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Improving transparency and disclosure

Good practice reporting by portfolio companies

Private Equity Reporting Group

The Guidelines for Disclosure and Transparency in Private Equity

April 2018

PERG PRIVATE EQUITY REPORTING GROUP

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Contents

Introduction

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

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

After consultation with the market, the Guidelines were refreshed in 2014 following the implementation of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the 'Strategic Report Regulations'). The Group has taken the view that the Guidelines should be aligned with the requirements for quoted companies, with a few exceptions, in order to continue to meet our ambition for large private equity corporate reporting to be at the level of the best in the FTSE250.

In setting out the Guidelines for Disclosure and Transparency in Private Equity revised July 2014 ('the Guidelines') we have continued to make it clear which areas are specific to the Guidelines due to private equity ownership, which would be required by large private companies in any case, and which areas are incremental due to our aspiration of matching the standard of quoted company reporting. Our tenth report on compliance with the Guidelines, and the third since the Guidelines were refreshed, was issued in December 2017.

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

The Guidelines require portfolio companies to go beyond compliance with accounting standards, laws and regulatory requirements to offer a genuine understanding of performance. The Guidelines support the foundations of a good annual report, which should be the objective for all companies. The wider corporate reporting environment continues to move in this direction as evidenced in the FRC's second Annual Review of Corporate Reporting published in October 2017, which is looks at good practice, areas for improvement and also the changing expectations of stakeholders.

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

Nick Land Chairman – Private Equity Reporting Group

Executive Summary

Each year a sample of portfolio companies are reviewed for compliance with the Guidelines, and over the last ten years there has been a sizable shift in the underlying quality and transparency of reporting. Corporate reporting is an area of rigorous scrutiny and change, with the bar moving ever upwards.

This does not mean the requirements of reporting should be getting longer and more burdensome, as in fact there is a clear move to clarity and focus, with stakeholders expecting insight beyond the key financials metrics. The Guidelines assist in meeting this expectation, but should not be considered in isolation for compliance, rather reflected on as a whole and used to underpin a strategically focused, balanced and truly integrated narrative.

The observations below reflect the trends identified from both the review of companies performance against the guidelines but also feedback from wider considerations of the direction of corporate reporting:

- Discussing past performance is an inherent part of presenting financial statements, but the FRC is clear in its guidance on Strategic Reports that these should ***include forward-looking information***, and this is part of the Guidelines focus. The '*trends and factors affecting future development and performance'* criteria creates context for stakeholders in assessing the current year performance, future prospects of the business and how this shapes commercial strategy and decisions made today for the future – refer to section 11 of this guide for further detail.

- Risks should not be considered in isolation as this tends to provide a static, boiler plate discussion, when in reality there is an ***increased level of risk dynamics that should be evident from the reporting*** to enable stakeholders to understand the changing landscape of risk. The '*principal risks and uncertainties facing the company'* criteria provides a framework for this – refer to section 6 of this guide for further detail.

- Reporting should link together strategy, risk and KPIs coherently whilst telling a story, ***integration is the key to achieving corporate reporting that is strategically focused*** throughout. The '*strategy'* criteria creates context for the activities of the business and how these underpin the performance and actions taken in the year – refer to section 9 of this guide for further detail.

- As the regulatory and public reporting landscape evolves to embrace wider stakeholder areas of focus, ***the importance of disclosures for employee matters, human rights and gender reporting have ever increasing focus***. The '*employees', 'social, community and human rights'* and *'gender diversity information'* criteria's focus on how to address these wider discussions in the context of the business – refer to sections 13, 14 and 15 of this guide for further detail. There has been a trend to publish the bare minimum here, especially around gender statistics, and with the current focus on this in the market, there is a need to add greater transparency over policies companies have in these areas.

- ***Transparency of ownership is a significant theme*** in how stakeholders assess businesses they work with and potential implications of this. The '*identity of private equity firm'* criteria outlines the expectations stakeholders would have that need to be addressed – refer to section 1 of this guide for further detail.

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

Applying the Guidelines – guiding principles

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

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

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

Guidelines specific

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

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

Strategic report – Large private

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

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

Strategic report – Quoted

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

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

Greenhouse gas emissions disclosures

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

Statement of compliance

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

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

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

Comply or explain requirement

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

Disclosure placement

Compliance with the Guidelines should be addressed in the audited annual report and financial statements and should not rely on other website or review documents for compliance. Most companies will find they include these requirements within their strategic report. Where there is any cross over between the director's report and other areas of the annual report, appropriate cross references may be used to ensure compliance whilst optimising the most appropriate and clear structure for the accounts.

1. Identity of private equity firm

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Gatwick Airport – 31 March 2017

The consortium that ultimately owns the Group currently comprises the following parties:

Global Infrastructure Partners, LP ("GIP 1")[1]	41.95%
The Abu Dhabi Investment Authority ("ADIA")[2]	15.90%
The California Public Employees' Retirement System ("CalPERS")[3]	12.78%
National Pension Service of Korea ("NPS")[4]	12.14%
Future Fund Board of Guardians ("Future Fund")[5]	17.23%

[1] Global Infrastructure Partners, LP ("GIP 1") is a US$5.64 billion independent, specialist infrastructure fund that invests worldwide in infrastructure assets and businesses in both OECD and select emerging market countries. GIP 1 was founded in 2006 by former senior executives from Credit Suisse and the General Electric Company. GIP 1 targets investments in power and utilities, natural resources infrastructure, air transport infrastructure, seaports, freight railroad, water distribution and treatment, and waste management. Global Infrastructure Management, LLC, the manager of GIP 1, has offices in New York and London with an affiliate in Sydney and portfolio operations headquarters in Stamford, Connecticut.

[2] The Abu Dhabi Investment Authority ("ADIA"), established in 1976, is a globally diversified investment institution, whose sole mission is to prudently invest funds on behalf of the Government of the Emirate of Abu Dhabi to make available the necessary financial resources to secure and maintain the welfare of the Emirate.

[3] The California Public Employees' Retirement System ("CalPERS") manages retirement benefits for more than 1.8 million public employees, retirees, and their families and more than 3,000 employers in the state of California, United States of America. CalPERS also manages health benefits for nearly 1.4 million members. The CalPERS fund invests in a range of asset classes, with a market value of approximately US$314 billion at 31 March 2017.

[4] National Pension Service of Korea ("NPS") is a public pension fund for the general public in Korea with assets of KRW 570 trillion (c.US$500 billion), and is the third largest pension fund in the world.

[5] The Future Fund is a public asset fund established by the Future Fund Act 2006 to strengthen the Australian Government's long-term financial position by meeting the cost of public sector superannuation liabilities. The fund had nearly A$130 billion assets under management as at 31 March 2017.

This example clearly identifies all members of the ownership consortium with detail on their background.

Thames Water – 31 March 2017

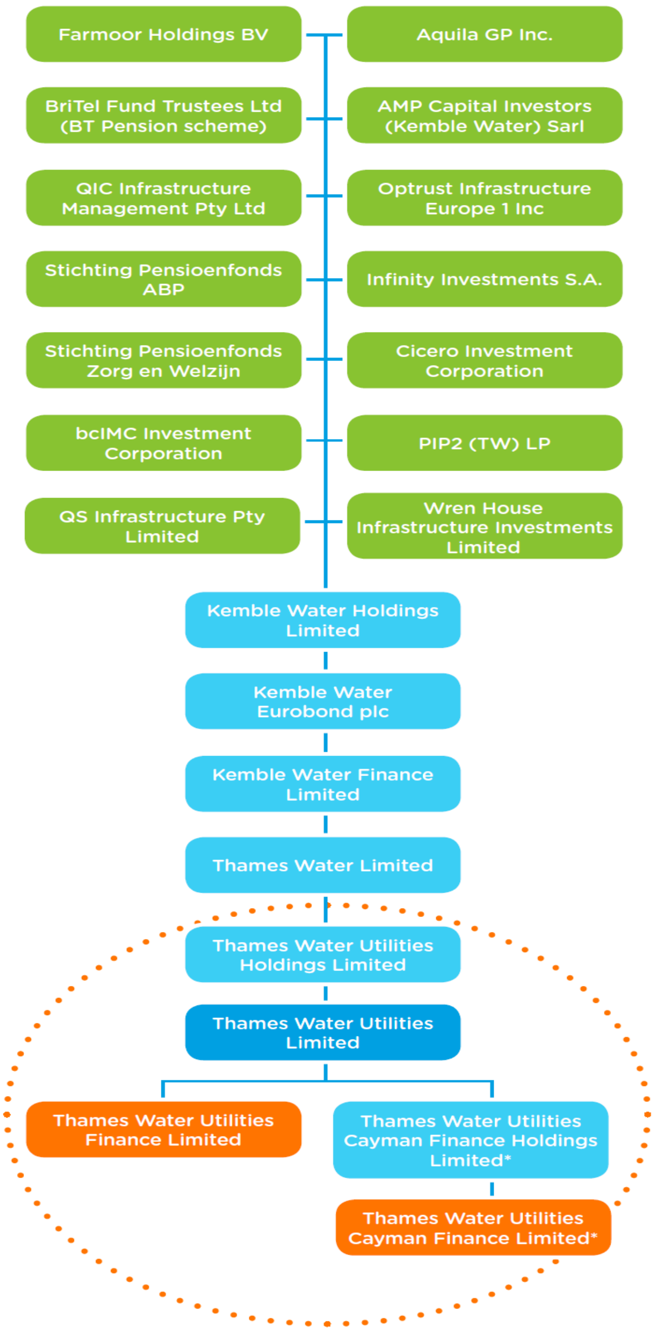
During the year and up to the date of this report on13 June 2017, the following changes to the equity interests in KWHL took place:

25 April 2017 – SAS Trustee Corporation agreed to sell its 2.389% stake to Aquila GP Inc., a Canadian entity managed by the Aquila Sonnet Limited Partnership. Following the transfer Aquila GP Inc. holds 4.995% of the total shareholding in Kemble Water Holdings Limited.

