

Technical workshop

January 2017

Technical workshop agenda

Session

Welcome and introductions

Accounting developments

Corporate reporting matters

EU European data protection regulation (GDPR)

Regulatory update

An aerial photograph of a large, open space with a floor made of light-colored rectangular tiles. Diagonal bands of darker, greyish tiles run across the floor, creating a complex geometric pattern. Two men in business attire (white shirts, dark trousers, and ties) are walking across the floor. Their shadows are cast long and dark on the tiles. A large, solid red rectangle is positioned in the upper-middle part of the image, containing the title text.

Accounting developments

Agenda



CRRT annual update & priorities



Latest on new standards



Alternative performance measures

Changes to CRRT operating procedures



**Identify companies
that have been
reviewed**

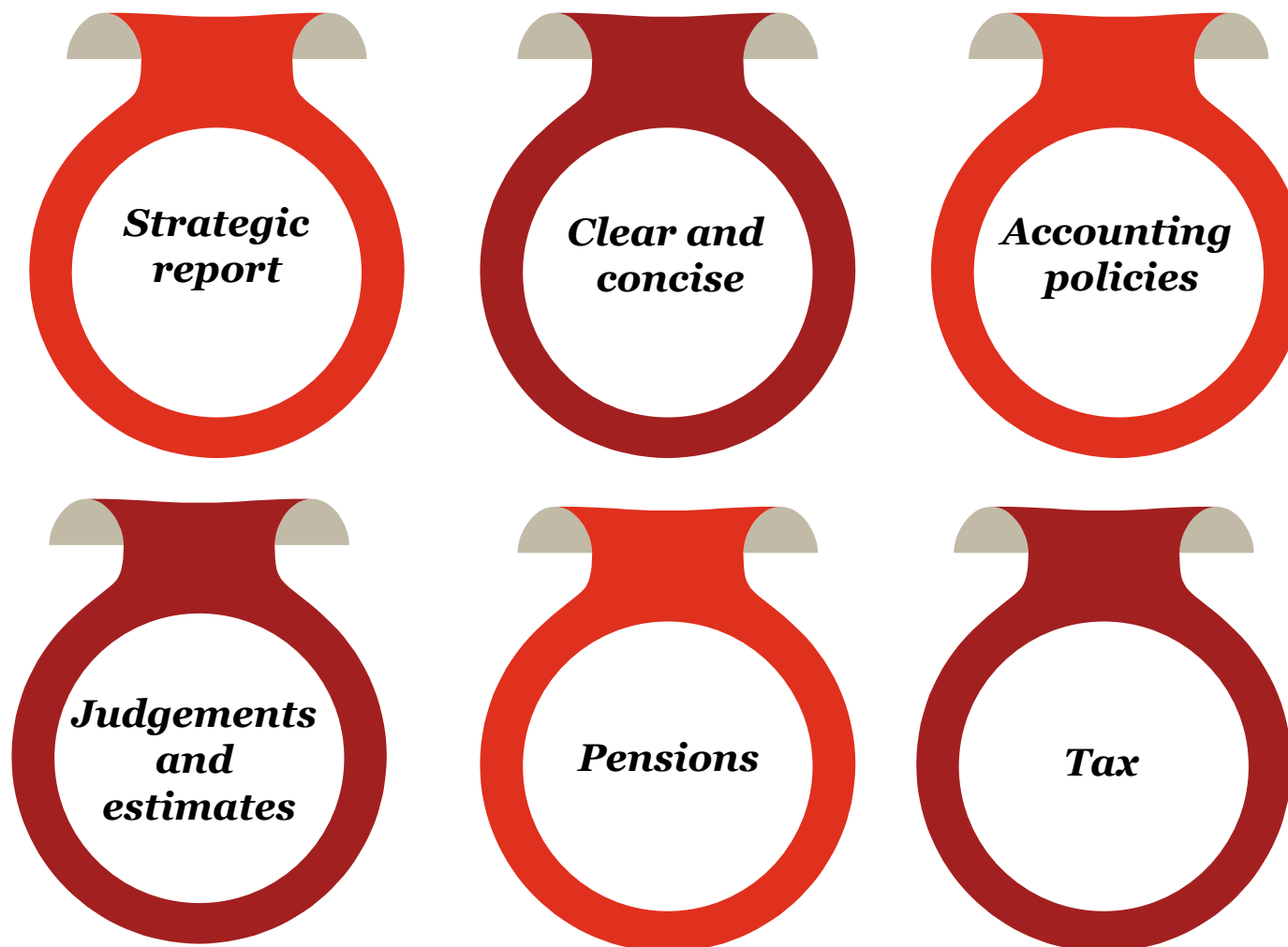


Send 'no issue' letters



**More reporting by
audit committees
about FRC
engagement (AQR as
well as CRRT)**

CRRT areas of focus for 2016/17



FRC letter to companies summarising key 2016 developments

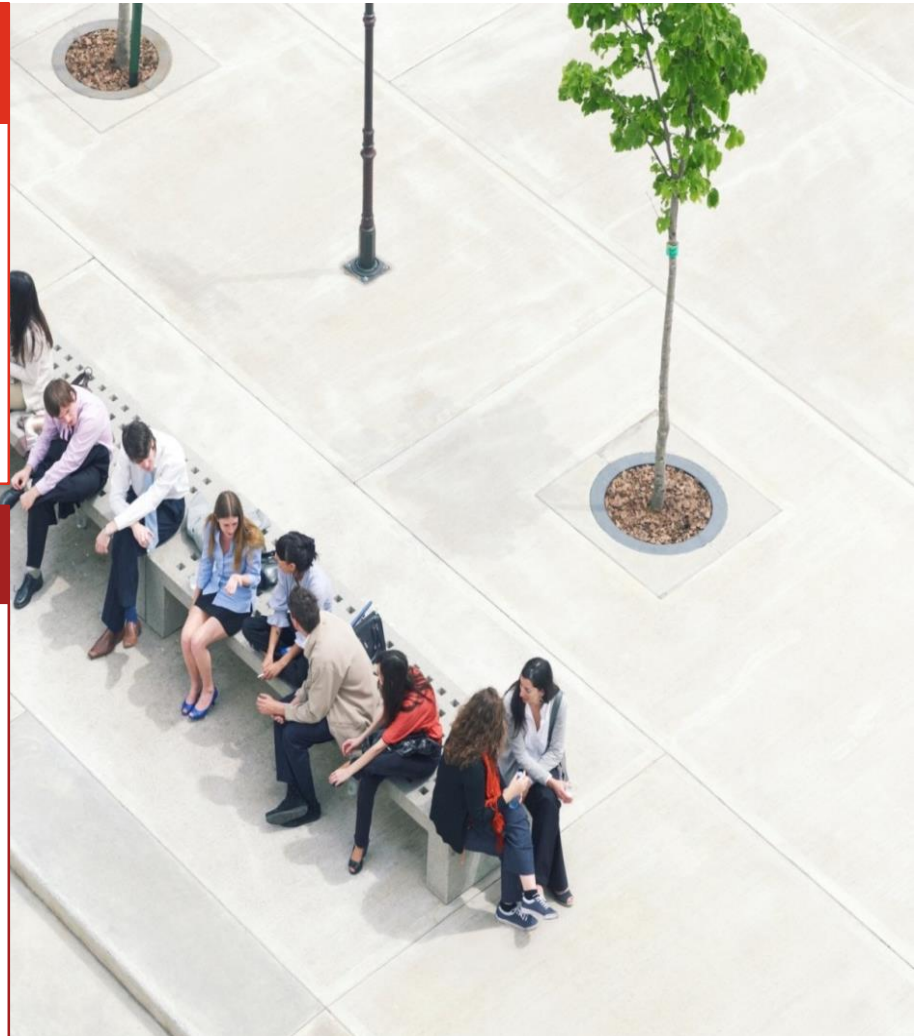
CRRT Priority sectors

2016/17

- Extractive industries
- Companies servicing the extractive industries
- Companies servicing the public sector
- Media

2015/16

- Insurance
- Food, drink and consumer goods manufacturers and retailers
- Companies servicing the extractive industries
- Business services



Headlines from the tax thematic review



- Most companies responded positively
- Discussion of tax matters in strategic report
- Reconciliations of effective tax rates



- Identification of uncertain tax provisions
- Clarity around policies, judgements and estimates

Thematic review – Alternative Performance Measures

Good
explanation to
support use

Internally used
APMs

Emphasis in
narrative

Definitions
and
reconciliations

Changes in
APMs

Clear
signposting

Consideration
of exclusion

Thematic review – Pension disclosures

Quantified information about the level of funding of the pension scheme expected in future years.

The risks inherent in the investment strategy to be clearly identified and explained.

Where net pension assets (plan surpluses) have to be considered, the basis on which the company expects to benefit, including the judgments made when assessing trustee rights.

An explanation of how fair value has been determined for assets such as insurance contracts or longevity derivatives.

Thematic review - Significant accounting judgements and sources of estimation uncertainty

Clear descriptions of the specific, material judgements clearly differentiating these from estimates

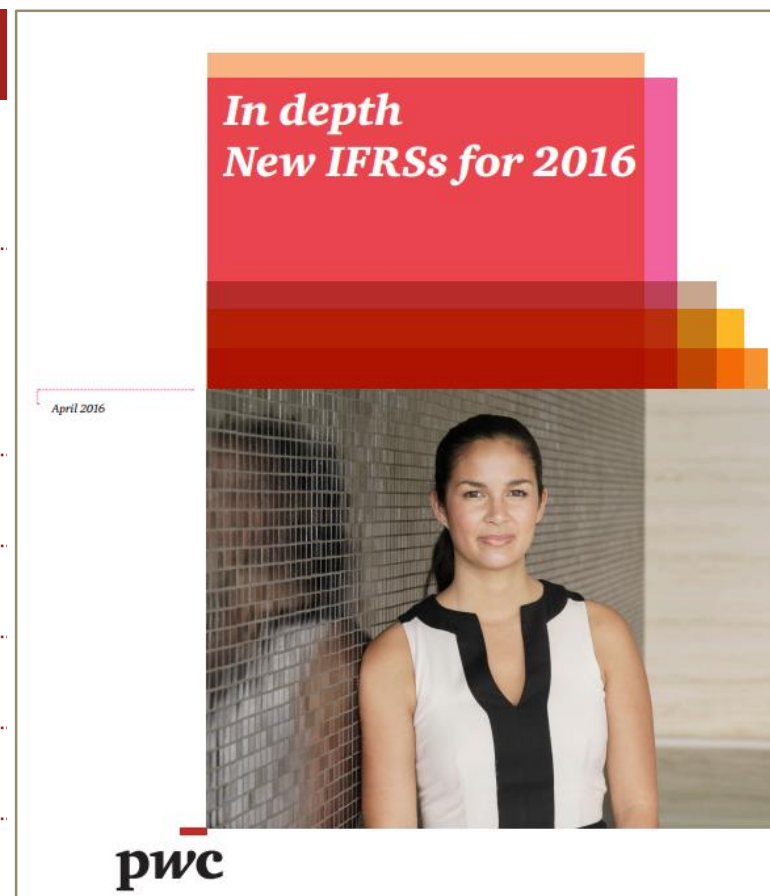
Specific identification of the sources of estimation uncertainty, with quantified explanations of the assumptions, and the carrying amounts that are subject to a significant risk of material adjustment

Supplementary disclosures such as information about the sensitivity of estimates to changes in assumptions, the range of reasonably possible outcomes and changes made to past assumptions during the year.

What's new in IFRS?

