Annual Report and Accounts 2020

Sanne is a leading global provider of alternative asset and corporate services.

Contents

01 Introduction

02 Strategic Report

03 Governance

04 Financial Statements

www.sannegroup.com/annualreport

Financial and operational highlights of the year

Robust financial performance, with strong profit growth despite the impact of the COVID-19 pandemic:

- Revenue growth of 7.3%[3], positive across all regions, with organic growth of 5.8%[3]
- Underlying operating profit growth of 8.4%[3]
- Continued underlying operating profit margin improvement of 100bps to 28.3% driven by management actions
- Strong cash generation with underlying cash conversion of 99.5%
- Resilient new business wins, with pick-up in Q4, resulting in annualised new business revenue of approximately £22.5 million secured in 2020 (2019: £24.5 million)
- Final dividend of 9.9 pence (14.7 pence total), reflecting the Board's confidence in the future of the Group and consistent with the Group's progressive dividend policy

Continued progress on organic growth strategy:

- Implementation of new technology strategy with a range of innovative new client-facing services and tools launched
- New product offerings introduced, including compliance and regulatory services, to support both new and existing clients
- Well-invested platform enabled uninterrupted shift to remote working across the Group in response to COVID-19

Strategic activity to augment the Group platform and strengthen the client proposition:

- Acquisitions of Inbhear in Ireland and Cayman, and of Avalon in Cayman, and the lift-out of Deutsche Bank's Trust Company in Japan all completed in the period, broadening jurisdictional reach and scale, and already generating value for the Group
- Acquisition of PEA to provide the Group's first presence in the Scandinavian region and additional scale in Guernsey signed in the year and completed in Q1 2021
- New minority investment in Alternative Assets Accounting Software Inc., a US-based data analytics and software business focused on delivering market-leading analytics and data services to closed-ended GP and LP clients
- Disposal of legacy Jersey-based Private Client business to refine the Group's focus on Alternative Assets and corporate services
- Successful refinancing with a 40% increase in the Group's facilities, increasing committed funding to £210 million with a £100 million accordion.

Net revenue[2] (underlying[1])

£169.7m

(2019: £157.5m) +7.7%

Turnover (statutory)

£174.9m

(2019: £159.7m) +9.5%

Operating profit (underlying[1])

£48.0m

(2019: £43.0m) +11.7%

Operating profit (statutory)

£23.9m

(2019: £14.3m) +67.6%

Profit before tax (underlying[1])

£44.9m

(2019: £38.7m) +16.0%

Profit before tax (statutory)

£20.5m

(2019: £9.6m) +114.9%

Diluted earnings per share (underlying[1])

25.4p

(2019: 21.3p) +19.2%

Diluted earnings per share (statutory)

11.1p

(2019: 3.8p) +192.1%

Full year dividend per share

14.7p

(2019: 14.1p) +4.3%

Underlying[1] free cash flow attributable to equity holders[4]

£33.6m

(2019: £35.1m) -4.5%

1. Underlying results for the year have been presented after the exclusion of non-underlying items, third-party fund management fees and discontinued activities. Further details of non-underlying items can be found in note 9 of the consolidated financial statements. A detailed reconciliation of alternative profit measures is provided in the Alternative Profit Measures definitions section.
2. Net revenue comprises turnover less third-party fund management fees. More detail is provided in the CFO's Review.
3. Constant currency represents the 2020 performance based on applicable 2019 FX rates to eliminate movements due to FX.
4. Free cash flow attributable to equity holders is the total cash generated in the year before acquisitions, capital expenditure, financing activities and cash non-underlying costs.

Sanne at a glance

Sanne delivers specialist professional fiduciary services to a highly valued, global client base. Highly skilled teams service clients and their key advisors through a highly valued, global network that spreads across 22 international financial centres located in the Americas, Europe, Africa and Asia-Pacific.

Sanne is an award-winning global provider of alternative asset and corporate administration services. Specialist experts deliver professional services to clients in Private Debt, Capital Markets, Real Assets, Private Equity, Hedge and Corporate Services.

People globally

1,900+

(+600% on 2015)

Clients globally

1,950+

(+290% on 2015)

Locations

22

(+200% on 2015)

AUA

£465bn+

(+900% on 2015)

Net revenue

£169.7m

(+270% on 2015)

Structures and funds administered

9,500+

(+280% on 2015)