28 April 2017 – QIC Diversified Infrastructure (Jersey) Limited sold 3.336% of their interest to QS Infrastructure Pty Limited. QIC Diversified Infrastructure (Jersey) Limited then transferred its remaining 5.352% interest in the Company to QIC Infrastructure Management Pty Ltd.

31 May 2017 - Kemble Water International Holdings Limited, an entity managed by the Macquarie Group, sold its entire 26.315% shareholding in Kemble Water Holdings Limited. This 26.315% holding was split between, Farmoor Holdings B.V., an entity registered in The Netherlands and an affiliate of OMERS, which acquired 17.543%, and Wren House Infrastructure Management Limited the global direct infrastructure investment arm of the Kuwait Investment Authority, which acquired a 8.772% stake.

The structure chart below sets out the ownership of Thames Water and those subsidiaries that connect Kemble Water Holdings Limited to the regulated company, Thames Water Utilities Limited:



- Shareholders
- Holding Company
- Regulated Water Company
- Financing Company
- Whole Business Securitisation Group

*Both Cayman Island companies are, and always have been, registered in the United Kingdom for tax purposes.

This example identifies the shareholders of the company and the group structure along with narrative on ownership changes.

2. Details on board composition

Requirement

The report should give detail on the composition of the board, identifying separately executives of the company, directors who are executives or representatives of the private equity firm and directors brought in from outside to add relevant industry or other experience.

Basic compliance

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

Good practice

Attributes of good practice include:

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

Pizza Express – 1 January 2017

Richard Hodgson has been chief executive officer since he joined PizzaExpress in April 2013. Mr Hodgson has over 20 years' experience in the food industry. He started his career in 1990 at Dalgety. He then joined Asda in 1996 where he spent ten years holding several senior positions. Mr Hodgson joined Waitrose in 2006 as commercial director, where he played a key role in developing the company's international business, as well as its launch of the 'essential Waitrose' range. Before joining PizzaExpress, Mr Hodgson was the group commercial director of Morrisons.

Andy Pellington joined PizzaExpress in March 2014 as chief financial officer. Mr Pellington started his career at Cadbury Schweppes before gaining significant experience across a range of leisure and hospitality businesses. Mr Pellington joined Whitbread in 2004 as finance director of the restaurant division and went on to hold various roles with the group, including finance director of its subsidiaries David Lloyd, Premier Inn and Whitbread Hotels and Restaurants. Mr Pellington holds an Economics degree from Birmingham University and is a qualified accountant.

This example clearly describes the identity of the operational directors, their background and current role. Where other directors had been appointed by the private equity firm this was also confirmed.

Trainline – 28 February 2017

Executive Directors

Clare Gilmartin
(Chief Executive Officer)

Committees: R N

Date appointed to the Board:
13 April 2016

Key strengths:
- Digital innovation
- International expansion
- People and culture

Previous roles:
Prior to Trainline, Clare spent 10 years at eBay, latterly as VP of eBay Europe, where she led a period of exceptional growth. Before eBay, Clare was at Boston Consulting Group in London and Unilever and was ranked amongst 'Europe's Top 40 under 40' leaders in 2012.

Mark Brooker
(Chief Operating Officer)

Committees: None

Date appointed to the Board:
16 January 2017

Key strengths:
- Business development
- Product development
- International expansion

Previous roles:
Prior to Trainline, Mark held the role of COO at Betfair, one of Europe's largest digital businesses, where he was responsible for all operations outside of the US. Mark's career began in investment banking, where he had extensive experience of raising equity capital for public companies.

Shaun McCabe
(Chief Financial Officer)

Committees: A R N

Date appointed to the Board:
30 September 2016

Key strengths:
- Strategic planning
- International expansion
- Finance and general management

Previous roles:
Prior to Trainline, as International Director for ASOS, Shaun had executive responsibility for the company's international markets. Previously, Shaun was CFO for Amazon Europe, a member of the EU executive team, and a non-executive director of Lovefilm prior to acquiring the business for Amazon.

This example provides a detailed background and experience of the board, what the individual director's strengths are and their current role.

3. Financial review – position

Requirement

The financial review should cover risk management objectives and policies in the light of the principal financial risks and uncertainties facing the company, including those relating to leverage, with links to appropriate detail in the footnotes to the balance sheet and cash flow section of the financial statements.

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Wyevale Garden Centres – 25 December 2016

On the 25 December 2016, the Group had external bank debt of £201.7 million (2015: £261.1 million), cash and cash equivalents of £34.9 million (2015: £146.5 million) and also had £235.1 million (2015: £210.0 million) of shareholder loans. The shareholder loan has a 10-year term, and is repayable in April 2022. Please see note 19 for details on the repayment terms of the external debt.

At 25 December 2016, the Group had net debt of £401.9 million (2015: £324.7 million), which included accrued interest of £97.1 million in relation to the shareholder loan (2015: £71.9 million). Excluding the shareholder loan, the Group's net debt was £166.8 million (2015: £114.7 million). Gearing (net debt/equity) including shareholder loans equated to 8.1:1 (2015: 6.6:1) and gearing excluding shareholder loans equated to 1.1:1 (2015: 2.3:1). The Directors consider that the Group's current gearing is appropriate.

Further information on the Group's capital structure is provided in note 20 to the financial statements, including details of how the Group manages risk in respect of capital, interest rates, foreign currencies and liquidity. A debt maturity profile as at 25 December 2016 is included in note 19.

Subsequent to the year end, in September 2017 the Group successfully completed a full refinancing of all of its existing external bank debt facilities. The existing Payment-In-Kind Note and Shareholder Loan Note which both mature in 2022 are not included in this refinancing (refer to note 19 for details of existing debt facilities). The new arrangement comprises the replacement of the outstanding principal senior debt with £141.5 million of new term debt along with a £30 million revolving credit facility to support the Group's working capital requirements, a £10 million capex facility to support capital initiatives and a £35 million Accordion facility to support the Group's future growth plans and the recommencement of acquisitions at the appropriate time. All of the new facilities secured will mature in March 2022 and will pay interest based on LIBOR plus applicable margins.

This example describes the capital structure, including new arrangements, covenant reporting implications, capital structure and investment planning.

Thames Water – 31 March 2017

Net debt and cash flow

Net debt (the total of external borrowings less cash at bank and in hand) has increased by £596.5 million to £10,749.4 million, as we continue to fund our capital investment programme. In order to fund ourselves efficiently we have significantly reduced our cash and short-term investment balances to £57.5 million (2016: £812.0 million). Net debt includes accrued interest on debt and excludes derivative accretion and foreign exchange net debt. In the prior year financial statements, we disclosed net debt of £10,154.2 million. This net debt excluded £197.3 million of accrued interest on debt and included £198.6 million relating solely to accretion on index-linked swaps and the effect of movement in foreign exchange rate on one cross currency swap held by TWUL. After including interest on debt and excluding derivative accretion and foreign exchange net debt as at 31 March 2016 would have been £10,152.9 million.

Gearing and interest cover

As we use external funding, we have to operate within certain financial parameters (covenants) that are set by the institutions we borrow from. Our two major covenants are gearing (the ratio of covenant net debt to Regulatory Capital Value ("RCV")) and interest cover (the ratio of our profits to interest payable).

Our gearing ratio of 81.5% (2016: 81.0%) was comfortably below the mandated maximum of 85% and our interest cover (the ratio of our profits to interest payable), at 1.7x, was well above the minimum level mandated of 1.1x.