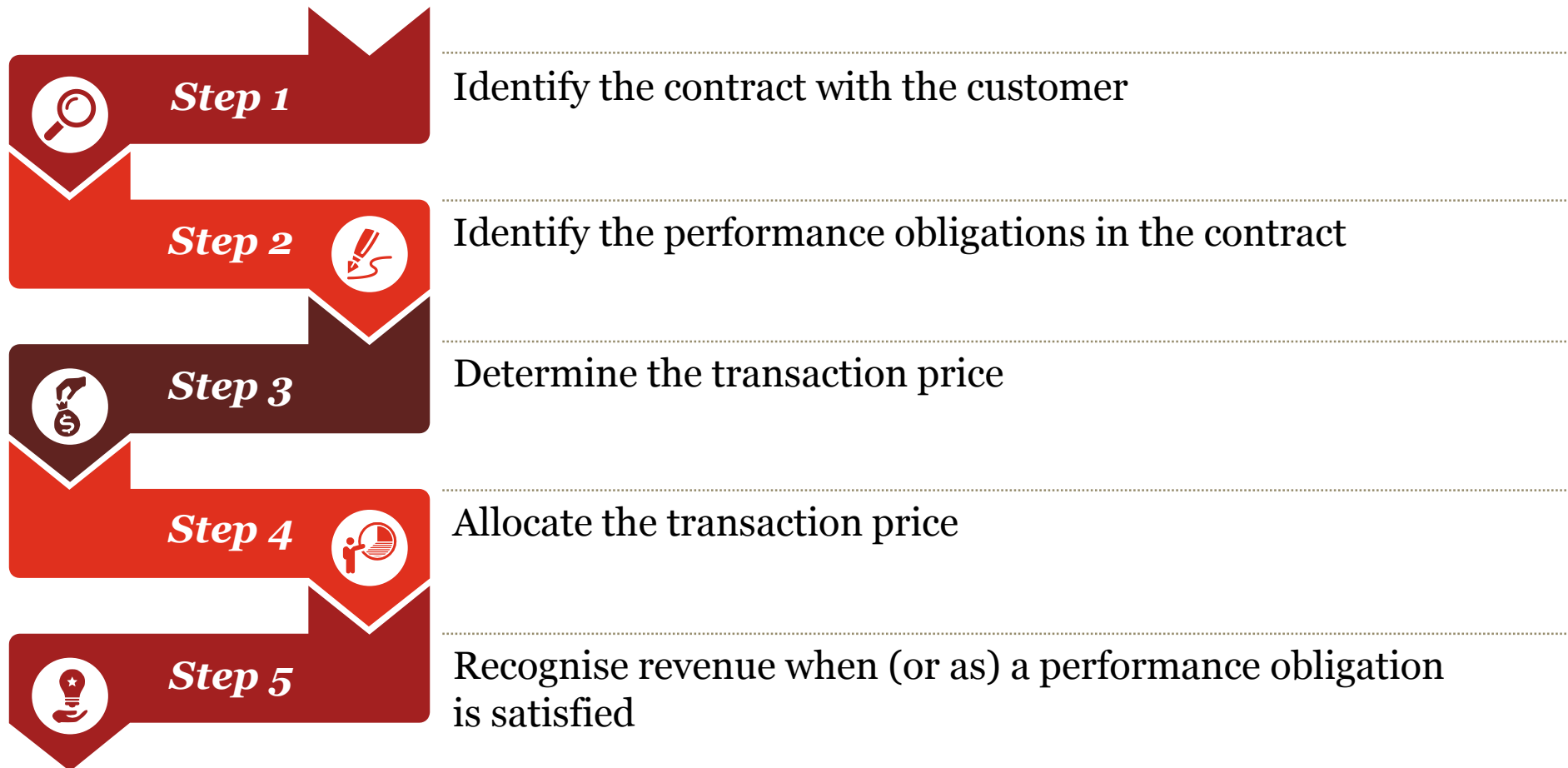
Amendments effective this year

Standard	Nature of amendment
Amendments to IFRSs 11	Acquisition of interests
Amendments to IFRSs 10 and IAS 28	Consolidation exemption and sale/contribution of an asset
IASs 16	Bearer plants
IASs 16 and 38	Methods of depreciation
IAS 1	'Disclosure initiative'
IFRS 10 and IAS 28	Investment entities
Annual improvements	Various

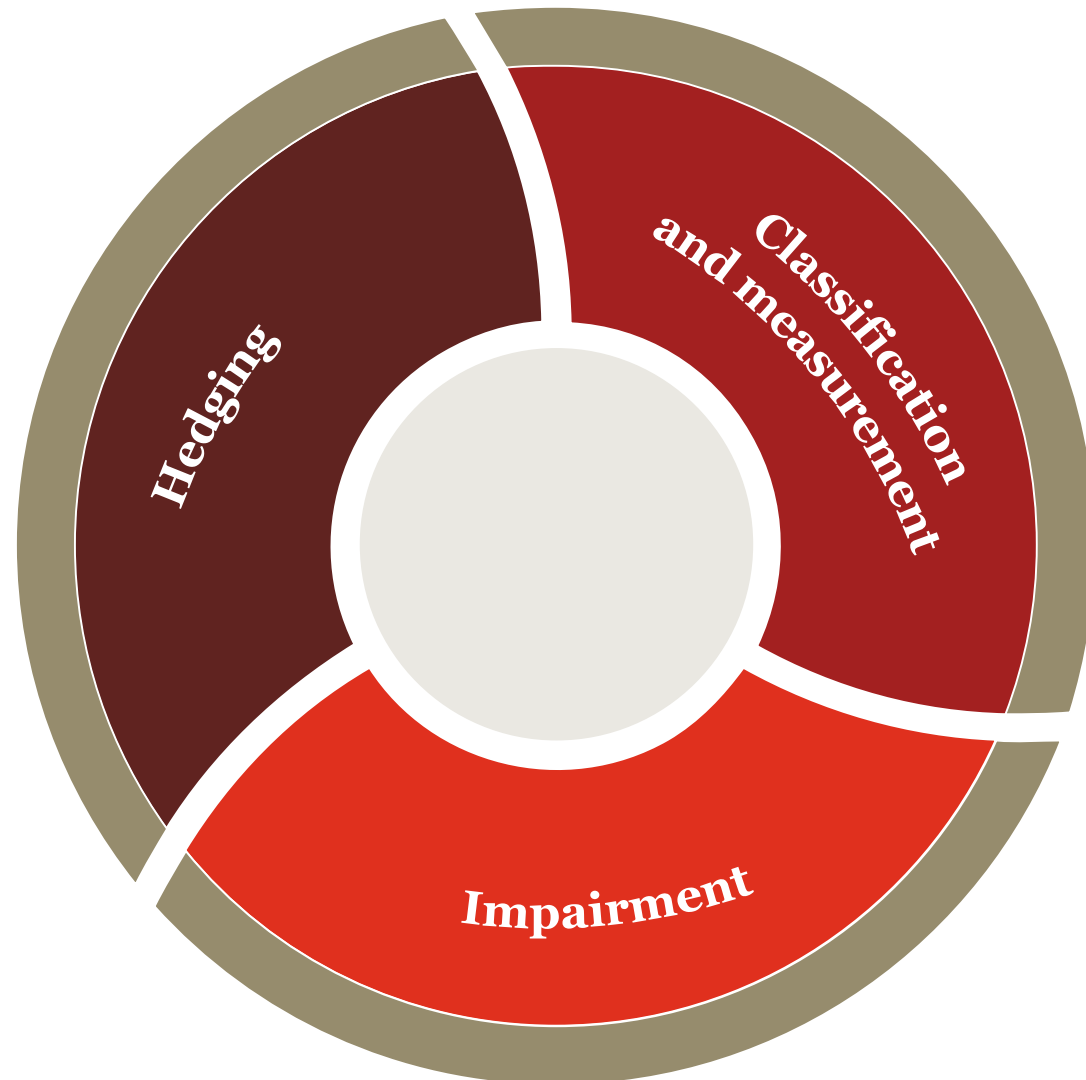


IFRS 15 - Quick recap

Core principle – Revenue recognised to depict transfer of goods or services



IFRS 9 Financial instruments



IFRS 16 - New Lessee accounting

Almost all leases brought on balance sheet

All leases

Right-of-use asset

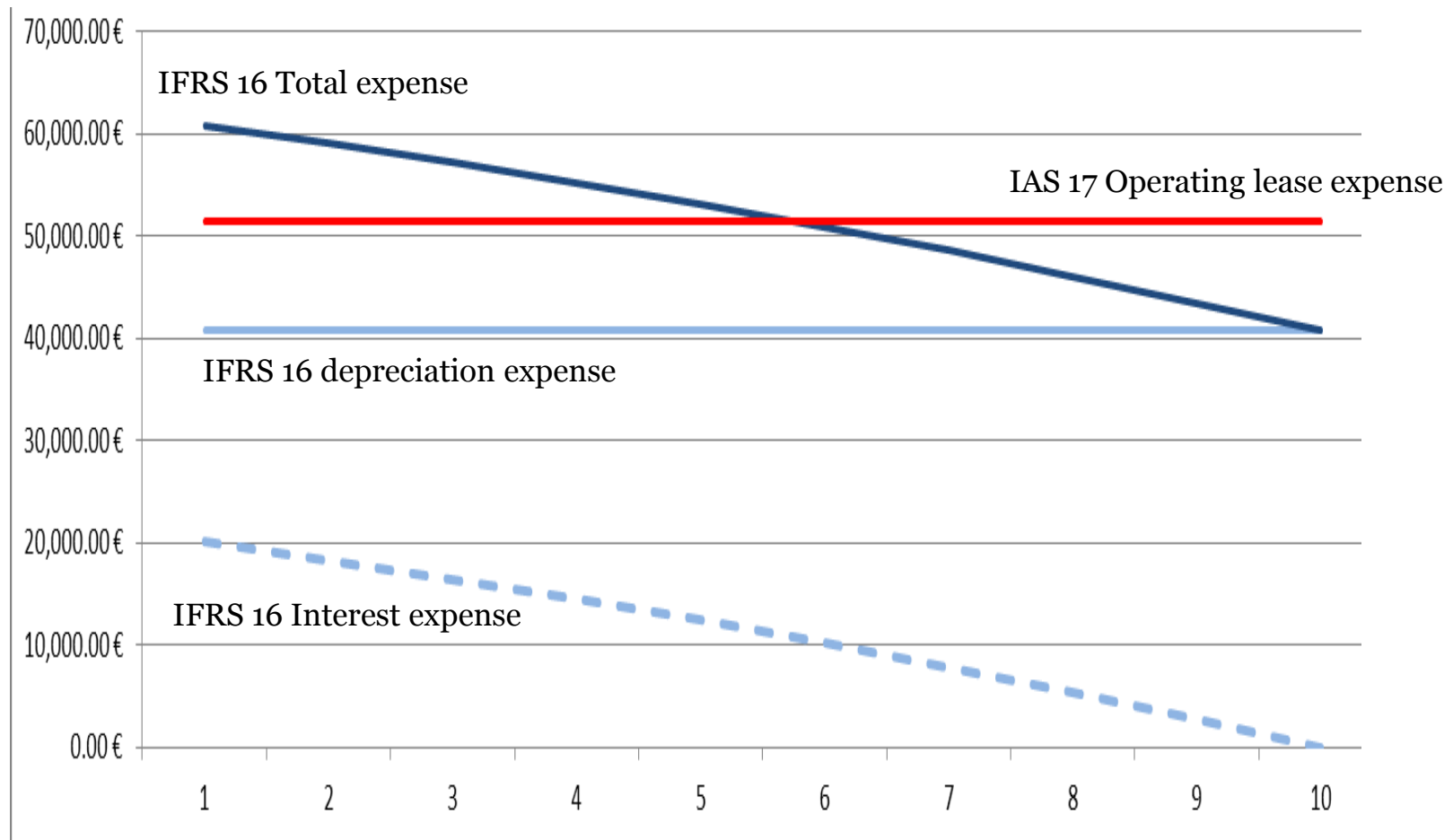
Lease liability

Depreciation expense

Interest expense

New Lessee accounting (Under IFRS 16)

Pattern of expense recognition in profit or loss



What's new: ESMA guidelines on Alternative Performance Measures (APMs)

ESMA 'guidelines' on APMs

FRC and FSA responsible for UK enforcement

Impacts all published regulated information

Scope – listed companies on regulated markets and all financial information excluding back half of accounts (covered by IFRS)

Guidelines define APMs and principles for their disclosure. Issuers must:

- **Define**
- **Reconcile**
- Explain the **purpose**
- Do **not** display APMs with more **prominence**
- Present **comparatives**
- Define **consistently**

What's new: Observations from FTSE 100 before ESMA guidance applied

95% companies use an APM



93% showed a reconciliation



Fewer than 38% reconciliation on the face of the financials



Fewer than 43% reconciliation in the front half

43

4% did not present a reconciliation



54% presented in the notes



7 presented reconciliations in other areas (e.g.. 'other information' after the notes and 'unaudited supplemental information')



Some even had **separate non-GAAP sections** at the end of the report



Companies presented the reconciliation in **more than** one place in the annual reports



Total GAAP measure was £119.0bn and the total APM was £187.1bn giving net adjustments of **£68.1bn.**





Corporate reporting matters

#beyondboilerplate
www.pwc.co.uk/corporatereporting

Agenda

1

FTSE 350 reporting review

*Reporting
challenge one*

Being distinctive

*Reporting
challenge two*

Being strategic

*Reporting
challenge three*

Being relevant

2

Emerging themes

Reporting landscape

Latest research: ongoing reporting challenges

Analysis of reporting practices in the FTSE 350

Distinctive

Individuality is needed in corporate reporting

Strategic

Strategic reports need to be truly strategic

Relevant

Reporting needs to evolve as expectations change



Being distinctive

Reporting challenge one:

Individuality is needed in corporate reporting



Being distinctive

Individuality needed in corporate reporting



Report lengths



Split of KPIs



Number of risks

2016

43
pages

*Average strategic
report length*

5:3

*Average financial vs non-
financial KPIs*

10

*Average number of
principal risks*

2015

41
pages

*Average strategic
report length*

5:3

*Average financial vs non-
financial KPIs*

11

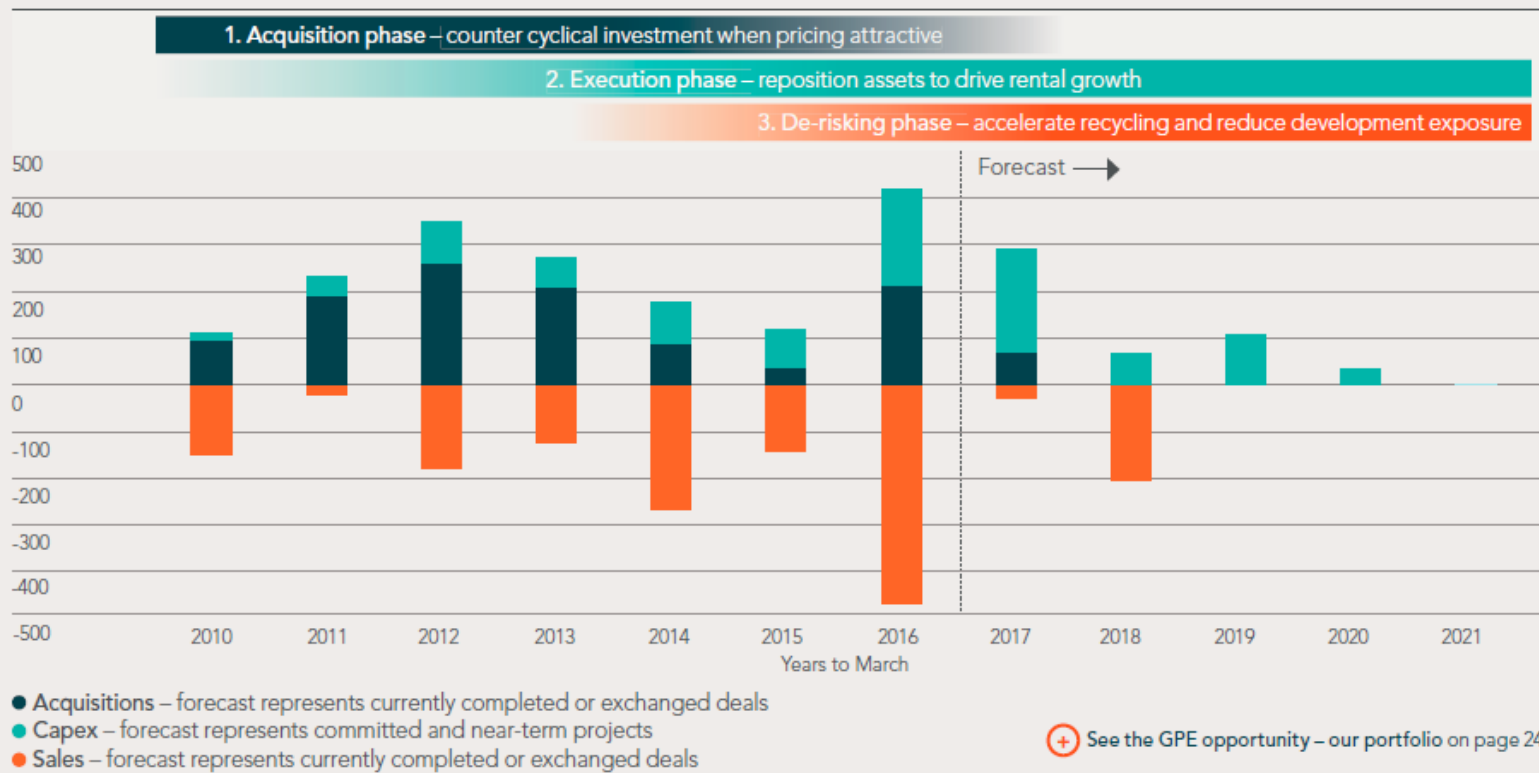
*Average number of
principal risks*

Distinctive strategic response to market

Great Portland Estates plc 2016

We flex our activities through the cycle...

The central London property market is highly cyclical and we analyse the cycle in three phases. Whilst we are in the execution phase, we have been taking advantage of the supportive investment market to crystallise development surpluses. The successful reading of this cycle and the flexing of our operational risk are key to delivering long-term sustainable shareholder value.



Risks - possible events and key risk indicators

The Unite Group plc 2015

Market risks

1. Reduction in demand driven by Government policy or other macro events.



Possible events

EU referendum impacting numbers of students coming to study in the UK.

Changes in Government policy on HE funding.

Immigration policy changes affecting student numbers and behaviour.

Impact

Departure from EU impacting EU research grants and EU students coming to the UK.

May reduce demand and hence profitability and asset values.

What has happened during the year

Student numbers in the UK continue to grow, supported by Government policy and the removal of the student number cap (up 3.9% for 2015/2016 with 532,000 applicants awarded places at UK Universities, 92,000 higher than last year).

The total number of applicants in 2015 grew by 3.7% to 718,000 with applicants outstripping available places by over 180,000. Stronger growth in the higher ranked Universities.

During 2015, we have seen Universities more confident in their student numbers and engaging with us earlier in the booking cycle. Nominations accounted for 57% of our beds in 2015 (2014: 53%).

At Unite Students, occupancy of 99% (2015/2016) compared to 99% (2014/2015) but with more beds (46,000 at 31 December 2015 as compared with 43,000 at 31 December 2014). Increase in overall student numbers is translating to more students staying at Unite.

Strategic objective:

Building the **most trusted brand** in the sector is key to helping us through any reduction in demand (as well as ensuring we have the highest quality portfolio and strongest capital structure to manage any demand deficit).

Risk management:

Ongoing monitoring of Government policy and its impact on, and forecasts of, UK, EU and international student numbers studying in the UK whilst in parallel regularly reviewing our portfolio to ensure we have the highest quality portfolio, appropriately sized and in the right locations.

Mitigation in 2015

Conducted externally led policy review of macro trends in the HE sector to better understand policy environment for student and University funding.

Through implementation of Home for Success – our core purpose to provide environments that help students achieve more during their time at University – we are seeing higher customer satisfaction and University trust scores at their highest ever levels (see page 27)

Focus for 2016

Refining our product and service to further align with our two main customer groups (UK first year and international students).

KEY RISK INDICATORS (KRI's) LINKED TO OUR KPI's AND OUR THREE STRATEGIC OBJECTIVES

Strategic objective	KRI's
Most trusted brand	Customer satisfaction scores
	University trust scores
	% Noms v. Direct Let
Highest quality portfolio	Net Asset Value
	Age asset
	Occupancy
	Rental Growth
Strongest capital structure	Net debt
	See through LTV
	Net debt : EBITDA

Risk appetite

Michael Page 2015

Risk Appetite

Recruitment is inherently cyclical and provides limited forward visibility. This makes it sensitive to the economic environment and thus financially volatile creating a higher risk environment.

PageGroup operates in this environment with a low risk appetite, seeking to mitigate its strategic risks, maintain a strong financial position and only taking the operational risks it has the experience and capability to manage.

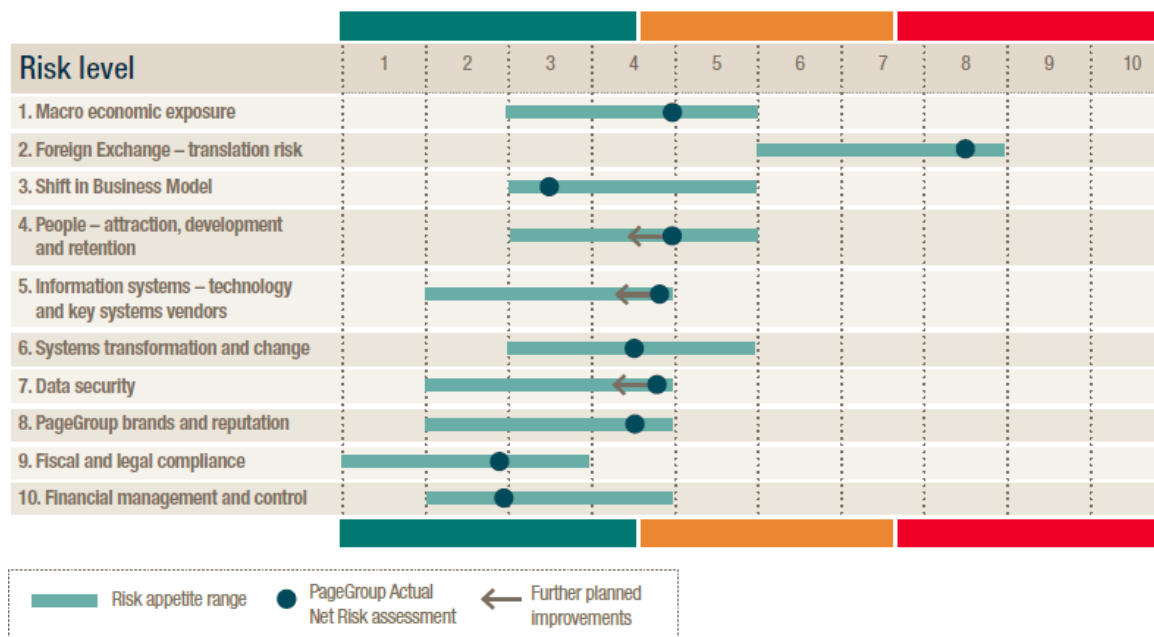
Our growth model is organic, rolling out the proven disciplines for brands to a wide geographic spread. We drive this by developing

and promoting our people from within the business, ensuring consistency of model and business culture across the Group.

We maintain a strong sales driven, meritocratic culture with a commitment to operating in an ethical, legal and sustainable manner.

We will always operate a conservative financial position with a strong balance sheet, reflecting the degree of operational gearing inherent in the business.

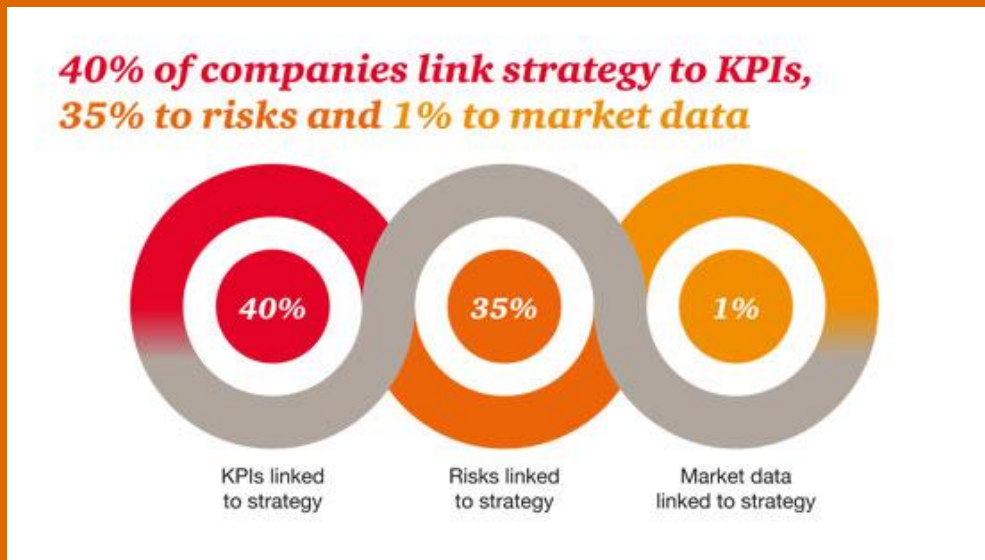
This measured approach to taking risk ensures we are best placed for success globally.



