period to July and August 2018 swapping the variable rate derived interest rate income to fixed rates.

The £250.0m term loan accrues interest based on a margin over Libor. The Group has entered into an interest rate swap exchanging variable based interest charges for fixed rate for a period of three years. This fixes our interest costs at c3% until October 2018. The Group has not entered into a hedge of its outstanding RCF commitments.

The Directors monitor the overall level of borrowings, leverage ratio and interest costs to limit any adverse effects on financial performance of the Group.

Sensitivity analysis

In managing interest rate risks, the Company and Group aim to reduce the impact of short-term fluctuations on the Company and Group's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on consolidated earnings.

An increase of one percentage point in interest rates effective from the start of 2016 would have increased finance costs for the Group by £0.6m, payable on the RCF, and increased interest revenue by £5.3m, yielding a net increase in equity after tax of £3.7m. This includes the impact of interest rate swaps, which reduce the fluctuations resulting from interest rate movements. Had no hedging been in place for this example of a 1% increase in interest rates, the net increase to profit after tax would be £7.0m.

b) Foreign exchange rate risk

The Group's main foreign currency denominated exposure arises from the costs incurred in operating its service centre in Chennai and therefore the Group is exposed to adverse movements in the GBP/INR exchange rate. The Group has implemented a hedging policy to reduce the risks associated with adverse movements in this exchange rate by entering into a series of forward contracts based on expected cash flows to purchase Indian Rupee.

c) Equity price risk

The Group does not hold its own position in trading securities and is involved only in arranging transactions on behalf of its clients.

6.9 CAPITAL RISK MANAGEMENT

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

Total capital comprises total equity plus net debt, as shown in the consolidated statement of financial positions. Net debt equates to the total of other interest bearing loans, less cash and cash equivalents, as shown in the consolidated statement of financial position.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the Group ensures are achievable. The process for managing capital is regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary, based on the most up to date information whilst checking that future covenant test points are met. The Group may also consider repayment of debt, issuance of new and repurchase of existing shares and adjusting dividend payments to shareholders to maintain an optimum capital structure. The Board regularly reviews the Group's capital structure and no changes have been made to these objectives and processes since the Group listed in October 2015; the Board considers it has sufficient funds to pay dividends in line with the stated policies for the foreseeable future.

Under the terms of the current loan agreement signed in October 2015, the Group has one covenant, a minimum ratio of Net Debt to EBITDA.

Management of capital	Note	**2016 £m**	**2015 £m**
Equity		402.2	380.5
External loans and borrowings	6.6	301.5	314.3
Cash and cash equivalents	6.7	(56.7)	(76.5)
Total equity plus net debt		**647.0**	**618.3**

6.10 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	**2016 £m**	**2015 £m**
Derivatives used for hedging			
Derivative financial instruments	6.11	8.0	1.8
Loans and receivables			
Trade and other receivables	5.1	66.0	62.0
Cash and cash equivalents	6.7	56.7	76.5
Total financial assets		**130.7**	**140.3**

Financial liabilities	Note	**2016 £m**	**2015 £m**
Derivatives used for hedging			
Derivative financial instruments	6.11	3.1	–
Other financial liabilities at amortised cost			
Trade and other payables	5.2	105.4	97.8
Other financial liabilities	9.2	1.9	0.9
Secured bank loans	6.6	250.0	250.0
Revolving credit facility	6.6	56.0	70.0
Total financial liabilities		**416.4**	**418.7**

6.10 FINANCIAL INSTRUMENTS

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	–	7.8	–	7.8
Forward foreign exchange contracts	–	0.2	–	0.2
Total assets	**–**	**8.0**	**–**	**8.0**

Liabilities	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	–	(3.1)	–	(3.1)
Total liabilities	**–**	**(3.1)**	**–**	**(3.1)**

There were no transfers between Levels during the periods.

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 finance department includes a team that monitors and obtains the valuations of financial assets and liabilities required for financial reporting purposes. This team ultimately reports to the Chief Financial Officer and the Audit Committee. Valuations are reviewed at least once every six months, in line with the Group's reporting dates.

Fair value of financial assets and liabilities

There are no material differences between the carrying value of assets and liabilities and their fair value. The only financial instruments measured at fair value are the derivatives.

6.11 DERIVATIVES

In October 2015, the Group entered into an interest rate swap of its £250.0m term loan, exchanging variable based interest charges for fixed rate for a period of three years. This fixes costs at c3% until October 2018.

The Group also entered into interest rate swaps totalling £650.0m for a three year period to July and August 2018, swapping the variable rate derived interest rate income to fixed rates.

In September 2016, the Group entered into a series of forward foreign exchange contracts to hedge its exposure to adverse variations in the GBP/INR exchange rate.

The following tables indicates 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 2016	Carrying Amount	Total contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years
Assets						
Interest rate swaps	7.8	7.8	2.4	2.5	2.9	–
Forward foreign exchange contracts	0.2	0.2	0.2	–	–	–
Total	**8.0**	**8.0**	**2.6**	**2.5**	**2.9**	**–**
Liabilities						
Interest rate swaps	(3.1)	(3.1)	(0.8)	(0.9)	(1.4)	–
Total	**(3.1)**	**(3.1)**	**(0.8)**	**(0.9)**	**(1.4)**	**–**

31 December 2015	Carrying Amount	Total contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years
Assets						
Interest rate swaps	1.8	1.8	1.0	0.7	0.1	–
Total	**1.8**	**1.8**	**1.0**	**0.7**	**0.1**	**–**

7 GOVERNANCE

7.1 DIRECTORS' REMUNERATION

The following costs are either paid by the subsidiary Equiniti Holdings Limited or by Equiniti Services Limited:

	2016	2015
	£m	£m
Directors' emoluments including compensation for loss of office	2.1	3.3
Company contributions to money purchase pension plans	0.1	0.1
Share-based payment expense	0.5	0.1
Total directors' remuneration	**2.7**	**3.5**

	2016	2015
Highest paid director:	£m	£m
Director emoluments	1.0	0.8
Share-based payment expense	0.3	–
Total	**1.3**	**0.8**

The directors receive a cash payment in lieu of retirement benefits and therefore no benefits were accruing under money purchase pension schemes at the year end.