Regulatory Capital Value ("RCV")

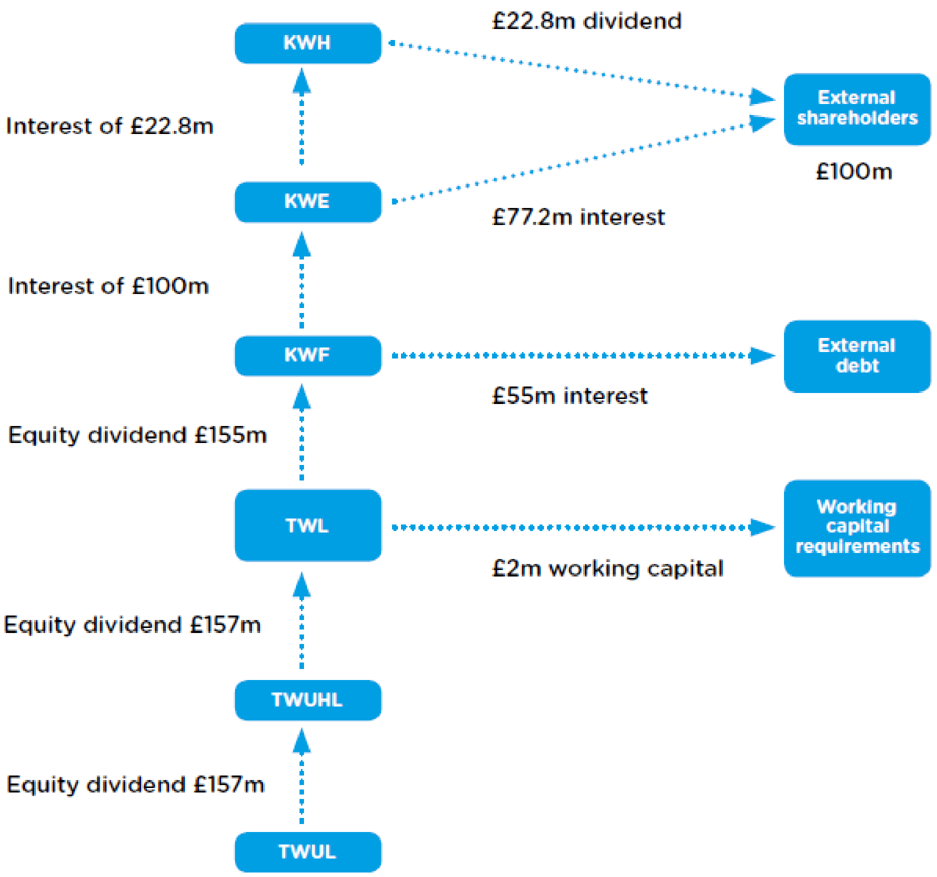
We finance this investment through a combination of cash flows generated by, and retained in, the business and borrowing (debt). At 31 March 2017, our RCV was £12.9 billion (2016: £12.3 billion). Our RCV reflects the investment we've made in delivering water and wastewater services to our customers.

Dividends and distributions to external shareholders

Our shareholders provide another source of funding to enable us to invest in our network and they expect a return on their investment, which we pay in the form of dividends. The level of dividends is influenced by operational and financial performance.

During the year, we paid dividends of £157.0 million (2016: £82.4 million) to our parent company Thames Water Utilities Holdings Limited ("TWUHL"). £57.0 million of dividends paid in respect of the current year were made to other companies within the Kemble Water Holdings Ltd Group ("the Group"), to service their own debt obligations and working capital requirements (2016: £82.4 million). External shareholders have received distributions relating to this financial year totalling £100.0 million (2016: £nil).

The following diagram summarises how the dividends the Company paid during 2016/17 have been utilised and distributed by the Group:



This example provides a good summary of the overall financial position of the group, covering net debt, gearing and interest cover and distributions

4. Financial review – financial risks

Requirement

The financial review should cover risk management objectives and policies in the light of the principal financial risks and uncertainties facing the company, including those relating to leverage, with links to appropriate detail in the notes to the balance sheet and the cash flow section in the financial statements.

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

Basic compliance

The review of financial position requirements should include the following:

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

Good practice

Attributes of good practice include:

- More detailed discussion in the financial statements of the overall risk management objectives and policies;
- Discussion focused on the key financial risks identified (see page 15 for principal risks), for example liquidity and cash flow, credit, interest rate, and how the risk management policies address these risks;
- Quantitative information to support the discussion on risks;
- Disclosure of the likelihood and impact of these risks and clear linkage to how they are managed and monitored; and
- Specifically as part of describing financial performance, position and risks we would expect to see more discussion around taxation, with some discussion on tax policy, uncertain tax positions, and narrative rather than just numbers to explain key items impacting the effective tax rate.

Viridian – 31 March 2017

Interest rate risk

The majority of the Group's borrowings bear interest at fixed rates with its €600.0m Senior secured notes bearing interest at a fixed rate coupon of 7.5%.

The Group's only exposure to interest rate risk is in respect of drawings on the Senior revolving credit facility, which were undrawn at 31 March 2017 and 31 March 2016 and to a minor portion of its project financed facilities which are based on Libor / Euribor rates but which are largely fixed through the use of interest rate swaps. As a result, at 31 March 2017, 95.9% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	2017 £m	2016 £m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt	(689.4)	(709.1)
Variable rate debt	(29.4)	(15.2)
Non interest bearing	-	(208.4)
	(718.8)	(932.7)

The estimated fair value of the Group's interest rate derivative financial instruments is disclosed in note 25 to the accounts.

This example is similarly detailed for all financial risks, providing quantitative measures to the risk as well as the broader context and where applicable sensitivities.

Gatwick Airport – 31 March 2017

Financial Risk Management

The Group's principal financial instruments comprise external borrowings and derivatives.

The Board of Directors approves prudent treasury policies for the Group and delegates certain responsibilities to senior management who directly control day-to-day treasury operations. The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury related financial risks inherent in the Group's business operations and funding. To achieve this, the Group enters into interest rate and index-linked swaps to protect against interest rate and inflation risks.

The primary treasury related financial risks faced by the Group are:

(a) Cash Flow Interest Rate Risk

The Group maintains a mix of fixed and floating rate debt. As at 31 March 2017, fixed rate debt after hedging with derivatives represented 99.6% (31 March 2016: 89.3%) of the Group's total external nominal debt.

The Group mitigates the risk of mismatch between aeronautical income, which is directly linked to changes in the retail price index, and interest payments, by the use of inflation linked derivatives.

(b) Funding and Liquidity Risk

The Group has established a multicurrency programme for the issuance of bond debt in addition to bank debt and a liquidity facility. To ensure continuity of funding and flexibility, debt maturities are spread over a range of dates, thereby ensuring that the Group is not exposed to excessive refinancing risk in any one year.

The Group has positive cash flows before capital expenditure. The Group had net cash flows from operations of £383.1 million for the year ended 31 March 2017 (2016: £340.2 million). As at 31 March 2017, cash at bank was £3.0 million (2016: £3.1 million), undrawn headroom under bank revolving facilities was £253.0 million (2016: £70.0 million) and undrawn headroom under the liquidity facility was £100.0 million (2016: £100.0 million).

Covenants under the financing arrangements are monitored and forecast on an ongoing basis with formal testing reported to the Board of Directors, Audit Committee and Executive Management Board, along with all investors. The Group continues to comply with all borrowing obligations and financial covenants, and forecasts to do so for at least the next three years from the Statement of Financial Position date.

(c) Credit Risk

The Group's exposure to credit-related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument.

This example shows the financial risks that impact the group and provide mitigations.

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

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Pizza Express – 1 January 2017

Delivery

Recently, the trend for online delivery services has grown exponentially. In 2016, this growth saw one in five people placing an online delivery order every week and two in five customers ordering once a month.

To ensure we remain competitive and in order for the PizzaExpress brand to reach as many customers as possible, in May 2016 we agreed a deal with Deliveroo to promote PizzaExpress and deliver our quality food from over 250 of our restaurants by the end of the period.

Also, in February 2016 we acquired Firezza, a leading London-based pizza delivery company. This acquisition gave us an opportunity to build on the momentum behind the brand and further grow its reach. We now have 22 stores delivering across London and as far away as Exeter. Firezza was founded in 2001 after its two founders, Edin Basic and Adnan Medjedovic, realised a long-held ambition to deliver fresh, quality Neapolitan pizza to food lovers.

This example shows a discussion of the performance in the strategy section and discusses wider market trends.

Gatwick Airport – 31 March 2017

Passenger Traffic by Region

The table below outlines passenger numbers by region for the year ended 31 March 2017 and the comparative year ended 31 March 2016.

	Year ended 31 March 2017 m	Year ended 31 March 2016 m
Europe (including UK and Channel Islands)	**36.6**	34.3
North America	**3.3**	2.4
Caribbean and Latin America	**1.9**	1.7
Northern and Sub-Saharan Africa	**1.1**	1.3
Middle East and Central Asia	**1.0**	1.0
Far East and South Asia	**0.2**	0.2
Total	**44.1**	40.9

Short Haul European Traffic

83.0% of Gatwick's passenger traffic was on European routes (including the UK and Channel Islands). Traffic on these routes grew by 2.3 million passengers (6.7%), with growth not only in the southern European destinations of Spain, Italy, Greece, Portugal and France, but also the Czech Republic, Iceland, Sweden and Ireland.

Long Haul Traffic

Long haul destinations saw significant growth of 0.9 million passengers (13.6%) in the year and now make up 17.0% of passenger traffic through Gatwick. As the number of destinations served and frequency to those destinations increases so has competition in the London market both in terms of fares and choice which is to the benefit of passengers.

Traffic on flights to North America grew by 0.9 million passengers (37.5%). Norwegian continued to grow its long-haul network with increased capacity on its existing USA services as well as introducing two new routes (Las Vegas and Oakland, San Francisco); while Canadian carrier WestJet began flying from Gatwick during the year, serving six destinations across Canada.

There was an increase of 0.2 million passengers (11.8%) on flights to the Caribbean and Latin America. BA introduced new services to Costa Rica and Peru in addition to its existing Caribbean flights; and Thomson began flying to Cuba from Gatwick.

This year also saw the launch of flights to the Far East from Gatwick, with Cathay Pacific's Hong Kong service and Tianjin Airlines' flights to mainland China.