Being strategic

Reporting challenge two:

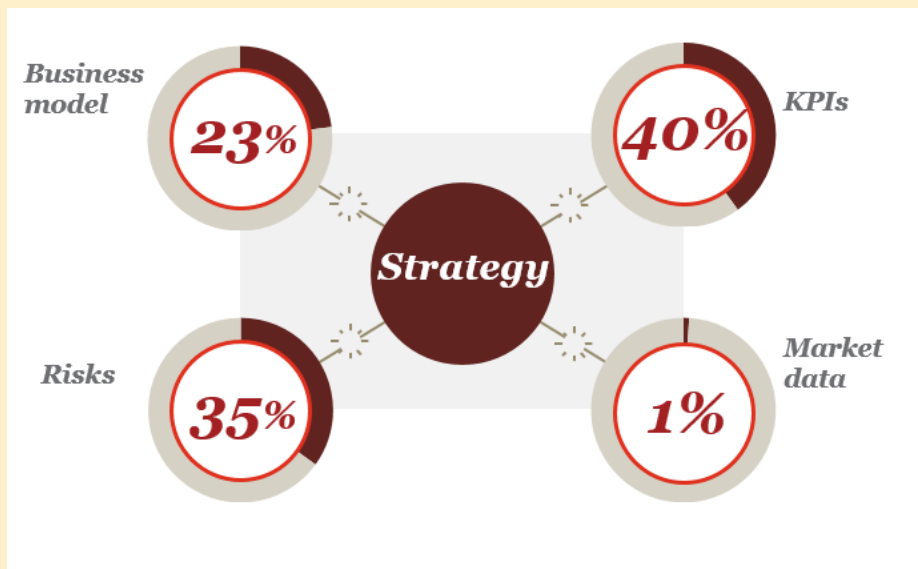
Strategic reports need to be truly strategic



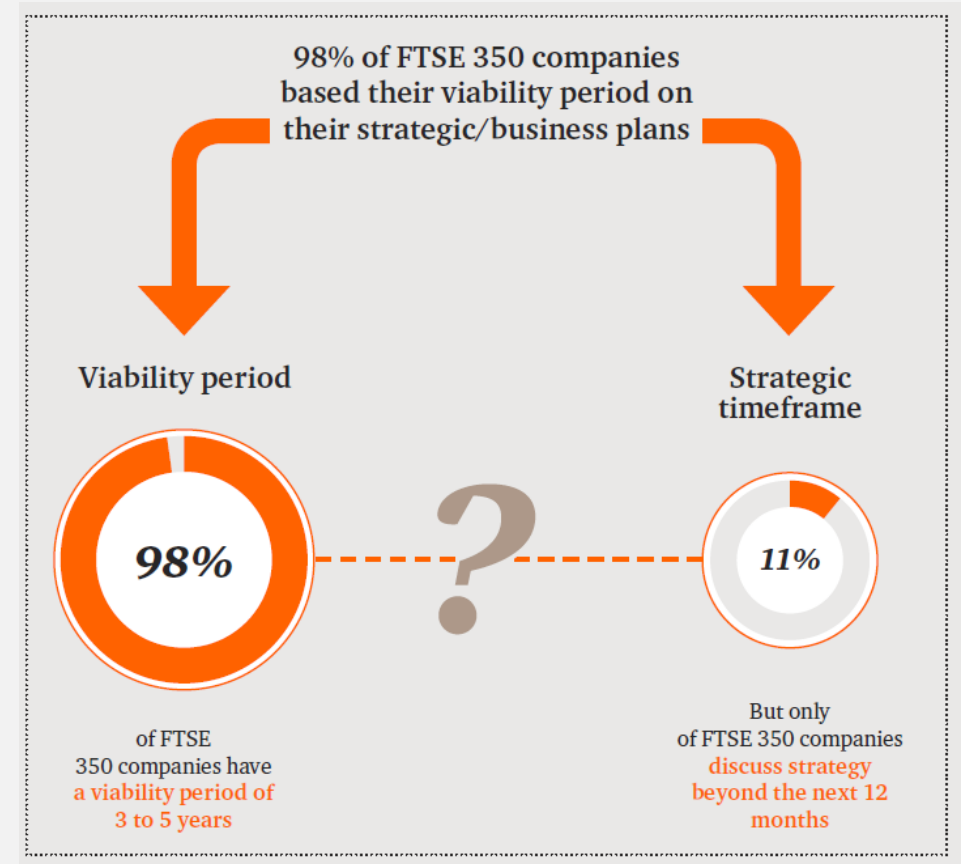
Being strategic

Strategic reports need to be truly strategic

Strategy as the core?



Forward looking?



Business model and strategy linkage

Fresnillo plc 2015

Business Model and Strategy

We seek to create sustained value for stakeholders across precious metal cycles, focusing on high potential silver and gold projects that can be developed into low cost, world class mines. Our value creation strategy is intrinsically linked to the business model.

At the heart of our business is gold and silver mining. We generate revenue by selling the metals contained in the ore we extract and process; to generate sustainable growth and ensure our longevity, we rely on a business model that creates value for all our stakeholders.

1 Operate

Maximise the potential of existing operations while maintaining our position as a leading low cost producer

2 Develop

Deliver profitable growth by advancing new projects towards commissioning, while optimising cash flow and returns

3 Explore

Ensure business continuity and growth by replenishing depleted reserves and maintaining a robust growth pipeline

4 Sustainability

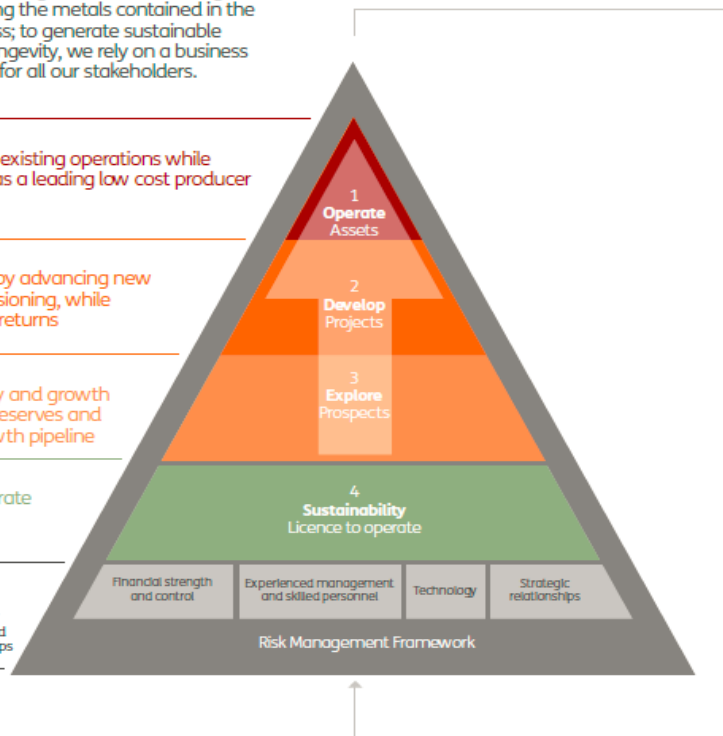
Uphold our licence to operate

Strategic resources and relationships

Safeguard, deploy and invest in our strategic resources, and nurture and strengthen our strategic relationships

Risk management framework

Embed a culture of risk awareness through an effective risk governance structure



1 Operate

The extraction and beneficiation of ore from our operating mines

Strategic focus: Maximise the potential of existing operations

Priorities: Optimise capacity and recovery rates by adjusting mining methods and beneficiation processes; generate continuous improvements in productivity and cost controls; leverage expansion opportunities

KPIs: Production by metal, cost per tonne by mine, productivity by mine (ore milled or moved per person)

Competitive advantages: In most of our mines, AISC on a life of mine basis are significantly lower than current and projected market prices for gold and silver, positioning our cost performance competitively amongst industry peers

Key assets

Asset	Type	Main Metal	Year
Fresnillo district			
Fresnillo	Underground	Silver primary	1554
Saucito	Underground	Silver primary	2011
Ciénega district			
Ciénega	Underground	Gold/Silver	1992
San Ramón (Ciénega satellite)	Underground	Gold/Silver	2012
Herradura district			
Herradura	Open pit	Gold	1997
Soledad-Dípolos ¹	Open pit	Gold	2010
Noche Buena	Open pit	Gold	2012

¹ Operations at Soledad-Dípolos are currently suspended.

Key risks:

- > Impact of global macroeconomic developments
- > Access to land
- > Potential actions by the government
- > Security
- > Public perception against mining
- > Union relations
- > Human Resources

See pages 50–59 for a detailed review of our mining operations.

Strategic themes - look back /look forward showing impact on KPIs

Great Portland Estates plc 2016

Strategic priorities 2015/16

2015/16 priority

Crystallise profits through recycling

See more on pages 32 and 33

Key initiatives

- Sale of 95 Wigmore Street, W1.
- Continue to sell other properties where value has been created to crystallise returns in strong investment market.



95 Wigmore Street, W1

See our case study on pages 12 and 13

2015/16 progress

- 95 Wigmore Street, W1 sold for £222.4 million crystallising a profit on cost of 105% and 16.2% premium to book value.
- Total sales of £469.7 million at a low average net initial yield of 3.5% and an average capital value of £1,943 per sq ft.

Impact on strategic KPIs

- Sales at premium to book value enhanced TPR and NAV.
- Accretive recycling and reinvestment should enhance TPR and TSR.

See our KPIs and operational measures on pages 20 and 21

Strategic priorities 2016/17

2016/17 priority

Crystallise profits through recycling

Priority/unchanged for 2015/16

See more on pages 32 and 33

Target

- Continue to sell properties where value has been created to crystallise returns.

Risk

- Pricing of potential disposals weakens.
- Insufficient market liquidity.

See more on pages 64 to 74

Deliver development programme

See more on pages 34 to 37

- Maintain programme on committed development schemes.
- Commence the next wave of the near-term development programme.
- Secure planning permission at Tasman House, W1.



50 Finsbury Square, EC2

See our case study on pages 14 and 15

- Good progress at on-site committed schemes, 61.1% pre-let or pre-sold, profit on cost 27.1%.
- Three fully consented new schemes commenced in year including 148 Old Street, EC1 and Tasman House, W1.
- New raw material secured for pipeline, including 50 Finsbury Square, EC2.

- Development surpluses enhanced TPR and NAV.
- Pre-lettings accelerate TPR and mitigate voids.
- Extensive pipeline of development opportunities can support TSR.

See our KPIs and operational measures on pages 20 and 21

Deliver and lease the current development programme and prepare the pipeline

See more on pages 34 to 37

- Deliver Rathbone Square, W1 offices to Facebook.
- Complete 30 Broadwick Street and Great Portland Street developments, both W1.
- Prepare near-term schemes for commencement.
- Prepare pipeline for next cycle.

- Impact of market declines amplified by development exposure.
- Construction cost inflation reduces development profit.
- Contractor/supplier failure.
- Tenants' needs not met by poorly conceived building design.

See more on pages 64 to 74

Drive rental growth

See more on pages 38 and 39

- Launch office pre-leasing campaign for Rathbone Square, W1.
- Lease two remaining floors at 240 Blackfriars Road, SE1.
- Maintain investment vacancy rate below 4%.
- Deliver annual ERV growth of around 10%.



One Rathbone Square, W1

See our case study on pages 16 and 17

- One Rathbone Square, W1 offices 100% pre-let to Facebook, the largest over West End letting.
- 240 Blackfriars Road, SE1 now fully let.
- Vacancy rate of 3.1%.
- Annual ERV growth of 9.9% in year.

- Higher ERVs increase asset values and improve TPR and NAV growth.
- Capture of rental reversion and tenant retention supports TPR.

See our KPIs and operational measures on pages 20 and 21

Drive rental growth through capturing reversion

See more on pages 38 and 39

- Capture reversionary potential.
- Secure office lettings at 73/89 Oxford Street and 30 Broadwick Street, both W1.
- Maintain investment vacancy rate below 4%.
- Deliver annual ERV growth of around 5%.

- Occupational market falters.
- Wrong rental levels sought for local market conditions.
- Poor marketing of our space.
- Weak tenant retention.

See more on pages 64 to 74

Establishing a vision, reporting progress

Kier Group plc 2015

Progress against our vision and strategic priorities

Our vision

Our vision is to be a world-class, customer-focused company that invests in, builds, maintains and renews the places where we live, work and play.

Our strategy – double-digit growth

Our strategy aims to leverage our integrated offering to deliver double-digit compound annual growth in operating profit through to 2020.

To maximise the opportunity for growth we need to exploit and invest in the development of our integrated offering.

To achieve Vision 2020, we have identified six imperatives:

1. Operate a safe and sustainable business;
2. Accelerate growth to be a top three player in our chosen markets;
3. Achieve top quartile performance and efficiency;
4. Provide sector-leading customer experience, for clients and for their customers;
5. Attract and retain highly motivated, high-performing teams; and
6. Ensure the business is supported by investment in technology and back-office systems.

Our priorities are set at a Group level with detailed targets and performance plans identified for each objective. These are further aligned and co-ordinated through the business plans of our four divisions.