7.2 SHARE-BASED PAYMENTS

The Group operates several share-based award and option plans, the terms of which and the movements in the number of share options during the year are summarised below.

Performance Share Plan (PSP)

Share options are granted to Directors and selected employees at nil cost. Share options granted under the PSP scheme are conditional on a minimum 6% earnings per share growth and median total shareholder return over a three year vesting period. Granted options can be exercised up to a period of ten years.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	Thousands	£	Thousands	£
Outstanding at beginning of year	6,158	£0.00	–	–
Granted	2,432	£0.00	6,158	£0.00
Forfeited	(353)	–	–	–
Outstanding at end of year	**8,237**	**£0.00**	**6,158**	**£0.00**

7.2 SHARE-BASED PAYMENTS (CONTINUED)

Out of the 8,237,000 (2015: 6,158,000) outstanding options at the end of the year, none (2015: none) were exercisable. Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date / Vest date	Expiry date Year	Exercise price £	2016 Number Thousands	2015 Number Thousands
2015 - 2018	2028	£0.00	5,899	6,158
2016 - 2019	2029	£0.00	2,338	–
			8,237	**6,158**

The fair value of options granted during the year, which was determined using the Black-Scholes valuation model, was £0.92 per option. The significant inputs into the model were the share price of £1.59 at the grant date, the exercise price shown above, volatility of 15% (based on the three year historical share price volatility of peer group companies), a dividend yield of 2.5%, an expected option life of three years and an annual risk-free interest rate of 0.9%.

The total charge to the income statement for the year relating to this scheme was £1.3m (2015: £0.2m).

Sharesave Plan

Share options are granted to full time Directors and employees who enter into 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 up to a period of six months after vesting.

	2016		2015	
	Number of options Thousands	Weighted average exercise price £	Number of options Thousands	Weighted average exercise price £
Outstanding at beginning of year	4,595	£1.27	–	–
Granted	–	–	4,595	£1.27
Forfeited	(669)	–	–	–
Exercised	(13)	£1.27	–	–
Outstanding at end of year	**3,913**	**£1.27**	**4,595**	**£1.27**

Out of the 3,913,000 (2015: 4,595,000) outstanding options at the end of the year, 173,000 (2015: none) were exercisable. Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date / Vest date	Expiry date Year	Exercise price £	2016 Number Thousands	2015 Number Thousands
2015 - 2018	2019	£1.27	3,740	4,595
2015 - 2018	2017	£1.27	173	–
			3,913	**4,595**

The total charge for the year relating to this scheme was £0.4m (2015: £nil).

7.3 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	2016 £m	2015 £m
Key management emoluments	3.1	4.3
Company contributions to money purchase pension plans	0.1	0.1
Share-based payment expense	0.7	0.1
Total	**3.9**	**4.5**

Key management are the Directors of the Group (including non-executives), as well as the senior non-statutory Director of each of the major subsidiaries, who have authority and responsibility to control, direct or plan the major activities within the Group.

As part of the IPO process in October 2015, shares were issued to certain employees of the Group as a result of an incentive agreement with the then controlling shareholder, Advent. The shares were treated as an income tax event for the receiving individuals and are subject to lock up arrangements, as disclosed in the prospectus. As a consequence, the Group lent those individuals who received the shares monies to cover their income tax and National Insurance liabilities. These loans were all subject to relevant approvals through the IPO process and are treated as a benefit in kind to the receiving individuals. All benefiting individuals have entered into a loan agreement with the Group. These loans must be repaid no later than October 2018. The total value of loans made to key management personnel outstanding at 31 December 2016 was £1.0m (2015: £2.7m).

7.4 AUDITORS' REMUNERATION

	2016 £m	2015 £m
Fees payable to Group's external auditor, PwC LLP, and its associates were as follows:		
– Audit of the parent company and consolidated financial statements	0.2	0.2
– Audit of the Company's subsidiaries	0.1	0.2
Audit fees	**0.3**	**0.4**
Fees payable to Group's auditor and its associates for non-audit services were as follows:		
– Tax advisory and compliance services	–	0.1
– Other assurance services	0.2	0.4
– Other services	0.5	1.9
Non-audit fees	**0.7**	**2.4**
Total	**1.0**	**2.8**

Other assurance services includes £0.2m (2015: £0.4m) for services performed in relation to the CASS audit of Equiniti Financial Services Limited. Other services includes work around restructuring the Group's pension scheme arrangements of £0.5m (2015: £0.4m) which has been included in exceptional costs.

During the year, the Group tendered for all audit and non-audit services. This has resulted in PwC being retained as auditor for the Group but other non-audit work being assigned to another firm going forwards. This will ensure that the Group will comply with best practice on auditor independence and fee ratios of audit and non-audit fees. In future, significant non-audit work will only be undertaken by PwC when approved by the Audit Committee in line with the Audit Committee's policy.

Non-audit fees includes £0.2m for services performed in relation to the CASS audit. However, in terms of calculating the ratio of audit to non-audit fees, CASS audit fees should be excluded from the calculation. Therefore the ratio of audit to non-audit fees for 2016 was 1:1.67 (2015: 1:5.00). The Committee is committed to reducing this ratio to a maximum of 70% of the average statutory audit fee for the past three financial years for 2017, following a period of adjustment since the Group's IPO in 2015.