Instability in Northern Africa continued to have an impact on traffic to this region. Passenger numbers to Egypt were down 0.3 million or 63.4% compared to the previous year whilst traffic to Morocco showed a 6.0% increase.

This example confirms how the wider market factors in the year impact a key driver of the business.

6. Principal risks and uncertainties facing the company

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Viridian – 31 March 2017

Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the SEM, the system marginal price (SMP) is received by all generators and reflects the marginal cost of the last generating unit called to meet demand. Generators also receive capacity payments for their available capacity. The commissioning of new generating capacity may reduce the SMP and lead to lower capacity payments, subject to the impact of plant retirements and overall levels of demand.

The new I-SEM is due to go-live on 23 May 2018. Under the I-SEM the capacity remuneration mechanism (CRM) will be quantity-based in the form of "reliability options" and issued through a competitive auction. The first transitional auction will take place on 15 December 2017 and cover the period from go-live to 30 September 2019. Capacity payments earned under the I-SEM CRM are likely to be lower than that currently earned under the SEM capacity mechanism and may not be compensated by other income streams available to generators in I-SEM.

The main competitors in the electricity supply markets in Northern Ireland are SSE Airtricity, Electric Ireland, Budget Energy and Go Power. The main competitors in the electricity supply markets in the RoI are Electric Ireland, Bord Gáis Energy, SSE Airtricity and PrePay Power. Certain of the Group's competitors may be able to offer lower prices or incentives that may attract customers away from the Group thereby reducing its market share, which in turn, may have a material adverse effect on margins achieved.

Wholesale electricity price

All electricity (with limited exceptions) bought and sold across the island of Ireland is traded through the SEM. The Group manages wholesale electricity price risk as follows:

- Gas price exposure is hedged when fixed price customer contracts are signed. Energia also has the ability to hedge against the electricity demand of fixed price contract customers through its contracted wind capacity and a range of market sources of capacity such as CfDs with other market participants and purchases of power over the interconnectors. In some of Energia's customer contracts, the electricity price payable by the customer varies according to the price of gas;
- Power NI's price control allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with the Utility Regulator; and
- PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the pool, CfDs and ancillary services is insufficient to cover its regulated entitlement.

This example shows key risks with clear narrative on how the risks are addressed or where the risks are in the future an understanding of the wider competitive environment impacting the management of the risk.

Thames Water – 31 March 2017

Competition regulation	Risk category: compliance
What the risk means to us As a wholesaler in the non-household market, we have delivered our business transformation programme, meeting all market requirements. One key requirement is providing a 'level playing field' to all retailers operating in our region. It is vital that we do not prejudice any retailer in the services we offer.	**What we are doing to manage the risk** • We have designed and implemented our processes with competition and market code obligations front and central; • We have established a Wholesale Market Services team to ensure we fulfil our market obligations; and • We are actively engaged with Market Operator Services Limited ("MOSL") to support effective and efficient operation of the market. **Looking forward** • We are satisfied that the processes and procedures we have introduced offer all retailers a fair and consistent service, however, we are aware that improvements will be necessary as the market matures in order to meet our objectives to deliver excellent service to new and existing retailers.
Movement in the year We sold our non-household retail business to Castle Water to focus on our retail household and wholesale businesses. We continue to ensure we follow the market codes and fulfil our market obligations. We have not revised the risk profile in light of the market opening on 1 April 2017.	

Legal and regulatory compliance	Risk category: compliance
What the risk means to us The water industry is subject to a wide range of regulations, laws and rules that are overseen by statutory and regulatory bodies in the UK and, currently, the EU. Failure to comply with relevant regulations could undermine public trust in our business and management. Furthermore, this may lead to regulatory and/or legislative action or investigation, potentially resulting in enforcement notices, licence changes, criminal proceedings, financial penalties, damage to our reputation and delivery of our operations.	**What we are doing to manage the risk** • We have a clear understanding of our regulatory and key legal obligations, as well as identifying impending new legislation, and changes to existing legislation and licence conditions. Compliance is monitored through Audit and Assurance and as part of the annual company self-assessment; • We provide training programmes to employees and service delivery partners to support compliance with key laws; • We support industry consultations to influence regulatory and legal developments; and • We changed our processes and procedures to support compliance within the non-household market from 1 April 2017. **Looking forward** • We continue to strengthen our regulatory and legislative compliance programme. We pay specific attention to our environmental responsibilities, including learning lessons following pollution incidents occuring between 2012 and 2014 for which we incurred a significant fine in 2017; and • We are developing plans in response to the UK Government white paper on corporate governance, the DEFRA paper on enabling resilience in the water sector and to ensure compliance when the GDPR comes into force.
Movement in the year We continue with preparations to adapt to changes in the regulatory landscape. This includes the introduction of non-household competition, as well as new and impending legislation that impacts our business, such as the Modern Slavery Act (MSA) and General Data Protection Regulation ("GDPR") which comes into force in May 2018 and carries a penalty per offence of up to 4% of global turnover (circa £80 million).	

This example shows the risks faced by the firm which are clearly categorised and explained, addressing how the firm manages each risk and the change in the past year demonstrating the dynamic environment.

7. *Key performance indicators – financial*

Requirement

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

Basic compliance

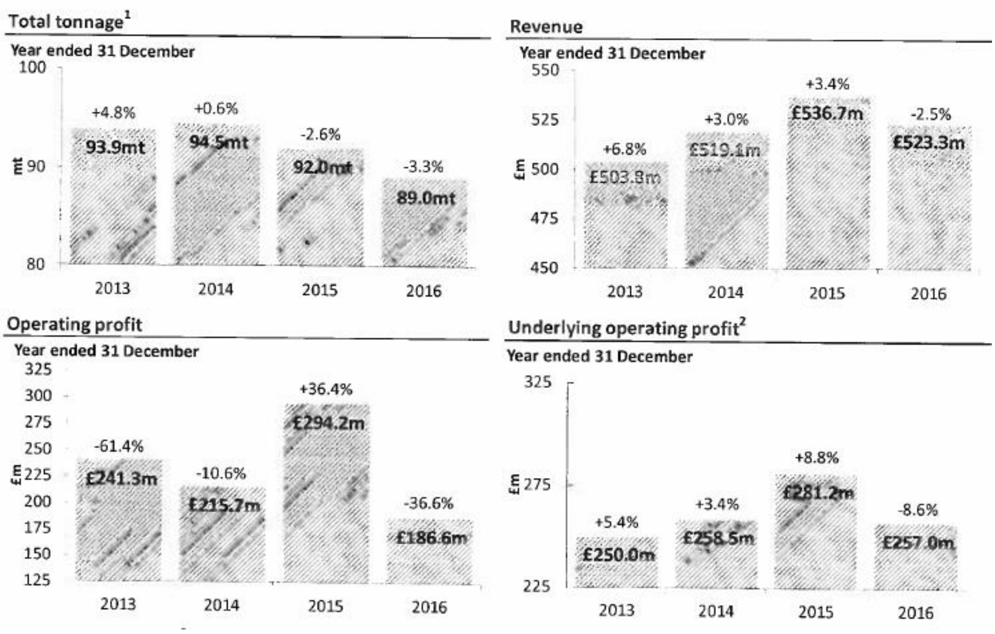
For ease of confirming compliance and effective communication we encourage companies to explicitly disclose their KPIs and not leave it up to the readers to deduce what management consider to be 'key'.

Good practice

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

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

Associated British Ports- 31 December 2016



This example shows a track record of performances, supported by further discussion in the narrative.

FatFace – 28 May 2016

STRATEGY:

The Group intends to continue to drive growth of the core retail business through a full price business, marketing investment and strong customer service.

PROGRESS IN YEAR:

Overall retail performance

The retail segment comprises the revenue and contribution from stores, ecommerce and concessions.

Retail sales were £219.2m (2015: £203.1m), up 7.9% (2015: 2.7%). Following a challenging year last year,

like for like sales increased by 1.8% (2015: decline of 3.3%). Contribution from Retail was £46.7m (2015: £48.4m). Underlying contribution margin fell by 2.5% to 21.3% (2015: 23.8%), primarily impacted by unfavourable movements in the USD/GBP exchange rate. The Group buys product from the Far East in US dollars and the average rate of purchase fell to \$1.57:£1 (2015: \$1.67:£1).

Underlying trading conditions across the retail market in quarter two did not improve as expected after the unseasonable weather in the prior year. Discounting remained prevalent in the market across this period right up until Christmas.

A full price business

FatFace is a full price retailer and this is central to the brand.

For the 6th Christmas in a row, we did not discount in the run up to Christmas and started our sale on Boxing Day. It means our customers can trust our price integrity at a time when they were buying gifts for their families and friends. This will not change in December 2016. This stance was vindicated with a good Christmas and record profits across the festive season.

The Group once again took the decision not to discount on Black Friday and as an alternative the "Thanks for Giving" campaign was launched (for further information please refer to the sustainability section of the Directors' Report).

This example provides the KPI that is aligned to the strategy and the narrative that explains this.