90%

Clients totally or mostly satisfied with Kier

87%

Kier's BITC score tracking year-on-year improvement in sustainability

Strategic priorities



Operate a safe and sustainable business



Accelerate growth to be a top three player in our chosen markets



Achieve top quartile performance and efficiency



Provide sector-leading customer experience



Attract and retain highly motivated, high-performing teams



Ensure we have investment in technology and back-office systems

Achievement in 2015

- A 14% improvement in our UK business, offset in part by an increase in reportable incidents in our international business
- An enhanced behavioural safety programme introduced and being rolled out across all our businesses
- Health and Wellbeing programme launched in July 2015
- Launched our new Strategy for a Sustainable Business ('Responsible business, positive outcomes')
- A Group-wide sector business development capability is now established
- Continued to penetrate our target market sectors, with strong positions in the transport, education, health and local government sectors
- Leading player in the UK and Australian strategic highways maintenance markets
- Acquisition of Mouchel has accelerated our growth and our position in key markets
- Expanded our internal capability to target and deliver acquisition opportunities
- Improved our underlying profit margins from 3.0% to 3.1%
- Continued to extend our governance framework across the Group
- Established a Group performance scorecard
- Disposal of our Fleet & Passenger Services business

- 90% of customers surveyed were totally or mostly satisfied with Kier
- Completed year 1 of our 'Listen, Act, Measure' programme to measure client satisfaction in a consistent way across Kier
- Focused improvement activity on key stages and milestones of the customer journey
- Introduced a customer experience toolkit to support bespoke action plans for specific clients
- During 2015 we focused on investment in our human resources capability and resources across the Group
- Management development programmes reviewed and conclusions built into a new approach to talent management
- Pulse employee engagement surveys introduced and taking place in between full surveys to give managers regular snapshots of progress
- Increased our graduate and apprentice intake and launched skills academies in our utilities, highways maintenance and housing maintenance businesses
- A new customer relationship management system has been successfully deployed to support business development and has had a high level of take-up
- Developed multiple Kier 'apps' to support the effectiveness and efficiency of business operations, with more being developed
- Planning and development of the new ERP system and HR and finance change programme

Targets for 2016

- Develop our approach to occupational health and associated reporting metrics
- Integrate Mouchel into the Kier corporate responsibility programme
- Embed the Group's Strategy for a Sustainable Business within all our businesses
- Drive risk management programme to be rolled out
- Integrate Mouchel
- Develop strong growth opportunities in our strategic and key accounts
- Evaluate new market sectors and take steps to enter where appropriate
- Disposal of our UK mining business
- Create synergies from the Mouchel acquisition
- Roll out standardised reporting processes across all businesses
- Review the Group's KPIs to ensure ongoing relevance and effectiveness in supporting the management of the business
- Introduce consistent method to measure satisfaction and experience for our clients' customers
- Roll out client specific excellence plans to enhance the experience of our clients and their customers
- Continue to embed a culture of customer excellence
- Develop a compelling employee offer and clear career pathways to recruit, develop and retain talented people across the Group
- Implement a single talent and succession management approach
- Design and implement a refreshed leadership development offer, aligned to the Kier values
- Implement a single performance management approach that clearly links individual and team objectives to the Kier strategic objectives
- Continue to build insight and take action to improve employee engagement
- Implement and commence the roll-out of the initial phases of our new ERP system and HR and Finance change programme
- Integrate Mouchel
- Implement next generation frontline systems for Services division and progress roll-out
- Increase the penetration of Building Information Modelling ('BIM') across our Construction division

Vision 2020

Safety

Zero Harm



Profit growth

>10% CAGR



Shareholder return

Progressive dividend



Customers

+90% Customer satisfaction



Property

>15% ROCE



Residential

>15% ROCE



Construction

>2.5% EBITA



Services

>5% EBITA



How we will achieve our vision
– pages 16 and 17

Viability & strategic context

Entertainment One 2015

Viability statement

1) Assessment of prospects

Context for the assessment of prospects

Entertainment One is a leading global entertainment business, operating through three business segments – Television, Family and Film.

The Group's business model and strategy underpin eOne's growth trajectory, supported by the Group's business plans. The Group's strategy has been consistently in place for a number of years and was last refreshed in November 2014 – the strategy and its execution continues to be subject to ongoing monitoring and development through the Group's long-term planning process, as described below.

The Board continues to take a conservative approach to the execution of the Group's strategy and, from a risk perspective, a system of internal controls and an escalating system of approvals is in place. The Board receive regular updates on the Group's financial performance via monthly management accounts and formally approves the outputs of a robust budgeting and forecasting process.

The Group's model to source, select and sell high quality content continues to be at the centre of its strategy and it operates a portfolio approach at all levels of the business to manage its risk profile. The Group's balance of activities across Television, Family and Film provide stability to the Group's financial performance, protecting against cyclical performance in any one segment. Within each Division, the Group also operates a portfolio model – in Television the Group sells to over 150 countries and has a balance of scripted and non-scripted output and new and long-standing productions; within Family, the Group has almost 850 licensing and merchandising contracts in place across different properties in multiple territories; and in Film, the Group has over 200 theatrical releases a year across its different territories to minimise the risk of any one particular film, and derives a significant proportion of its in-year revenues from library titles.

The Group has very good visibility of its short-term revenues, with approximately 60% of television productions committed or greenlit before the start of any financial year and a large proportion of the film slate committed up to 12 months in advance. Conversely, the Group is able to manage its discretionary spend on a very short time horizon, which allows good control over short-term profitability. From a cash perspective, the Group makes cash outlays for its content acquisitions typically on delivery and its television productions are generally only greenlit on the basis that at least 85% of the production budget is underwritten, which drives a low cash risk profile.

Corporately, eOne's capital structure aligns with delivering the Group's strategy, with significant long-term, non-amortising, fixed-rate debt provided via senior secured notes and short-term working capital needs being funded via a new, more flexible revolving credit facility.

Consumer demand continues to grow in the markets in which the Group operates and eOne anticipates that audiences will increasingly focus on the quality of the content that they consume, gravitating towards premium television series, film and speciality genres. This market dynamic plays to

Entertainment One's strengths and supports the Group's strategy which targets doubling the size of the business by 2020.

Being relevant

Reporting challenge three:

Reporting needs to evolve as expectations change

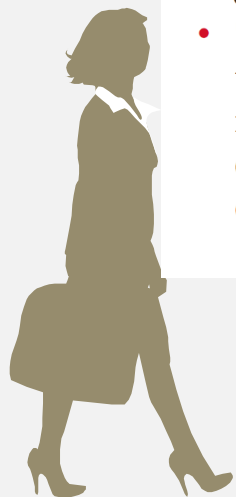


Being relevant

Reporting needs to evolve as expectations change

Responding to changing stakeholder expectations

- 89% of investors and 93% of CEOs told us some/significant changes are needed in how companies define and manage **risks**.
- 85% of investors and 90% of CEOs told us some/significant changes are needed in how companies use **technology** to assess and deliver on wider stakeholder expectations.
- 79% of investors and 92% of CEOs told us some/significant changes are needed in how companies minimise social and environmental **impacts of their supply chain**.



Encouraging trends in business models



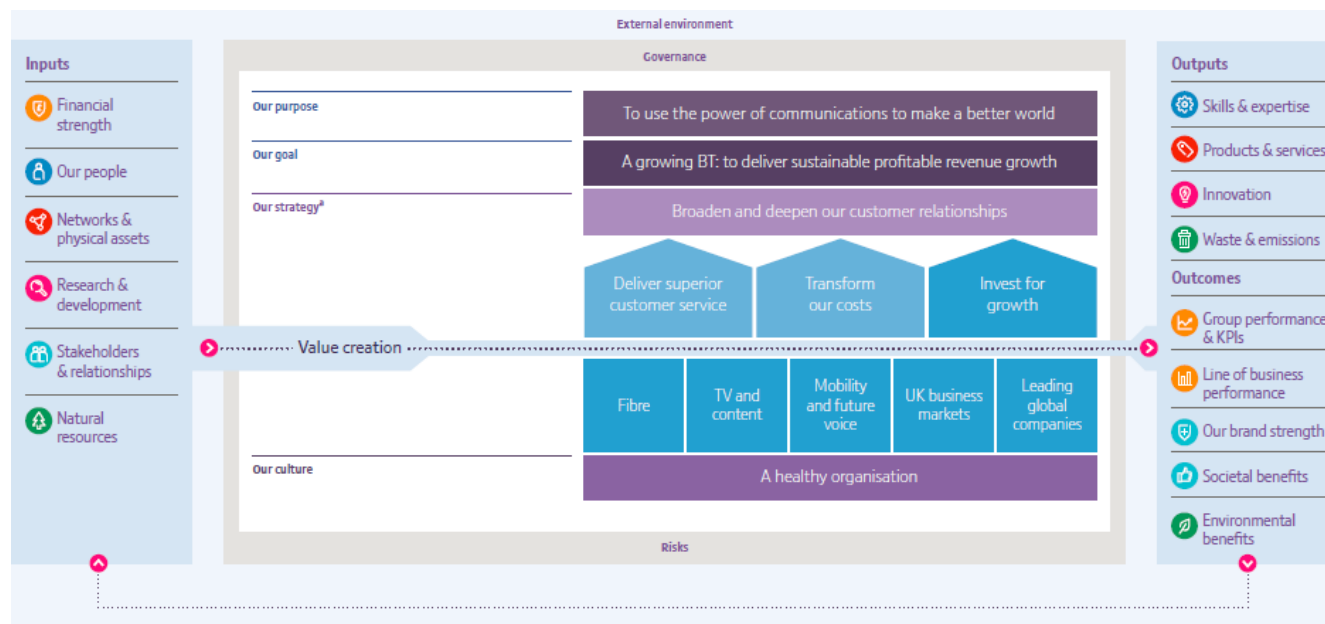
73% of companies in the study reference human capital in their business model



66% of companies in the study reference social and relationship capital

Business model underpins reporting

BT Group plc 2015



Inputs		
Financial strength	We're focused on growing our cash flow over the long term. Together with a prudent financial policy and a strong balance sheet, we can invest in our business and the things that set us apart from our competitors.	Read more on page 31
Our people	We have 102,500 people. Their commitment, expertise and diversity are key to the success of our business.	Read more from page 31
Networks & physical assets	Our networks and platforms are the foundations of the products and services we sell. We continue to invest in these to improve the service we offer our customers.	Read more from page 34
Research & development	We're one of the largest investors in research and development in the UK.	Read more from page 36
Stakeholders & relationships	Key stakeholders include our customers, communities, shareholders, lenders, our pension schemes, suppliers, government and regulators.	Read more from page 38
Natural resources	We use some natural resources in doing business. Our energy use has declined for the seventh consecutive year.	Read more from page 43

Outputs		
Skills & expertise	We invest in our people so they can do their jobs better and are more engaged. And we encourage them to volunteer to benefit the communities we serve.	Read more from page 31
Products & services	Our products range from fixed and mobile telephony, TV and broadband services for UK individuals and households, through to managing the networks and communications needs of some of the world's leading multinational companies.	Read more from page 57
Innovation	We have a long history of innovation. It helps us offer new and improved products and services, find better ways of doing things and can generate valuable intellectual property for us.	Read more from page 36
Waste & emissions	Our operations produce some waste and emissions; we're working to minimise these.	Read more from page 43

Outcomes		
Group performance & KPIs	The group's financial results and our progress against our KPIs are the key measurable outcomes of what we do.	Read more from page 93
Line of business performance	Our lines of business sell our products and services and put our strategy into action.	Read more from page 57
Our brand strength	Our brands are a key asset. Our investments in areas such as BT Sport have increased the value of the BT brand. And the EE brand gives us strength in mobile.	Read more on page 37
Societal benefits	We're increasing digital inclusion and helping people get the most from being online. Our people and platforms support a number of good causes.	Read more from page 38
Environmental benefits	We help our customers and suppliers reduce their waste and carbon emissions.	Read more from page 43

Focusing on stakeholders and the longer-term

Unilever 2015

OUR STRATEGIC FOCUS

TO REALISE OUR VISION WE HAVE INVESTED IN A LONG-TERM STRATEGY OF CATEGORIES AND BRANDS THAT DELIVER GROWTH TO THE BENEFIT OF ALL STAKEHOLDERS.

Long-term value comes from investing in marketing, world-class manufacturing, innovation and a workforce of the best talent available to deliver growth that is consistent, competitive, profitable and responsible.

VISION



GROWING THE BUSINESS

- SALES
- MARGIN
- CAPITAL EFFICIENCY

IMPROVING HEALTH AND WELL-BEING

- NUTRITION
- HEALTH AND HYGIENE

ENHANCING LIVELIHOODS

- FAIRNESS IN THE WORKPLACE
- OPPORTUNITIES FOR WOMEN
- INCLUSIVE BUSINESS

REDUCING ENVIRONMENTAL IMPACT

- GREENHOUSE GASES
- WATER
- WASTE
- SUSTAINABLE SOURCING

OUR LONG-TERM FOCUS ALLOWS US TO MAKE STRATEGIC

PORTFOLIO CHOICES

CATEGORY CHOICES

The four categories of Personal Care, Foods, Home Care and Refreshment have clear strategic priorities to contribute to growth.