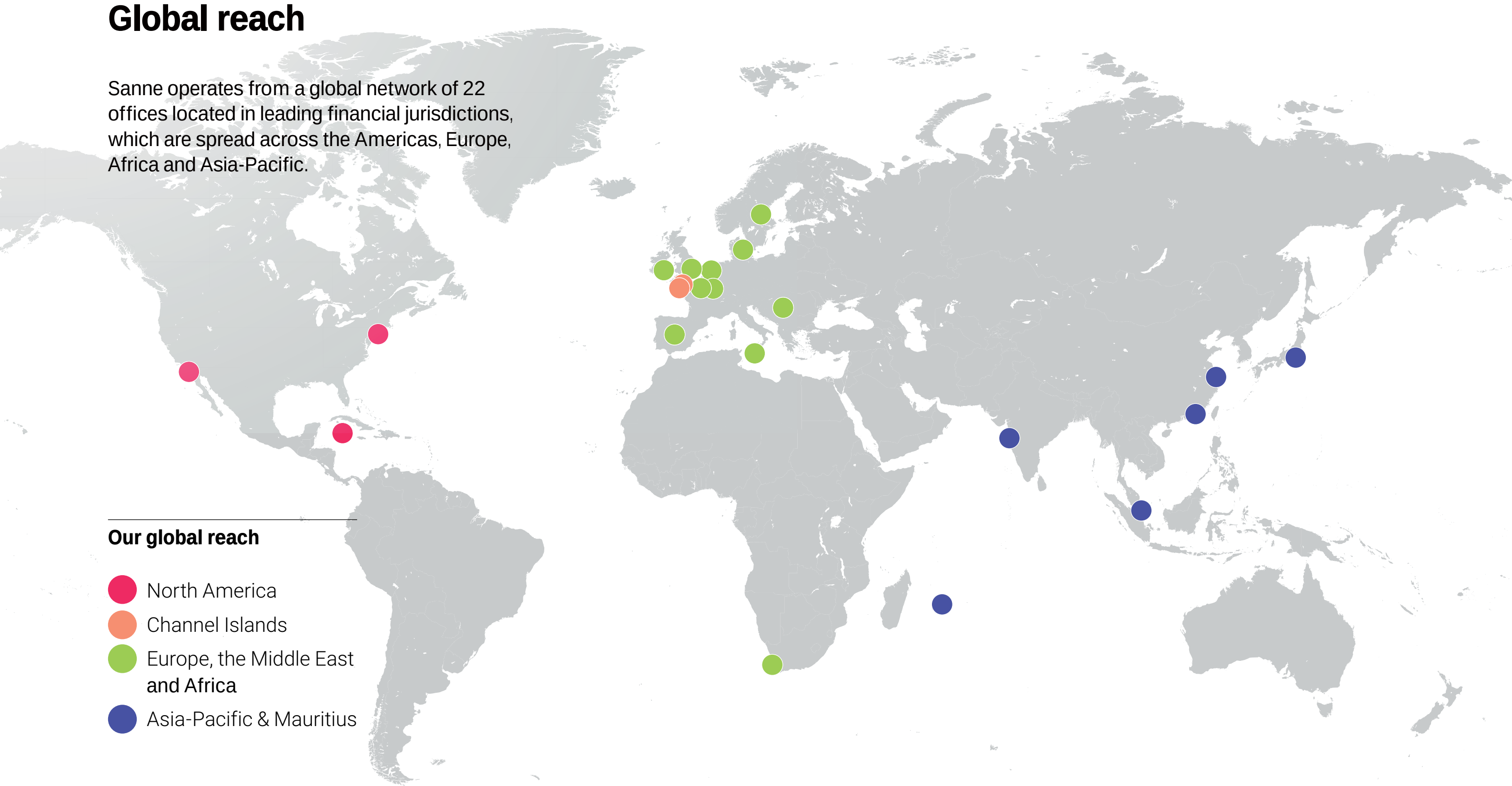
Total acquisitions

15

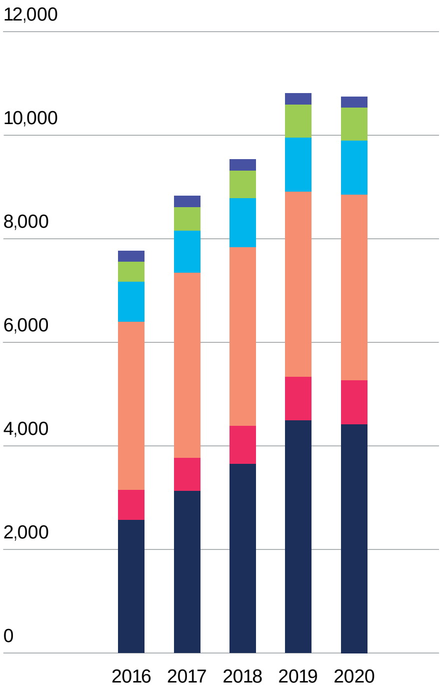
(+650% on 2015)

Global reach

Sanne operates from a global network of 22 offices located in leading financial jurisdictions, which are spread across the Americas, Europe, Africa and Asia-Pacific.



Global industry AuM 2016-2020 ($'billion)



Source: Preqin Special Report: Future of Alternatives 2025: Data Pack

Investment case

01.
Focused firmly on the global alternatives high growth markets

We operate in highly regulated markets where clients are of a high-calibre and institutional nature.

02.
Well-positioned business in our industry to take advantage of market opportunities

We are present across key international financial centres and jurisdictions, meaning we are exposed to the largest markets and have the ability to service clients at a local level and globally across multiple jurisdictions.

03.
Attractive growth-led financial model

The growth prospects for our sector continue to be highly attractive. Our client relationships and contracts are long term which means we have high recurring revenues.

04.
Robust operating platform supported by continuing investment

Our business is built on well-established and robust compliance and risk management frameworks, accredited business processes and policies.

Strategic Report

Accuracy makes us consistent, gives you the edge.

We play an increasingly important role in our global financial community as it continues to evolve; standing for professionalism, innovation and quality, we work in partnership to make every day count. It's our commitment to service that means that we remain one step ahead for our clients and employees.

Chairman's Statement

Sanne has delivered a robust performance in 2020 despite the unprecedented challenges for both the Group and our clients amidst the enduring global COVID-19 pandemic.

Rupert Robson
Chairman

I am proud of how the Group and its employees have adapted to these challenges, maintaining uninterrupted services to clients and supporting our employees and suppliers throughout.