8 TAXATION

8.1 INCOME TAX CREDIT

Recognised in the statement of comprehensive income in the year:	2016 £m	2015 £m
Current tax:		
Current period	5.0	2.2
Adjustment in respect of prior periods	(0.3)	0.2
Total current tax	**4.7**	**2.4**
Deferred tax:		
Origination and reversal of temporary differences	(11.3)	(27.2)
Impact of rate changes on opening deferred tax balances	1.1	(0.8)
Adjustment in respect of prior periods	0.6	(0.3)
Total deferred tax	**(9.6)**	**(28.3)**
Total income tax credit	**(4.9)**	**(25.9)**

Reconciliation of effective tax rate:	2016 £m	2015 £m
Profit/(loss) for the year	33.4	(45.8)
Total tax credit	(4.9)	(25.9)
Profit/(loss) before tax	**28.5**	**(71.7)**
Tax using the UK corporation tax rate of 20% (2015: 20.25%):	5.7	(14.5)
Non-deductible expenses	0.8	10.9
Non-taxable income	(0.5)	(0.1)
Previously unrecognised tax assets	(12.3)	(20.3)
Effect of tax rate change	1.1	0.7
Unrecognised deferred tax on overseas interest paid	–	(2.6)
Adjustment in respect of prior periods	0.3	–
Total income tax credit	**(4.9)**	**(25.9)**

The standard rate of corporation tax in the UK is 20% with effect from 1 April 2016 (2015: 20%). The taxation credit for the year ended 31 December 2016 is calculated by applying the estimated annual Group effective rate of tax to the profit for the year. Accordingly the Group's profits for the accounting year ended 31 December 2016 are taxed at an effective rate of 20% (2015: 20.25%).

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 16 March 2016. These include a reduction to the main rate of UK corporation tax to 17% from 1 April 2020, which was substantively enacted on 6 September 2016 (previously 18%, substantively enacted on 8 July 2015). The deferred tax balances have been remeasured where appropriate.

Non-deductible expenses in the year ended 31 December 2015 were higher, principally as they included fees in relation to the Group's Initial Public Offering in October 2015 which are disallowable for tax purposes.

Previously unrecognised tax assets in the years ended 31 December 2016 and 2015 have now been fully recognised. The deferred tax asset has increased due to the Group refinancing in October 2015 and the recognition of tax losses in these years, as explained in more detail below. The Group has now recognised all deferred tax assets and liabilities in these financial statements.

8.2 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised assets

Deferred income tax assets are attributable to the following:

	2016 £m	2015 £m
Property, plant and equipment	3.4	4.1
Employee benefits and other timing differences	4.8	2.7
Tax value of losses carried forward	42.6	34.9
Tax assets	**50.8**	**41.7**
Net of tax liabilities	(21.7)	(21.7)
Net tax assets	**29.1**	**20.0**

Recognised liabilities

Deferred income tax liabilities are attributable to the following:

	2016 £m	2015 £m
Intangible assets	21.7	21.7
Tax liabilities	**21.7**	**21.7**
Net of tax assets	(21.7)	(21.7)
Net tax liabilities	–	–

As a result of the Group refinancing in October 2015, the forecast Group annual interest charge has reduced and previously unrecognised losses have now been recognised, as it is reasonably probable that they will be utilised by the Group over the next seven years (2015: five years). The losses have been valued at 18% (2015: 19%) which is the forecast rate for them to be used over the next seven years.

The Group has provided for a deferred tax liability on consolidated intangible fixed assets, that excludes goodwill, of £10.6m (2015: £10.9m). The Group has provided for a deferred tax asset in respect of losses within Equiniti Limited of £11.5m (2015: £8.5m), to the extent that possible net deferred tax liabilities may arise from the impairment of intangible fixed assets within Equiniti Limited. As a result of the Group refinancing in October 2015, the Group has provided for a further deferred tax asset in respect of losses of £30.8m (2015: £24.4m) as they are expected to be used against forecast future profits within Equiniti Limited over the next seven years (2015: five years).

Equiniti Limited is forecast to utilise brought forward tax losses over the next seven years and it is forecast that the losses will be utilised in periods when the UK corporation tax rate has been substantively enacted to 19% (2017) and 17% (2020) resulting in a weighted average tax rate of 18% over the seven year period (2015: five years, 19%).

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016 £m	2015 £m
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	48.1	40.4
Deferred tax assets to be recovered within 12 months	2.7	1.3
	50.8	**41.7**
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(19.1)	(21.7)
Deferred tax liabilities to be recovered within 12 months	(2.6)	–
	(21.7)	**(21.7)**
Net tax assets	**29.1**	**20.0**

8.2 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

Movements in deferred tax during the year:

	1 Jan 2015 £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	31 Dec 2015 £m
Property, plant and equipment	2.9	–	1.2	–	4.1
Intangible assets	(24.0)	(0.5)	2.8	–	(21.7)
Employee benefits and other timing differences	2.9	–	0.2	(0.4)	2.7
Tax value of losses carried forward	10.5	0.3	24.1	–	34.9
	(7.7)	**(0.2)**	**28.3**	**(0.4)**	**20.0**

	1 Jan 2016 £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	31 Dec 2016 £m
Property, plant and equipment	4.1	–	(0.7)	–	3.4
Intangible assets	(21.7)	(2.6)	2.6	–	(21.7)
Employee benefits and other timing differences	2.7	–	–	2.1	4.8
Tax value of losses carried forward	34.9	–	7.7	–	42.6
	20.0	**(2.6)**	**9.6**	**2.1**	**29.1**

9 OTHER DISCLOSURES

9.1 OTHER FINANCIAL ASSETS

Non-current	2016 £m	2015 £m
Derivatives used for hedging (note 6.11)	7.8	1.8
Total	**7.8**	**1.8**

Current		
Derivatives used for hedging (note 6.11)	0.2	–
Total	**0.2**	**–**

Derivatives used for hedging the term loan and variable rate derived interest rate income are classified as a non-current asset as the remaining maturity of the hedged item is more than 12 months. Derivatives used for hedging the exposure to variations in exchange rates are recognised as a current asset as the forecast transactions denominated in a foreign currency are expected to occur within six months of the year end.

9.2 OTHER FINANCIAL LIABILITIES

Non-current	2016 £m	2015 £m
Derivatives used for hedging (note 6.11)	3.1	–
Finance lease liabilities	1.4	0.5
Total	**4.5**	**0.5**

Current		
Finance lease liabilities	0.5	0.4
Total	**0.5**	**0.4**

Derivatives used for hedging the term loan and variable rate derived interest rate income are classified as a non-current liability as the remaining maturity of the hedged item is more than 12 months.