ACTIVE PORTFOLIO MANAGEMENT

We actively manage our brand portfolio to focus it on more attractive segments where we can apply global scale and local strength.

BRANDS AND INNOVATION

A FOCUSED APPROACH TO INNOVATION

Each category has a focused research and development capability embedded within its operations, supported by wider Strategic Science Group.



DRIVING EFFICIENCY AND MARGINS

Since 2013 we have undertaken lower but larger innovation projects with the average size 25% bigger and more than 70% of projects margin accretive.

MARKET DEVELOPMENT

ROUTES TO MARKET

We lead market development by reaching up, down and wide, and growing new channels with a focus on execution through our 10 million Perfect Stores programme.



EMERGING MARKETS

We are expanding from a strong base with proven market development models to drive increased per capita usage so that emerging markets are now 58% of total sales and rising.

AGILITY AND COST

ZERO-BASED BUDGETING

We are taking the next steps on cost reduction to ensure competitiveness and to fuel growth with the roll-out of zero-based budgeting.



MANUFACTURING BASE AND OVERHEADS

We operate an award-winning, low-cost, flexible supply chain that delivers winning quality and reliability to our markets.

PEOPLE

ATTRACTING TALENT

In our target universities we are FICG Graduate Employer of Choice in 34 countries. LinkedIn continues to be a key channel for attracting and engaging external talent.



DEVELOPING TALENT

In 2015, we sharpened our learning strategy behind six core capabilities that we believe will build a winning business.

UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH AND WELL-BEING

By 2020 we will help more than a billion people take action to improve their health and well-being.

HEALTH AND HYGIENE

TARGET

By 2020 we will help more than a billion people to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhoea.

PERFORMANCE

Around 482 million people reached by end 2015 through our programmes on handwashing, safe drinking water, oral health and self-esteem.

NUTRITION

TARGET

By 2020 we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.

PERFORMANCE

34% of our portfolio by volume met highest nutritional standards in 2015.²

ENHANCING LIVELIHOODS

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

FAIRNESS IN THE WORKPLACE

TARGET

By 2020 we will advance human rights across our operations and extended supply chain.

PERFORMANCE

54% of procurement spend through suppliers meeting mandatory requirements of our Responsible Sourcing Policy.

We published our first Human Rights Report in 2015.

Our Total Recordable Frequency Rate for 2015 was 1.12 per million hours worked (2014: 1.05).^{3,4}

Engagement score among 5,000 employees surveyed in 2015 was 77% (2014: 75%).^{5,6}

OPPORTUNITIES FOR WOMEN

TARGET

By 2020 we will empower 5 million women.

PERFORMANCE

We trained 70,000 women micro-entrepreneurs to sell our products in rural India by end 2015.⁷

The percentage of persons of each sex who were Unilever managers was 55% male and 45% female (2014: 57% male and 43% female).⁸

INCLUSIVE BUSINESS

TARGET

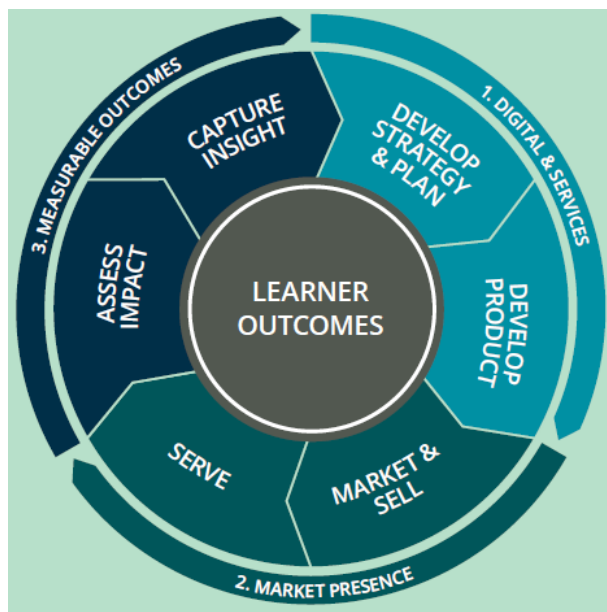
By 2020 we will have a positive impact on the lives of 5.5 million people.

PERFORMANCE

Since 2006, in partnership with others, we enabled around 600,000⁹ smallholder farmers and 1.8 million small-scale retailers to access initiatives which aimed to improve their agricultural practices or increase their sales.¹⁰

Measuring what matters

Pearson 2015



Timeline



	Access	Success	Progress
Our goals To meet our commitment to empower the lives of 200 million learners annually, we have set three goals.	Enhance access to high quality education that leads to meaningful outcomes	Help more learners gain the knowledge and skills required for life and career success in the 21st century	Help more people make measurable progress in their life and career through learning
2025 targets We are building on our efficacy work to set ourselves ambitious growth targets.	› We will help 10 million primary and secondary learners annually access high quality education › We will help 2 million post-secondary learners annually access high quality education	› We will help increase literacy and numeracy for 50 million learners annually › We will help 50 million learners annually gain the knowledge and skills required for study and employment › We will help advance the English language skills of 75 million learners annually	› We will help 25 million learners annually transition into the workforce after further or higher education › We will help 20 million learners advance their career prospects annually
Strategic alignment Our goals and targets align with our core strategic priorities. For more see strategic overview on p04 ➔	Online degree and virtual school programmes can improve learner access to quality primary and secondary education; currently those programmes are helping 1.8 million learners to annually access quality education. By 2025, we aim to help 10 million.	Our products that support adult English language learning can provide learners with the skills required for success in a global workforce. Products such as MyEnglishLab and many others allow us to help advance the English language skills of 30 million learners annually. By 2025 we aim to help 75 million learners annually.	Our workforce readiness products support learners to make measurable progress in their lives and careers. Products such as MyITLab help approximately 15 million learners to transition into the workforce annually. By 2025 we aim to help 25 million learners annually transition into the workforce after higher or further education.

Emerging themes

Future areas of focus

Applying distinctive, strategic and relevant



Financial Reporting Council

10 October 2016

Dear Audit Committee Chairs and Finance Directors

Summary of key developments for 2016 annual reports



Climate change

“The complaints brought by ClientEarth offer a timely opportunity for the FRC to send a clear message that climate risks must be treated like any other risk to capital, and properly disclosed.”

Natasha Landell-Mills, Head of Stewardship Sarasin & Partners LLP



Cyber security

“the biggest shake-up of data protection law in over 20 years”

EU’s General Data Protection Regulation ‘GDPR’ will come fully in force in April 2018.



UK referendum result

“we expect Boards to provide increasingly company specific disclosures with quantification of the effects.”

FRC letter to listed companies 10 October 2016

EU General Data Protection Regulation (GDPR)

Our current data protection regime is based on an EU directive issued in 1995...



**In December 1995,
there were 16 million
users of the internet**

1% of Europeans
used the internet

**Amazon
had just launched**



2 years
*before Google was
launched*

**The common format for
data storage was CD
(700mb of data)**



12 years
*Before the launch
of the first iphone*

And now...

Yahoo!
Hackers stole
personal data
from 500m
accounts



1.3 billion

*Facebook –
monthly users*

300 million

*Monthly users
Instagram*



Seven
times more
connected
devices than
people by
2020



TalkTalk Telecom Group PLC

Telecoms company TalkTalk has been issued with a record £400,000 fine by the ICO for security failings that allowed a cyber attacker to access customer data "with ease".



30 billion

*Messages sent per day
using WhatsApp – 4 for
every single person in the
world*



The average
time a US
consumer
spends using
their smart
phone a day

**Hackers
selling 117
million
LinkedIn
passwords**



3 billion

Google searches per day



284 million

Monthly users of Twitter

2012

2014

90%

of the data that exists today
was created in the last 2 years

Key changes the GDPR brings

Extra-territorial scope

- Relates to EU individuals
- Includes organisations with no establishment in EU

New data subject rights

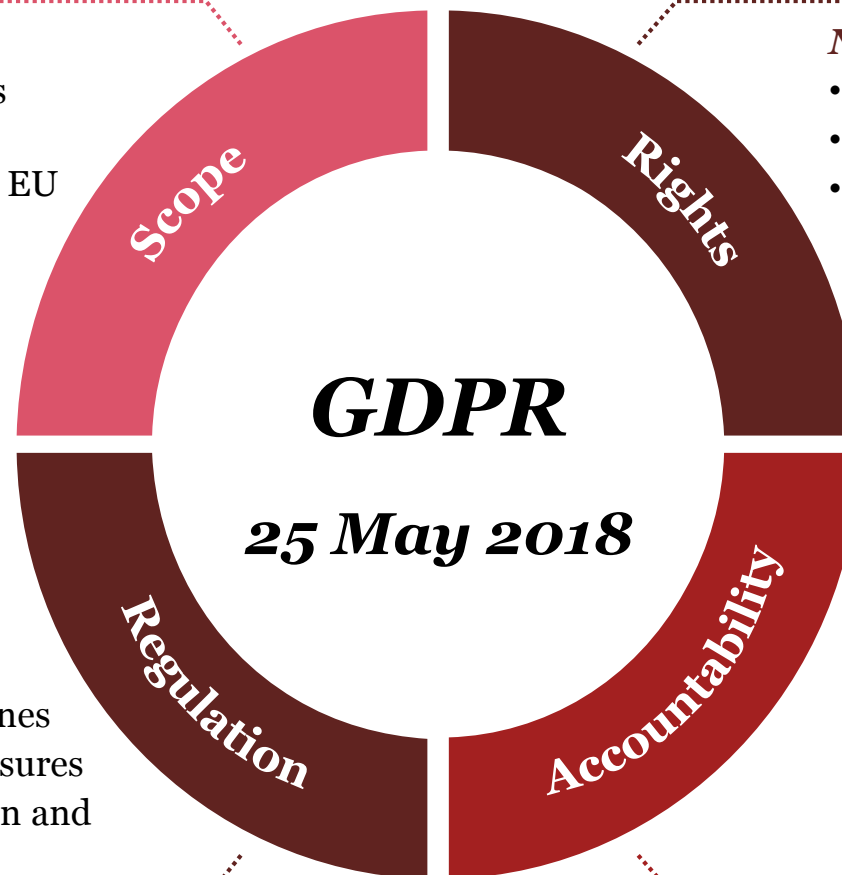
- Consent must be explicit
- Right to be forgotten
- Data portability between organisations

A new regulatory era

- Significantly increased fines
- Mandatory breach disclosures
- Increased risk of litigation and rights to claim damages

A new compliance journey

- New accountability principle
- Depending on activity:
- Data protection by design
 - Privacy impact assessments
 - Supply chain obligations
 - Data Protection Officer



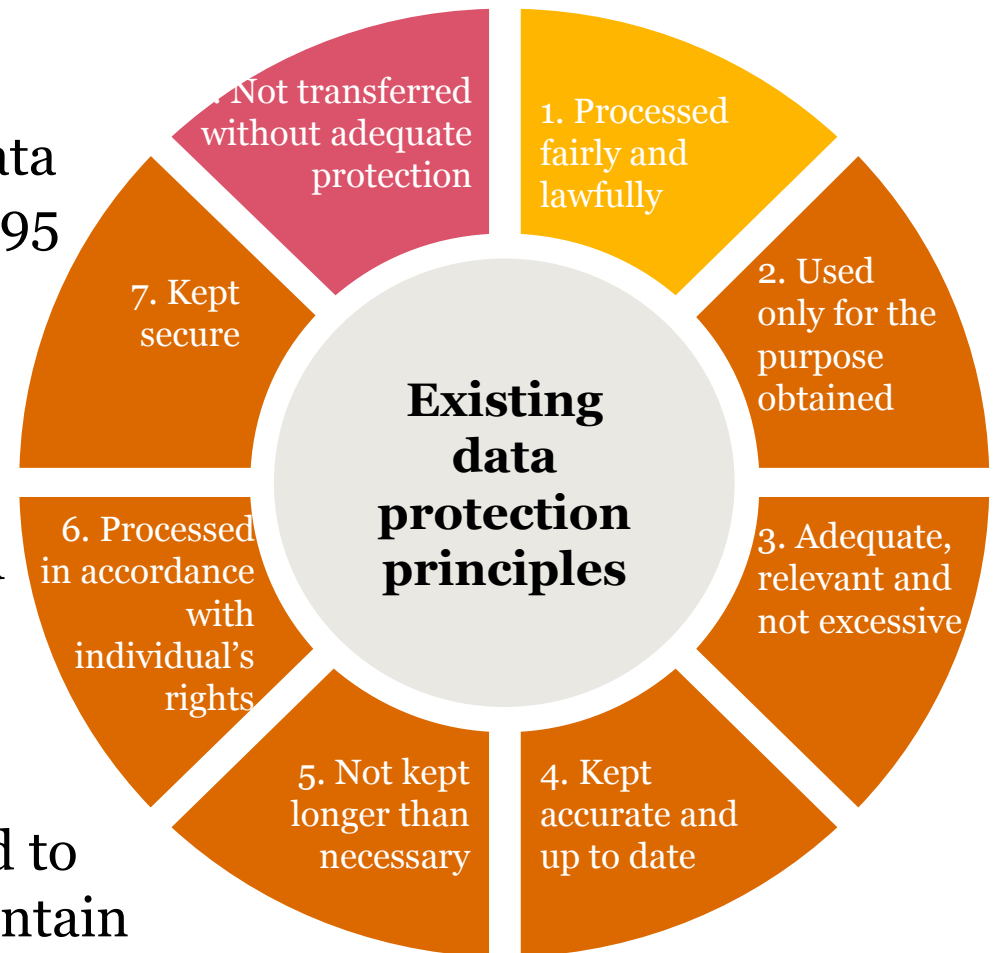
What does this mean for the Channel Islands?