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

Requirement

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

Basic compliance

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

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

Good practice

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

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

Stonegate Pub Company– 25 September 2016

Non-financial KPIs

As well as providing a fantastic experience to our customers Stonegate is also committed to a high standard of health and safety. Therefore the board conducts customer research on an on-going basis, as well as monitoring complaints received and internal health and safety audit results. Sites are assessed on a regular basis on food safety, licensing, fire safety, external play area safety and hotel safety. A continued improvement in our internal health and safety audits was seen in the period to 25 September 2016 with over 79% of sites (2015: 77%) scoring over 90%.

	2016 52 weeks	2015 52 weeks
Internal Health and Safety Audit Scores	**Number of sites**	**Number of sites**
Visited in the period	1,295	1,394
Green (scoring over 90%)	1,018	1,075
Amber (scoring 80 - 90%)	169	215
Red (scoring 50 - 80%)	98	101
Black (scoring under 50%)	10	3

This example shows KPIs that provide an insight into true performance, including disclosure of internal health and safety inspections which provide a level of transparency above the quality disclosures seen in other examples.

Thames Water– 31 March 2017

A snapshot of how we performed against our performance commitments which can attract a penalty or reward. We incurred a total penalty of £18.4 million and received a reward of £3.2 million for 2016/17.

Condition of our below ground water network (includes supply interruptions of more than 12 hours)

Target: Stable
Performance in 16/17: Marginal
Penalty: £4.7 million
P

Condition of our above ground water network

Target: Stable
Performance in 16/17: Stable
On target
P

Drinking water compliance

Target: 99.94%
Performance in 16/17: 99.96%
On target
P

Condition of our below ground wastewater network

Target: Stable
Performance in 16/17: Stable
On target
P

Condition of our above ground wastewater network

Target: Stable
Performance in 16/17: Stable
On target
P

Security of supply index

Target: 100
Performance in 16/17: 99
Penalty: £2.3 million
P

Leakage

Target: 630 Ml/D
Performance in 16/17: 677 Ml/D
Penalty: £8.6 million
PR

Supply interruptions lasting more than four hours

Target: 0.13
Performance in 16/17: 0.12
Reward: £3.1 million
PR

This example shows regulatory non-financial KPIs are quantified with target disclosed along with the financial impact (penalty or reward) based on the performance in the year.

Gatwick Airport – 31 March 2017

Passenger Satisfaction

Gatwick's QSM is an on-going customer service survey conducted amongst a cross-section of departing and arriving passengers by Gatwick's market research team and forms part of the CSS regime at Gatwick. Passengers are asked to rate their experience of certain services and facilities at Gatwick. A QSM service quality score is calculated following an agreed formula and published each month.

Gatwick's overall QSM score reached 4.16 at the end of 2015/16 and had increased to 4.37, its highest point in the last eight years, by the end of 2016/17 (5 = excellent; 4 = good; 3 = average; 2 = poor; 1 = extremely poor).

A major contributory factor of this improved QSM score is the successful transformation of the North Terminal, in particular the completion of the world's largest self-bag drop zone and the new central security search area including the installation of the latest generation passenger screening technology.

The following chart shows Gatwick's improved QSM performance over the last three years against a backdrop of increased passenger numbers using the Airport and its services:

This example provides quantitative measures on a track record basis, with a summarised discussion.

9. Strategy

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Pizza Express – 1 January 2017

Strategy

Our strategy focuses on the continued growth of the UK & Ireland business and the opportunity to grow our presence in selected international markets, primarily Mainland China. This growth is complemented by the development of our successful retail brand and the evaluation of other new potential opportunities as they arise.

Growth in the UK & Ireland is achieved by an unwavering focus on delivering an outstanding customer experience through our commitment to quality food, excellent customer service and attractive restaurants. We also continue to build on our established track record of innovation in food, designed to maintain and enhance existing customer interest and attract new customers to the brand.

Growth in our International markets will be achieved by implementing our strategy of opening company-operated restaurants in attractive markets with expected high demand, as well as franchise restaurants in local markets where we believe working with a franchise partner is more appropriate—for example, where it may be difficult for us to operate independently or where market potential is more limited.

During the period we executed this strategy through the opening of a net 24 restaurants in our wholly owned markets of Mainland China, Hong Kong and the UAE, and including our first restaurant in Singapore and a net three with our franchise partners. We continue to anticipate that the majority of EBITDA growth in our International segment will arise from the opening of new Company-operated restaurants in Mainland China where we expect to open a substantial number of restaurants each year.

Where we consider it beneficial to do so we will open sites in Mainland China under the PizzaMarzano brand. In the period we opened or rebranded 22 restaurants under the brand, which resonates more effectively with our Chinese customers.

We also continue to seek growth through our franchise partners in eight existing international territories of Indonesia, India, Cyprus, Gibraltar and the Middle East, and will seek to expand with existing or new partners in additional territories where suitable opportunities arise.

A world made happier by pizza

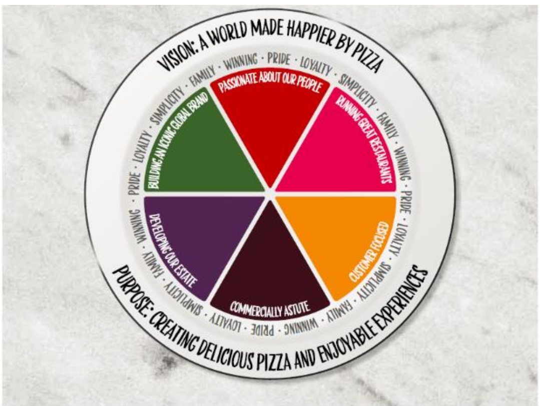
Our vision is of a world made happier by pizza—everything we do is in pursuit of this aim. To deliver this vision, we have set ourselves challenging strategic goals that we have organised around the six segments of our pizza wheel:

- Passionate about our people
- Running great restaurants
- Customer focused
- Commercially astute
- Developing our estate
- Building an iconic global brand

Running through of all these segments are the values that govern how we operate:

- *Family* a welcoming, caring, happy place to work
- *Winning* with energy, thought and determination, we will succeed
- *Pride* if we are not proud, we are not doing it right
- *Loyalty* delighting customers will create lifelong affection
- *Simplicity* by keeping things simple, we can be brilliant

Together, we believe these attributes and ways of working will enable us to deliver our vision. The following pages provide some insight into our strategy and a number of the activities that we have undertaken to deliver this.



The PizzaExpress pizza wheel

This example shows the strategy which is used to underpin the entire annual report narrative.

Wyevale Garden Centres – 25 December 2016

Strategic objectives

Wyevale Garden Centres is proud to be the market leader in the UK garden centre industry. The Group's aim is to strengthen this position by ensuring that its customers and colleagues are placed at the very heart of its business.

To enable this goal, the Group has assembled an Executive team with significant retail experience and has developed a set of strategic priorities initially focused on building strong foundations in the core of the business:

Improving our trading and customer proposition
Delivering a better customer proposition through increasing the Group's online and offline trading capabilities, making it easier for customers to shop centres and providing simpler, more compelling offers and product ranges.

Delivering a compelling customer experience
Providing a compelling customer experience through delivering consistently strong operating standards and an improved garden centre environment.

Delivering our supply chain processes
Delivering scalable and systematic end to end supply chain processes which result in excellent product availability for the Group's customers.

Making our people a differentiator
Creating a customer focused retail culture through engaged, empowered and knowledgeable colleagues.

Upgrading our systems and controls
Delivering a simple, robust and scalable infrastructure and improving our processing within a strong control environment.

Generating value from improving the estate
Identifying value creation opportunities from both existing and potential acquisitions as well as the existing estate.

The Group firmly believe that delivering these strategic priorities will positively transform the business and allow the business to unlock the growth opportunities available to it.

This *example outlines the strategic priorities and explains how this will be achieved.*

10. Business model

Requirement

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

Basic compliance

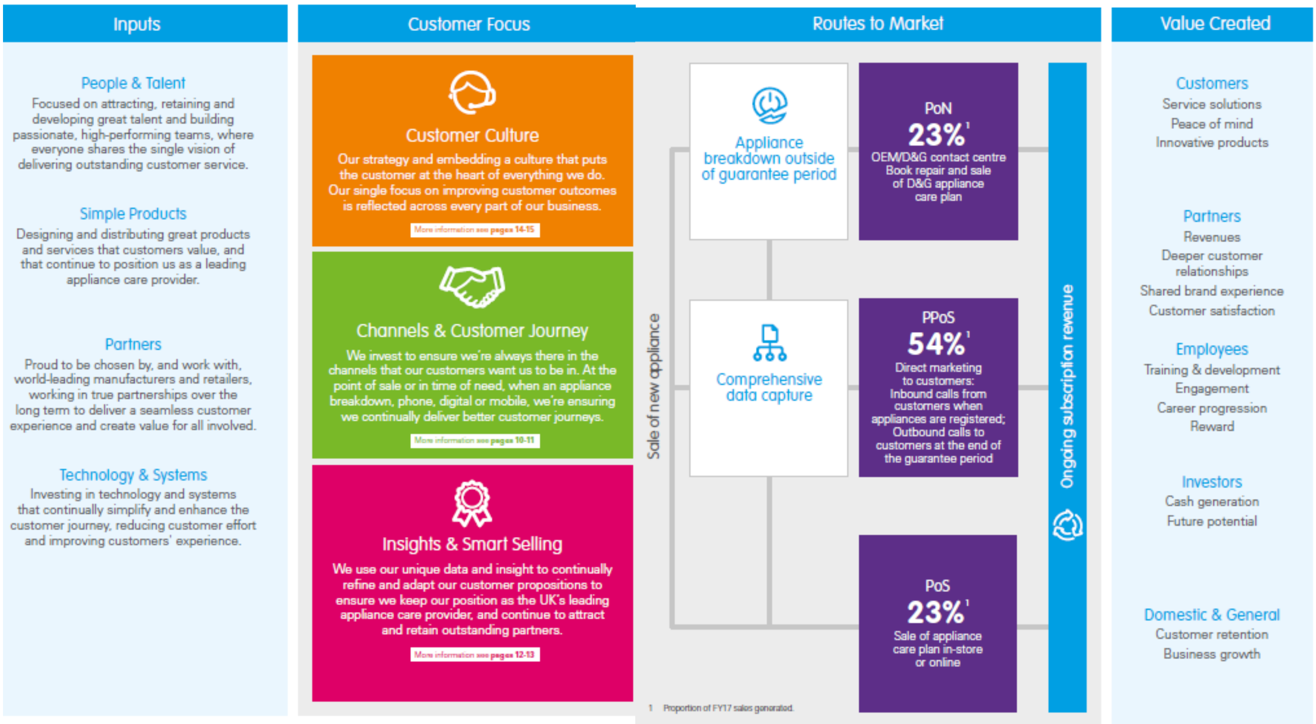
The business model should as a minimum identify what the company does to create value and how they do it.