Whilst the pandemic caused a slowdown in new fund activity amongst our core clients during the year, the Group has demonstrated its resilience with continued organic revenue growth, albeit at lower levels than in prior years. Despite this, great progress has been made in improving the Group's margins and as a result, we have delivered strong profit growth in the year, with underlying diluted earnings per share 19.2% higher than the previous year.

The year also saw us continuing to innovate and invest, both organically and inorganically, in order to enhance our client proposition and ensure we are well positioned to thrive when the market fully recovers.

Operational update

Sanne began to see the impact of the COVID-19 pandemic on its business as early as January 2020 in some of our APAC offices. There has been a significant amount of work undertaken in the year to cope with the far-reaching implications of the pandemic on our operations and I am pleased to be able to say that these efforts have ensured Sanne has continued to provide high quality service to our clients. Our people and operations have successfully adapted to life under the new and constantly changing conditions without any adverse impact on our service and without the need to rely on government or other support schemes. This is in no small part due to the investments we have made in our operating platform and our focus on developing high quality and robust processes and procedures across the Group in recent years.

The pandemic has had a large impact on capital deployment, new funds raised, and transactions undertaken across almost all of our client groups. At the same time, end-of-life attrition was broadly in line with prior years as we saw revenues fall away from structures wound-up in 2019 and the early part of 2020. These combined effects in the year have inevitably resulted in a slowing of our revenue growth. However, constant currency organic revenue growth of 5.8% is testament to the resilience of our business model even in the toughest markets.

Despite the slower market conditions, we have successfully delivered 11.7% underlying operating profit growth and 67.6% reported operating profit growth in the year. It has been pleasing to see the changes undertaken over the prior 18 months, addressing the operational challenges of early 2019, have been a large factor in this strong profit growth.

Strategic progress

Sanne has continued to invest for profitable growth, both organically and inorganically, throughout the year.

Enhancing our use of technology has been a major strategic focus for the Group during the year. Having recruited Sanne's first ever Chief Technology Officer at the beginning of the year, we started the roll-out of a new Group-wide technology strategy aimed at harmonising how we manage data and processes to drive efficiencies and maximise our operational flexibility. The technology strategy also aims to build on the significant amounts of internal development capability at Sanne to ensure that we can lead the industry in technology-led services for our clients. We have also entered into a development partnership with, and acquired a minority stake in, Alternative Assets Accounting Software Inc., an innovative US-based business aimed at creating further industry leading data management, reporting and analytics tools.

Inorganically, we have completed three acquisitions in the year and entered into an agreement for a fourth which has completed in early 2021. These acquisitions have added three new offices for Sanne in Cayman, Sweden and Denmark, providing the Group with local presence to better take advantage of large local alternative fund markets. These acquisitions have also provided us with increased scale and capability in our Ireland, Guernsey and Japan offices. We are pleased with the value these new additions are already adding to the Group.

In July 2020 we divested our legacy Private Client business in Jersey, following a competitive trade sale process. This has sharpened the Group's focus on its core strengths within the Alternative markets, which we believe have excellent long-term growth potential supported by structural growth trends.

With over 90% of the Group revenues now generated from alternative assets funds and the remainder from delivering complementary services to corporate clients, Sanne is well positioned to leverage its technology and service development on maintaining its reputation for market-leading quality service.

Dividend

Sanne remains well placed to continue delivering a resilient financial performance and capture the growth potential in our markets. Reflecting our confidence in this, the Board is recommending a final dividend of 9.9 pence per ordinary share (2019: 9.4 pence), taking the total dividend for the year, including the interim dividend of 4.8 pence per share, to 14.7 pence per share (2019: 14.1 pence in total).

Our people

People are at the heart of Sanne and remain our most valuable asset, and we have prioritised their health and safety throughout 2020. The year brought many challenges for our workforce, but the resilience, determination and performance of our whole team has been outstanding. Not only have our people continued to deliver high quality service and go the extra mile for our clients, but they have done so whilst coping with the need for constant change in rules governing travel and working conditions across all our offices. I am particularly proud to see that in a year where Sanne has been able to trade so resiliently, whilst adapting to remote working across all offices at various points in time, we have not needed to reduce headcount or use furlough schemes. In fact, our people have responded with an unprecedented level of charitable activity to support those in our communities less fortunate than ourselves. I would like to extend my thanks to everybody for their efforts during the year.

2020 has also been a busy year as we have looked to advance our connectivity and engagement with the workforce. This has been particularly important as we have hired over 400 new people into the business this year, many of whom have never stepped foot into a Sanne office or met with their team face to face. Our total headcount has grown to over 1,900 with almost all of those spending the majority of 2020 in remote working conditions.

We have sought to engage more closely with the workforce in a number of ways. This has included increased channels of communication across the Group and new virtual events and facilities for staff to directly engage with the Board and senior management. The Workforce Advisory Panel, established last year, has also been busy focusing on a wide range of topics in the Group and directly engaging with the Board. During 2020, we have also seen the establishment of Sanne's Diversity and Inclusion Committee. Sanne is a highly diverse business today and this committee, made up of employee representatives from across the Group, reports directly to the CEO to help us promote diversity and inclusion initiatives into all areas of our operations.

The Board has also continued to expand its diverse range of skills and backgrounds. During the year we appointed Sophie O'Connor to the Board who will take over from Andy Pomfret as the chair of the Audit Committee when he retires from the Board in May 2021. I would also like to take this opportunity to thank Andy Pomfret for his considerable contribution to the Board since joining at IPO. Following the year end, we have also appointed Fernando Fanton to the Board, who brings with him a wealth of technology knowledge and experience to the Board.