Guernsey and Jersey have existing Data Protection legislation based on the 1995 directive.


Third country passporting

Existing legislation has been assessed as 'adequate' by the EU and this enables personal data to be easily transferred in/out of the EU.

Both CI governments have committed to enacting equivalent legislation to maintain this adequacy status.



Adequacy under the GDPR



*Operational
adequacy
is key*

Under the GDPR, adequacy assessments will not just focus on the legal framework. It will be necessary for us to prove that the regulatory model is robust and operating in line with the requirements of the GDPR.

Assessment

An EU re-assessment of this status will take place within four years. Needs to be demonstrated through an effective regulatory model, e.g. a MoneyVal type assessment.

*Supervisory
authorities*

Will be expected to have the powers, the legitimacy and the tools (including adequate budget, specialised staff and independence) to put all this in practice.

A new regulatory model will therefore be required.

What does this mean for CI businesses?

Most organisations have not yet assessed the impact or prepared a response to the GDPR.

Sensitive data

High-risk activities

Large scale operations

International transfers

Outsourcing

Less impact

Greater impact

Local business

Funds

Legal & Prof

Retail

Banking

Egaming

Fiduciary

Telecoms

Health sector

Public sector

Insurance

Key considerations for your organisations

Have you assessed the impact of the GDPR:

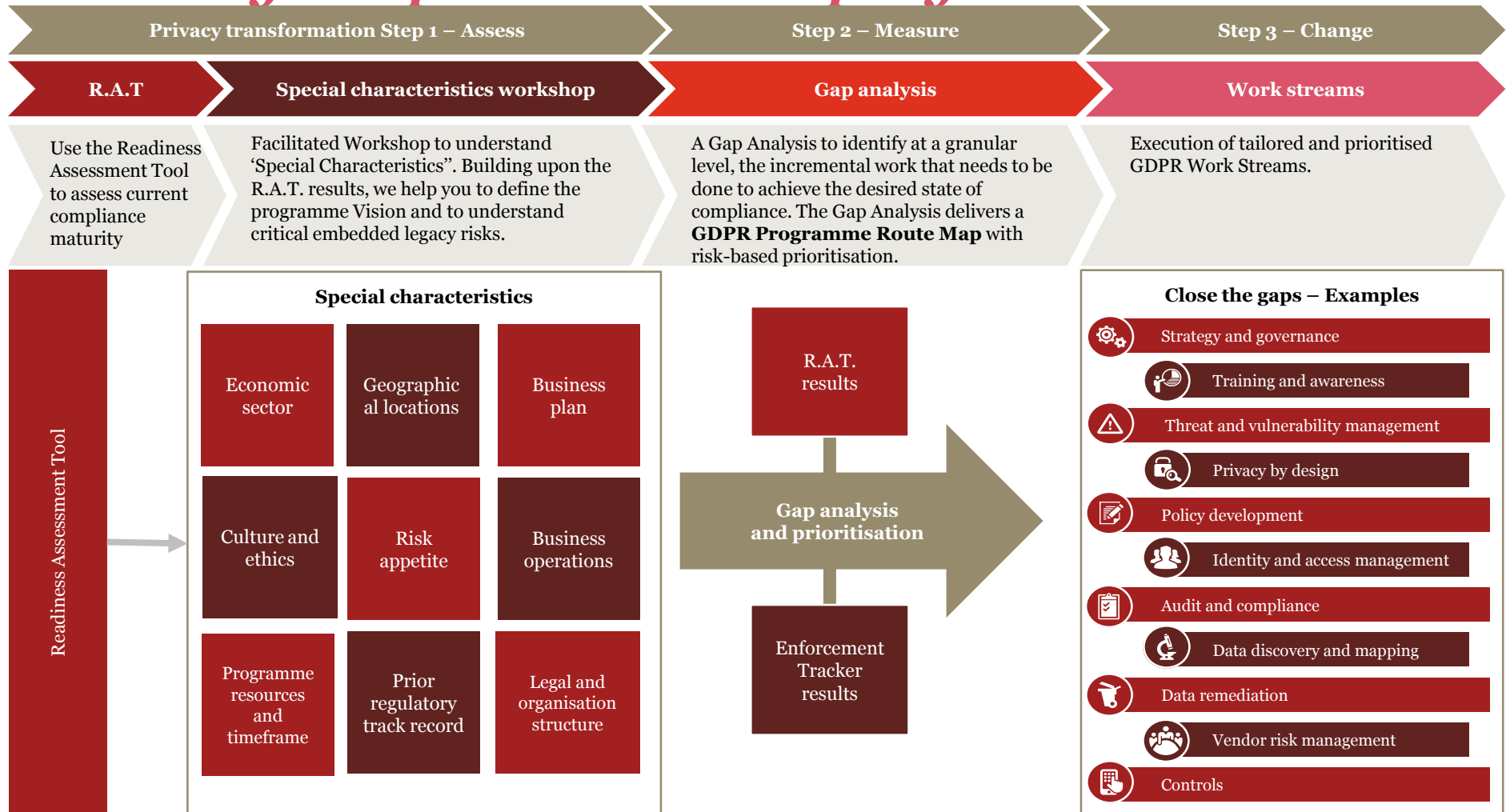
- What personal data do you have?
- Why is that personal data collected (and what right do you have to process it)?
- Where is it stored?
- Who has access to it (and who is it shared with)?
- Do you have sensitive data or undertake high-risk data processing activities?

With the limited time and resources available, how are you going to target your data protection investment to maximise the value to your business?

Can you use this opportunity to transform your approach to privacy, to harness the value of the data you hold and ensure your operations are fit for a digital economy?

How can PwC help?

PwC has developed an end-to-end methodology for delivering an optimised GDPR programme



Questions?

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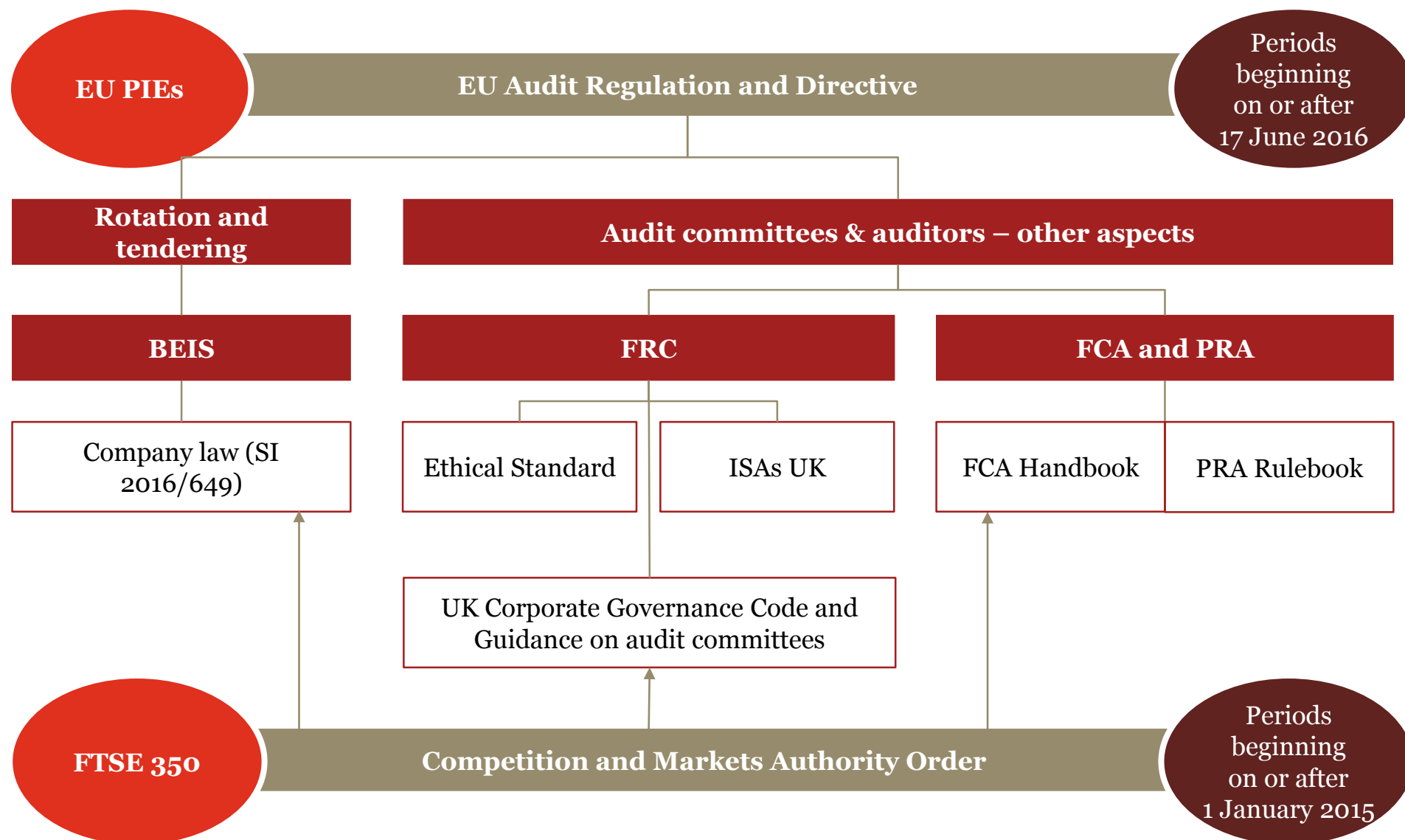
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Regulatory update

EU implementation – audit committees and auditors



EU implementation

Different channels apply to different types of organisation

	PRA Rulebook (Banks and insurers)	FCA (Disclosure & Transparency Rules)	UK Corporate Governance Code and FRC Guidance	Competition & Markets Authority Order
Unlisted PIE (Banks and insurers)	✓	✗	✗	✗
Standard listed company	✓	✓	✗	✗
Non FTSE 350 premium listed company	✓	✓	✓	✗
FTSE 350 company (UK incorporated)	✓	✓	✓	✓

EU implementation > FCA (& PRA)

Minimum responsibilities of the audit committee

A firm must ensure that its audit committee performs at least the following functions:

- 1) Informs the governing body of the firm of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process.
- 2) Monitors the financial reporting process and submits recommendations or proposals to ensure its integrity.
- 3) Monitors the effectiveness of the firm's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the firm, without breaching its independence.
- 4) Monitors the performance of the statutory audit, taking into account the FRC's report on the audit firm.
- 5) Reviews and monitors the independence of the statutory auditor.
- 6) Is responsible for the procedure for the selection of the statutory auditor.

EU implementation

Audit committee composition and role

	PRA Rulebook (banks and insurers)	FCA (DTR)	UK Corporate Governance Code	FRC Guidance on audit committees	CMA Order
Sectoral competence	✓	✓	✓		n/a
Majority independent NEDs	✓ (All for significant firms)	✓	All independent NEDs (minimum of 3 for FTSE 350; 2 for smaller companies)		n/a
Tendering disclosures	n/a		Advance notice of any tendering plans		Specific timing and reasons (> 5 years from last tender)
CRRT and AQRT interaction disclosures	n/a (But need to take into account FRC report on the audit firm)		n/a	✓	n/a

“The audit committee as a whole shall have competence in the sector in which the company operates”

[Code provision C.3.1]

“We consider that sectoral competence is broader than sectoral executive experience.”