9.3 POST-EMPLOYMENT BENEFITS

Defined contribution pension plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the year was £7.2m (2015: £4.0m).

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 company. The assets of the schemes are held independently of the Group's assets, in separate trustee administered funds. The trustees of the pension fund 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.

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

	2016 £m	2015 £m
Equiniti ICS Limited	1.6	1.1
Paymaster (1836) Limited	20.9	12.4
MyCSP Limited	1.4	–
Total defined benefit pension plan liability	**23.9**	**13.5**

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 (1836) Limited scheme. This allows better matching of assets to movements in interest rates and inflation and is expected to reduce the financial risks associated with these plans going forwards. The Group has completed the latest full actuarial tri annual valuations of the Equiniti ICS Limited and Paymaster (1836) Limited schemes in 2016, with the relevant trustees, with a supporting payment plan to reduce the recorded deficits over time. The latest full actuarial valuation of the MyCSP Limited scheme is due to be finalised in 2017.

Defined benefit plan – Equiniti ICS Limited

A full actuarial valuation was carried out at 5 April 2015 and has since been updated each year end to 31 December 2016 by a qualified independent actuary.

	2016 £m	2015 £m
Present value of obligations	(12.6)	(10.4)
Fair value of plan assets	11.0	9.3
Recognised liability for defined benefit obligations	**(1.6)**	**(1.1)**

Movement in present value of defined benefit obligation	2016 £m	2015 £m
Defined benefit obligation at 1 January	10.4	11.1
Current service cost	–	0.1
Curtailment gain	(0.2)	–
Interest cost	0.5	0.4
Actuarial loss/(gain)	2.1	(1.0)
Benefits paid	(0.2)	(0.2)
Defined benefit obligation at end of year	**12.6**	**10.4**

Movement in fair value of plan assets	2016 £m	2015 £m
Fair value of plan assets at 1 January	9.3	9.1
Interest income	0.4	0.3
Actuarial gain/(loss)	1.3	(0.1)
Employer contributions	0.2	0.2
Benefits paid	(0.2)	(0.2)
Fair value of plan assets at end of year	**11.0**	**9.3**

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

	2016 £m	2015 £m
Actual return on plan assets	**1.7**	**0.2**

(Income)/expense recognised in statement of comprehensive income	2016 £m	2015 £m
Current service cost	–	0.1
Curtailment gain	(0.2)	–
Interest cost	0.5	0.4
Interest income	(0.4)	(0.3)
Total (income)/expense	**(0.1)**	**0.2**

Actuarial gains and losses recognised in other comprehensive income	2016 £m	2015 £m
Cumulative loss at beginning of the year	(2.6)	(3.5)
Actuarial (loss)/gain recognised in other comprehensive income	(0.8)	0.9
Cumulative loss at end of the year	**(3.4)**	**(2.6)**

Plan assets – weighted average asset allocations at year end:	2016	2015
Equities	53%	87%
Corporate bonds	25%	9%
Cash	22%	4%
	100%	**100%**

Weighted average assumptions used to determine benefit obligations:	2016	2015
Discount rate	2.79%	3.80%
Rate of compensation increase	0.00%	3.95%
Rate of increase in payment of currently accruing pensions (Post 6 April 2006)	2.16%	2.10%
Rate of increase in payment of currently accruing pensions (Pre 6 April 2006)	3.06%	2.90%
Rate of increase in pensions in deferment	2.14%	1.95%
Inflation assumption	3.14%	2.95%

Weighted average life expectancy for mortality tables (SAPS S2, SAPS S2PMA, SAPS S2FA, CMI 2016, 1% long term trend) used to determine benefit obligations at 31 December 2016:

	Male	Female
Member age 65 (current life expectancy)	86.8	88.7
Member age 45 (life expectancy at 65)	88.0	90.2

Contributions

Equiniti ICS Limited expects to contribute £0.2m to its pension plan in 2017.

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

Defined benefit plan – Paymaster (1836) Limited

A full actuarial valuation was carried out at 5 April 2015 and has since been updated each year end to 31 December 2016 by a qualified independent actuary.

	2016 £m	2015 £m
Present value of obligations	(57.9)	(47.4)
Fair value of plan assets	37.0	35.0
Recognised liability for defined benefit obligations	**(20.9)**	**(12.4)**

Movement in present value of defined benefit obligation	2016 £m	2015 £m
Defined benefit obligation at 1 January	47.4	47.9
Current service cost	0.6	0.9
Past service gain	(1.0)	–
Curtailment cost	0.8	–
Interest cost	1.8	1.7
Actuarial gain – experience gains	(0.3)	(0.2)
Actuarial loss/(gain) – change in financial assumptions	10.3	(1.6)
Benefits paid	(1.7)	(1.3)
Defined benefit obligation at end of year	**57.9**	**47.4**

Movement in fair value of plan assets	2016 £m	2015 £m
Fair value of plan assets at 1 January	35.0	34.5
Interest income	1.3	1.2
Actuarial gain/(loss)	1.3	(0.6)
Employer contributions	1.0	1.2
Benefits paid	(1.6)	(1.3)
Fair value of plan assets at end of year	**37.0**	**35.0**

	2016 £m	2015 £m
Actual return on plan assets	**2.6**	**0.6**

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

Expense recognised in statement of comprehensive income	2016 £m	2015 £m
Current service cost	0.6	0.9
Past service gain	(1.0)	–
Curtailment cost	0.8	–
Interest cost	1.8	1.7
Interest income	(1.3)	(1.2)
Total expense	**0.9**	**1.4**

Actuarial gains and losses recognised in other comprehensive income	2016 £m	2015 £m
Cumulative loss at beginning of the year	(13.3)	(14.5)
Actuarial (loss)/gain recognised in other comprehensive income	(8.7)	1.2
Cumulative loss at end of the year	**(22.0)**	**(13.3)**

Plan assets – weighted average asset allocations at year end:	2016	2015
Equities	79%	71%
Corporate bonds	–	17%
Cash	21%	12%
	100%	**100%**

Weighted average assumptions used to determine benefit obligations:	2016	2015
Discount rate	2.81%	3.80%
Rate of compensation increase	1.50%	1.50%
Rate of increase in payment of currently accruing pensions	3.13%	3.15%
Rate of increase in pensions in deferment (Pre 6 April 2009)	3.13%	3.15%
Rate of increase in pensions in deferment (Post 6 April 2009)	2.50%	2.50%
Inflation assumption	3.13%	3.15%

Weighted average life expectancy for mortality tables (101% SAPS S1PMA, 88% SAPS S1PFA, CMI 2015, 1% long term trend) used to determine benefit obligations at 31 December 2016:

	Male	Female
Member age 65 (current life expectancy)	86.7	89.9
Member age 45 (life expectancy at 65)	88.1	91.5

Contributions

Paymaster (1836) Limited expects to contribute £0.8m to its pension plan in 2017.