Environmental, Social and Governance (ESG) – Our role in society

We continue to view ESG as an imperative part of how Sanne operates. Environmental and social considerations are embedded in our corporate values and commercial operations, and robust governance, transparency and accountability principles underpin our approach across all areas of business.

In 2020 we established our ESG and sustainability policy framework and set ambitious long term environmental and social policy objectives, including carbon offsetting targets. Environmental and social considerations are therefore embedded in our corporate values and commercial operations. Robust governance, transparency and accountability principles also underpin our approach across all areas of business.

We appointed a new Global Head of ESG in the year, who is responsible for coordinating and managing much of the Group's framework in relation to ESG. We entered 2020 seeking to establish a robust baseline, quantifying our environmental and social impact across our operations including carbon offsetting targets. Further detail of this is set out in the ESG section of this annual report.

As a professional services provider, our most material contributors to our environmental and carbon footprint are business travel and utilities consumption, both representing essential components of our business operations. As a result of the various restrictions arising from the COVID-19 pandemic, we have seen a significant reduction in the Group's carbon footprint during the year. Whilst some of these changes are not immediately sustainable, as we will need to resume certain levels of travel and office use, we are committed to making Sanne a carbon neutral company.

Looking ahead

The demand for alternative asset investments is as high today as we have ever seen it, and we are encouraged by the trends that we have seen in the latter months of 2020 and the first two months of 2021. That, coupled with increasing regulatory requirements and complexity and the propensity for asset managers to seek an outsourced solution for administration, are powerful long-term drivers for our market.

The capabilities and global platform that we have built, and strengthened further during 2020, position Sanne well to make the most of these opportunities. Notwithstanding the short-term challenges that have arisen as a result of the global COVID-19 outbreak, the Board continues to look to the future with confidence.

Rupert Robson
Chairman

Our values. How do we make every day count?

01. We are **professional** every day

- Deliver exceptional quality and service.
- We do what we say we will – operating with integrity and honesty.
- Get things done with momentum and speed.
- Share our expertise, knowledge and experience.
- Be curious, take a fresh look.

02. We are **connected** every day

- In tune with our clients' needs.
- Collaborate as teams, sharing ideas.
- Listen to understand.
- Seek partnership.
- Flexible and adaptable.
- Connect people and processes with technology.

03. We **care** every day

- Include and support everyone within the Sanne family.
- Respect diversity.
- Deliver service with a personal touch.
- Do the right thing.
- Care for our communities and the environment.

Chief Executive Officer's Statement

The Group has delivered a robust performance in 2020, with strong profit growth and continued high levels of cash generation in the year despite a number of external challenges adversely impacting our addressable markets, in particular the COVID-19 pandemic and uncertainty arising from both Brexit and the US elections. A key focus during 2020 has been on the health, safety and wellbeing of our people, whilst adapting to remote working and the various restrictions arising as a result of the pandemic. Despite those challenges, the business has remained focused on ensuring uninterrupted support and quality service delivery for our clients and we have also made significant strategic progress, continued to deliver new business and invested for growth.

Martin Schnaier
Chief Executive Officer

2020 performance

£'000	2020 Revenue	2020 Gross Profit	2020 Margin	2019 Revenue	2019 Gross Profit	2019 Margin
EMEA	63,519	35,603	56.1%	58,659	35,409	60.4%
APM	36,233	25,275	69.8%	34,302	23,422	68.3%
NA	29,562	15,432	52.2%	26,897	13,659	50.8%
CI	40,374	24,240	60.0%	37,659	21,522	57.1%
Total	**169,688**	**100,550**	**59.3%**	**157,517**	**94,012**	**59.7%**

	2020	2019	Growth	Constant Currency Growth
Underlying operating profit	**£48.0m**	**£43.0m**	**11.7%**	**8.4%**
Underlying diluted EPS	**25.4p**	**21.3p**	**19.2%**	**12.2%**

Growth rates	Revenue Growth	Revenue Constant Currency Growth	Gross Profit Growth	Gross Profit Constant Currency Growth
EMEA	8.3%	7.6%	0.5%	-1.7%
APM	5.6%	5.3%	7.9%	6.8%
NA	9.9%	9.7%	13.0%	14.2%
CI	7.2%	6.9%	12.6%	11.6%

During 2020, Sanne experienced growth in difficult circumstances. Although we remain very confident that the substantial, long term market opportunity remains for alternative assets, the extraordinary events of 2020 have had a temporary impact on our business across all regions. We saw a sharp slowdown in new funds being raised by our clients, during Q2 and Q3 in particular, in addition to clients delaying the formal closing of many funds on which we had already been appointed. As a consequence, we have experienced a longer than average period of time between winning new fund business and the fund closing and starting to generate revenue. These delays, combined with normal levels of end-of-life attrition, have resulted in slower year-on-year total revenue growth of 7.3% and organic net revenue growth of 5.8% (both on a constant currency basis). It remains a testament to the resilience of our markets, business model and leading competitive proposition that, despite the culmination of these adverse factors, particularly in the reported revenues for the second half, we continue to deliver organic revenue growth across all regions.

It is pleasing to report that we made good progress in improving gross profit margins in 2020, following the actions taken at the start of the year to realign client revenues and costs under the jurisdictional reporting model. In particular, we saw gross profit margin improvements of 290bps and 150bps in the Channel Islands (CI) and Asia Pacific & Mauritius (APM) respectively, as well as 140bps in North America (NA). The APM and NA margins achieved this despite being held back by the new Japan and Cayman offices respectively, where margins have been lower as we ramp up these fast-growing new regions. Both offices are expected to deliver margins in line with the rest of their region in 2021. The margin in EMEA was impacted in 2020 by the reduced revenue in the Hedge business and increased costs in Luxembourg following the revenue realignment exercise which we discussed in the 2019 annual report as well as the requirement to invest in our Irish business ahead of being awarded our new specialised depositary licence.