Good practice

Attributes of good practice include:

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

Domestic & General – 31 March 2017



This example shows a well-articulated business model explaining the routes to market and value for customers.

Trainline – 28 February 2017

We earn revenue in the form of commission for ticket and ancillary sales through our retail channels, less distribution fees

A robust and scalable business model

The success of our business model depends on understanding our customers' needs and overcoming barriers to travel

Helping our customers save time, hassle and money is at the core of our business model. Bringing together fares and prices for rail and coach carriers across Europe in one convenient place, coupled with our retailing and distribution expertise provides a superior buying experience.

Our core capabilities create a powerful two-sided network effect, which strengthens our competitive position

Trainline is a unique marketplace that joins travellers and transport suppliers, and creates values for all parties.
For customers, we offer transparent and unbiased choice with a full breadth and depth of options from both incumbent and emerging open access and independent operators. One easy, consistent, rail and coach optimised customer experience offers feature rich personalisation options, such as AI driven travel information and travel recommendations, unrivalled by our peers.

For our business clients, our suite of self-booking tools is fully featured with travel manager consoles, decision-maker dashboards and insights, corporate payments and invoicing and integration with expense systems.

On the supply side, we offer the most cost effective route to market available to rail companies. Our full end-to-end fulfilment solutions, commitment to driving e-ticket roll-out, and data analytics capabilities provide valuable insights and deliver incremental passenger demand to our supply partners.

World class tech

We employ 250 engineers specialising in rail retail and have a single, global product team focused on product management, design, data science and customer research

Since 2014, we have undertaken a complete transformation of our tech organisation to underpin our ambitious plans for growth. Today, 100% of our Trainline development is carried out in-house, benefiting from unique proprietary journey planning capabilities and modernised architecture. During the same period, the overhead in our tech organisation (measured as the ratio of non-developers to developers) has reduced by more than 60%.

We've also developed a strong product strategy, underpinned by running Europe's longest pan-European rail customer research project. A 'test and learn' ethos is embedded within all of our cross-functional Agile delivery teams, enabling many multi-variate tests simultaneously to allow constant optimisation and innovation. Additionally, our data science initiatives are powering a truly differentiating set of features addressing customer pain points and giving us a clear competitive advantage.

Being in the Cloud provides cost efficiency, security, and scalability, and enables enhanced performance and innovation

Our move to Amazon Web Services, along with the use of our own open-source tool for managing continuous delivery, has provided our development teams with increased agility: enabling us to scale up from one release every six weeks to over 200 releases per week. A corresponding reduction in unplanned downtime means we now run a fast, reliable and highly scalable platform that's driving innovation in rail retailing across Europe.

This example shows the business model in a diagram with further support of the inputs and outputs required and how value is delivered to its customers and other stakeholders.

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

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Gatwick Airport – 31 March 2017

Future Developments

For planning purposes, Gatwick is currently projecting 45.2 million passengers to travel through the Airport during the year ended 31 March 2018, a 2.5% increase on the prior year (actual for year ended 31 March 2017: 44.1 million).

Since 1 April 2014, Gatwick has been operating under the Contracts and Commitments framework, under which the gross increase in allowable yield is RPI+1.0% with the blended increase being RPI+0.0%. In addition to the limitations on charges noted above and in the licence granted by the CAA, Gatwick is cognisant of the "fair price" determined by the CAA of RPI-1.6% included within the monitoring framework. Consistent with these benchmarks, which are measured over the full seven years of the Commitments period, a gross change to the tariff of RPI+0.9% has been applied for the year ending 31 March 2018.

The result of the referendum in favour of the UK leaving the EU is expected to create some economic uncertainty in the UK and Europe in the near term, but Gatwick does not believe this will have a material effect on the strategy and financial performance of the airport in the longer term, provided air services between the UK and other countries are no more constrained than at present.

In the short term, the uncertainty during Brexit negotiations may have a bearing on the level of passenger demand growth, such as through lower levels of economic growth (and therefore consumer demand) or as a result of fluctuations in currency exchange rates, particularly the Euro and the US Dollar affecting the relative levels of UK outbound travel and inbound visits to the UK.

In the medium term, the negotiation of the UK exit from the EU and implementation of new trading arrangements will need to address the air service arrangements between the UK and other countries. This will affect the strategies adopted by individual airlines to serve the UK market and there is a risk of some disruption during transition, but is not expected to materially affect the underlying level of market demand for air travel to/from the UK, at the time of exit, during any transition period or in the longer term.

This example shows the annual report provides an immediate outlook for the expected size of operations in the next year as well as the regulatory environment affecting future development.

Trainline – 28 February 2017

1.

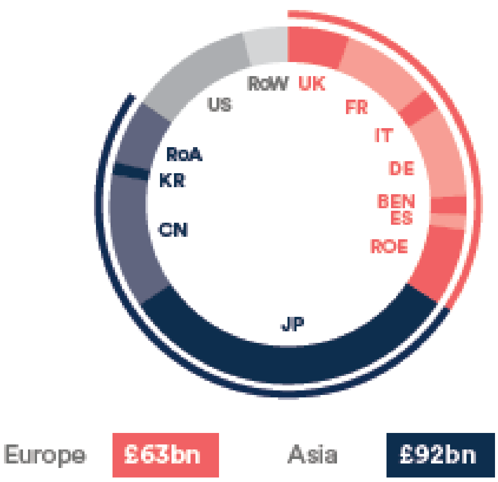
A large and growing market

We estimate the global rail market to be worth £182bn per annum.

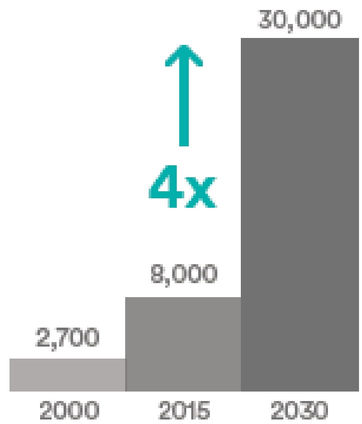
Across Europe, there is £200bn of rail investment planned over the next ten years and high-speed rail kilometres are forecast to grow fourfold by 2030. The Trans-European Transport Network has identified nine new corridors that will connect across the EU and beyond into China and Russia. In the UK, £38bn of investment is planned by 2021; with 20% more services to London by Crossrail and 32% more seats on routes into UK cities by 2019.

Convenience upgrades, i.e. new trains, station facilities and on-board services, are also in progress in all markets to bring passengers a superior travel experience. Trainline is strongly positioned to connect passengers with increasing capacity as well as leverage enhanced data capabilities to develop new AI features for customers.

£182bn global rail market



High speed rail kilometres in Europe forecast to grow fourfold by 2030:



£200bn investment planned in next 10+ years

This example shows the potential of the global market and the expected trends in the market over an extended period.