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

Defined benefit plan – MyCSP Limited

The latest full actuarial valuation was carried out at 31 December 2012 and has since been updated at the year end to 31 December 2016 by a qualified independent actuary.

	2016 £m	2015 £m
Present value of obligations	(13.8)	(9.8)
Fair value of plan assets	12.4	9.8
Recognised liability for defined benefit obligations	**(1.4)**	**–**

Movement in present value of defined benefit obligation	2016 £m	2015 £m
Defined benefit obligation at 1 January	9.8	8.5
Current service cost	1.0	1.9
Curtailment gain	(0.3)	–
Interest cost	0.4	0.3
Member contributions	0.1	0.2
Actuarial loss/(gain) – change in financial assumptions	3.0	(0.9)
Benefits paid	(0.2)	(0.2)
Defined benefit obligation at end of year	**13.8**	**9.8**

Movement in fair value of plan assets	2016 £m	2015 £m
Fair value of plan assets at 1 January	9.8	8.4
Interest income	0.4	0.3
Actuarial gain/(loss)	1.2	(0.4)
Employer contributions	1.2	1.6
Member contributions	0.1	0.2
Benefits paid	(0.2)	(0.2)
Administration expenses	(0.1)	(0.1)
Fair value of plan assets at end of year	**12.4**	**9.8**

	2016 £m	2015 £m
Actual return/(loss) on plan assets	**1.6**	**(0.1)**

9.3 POST-EMPLOYEE BENEFITS (CONTINUED)

Expense recognised in statement of comprehensive income	2016 £m	2015 £m
Current service cost	1.0	1.9
Curtailment gain	(0.3)	–
Administration expenses	0.1	0.1
Interest cost	0.4	0.3
Interest income	(0.4)	(0.3)
Total expense	**0.8**	**2.0**

Actuarial gains and losses recognised in other comprehensive income	2016 £m	2015 £m
Cumulative gain/(loss) at beginning of the year	0.2	(0.3)
Actuarial (loss)/gain recognised in other comprehensive income	(1.8)	0.5
Cumulative (loss)/gain at end of the year	**(1.6)**	**0.2**

Plan assets – weighted average asset allocations at year end:	2016	2015
UK equities	9%	17%
Overseas equities	10%	18%
Corporate bonds	58%	40%
Diversified growth fund	23%	25%
	100%	**100%**

Weighted average assumptions used to determine benefit obligations:	2016	2015
Discount rate	2.83%	3.80%
Rate of compensation increase	3.60%	3.75%
Rate of increase in payment of currently accruing pensions	2.10%	2.25%
Rate of increase in pensions in deferment	2.10%	2.25%
Inflation assumption	3.10%	3.25%

Weighted average life expectancy for mortality tables (102% SAPS S2PxA, 102% SAPS S2PMA, 102% SAPS S2PFA, CMI 2015, 1% long term trend) used to determine benefit obligations at 31 December 2016:

	Male	Female
Member age 65 (current life expectancy)	86.8	88.7
Member age 45 (life expectancy at 65)	88.0	90.2

Contributions

MyCSP Limited is still assessing the level of contributions required to fund the scheme going forwards.

Sensitivity analysis

Assumptions are used in calculating the pension obligation. The total effect on all schemes of an increase in the life expectancy shown above by one year would be to increase the employee benefit liability as at 31 December 2016 by £3.0m (2015: £2.0m). A 0.5% decrease in the discount rate used would increase the employee benefit liability as at 31 December 2016 by £8.7m (2015: £6.4m).

9.4 OPERATING LEASES

Future aggregate minimum lease payments, relating primarily to the Group's premises, are payable as follows:

	2016 £m	2015 £m
Less than one year	5.5	5.5
Between one and five years	16.4	16.1
More than five years	21.0	9.5
Total	**42.9**	**31.1**

9.5 RECONCILIATION OF PROFIT/(LOSS) TO CASH GENERATED FROM OPERATIONS

	2016 £m	2015 £m
Profit/(loss) before income tax	28.5	(71.7)
Adjustments for:		
Depreciation and amortisation of software	21.4	20.2
Amortisation of acquisition related intangibles	25.3	23.0
Finance income	(0.2)	(0.7)
Finance costs	12.4	82.6
Share based payments expense	1.7	0.2
Changes in working capital:		
Decrease/(increase) in trade and other receivables	0.3	(1.9)
(Decrease)/increase in trade and other payables	(23.0)	24.2
Decrease in provisions	(2.4)	(2.2)
Total cash generated from operations	**64.0**	**73.7**

9.6 EVENTS AFTER THE BALANCE SHEET DATE

In January 2017, the Group purchased the entire issued share capital of Gateway2Finance Limited and Refresh Personal Finance Limited (Gateway2Finance) for £0.2m plus contingent consideration of up to £1.0m payable in 2020. Gateway2Finance is an FCA authorised entity acting as a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT ON THE COMPANY FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Equiniti Group plc's company financial statements (the financial statements):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

- the company statement of financial position as at 31 December 2016;
- the company statement of cash flows for the year then ended;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

Companies Act 2006 reporting

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.
- In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP PLC

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' REMUNERATION

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of directors' responsibilities, set out on page 76, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER

We have reported separately on the Group financial statements of Equiniti Group plc for the year ended 31 December 2016.

Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors
Gatwick
7 March 2017

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Investments in subsidiaries	9	171.1	212.6
		171.1	**212.6**
Current assets			
Trade and other receivables	11	–	0.2
Income tax receivable	12	–	0.1
Other financial assets	10	483.3	459.0
		483.3	**459.3**
Total assets		**654.4**	**671.9**
Liabilities			
Current liabilities			
Trade and other payables	13	–	9.4
Other financial liabilities	14	1.4	174.9
		1.4	**184.3**
Total liabilities		**1.4**	**184.3**
Net assets		**653.0**	**487.6**
Equity			
Equity attributable to owners of the parent			
Share capital	15	0.3	0.3
Share premium	15	–	–
Capital redemption reserve		0.2	0.2
Share-based payments reserve		1.9	0.1
Retained earnings as at 1 January		487.0	3.3
Profit/(loss) for the year		170.6	(19.3)
Capital reduction		–	503.0
Dividends		(7.0)	–
Retained earnings as at 31 December		650.6	487.0
Total equity		**653.0**	**487.6**

The notes on pages 179 to 185 form part of these financial statements.

The financial statements on pages 176 to 185 were approved by the Board of Directors on 7 March 2017 and were signed on its behalf by:

John Stier

Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2015	**5.0**	**3.5**	**–**	**–**	**3.3**	**11.8**
Comprehensive loss						
Loss for the year	–	–	–	–	(19.3)	(19.3)
Total comprehensive expense	**–**	**–**	**–**	**–**	**(19.3)**	**(19.3)**
Issue of share capital	0.3	494.7	–	–	–	495.0
Capital reduction	(4.8)	(498.2)	–	–	503.0	–
Buy back of own shares	(0.2)	–	0.2	–	–	–
Share-based payments expense	–	–	–	0.1	–	0.1
Transactions with owners recognised directly in equity	**(4.7)**	**(3.5)**	**0.2**	**0.1**	**503.0**	**495.1**
Balance at 31 December 2015	**0.3**	**–**	**0.2**	**0.1**	**487.0**	**487.6**
Balance at 1 January 2016	**0.3**	**–**	**0.2**	**0.1**	**487.0**	**487.6**
Comprehensive income						
Profit for the year	–	–	–	–	170.6	170.6
Total comprehensive income	**–**	**–**	**–**	**–**	**170.6**	**170.6**
Dividends	–	–	–	–	(7.0)	(7.0)
Share-based payments expense	–	–	–	1.8	–	1.8
Transactions with owners recognised directly in equity	**–**	**–**	**–**	**1.8**	**(7.0)**	**(5.2)**
Balance at 31 December 2016	**0.3**	**–**	**0.2**	**1.9**	**650.6**	**653.0**

The notes on pages 179 to 185 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£m	£m
Cash flows from operating activities		
Profit/(loss) before income tax	171.4	(19.5)
Adjustments for:		
Impairment of subsidiary investment	43.3	–
Finance income	(284.2)	(0.4)
Financial expense	–	1.3
Changes in working capital:		
Decrease in trade and other receivables	0.2	–
(Decrease)/increase in trade and other payables	(9.4)	9.4
Net decrease in other financial assets/liabilities	79.4	6.4
	0.7	(2.8)
Group tax relief	(0.7)	0.2
Net cash outflow from operating activities	**–**	**(2.6)**
Net decrease in cash and cash equivalents	–	(2.6)
Cash and cash equivalents at 1 January	–	2.6
Cash and cash equivalents at 31 December	**–**	**–**

The notes on pages 179 to 185 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company which is listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH.

2 BASIS OF PREPARATION

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (the EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

These 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 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 profit for the year was £170.6m (2015: loss for the year was £19.3m).

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of financial position and the statement of cash flows.

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.

Share-based payment transactions

Equity settled:

The company operates a number of equity-settled, share based compensation plans, under which companies within the Group receive services from employees as consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognised as an increase in the cost of subsidiary investments. The total amount recognised is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time); and

– including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting date, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the cost of subsidiary investments, with a corresponding adjustment to equity.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds and dividend income. Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payment is established.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The new standards and interpretations not yet adopted are discussed in note 2.2 of the consolidated financial statements.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.

3 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

– credit risk

– liquidity risk

Risk management policies are established for the Equiniti Group plc group of companies (the Group), including Equiniti Group plc. The Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company establishes an allowance for impairment that represents its exposure to specific overdue balances.

The maximum exposure to credit risk at the reporting date was:

		2016	2015
Carrying amount:	**Note**	**£m**	**£m**
Trade and other receivables	11	–	0.2
Total credit risk		**–**	**0.2**

Cash and cash equivalents are only held with A rated institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that the Company 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 date was:

		2016	2015
Carrying amount:	**Note**	**£m**	**£m**
Accruals	13	–	9.4
Total liquidity risk		**–**	**9.4**

All trade and other payables are expected to be paid in six months or less.

4 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is 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:	**2016 £m**	**2015 £m**
Equity	653.0	487.6
Total equity	**653.0**	**487.6**

5 AUDITORS' REMUNERATION

The audit fees for these financial statements of £1,250 (2015: £1,250) were borne by a fellow Group company.

6 STAFF NUMBERS AND COSTS

There were no persons employed directly by the Company and therefore no staff costs were incurred.

7 DIRECTORS' REMUNERATION

The costs of the Directors are borne by subsidiaries of the Company. There are no costs to the Company for their services.

8 INCOME TAX CHARGE/(CREDIT)

	2016 £m	**2015 £m**
Current tax:		
Group relief credit	–	(0.1)
Adjustment in respect of prior periods	0.8	(0.1)
Total income tax charge/(credit)	**0.8**	**(0.2)**

Reconciliation of effective tax rate:	**2016 £m**	**2015 £m**
Profit/(loss) for the year	170.6	(19.3)
Total tax charge/(credit)	0.8	(0.2)
Profit/(loss) before tax	**171.4**	**(19.5)**
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	34.3	(3.9)
Non-deductible expenses	–	3.8
Non-taxable income	(34.3)	–
Adjustment in repsect of prior periods	0.8	(0.1)
Total income tax charge/(credit)	**0.8**	**(0.2)**

The standard rate of corporation tax in the UK is 20% with effect from 1 April 2016 (2015: 20%). The taxation charge (2015: credit) for the year is calculated by applying the estimated annual effective rate of tax to the profit (2015: loss) for the year. Accordingly the Company's profits for the accounting year ended 31 December 2016 are taxed at an effective rate of 20% (2015: loss taxed at an effective rate of 20.25%).