[FRC Feedback Statement]

“We consider competence relevant to the sector to be broader than knowledge of the sector. We do not intend to prescribe how this requirement may be interpreted”.

[FCA CP15-28]

The significant issues should include “– The nature and extent of interaction (if any) with the FRC’s Corporate Reporting Review team; and – Where a company’s audit has been reviewed... the Committee should discuss the findings with their auditors and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditors plan to take”.

[FRC Guidance on audit committees para 81]

EU implementation

Non-audit service approval

	PRA Rulebook (banks and insurers)	FCA (DTR)	UK Corporate Governance Code	FRC Guidance on audit committees	CMA Order
Pre-approval specifically permitted/ limited/ prohibited	Not stated	Not stated	n/a	Limited to 'clearly trivial' services	Committee should set a policy
Audit committee to approve NAS	✓ Reference to EU Reg Art 5	✓ Reference to EU Reg Art 5	✗ 'Review and monitor'	✓	✓ 'Authorise to provide'
Audit committee to approve in advance	✗ Although EU Reg Recital (9) suggests in advance	✗ Although EU Reg Recital (9) suggests in advance	✗	✗	✓ 'Prior to commencement'
Delegation specifically permitted/ limited/ prohibited	Not stated	Not stated	n/a	Not stated	Committee may 'act collectively or through its chairman'

"The audit committee should set and apply a formal policy specifying the types of non-audit service for which use of the external auditor is pre-approved. Such approval should only be in place for matters that are clearly trivial".

[FRC Guidance on audit committees para 73]

"The main role and responsibilities of the audit committee...should include... – To review and monitor the external auditor's independence...taking into consideration relevant UK professional and regulatory requirements...".

[Code provision C.3.2]

FRC Ethical Standard for auditors

Blacklist of prohibited non-audit services (ES 5.167R)

- Tax services
 - Services that involve playing any part in management or decision making
 - Bookkeeping and preparing accounting records/payroll services
 - Designing and implementing internal control or risk management procedures for preparation/control of financial information or designing and implementing financial technology systems
- Valuation services/legal services/internal audit
 - Services linked to financing, capital structure and allocation and investment strategy
 - Promoting, dealing in or underwriting shares
 - Certain HR services

The FRC is taking the Member state option: allowed if no direct effect or clearly inconsequential effect

Not allowed the year before appointment as auditor

The FRC is taking the Member state option: allowed if no direct effect or clearly inconsequential effect

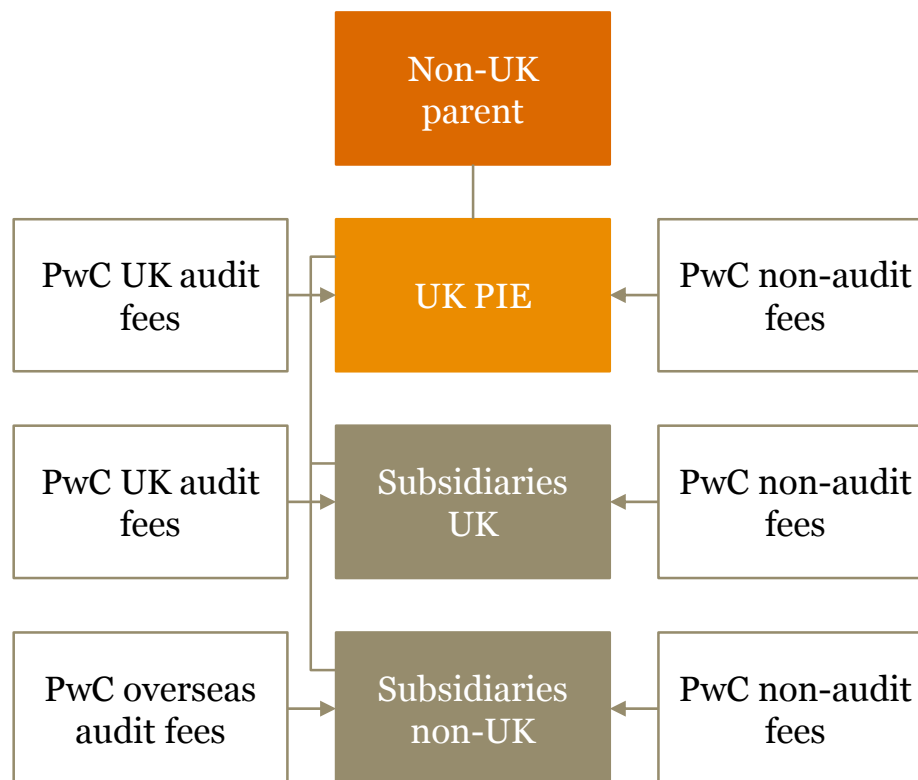
Except assurance services including due diligence

Prohibitions more stringent (and ambiguous) than ANY existing rules

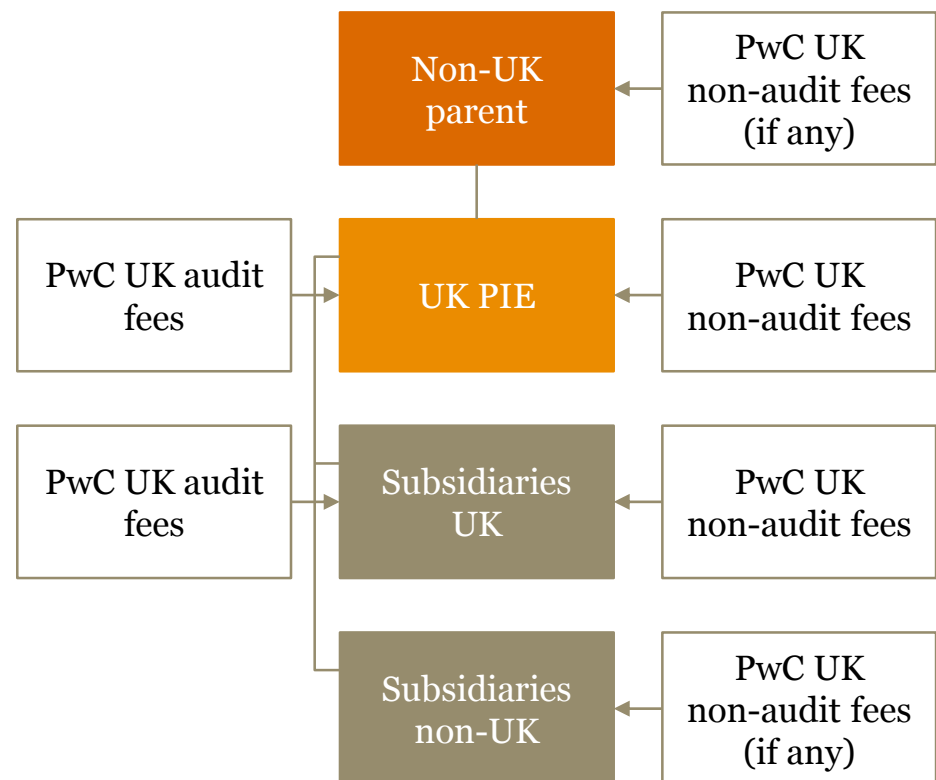
FRC Ethical Standard for auditors

70% cap on permitted non-audit services (ES 4.34R)

The group calculation



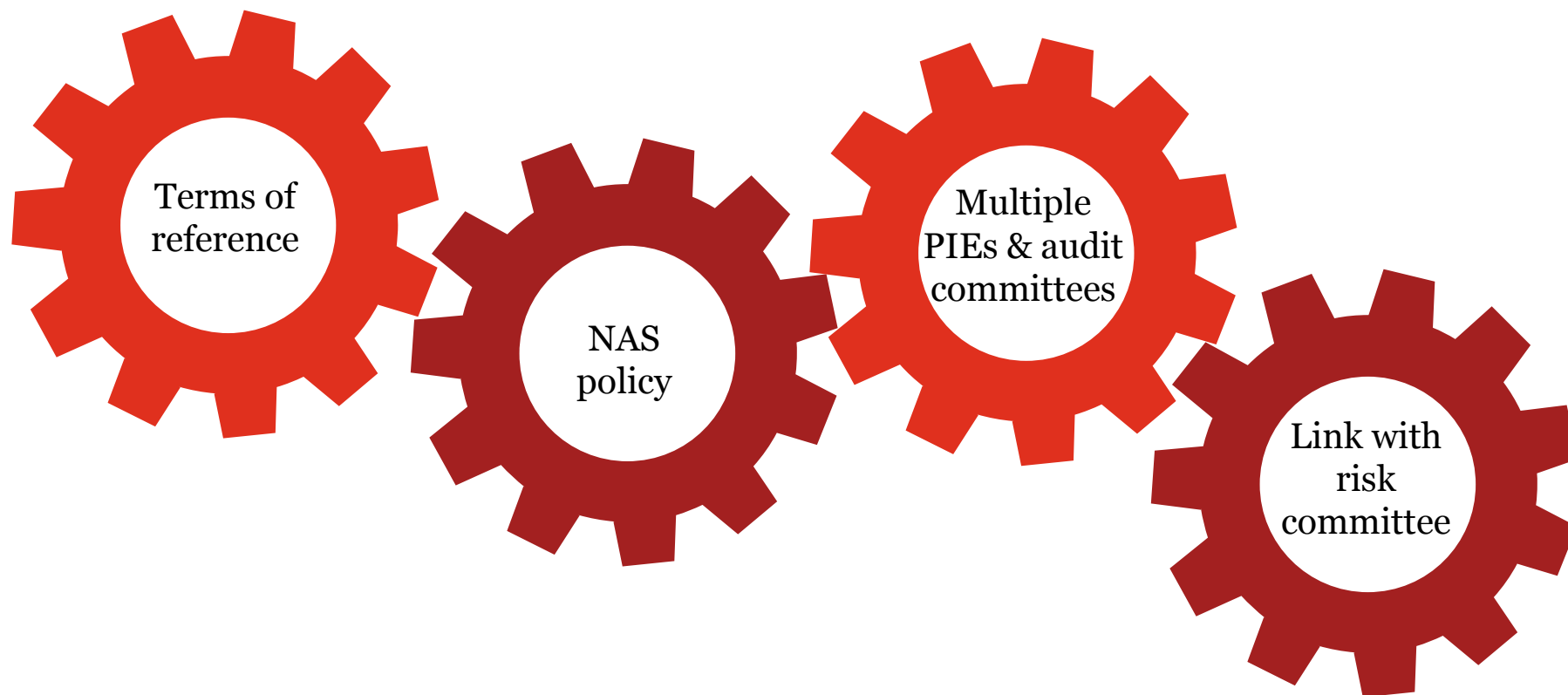
The UK calculation



Excluding those required by legislation

EU implementation

Actions / points to consider



“Importantly, consideration of whether the ethical outcomes required by the overarching principles and supporting ethical provisions have been met should be evaluated by reference to the perspective of an objective, reasonable and informed third party” [FRC Ethical Standard]

FRC UK Auditing Standards

Reflecting EU and IAASB changes

- Largely extend changes already in place for companies reporting against the Code to others (including AIM and unlisted PIEs) – Key Audit Matters in particular
- For PIEs, the audit report must include:
 - The date of appointment and the total uninterrupted length of engagement as auditors.
 - A declaration that the non-audit services prohibited by the FRC's Ethical Standard weren't provided and that the firm remained independent of the entity.
 - An indication of any services, in addition to the audit, which were provided by the firm to the entity and its controlled undertaking(s), and which haven't been disclosed in the annual report or financial statements.
- Auditors report on whether disclosures in line with legal framework (not just consistency with financial statements).
- Extended reporting to audit committees by auditors.

Periods beginning on or after 17 June 2016 other than legal framework (periods beginning on or after 1 Jan 2016)

Further reading



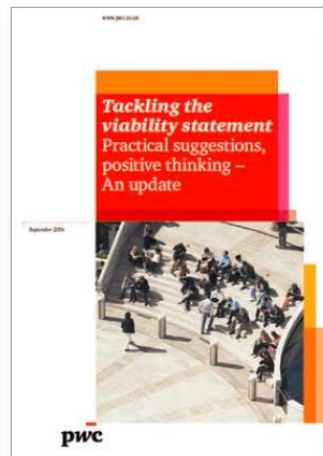
Being distinctive, strategic and relevant: The ongoing challenges in corporate reporting



Redefining business success in a changing world: Global survey of investor and CEO views



It's not just about the financials: The widening variety of factors used in investment decision making



Tackling the viability statement, practical suggestions, positive thinking – An update



Tackling risk reporting, practical suggestions, positive thinking

Reporting case studies



January 2017
Slide 60

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