Underlying operating profit has seen good growth in the year of 11.7% and of 8.4% on a constant currency basis. This has been helped by a 100bps increase in the Group's underlying operating profit margin to 28.3% in the year, driven by the decisive actions we took in the second half of 2019 and at the start of 2020 to address certain operational challenges. This increased profitability has been delivered despite some headwinds in the year such as increased year end provisions for untaken leave as well as the business carrying the overhead costs related to the discontinued operations for much of the year.

The annualised value of recurring new business wins in the year was £22.5 million, marginally down on the prior year (2019: £24.5 million) but very encouraging given the prevailing market conditions. The business saw a notable pick-up in wins during the fourth quarter of the year and whilst many of these new wins were funds that had been delayed from earlier in the year, this pick-up, combined with a number of funds won earlier in 2020 and finally closing during Q4, gives the business an encouraging exit revenue run-rate into 2021. Whilst it remains too early to call a full recovery in the fundraising environment, the high levels of demand for closed-ended alternative asset investment strategies provide us with confidence in the sustainability of the medium and longer term structural growth drivers in our markets.

We continue to deliver very strong cash performance, with underlying operating cash generation of 99.5%, ahead of our 90% guidance. As such, the underlying free cash flow attributable to equity holders was £33.6 million for 2020. This performance is particularly pleasing to see given the impact the COVID-19 pandemic has had on liquidity and cash generation more generally across the economy.

Chief Executive Officer's Statement continued

Enhancing our capabilities through innovation and technology

We have continued to make good progress against our core strategic goals, investing to further strengthen our client offering and competitive position.

Technology and innovation have remained key priorities this year and this will continue in 2021. We have implemented a new technology strategy for the business to position Sanne as the leading and most flexible service provider in the closed-ended fund markets. This strategy is focused on improving efficiency in our processes and systems as well as building a scalable and fully integrated data architecture across all regions, product areas and third-party systems to allow us to deliver the same levels of high quality service more effectively across all our clients and areas of specialism.

This work has also involved us continuing to invest in new technology development capability within the Group which has been critical in the development of a range of new client-facing applications, analytics services and reporting tools such as our new integrated client portal Sanne.Live. We continue to leverage our technology centre of excellence in Belgrade as well as building a new development centre in Madrid. The delivery of these innovative services at the forefront of the market has also been facilitated through external investments and partnerships. The Sanne Spotlight product developed with Colmore was rolled out to clients for the first time in the second half of the year and has seen a material amount of positive client feedback. This new product offering is acting not just as an additional revenue opportunity but as a significant differentiator in competitive tender processes. Similarly, we have entered into a partnership and investment agreement with Alternative Assets Accounting Software Inc., a US-based technology firm that is working with us to develop exciting new technology products aimed at servicing both the fund investor and fund manager markets.

The Product Development team have also been instrumental in driving service innovation. By investing in senior specialists across each of our target markets and specialised services of Private Equity, Real Assets, Private Debt, Loan Agency, Hedge, Corporate, Regulatory Services, Technology and Capital Markets we have been able to roll out new service offerings. These have included new compliance and regulatory services to support both existing clients as well as new client wins. It has been particularly important in a year of such significant uncertainty and change to have credible, market-leading figures interacting with our key clients, prospective clients and market intermediaries.

As Sanne continues to build upon its reputation as a leader in our industry, we have refreshed our branding to reflect the tangible evolution of the business during the past year and highlighting our focus on providing our clients with local service excellence on a global, scalable platform. The new branding communicates a differentiated, technological evolution of our service proposition, enhanced service quality and further ambitions for the exciting opportunities that lie ahead for all our stakeholders. Client and employee feedback has been positive, with many noting this better reflects Sanne's evolution to a scaled, industry-leading platform focused on high quality client service.

Expanding our geographic footprint

We have continued to be active in expanding our geographic reach and delivering on our inorganic growth strategy in 2020. The Group now has operations across 22 locations and operates at scale in all key jurisdictions to support our clients. Our expansion over the years has enabled the Group to remain largely agnostic to the risks posed by political events such as Brexit and in a good position to capitalise on the additional complexity and fund flows these changes can drive.

During the first half of the year, we completed the Inbhear Fund Services acquisition which provided the Group its first jurisdictional footprint in Cayman and enhanced our existing Irish service offering in Dublin. We have seen continued good performance from this business since acquisition and a healthy amount of cross selling from other parts of the business.

In the second half of the year, we completed two further acquisitions of Avalon Trust & Corporate Services Limited in Cayman and the lift-out of Deutsche Bank's trust company operations in Japan. In both cases the acquisitions added critical mass and a high-quality client list to our newest offices as well as adding trust services to our local offerings. In Cayman we have seen a good level of new business activity as a result of this new location which has given access to a large new target market. In Japan, we are seeing our new office start to gain significant traction in the local market. As an office that started with the roll-out of Real Estate fund administration, we are providing Private Debt and Loan Agency services to new client wins in the second half of the year. We are seeing a significant level of demand for Sanne's services in a local market historically dominated by the large local banking players.