8 INCOME TAX CHARGE/(CREDIT) (CONTINUED)

Future tax changes

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 16 March 2016. These include a reduction to the main rate of UK corporation tax to 17% from 1 April 2020 (previously 18%, substantively enacted on 8 July 2015). These changes have been substantively enacted at the balance sheet date.

9 INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiaries:

Cost and net book value	2016 £m	2015 £m
At beginning of the year	212.6	8.5
Purchase of subsidiary	–	169.2
Impairment of subsidiary	(43.3)	–
Conversion of preference shares to ordinary shares	–	34.8
Purchase of share capital from share options	1.8	0.1
Total investment in subsidiaries	**171.1**	**212.6**

Due to a Group restructuring in the year, whereby various Group companies were struck off, the Company impaired its subsidiary company Equiniti X2 Enterprises Ltd by £43.3m, prior to it being struck off.

The Directors consider the value of the remaining investment to be supported by its underlying assets. The Group has the following investments in subsidiaries:

Name of controlled entity	Registered office address	Principal activities	Ownership % 31 Dec 2016
Equiniti Holdings Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ	Holding company	100

The above investment is held in the Ordinary share capital of the company. A full list of the Company's indirect investments is included in note 4.4 to the consolidated financial statements.

10 OTHER FINANCIAL ASSETS

Current	2016 £m	2015 £m
Non-interest bearing receivables due from related parties	483.3	459.0
Total current other financial assets	**483.3**	**459.0**

Balances due from related parties can be called upon on demand.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

11 TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Other receivables	–	0.2
Total trade and other receivables	**–**	**0.2**

None of these financial assets are either past due or impaired.

12 GROUP TAX RELIEF RECEIVABLE

	2016 £m	2015 £m
Group tax relief receivable	**–**	**0.1**

13 TRADE AND OTHER PAYABLES

	2016 £m	2015 £m
Accruals	–	9.4
Total trade and other payables	**–**	**9.4**

14 OTHER FINANCIAL LIABILITIES

Current	2016 £m	2015 £m
Non-interest bearing payables due to related parties	1.4	174.9
Total current financial liabilities	**1.4**	**174.9**

Balances due to related parties are repayable on demand.

15 SHARE CAPITAL

	Share capital		Share premium	
Allotted, called up and fully paid	2016 £m	2015 £m	2016 £m	2015 £m
On issue at 1 January	0.3	5.0	–	3.5
Capital reduction	–	(4.8)	–	(498.2)
Buy-back of own shares	–	(0.2)	–	–
New equity share capital issued	–	0.3	–	494.7
On issue at 31 December	**0.3**	**0.3**	**–**	**–**

15 SHARE CAPITAL (CONTINUED)

Ordinary shares of £0.001 each (thousands)	2016 Number	2015 Number
On issue at 1 January	300,000	5,000
New equity share capital issued	13	295,000
On issue at 31 December	**300,013**	**300,000**

During the year, the Company issued 12,911 ordinary shares at a par value of 0.001p each, for a total consideration of £16,397. The share premium account increased by £16,384 as a result.

During the prior year, the Company issued 295,000,000 ordinary shares at a par value of 0.001p each, for a total consideration of £495.0m. The share premium account increased by £494.7m as a result.

16 SHARE-BASED PAYMENTS

The Group has equity-settled share-based option plans in place being the conditional allocations of Equiniti Group plc shares. Share-based payments disclosures relevant to the Company are presented within note 7.2 to the consolidated financial statements.

17 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	2016 £m	2015 £m
Loans and receivables			
Loans and receivables due from related parties	10	483.3	459.0
Trade and other receivables	11	–	0.2
Total financial assets		**483.3**	**459.2**

Financial liabilities	Note	2016 £m	2015 £m
Other financial liabilities at amortised cost			
Trade and other payables	13	–	9.4
Loans and receivables due to related parties	14	1.4	174.9
Total financial liabilities		**1.4**	**184.3**

The fair values and the carrying values of financial assets and liabilities are not materially different.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

18 RELATED PARTY TRANSACTIONS

Interest payments during the year	2016 £m	2015 £m
To fellow Group companies	–	0.2
Total	**–**	**0.2**

Interest receipts during the year	2016 £m	2015 £m
From fellow Group companies	–	0.9
Total	**–**	**0.9**

Dividend receipts during the year	2016 £m	2015 £m
From fellow Group companies	284.2	–
Total	**284.2**	**–**

Receivable at the year end	2016 £m	2015 £m
From fellow Group companies	483.3	459.0
Total	**483.3**	**459.0**

Payable at the year end	2016 £m	2015 £m
To fellow Group companies	1.4	174.9
Total	**1.4**	**174.9**

19 DIVIDENDS

Amounts recognised as distributions to equity holders in the year	2016 £m	2015 £m
Interim dividend for year ended 31 December 2016 (1.64p per share)	5.0	–
Final dividend for year ended 31 December 2015 (0.68p per share)	2.0	–
	7.0	**–**

The recommended final dividend payable in respect of the year ended 31 December 2016 is £9.3m or 3.11p per share (2015: £2.0m). The proposed dividend has not been accrued as a liability as at 31 December 2016.