12. Environmental matters

Requirement

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

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

Basic compliance

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

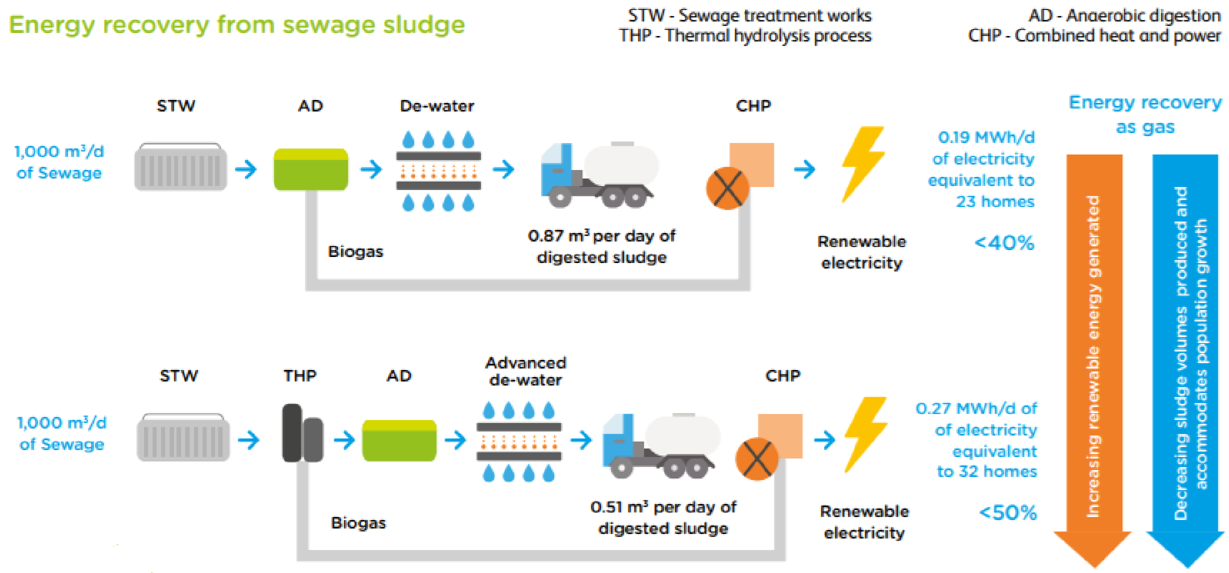
The type of disclosure required is, naturally, dependent on the nature of the business. For example it would be expected that water companies would focus on discussions about the level of water wastage and food manufactures would focus on reducing packaging, the levels of salt and hydrogenated fats in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

Good practice

Attributes of good practice include:

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

Thames Water – 31 March 201



This example includes a diagram explaining energy recovery from sewage sludge and clearly displays a specific environmental measure taken by the firm.

Viridian – 31 March 2017

Energia is a significant contributor to the sustainable energy agenda in both Northern Ireland and the RoI. Its renewable portfolio currently generates 2,157GWh offsetting the emission of over 794,000 tonnes of CO_2 per annum.

Group staff are actively involved in energy industry policy and advisory bodies in Ireland and Europe. In Ireland, staff hold the Chair positions of the Electricity Association of Ireland and the committees of the Energy Efficiency Groups in both Northern Ireland and the RoI and are also representatives on other sub groups. In Europe, Energia staff represent Ireland on the Eurelectric Energy Efficiency Group. Group staff are also active on the Better Energy Workplace Governance Group, CER's Smart Metering Steering Group and the Energy Institute (NI) Committee.

During the year, through the Energy Efficiency Obligation Scheme (EEOS) in the RoI, approved by the Sustainable Energy Authority of Ireland (SEAI), Energia provided funding for energy efficiency projects of €4.31m (2015/16 - €2.95m) implementing a total of 697 projects (2015/16 – 311 projects) with estimated annual energy savings of 172.8 GWh Primary Electrical Energy (PEE) (2015/16 – 116.4 GWh PEE). This represents an estimated annual saving of 34,500 tonnes (2015/16 - 23,200 tonnes) of CO_2 savings and annual customer benefits of over €6.9m (2015/16 - €4.7m).

Through the Domestic EEOS in the RoI, approved by the SEAI, Energia provided funding for energy efficiency projects of €1.16m excl. VAT (€775k Domestic, €381k Fuel Poor) implementing a total of 4,306 projects with estimated annual energy savings of 8.5 GWh PEE. This represents an estimated annual savings of 1,697 tonnes of CO2 savings and annual customer benefits of over €340k.

In Northern Ireland, through the Northern Ireland Sustainable Energy Programme Scheme (NISEP) approved by the Utility Regulator, in 2017 Energia managed a £757k (2016 - £635k) energy efficiency programme implementing a total of 334 projects (2016 – 176 projects) with estimated lifetime reductions of 294GWh (2016 – 268GWh) in energy demand. This represents an estimated 203,000 tonnes (2016 – 170,000 tonnes) of CO_2 savings and customer benefits of over £66m (2016 - £42m) over the lifetime of these measures.

Energia continue to pursue new and innovative services aimed at increasing awareness and offering customers energy efficiency solutions. In addition to gas boiler servicing, Energia offers customers a smart thermostat that enables control of the heating system from a smartphone, tablet or PC resulting in the ability to make real energy savings. Energia's Energy Centre offers customers a range of energy efficiency products such as roof and cavity wall insulation, boiler upgrades and solar panels.

This example shows the key areas and priorities, emission performance by segment and how the group looks to engage in the environmental considerations for their industry.

13. Employees

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Viridian – 31 March 2017

Wellbeing

The Group takes the wellbeing of its employees seriously and in recent years Viridian was named 'Best Large Private Sector Employer for Family Friendly Working' and an 'Employer of Choice' for family-friendly approaches at the Childcare Works Awards, as well as having a health and wellbeing programme highly commended by the Chartered Institute of Personnel and Development.

The Group's Wellbeing Programme during the year included flu vaccines, Couch to 5K, employee health checks, resilience challenge, lunch & learns on various topics (including Managing Stress, Mood & Food, etc.), mindfulness, financial management and pensions clinics. During the year the Group also launched a Cycle to Work scheme for all eligible employees.

The Group offers Private Medical Insurance to eligible employees and, from October 2016, introduced a Health Cash Plan to employees who are not eligible for Private Medical Insurance. The Health Cash Plan enables employees to receive money back for everyday healthcare including dental, optical and physiotherapy treatments and allows fast access to private consultations and scans.

External occupational health and counselling services are also available for employees if required.

Sickness absence

The Group believes that the pro-active management of illness and absenteeism is to the mutual benefit of the Group and its employees. The sickness absence for the Group was 3.39% (2016 – 2.74%).

Employee participation and external engagement

In 2015 the Group received the CORE Award – the standard for Responsible Business. CORE provided the Group with a framework for identifying and measuring corporate responsibility activity and performance under the People, Planet and Place themes alongside the three essential requirements that business must consider: Marketplace Responsibility, Stakeholder Engagement and Responsible Leadership.

Employee communications occur through team briefings, communication and involvement groups, project groups, electronic communications and through interaction, consultation and negotiation with trade unions. Employee relations in all businesses are positive and constructive. There is a well-established arrangement for consultation and involvement throughout the Group and for negotiation with the relevant trade unions in Power NI.

This example shows a high level of transparency with specific examples and metrics.

Wyevale Garden Centres – 25 December 2016

Colleague engagement survey

The Group undertook its first colleague engagement survey for two years, with the results providing a strong foundation on which to build a better work experience for Wyevale Garden Centres colleagues.

89% of colleagues responded to the survey which was 10 percentage points up on the previous response rate and nine percentage points above benchmark organisations. Our overall result moved up three percentage points to 64%.

After reviewing the results there were three clear areas that Garden Centre and Customer Support Centre colleagues felt needed improvement; 'Communications', 'Development & recognition' and 'Tools to do the job', and we have focused on these areas at a Group level. To ensure all areas of the survey were tackled, over 160 Colleague Engagement Representatives have been appointed across the business, directly producing and implementing action plans, to cover team specific areas of opportunity.

Communication

Customer Support Centre

One topic raised in the survey related to the business working together as one team. A competition was held to rename 'Head Office' to something that better reflects that we are One Team, working together to support our Garden Centre colleagues, helping them deliver an exceptional shopping experience to all our customers. The winning name was Customer Support Centre (CSC) and it refers to all 'Head Office' locations.

Listening groups and team meetings

The Group recognises that it is vital that all colleagues have a clear understanding of what is happening in the business. To that end, listening groups have been held in Garden Centres across the estate and at the CSC by Roger Mclaughlan, to better understand the needs of colleagues and the business, and will continue to be held on an ongoing basis. Fortnightly team meetings ('Huddles') take place at Syon Park for all CSC colleagues, ensuring key business objectives, developments and performance are shared and key successes are recognised and rewarded.

Development and recognition

Professional retail qualifications

The Group has partnered with Lifetime Training to offer colleagues the opportunity to obtain nationally recognised professional retail qualifications. Aimed primarily at Garden Centre Managers, Team Leaders and Department Managers, each qualification has been designed to support colleagues' growth and development within their current role as well as support their career progression aspirations. There are initially three qualifications on offer; Level Two Retail, Level Three Retail and Level Two Team Leader, with plans to roll out qualifications for the Food and Beverage teams later in the year.

Induction programme

The Group is committed to improving the colleague induction process and have developed a new induction tool and accompanying induction handbook. The new induction programme toolkit enables managers to build a bespoke induction experience, tailored to the needs of each new starter. This ensures our colleagues have all the information relevant to their positions on day one, getting them off to a great start on their journey with Wyevale Garden Centres.

New performance development annual review process

In response to feedback, the Group launched a new streamlined performance development process with the aim to simplify the process and create more meaningful conversations. Under the new process, colleagues now schedule two conversations a year; the first to agree objectives and the second to review progress after 12 months. The simplified process reduces the time spent completing paperwork, enabling colleagues to spend quality time with line managers and more time with customers.

Benefits review

The Group undertook an exercise to benchmark entitlements across the industry and as a result over 100 Customer Support Centre colleagues are now entitled to increased holiday allowance. The improvement makes Wyevale Garden Centres a more competitive employer and also encourages colleagues to have more work life balance opportunities.