In Q4 we successfully entered into an agreement to acquire Private Equity Administrators (PEA). PEA is a leading independent private equity administration business, which adds two new locations to Sanne in Sweden and Denmark, as well as doubling the size of our existing Guernsey operation. This is a strategically important addition to the Group and establishes a physical footprint in the Scandinavian region where there is a large market for capital focused on the alternative assets space. I am delighted to have seen this acquisition complete in the first quarter of 2021 and we are already seeing very encouraging cross-selling opportunities to assist PEA's clients across Sanne's existing markets.

2020 also saw us dispose of our legacy Jersey Private Client operation. This has been an important step in tightening our strategic focus on our core markets and allows the Group to concentrate on its strengths.

We continue to see many potential acquisition opportunities across our markets. Sanne has a track record of targeting and integrating high quality strategic acquisition opportunities to build out the client service offering and proposition as well as expanding our physical footprint. We will continue to be disciplined in our approach to, and assessment of, acquisitions.

Strengthening our operational platform

We continue to invest in our global operating platform to enable Sanne to be agile and responsive in support of our clients whilst maintaining best-in-class processes and controls in a highly regulated industry. 2020 has demonstrated the strength and resilience of our operating platform as we have adapted to the varied implications and challenges of the COVID-19 without adverse impact on our operations and service delivery. 2020 has also been a period of opportunity for us to look at ways we can enhance our client and employee proposition by rolling out more remote and virtual services.

We made significant progress in 2020 and we see exciting new opportunities for Sanne to continue to execute our new technology and data strategy roll out in 2021 and beyond. Our clients and our people will materially benefit from our enhanced technology capabilities.

Outlook

As we announced in January 2021, new business wins started to increase strongly in Q4 of 2020. Moreover, new business already won in 2019 and 2020 but delayed by COVID-19 began closing and commencing revenue generation. This followed a period of disruption caused by COVID-19 that led to a delay in fundraisings and closings as well as a general reduction in transaction levels. This momentum in new business wins has continued in the first two months of the current year.

Taking into account the ongoing restrictions due to COVID-19, as well as the expected progress in vaccinations globally and anticipated recovery of funds activity, the Board is confident that the Group will perform at least in line with its previous expectations in 2021, as well as returning to double-digit organic revenue growth rates.

The Group firmly believes that it is well-positioned to capture the significant growth opportunities in its markets. The medium and long-term structural growth drivers for the industry remain strong and the Group is confident that its continued investment in its client proposition, technology-led services and operational platform will enable it to maximise its significant potential and create substantial value for its shareholders.

Martin Schnaier
Chief Executive Officer

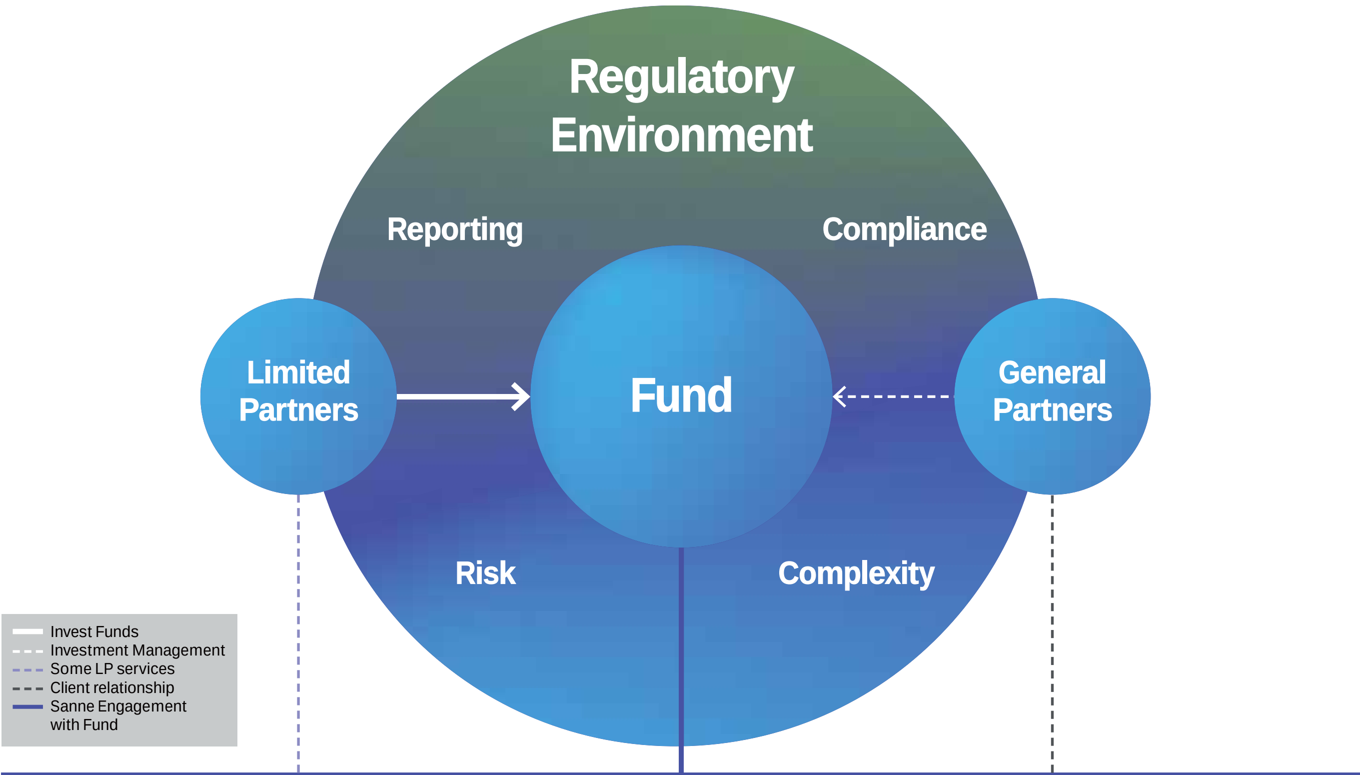
We continue to see many potential acquisition opportunities across our markets. Sanne has a track record of targeting and integrating high quality strategic acquisition opportunities to build out the client service offering and proposition as well as expanding our physical footprint.