Proposed final dividend for year ended 31 December 2016	**9.3**

20 EVENTS AFTER THE BALANCE SHEET DATE

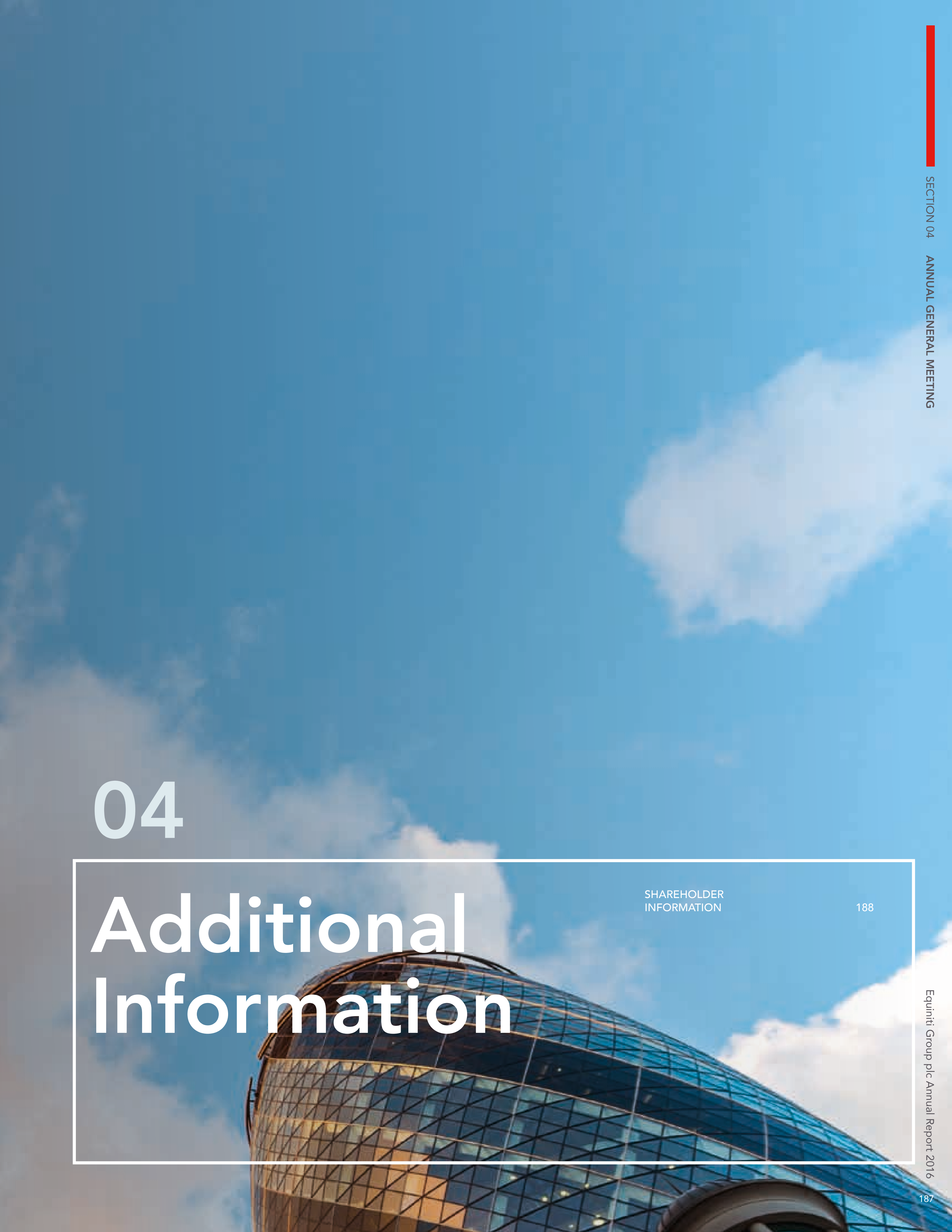
There have been no events subsequent to the balance sheet date which require disclosure in, or adjustment to, the financial statements.

RiskFactor provides RBS Invoice Finance with market-leading risk management software to manage their large and diverse portfolio of SME customers. Our solutions enable RBS to spot emerging risks earlier and reduce bad debts.

RiskFactor helps RBS reduce site audits by 70% over three years

Over the course of three years RiskFactor helped RBS to reduce their site audits by 70%, moving away from periodic audits based on size of facility to a risk score and problem flagging approach to audit resource deployment. This led to substantial cost-savings and more targeted field audit activity.

Read the full case study on page 33.



04

Additional Information

SHAREHOLDER INFORMATION

Registered Office
Equiniti Group plc
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Company number 07090427

For enquiries regarding ordinary shares, please contact
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone
UK only 0371 384 2335
Non UK +44 121 415 7047

Shareholders can also access their holdings online by visiting the website at www.shareview.co.uk

For corporate governance enquiries, please contact the Company Secretary:

Kathy Cong
kathy.cong@equiniti.com

For investor relations enquiries, please contact the Head of Investor Relations:

Frances Gibbons
frances.gibbons@equiniti.com

Financial calendar*

8 March 2017	Annual results for year ended 31 December 2016
25 April 2017	Annual General Meeting
28 July 2017	Interim results for six months ended 30 June 2017

* 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 http://www.shareview.co.uk/products/Pages/DividendReInvestmentPlan.aspx

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 at www.fca.org.uk ; and
- Report the matter to the FCA at www.fca.org.uk.

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- Report the matter to the FCA at www.fca.org.uk.

SHAREHOLDER INFORMATION/ADVISERS

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 DECEMBER 2016

Range	No. of Holders	% of Holders	No. of Shares	% of Share Register
1-1,000	97	21.51	55,045	0.02
1,001-50,000	182	40.35	2,250,977	0.75
50,001-500,000	96	21.29	18,437,957	6.15
500,001+	76	16.85	279,268,932	93.08
Total	451	100	300,012,911	100

ADVISERS

AUDITOR	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
CORPORATE BROKERS	Barclays 5 The North Colonnade London E14 4BB
	Citigroup Global Markets Ltd Citigroup Centre 33 Canada Square London E14 5LB
	Liberum Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
FINANCIAL ADVISER	Rothschild New Court St Swithin's Lane London EC4N 8AL
FINANCIAL PR ADVISER	Temple Bar Advisory Limited 60 Cannon Street London EC4N 6NP
LEGAL ADVISER	Weil, Gotshal & Manges 110 Fetter Lane London EC4A 1AY
REGISTRAR	Equiniti Limited Aspect House Spencer Road Lancing, West Sussex BN99 6DA

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