This example provides a balanced discussion of employee policies with a focus on communication.

14. Social, community and human rights issues

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

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

Thames Water – 31 March 2017

We are committed to fulfilling our obligations under the Equality Act 2010 and have policies and procedures in place to ensure both applicants and employees have equality of opportunity, are treated fairly and have a safe workplace, free from discrimination, bullying, harassment and victimisation. We seek to promote a culture of honesty and integrity in everything we do and will not tolerate acts of fraud, dishonesty, bribery, corruption or theft of assets or data. Our code of conduct, alongside our Honest and Ethical Behaviour policy, expresses our approach to business activities and how we work, providing a clear, ethical and legal framework for our employees, customers and stakeholders. It covers a wide range of human rights issues including discrimination, working conditions, modern slavery and human trafficking and equal opportunities. We have a confidential 24-hour whistleblowing helpline available where any employees can ask questions or raise concerns. Our contractors and alliance partners have agreed to follow the provisions of this code. You can find our latest Modern Slavery Act statement, and the steps we are taking, on our website, alongside our Honest and Ethical Behaviour policy.

This example focuses on human rights and how these are managed.

Pizza Express – 1 January 2017

Supply Chain and Sustainability

In the UK & Ireland, the Supply Chain team manages over 150 suppliers across its food, drink and non-food portfolios, procuring over 700 individual items. We take the responsibility to both manage the supply base and source ethically very seriously, and as such have continuous improvement programmes in place across a number of corporate social responsibility platforms, as well as supporting other areas of the PizzaExpress business to deliver their programmes in this area.

Previously, we delivered several key strategies for the PizzaExpress and Milano brands, namely:

- All food and drink suppliers signed up to the Ethical Trading Initiative (ETI) Base Code–this was a precursor to the Modern Slavery Act 2015
- Moved to recycling multiple waste streams–glass, dry mixed, food, general
- Significant salt reduction across several key ingredients–passata, mozzarella, pesto
- Only sustainable palm oil permitted in ingredients and no added hydrogenated fats
- Removed all artificial colours and flavourings from our Piccolo menus and drastically reduced those across the whole menu
- Triple-certified coffee: organic, fairtrade, Rainforest Alliance
- Encouraging our distributors to use Fareshare or other charities for any leftover ingredients

In this period we have continued to build on the solid foundations already in place and streamlined into three broad programmes. Highlights include:

1 *Sourcing*

- We have introduced an online Supplier Information Management tool. This requires all our suppliers to sign up to our policies across a number of key areas such as anti-bribery and modern slavery. It also manages important tasks such as document management–particularly ensuring supplier certifications, accreditations and insurance information are current and valid.
- We have improved sustainability in several areas: all eggs used in PizzaExpress are now free range; our tuna is pole and line-caught and our chicken is Farm Assured. In addition, our Fairtrade range has increased, with sugar and hot chocolate products also now under that scheme.

This example focuses on the supply chain management, the actions taken to address this and ensure standards are adhered throughout the operations.

15. Gender diversity information

Requirement

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

Basic compliance

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

Good practice

Attributes of good practice include:

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

Associated British ports – 31 December 2016

4.4 Creating a great place to work

During 2016, the monthly average number of persons employed in the business was 2,164 (2015: 2,164).

The table below sets out the staff turnover rate and the gender diversity of directors, senior managers and employees as a percentage of headcount as at 31 December 2016:

	Target	2016	2015	Change from 2015
Annual leavers as a percentage of headcount	5-10%	13.0%	8.1%	+ 4.9%
Male Directors:				
- Directors of Associated British Ports Holdings Limited ("APBH")*	n/a	12	12	-
- Directors of ABP	n/a	8	8	-
Male employees as a percentage of headcount as at 31 December:				
- Senior Managers	n/a	77.2%	76.6%	+0.6%
- All employees	n/a	87.0%	87.1%	-0.1%
Female Directors:				
- Directors of ABPH*	n/a	1	1	-
- Directors of ABP	n/a	2	2	-
Female employees as a percentage of headcount as at 31 December:				
- Senior Managers	n/a	22.8%	23.4%	-0.6%
- All employees	n/a	13.0%	12.9%	+0.1%

* The table above quotes ABPH instead of ABPAH, as the substantive decision making occurs at this level of the corporate structure. There were no female directors of the company at 31 December 2016.

This example provides disclosure on gender diversity including the split between directors, senior management and other employees

Chime Communications – 31 December 2016

Diversity Reporting

We have publicly reported on our gender diversity since January 2012. During that time Chime has grown, reorganised and finds itself today in a different form, in private not public ownership, growing at a fast rate in new geographies and in providing a wider range of services. Below we have, for consistency, reported our current gender split as we have done previously. Our reporting is being developed to reflect our new structure and our new needs. We intend to review and explain any changes at our interim review. However, it should be noted that in some countries we are prevented by local regulations from collecting certain specific data about our staff. We shall look to enhance our reporting within these restrictions.

Gender Diversity

Policy statement

We are in a creative industry. We originate and develop ideas, campaigns and events on behalf of our clients who in turn must meet the challenges of a diverse customer base. The Board believes that diversity is the soul of creativity. It aids our operations and the delivery of innovative and relevant solutions to our business offer.

We acknowledge that diversity within our staff population is important. The Board is charged with ensuring that no person receives less favourable treatment on the grounds of disability, age, gender, sexual orientation, race, religion, nationality, national or ethnic origins, political convictions or any other manner of discrimination. This applies to recruitment, development, promotion and the provision of benefits or the application of our processes.

Gender reporting

Women on our executive forums

	31 December 2016	31 December 2015
Board Directors	1 of 8	0 of 6
Non-Executive Directors	1 of 6	0 of 3
Audit Committee	0 of 3	0 of 3
Remuneration Committee	0 of 3	0 of 3
Executive Management Team	3 of 9	3 of 10

The Chime Group Holdings Limited Board as at 31 December 2015 comprised entirely of male directors. Lindsay Pattison was appointed to the Board on 1 January 2016.

Of our 2,185 staff at 31 December 2016 50% were female (2015:52%). In our Graduate Scheme our current intake of graduates is 80% female. Of our 2015/6 intake 82% were female. In addition 78% of those offered jobs were female.

This example indicates the gender diversity in its employees with a focus on the board split but also additional statistics at the graduate level which is an interesting additional metric to include.

Appendix

Guidelines for disclosure by portfolio companies and private equity firms

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

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

A portfolio company is a UK company:

- Acquired by one or more private equity firms in a public to private transaction where the market capitalisation together with the premium for acquisition of control was in excess of £210 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents; or
- Acquired by one or more private equity firms in a secondary or other non-market transaction where enterprise value at the time of the transaction is in excess of £350 million and more than 50% of revenues were generated in the UK or UK employees totalled in excess of 1,000 full-time equivalents.

Private equity firms for the purposes of the Guidelines include private equity and 'private equity-like' firms (together "PE firms"). PE firms include those that manage or advise funds that either own or control one or more companies operating in the UK and the company or companies are covered by the enhanced reporting guidelines for companies. PE firms include those that acquire portfolio companies: i) with funds provided by one or more investors; ii) an exit/disposal of the company is envisaged and iii) may play an active management role in the company. This would therefore include, but is not limited to, other types of investment funds including infrastructure funds, pension funds, sovereign wealth funds and credit/debt funds. It also applies to firms that may be headquartered outside of the UK. Banks and credit institutions, other than their asset management operations, are specifically excluded.

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

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

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

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

2. Content of disclosure by a portfolio company

A portfolio company should include as part of its audited annual report and accounts the following disclosures, none of which call for disclosures beyond those specified for quoted companies in the Companies Act 2006 or other disclosure requirements applicable to quoted companies. Such reporting should throughout focus on substance rather than form and on the economic reality of a company or group rather than its legal structure.

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

The report should give detail on the composition of the board, identifying separately executives of the company, directors who are executives or representatives of the PE firm and directors brought in from the outside to add relevant industry or other experience.

The financial review should cover risk management objectives and policies in the light of principal financial risks and uncertainties facing the company, including those relating to leverage, with links to appropriate detail in the footnotes to the balance sheet and cash flow section of the financial statements to explain the financial position of the company and/or group.

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

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

    a) the main trends and factors likely to affect the future development, performance and position of the company's business, and

    b) information about— i. environmental matters (including the impact of the company's business on the environment), ii. the company's employees, and iii. social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies. If the report does not contain information of each kind mentioned in paragraphs (b)(i), (ii) and (iii), it must state which of those kinds of information it does not contain.

- s414C(8) requires in the case of a quoted company and as adopted by the Guidelines the strategic report must include —

    a) a description of the company's strategy,

    b) a description of the company's business model,

    c) a breakdown showing at the end of the financial year— i. the number of persons of each sex who were directors of the company; ii. the number of persons of each sex who were senior managers of the company (other than persons falling within sub-paragraph (i)); and iii. the number of persons of each sex who were employees of the company.

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

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

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

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

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

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

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

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

Contacts

David Teager

Partner, PwC

+44 (0)15 0960 4134
david.a.teager@pwc.com

Gurpreet Manku

Assistant Director General and Director of Policy, BVCA

+44 (0)20 7492 0454
gmanku@bvca.co.uk

180320-102133-CB-OS