Where Sanne fits into the alternative asset management value chain

Sanne's core offering is the provision of outsourced services to fund structures. We engage directly with the fund to provide the administrative and accounting services it requires to operate. This also involves some ancillary services to the investors of that fund (the Limited Partners) as well as directly to our "Client", the asset management firm who has set up and directs the investment of the fund (the General Partner). Outsourcing these fund administration and corporate services to Sanne enables the General Partner to be more efficient in their operations and focus on the value creation tasks that are their main purpose. It also ensures that all stakeholders in the fund structure benefit from a well-funded, well-resourced and leading service provider.

Their strengths are their technology, accuracy and the timelines of their work. The team is supportive and we do see the value in having one administrator. We have a good relationship with them.

Client Survey



Sanne fund administrative services

Financial services

Corporate governance services

Other regulatory services

Product specialisms

Private Debt
- Debt fund strategies
- Debt fund accounting services
- Debt fund administration services
- Loan administration and portfolio monitoring
- Agency and trustee services

Capital Markets
- Asset financing
- ABS, CMBS and RMBS
- CDOs, CLOs and derivatives thereof
- Covered bonds
- Commercial paper programmes
- MTN and multi-dealer issuer programmes
- Project finance
- Repackaging transactions
- Structured credit refinancing
- Trade and consumer receivables

Real Assets
- Expert asset management
- Income and value add strategies
- Development projects
- Infrastructure projects
- Fund management
- Separate account mandates
- ESG strategies

Private Equity
- Buyout / leveraged buyouts
- Venture capital
- Growth capital
- Fund of funds
- Special situations
- Secondaries

Corporate
- Incorporation, registered office services and company secretarial administration
- Corporate governance, listing and board support, including directorships
- Liquidation and entity rationalisation
- Process agent and escrow services
- Payroll administration and HR support
- Relocation and new market entry
- Corporate transaction management
- TISE listing sponsor

Hedge
- Invest servicing and transfer agency
- Cash management
- Fund of fund custody
- Middle office services
- Fund accounting
- Financial reporting

Services delivered

Fund Services
- Establishment
- Governance and administration
- Investor services
- Financial reporting
- Tax and regulatory compliance

Corporate Services
- Governance, fiduciary
- and administration
- Investment and treasury
- Employee incentives and
- independent trustee
- Tax, regulatory and compliance
- Accounting and financial

Portfolio & Data Services
- Portfolio investment monitoring
- Portfolio monitoring
- Data management and consolidation
- Compliance

Loan Agency Services
- Loan administration
- Covenants monitoring
- Bond agency:
  - Trustee and agency
  - Portfolio monitoring
  - Security agency

AIFM & ManCo Services
- Rent a ManCo
- Fund distribution
- Risk management
- ManCo hosting
- South Africa ManCo

Depositary Services
- Cash monitoring
- Safekeeping
- Oversight

Client types

Client/ Product-led go-to market strategy

01. Private Debt
Experts provide fund and corporate administration and loan agency services to leading global financial institutions and debt asset managers. Expertise includes real estate finance, leveraged loans, non-performing loans, structured finance and infrastructure debt. Services include debt specific financial reporting and transaction management, loan administration and facility agent services.

02. Capital Markets
Experts provide services to a wide range of regulated and/or unregulated SPVs for major banks and other leading financial institutions across the globe. Extensive asset class experience covers a complete range of capital markets and structured finance transactions, including future performing or non-performing receivables securitisation, medium-term note programmes, CLOs, RMBS/CMBS, ABCPs and Repackaging transactions.

03. Real Assets
Specialist corporate and fund administration professionals service real estate managers, sovereign wealth funds, pension funds and institutions and have extensive expertise in a range of property classes including offices, hotels, logistics, residential, student accommodation, industrial, retail and development.

04. Private Equity
Specialist PE fund and corporate administration professionals service private equity houses, institutions and family offices with private equity style investment vehicles. Expertise covers energy, infrastructure, bio-ventures, emerging markets and secondaries, with services spanning the provision of directors, transaction management, administration, financial reporting and compliance services.

05. Corporate
Specialists offers a comprehensive range of services including governance, fiduciary, company secretarial support, financial reporting, regulatory reporting (FATCA and CRS), acting as listing sponsor for the International Stock Exchange (TISE) and AIFMD depositary services. Clients include international corporates, listed businesses, institutions and entrepreneurial groups.

06. Hedge
Experts offer clients middle and back-office services to a broad range of fund types and standalone structures. Services include fund accounting, investor services, cash custody, middle office and regulatory reporting. We have specific operational experience in the full range of challenges relevant to hedge funds, funds of hedge funds and to the hedge fund manager industry.

Underpinned by solid foundations

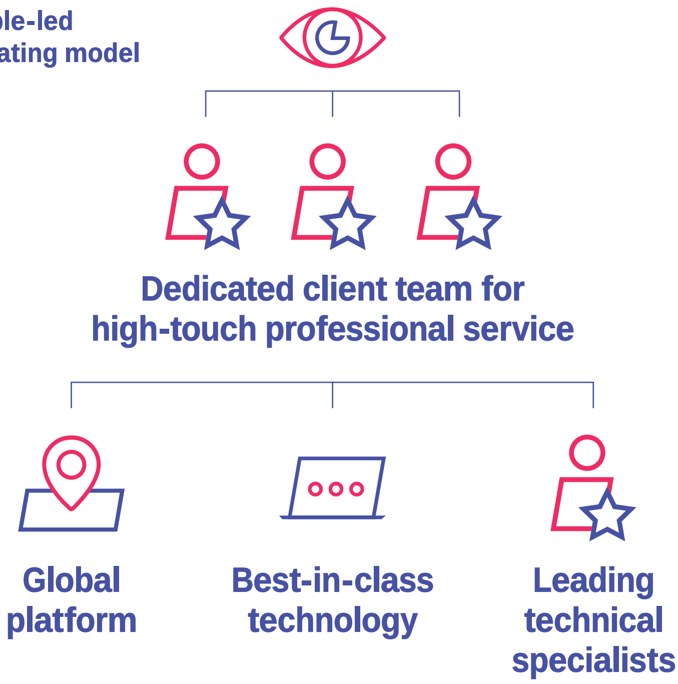
Values & Culture

Strong Governance

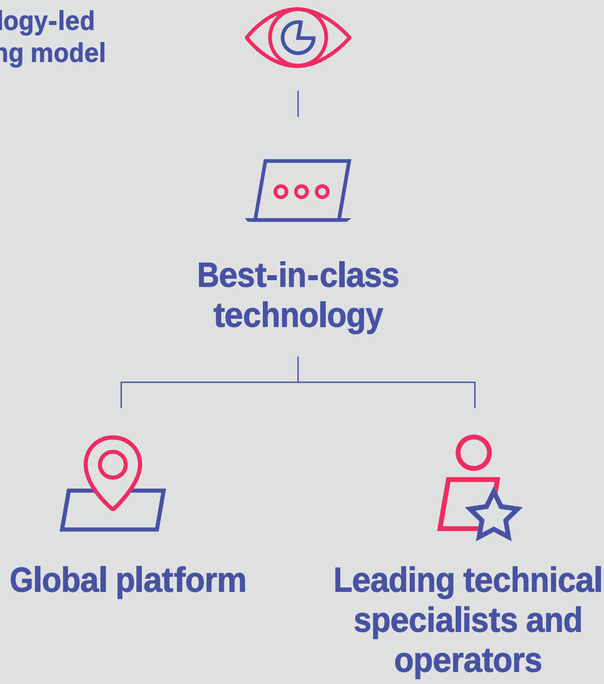
Risk Management

Operating model

People-led operating model



Technology-led operating model



Our key differentiators

Talented people
1,900+ skilled professionals around the world focused on exceptional client services.

Technology enabled
Our best practice processes and platforms support our client service offering.

Expertise
Deep expertise and experience across all asset classes and markets.

Footprint
Global reach with deep and tailored expertise in regulated markets in both onshore and offshore jurisdictions.

Specialists
Leaders in our field with a globally recognised corporate brand name synonymous with professionalism, innovation and quality.

Engaging with our stakeholders

As a global provider of alternative asset and corporate services, our business decisions impact, and are affected by, a number of key stakeholders.

Employees

Sanne is a people business. The success and wellbeing of our people is integral to our clients' success and therefore our business success. We have a number of initiatives to actively engage our people, including through our Workforce Advisory Panel, to ensure we remain the employer of choice by attracting and retaining top talent. The newly formed Diversity and Inclusion Committee ensures all management levels operate with diversity and equal opportunity, and that the diversity translates into better decision-making and innovative thinking.

More information about Sanne's engagement with its employees, including details of the Workforce Advisory Panel and the Diversity and Inclusion Committee, can be found in People and Culture on pages 40-45.

Clients

As a professional financial services provider, Sanne puts a client-focused approach at the heart of it's ethos and growth strategy and we therefore actively monitor client service levels and product offerings. Funds have an average life cycle of 7-12 years so it is imperative for us to nurture and maintain long-term relationships that grow and add value in a mutually beneficial manner.

Sanne is committed to providing quality services by bringing together the breadth and depth of our resources, experience and insights to help clients address their needs. We maintain open communication with our clients, advising them of our market strategy and product developments. We are also committed to fair business practices and charge fees that reflect the value of services provided and responsibilities assumed, and we pay due regard to client information requirements and communicate in an open, honest and straightforward manner.

Each client has a team who understands their expectations and we maintain client care plans to ensure each clients' specific requirements are anticipated and met. Client interests form the basis of Sanne's business planning and decision-making and we put extra consideration into managing the risks that may not be conducive to that objective. We learn from client feedback and use this to improve service offerings and drive geographic, product and technology growth strategies.

As a professional financial services provider, Sanne puts a client-focused approach at the heart of it's ethos and growth strategy.

Shareholders

Sanne continues to maintain an active dialogue with its key stakeholders, including institutional investors, to discuss issues relating to the performance of the Group including strategy and new developments. The Non-executive Directors are available to discuss certain matters with shareholders, and the Chairman and Independent Non-executive Directors will attend meetings with investors and analysts as required.

Our investor relations programme supports the aims of the UK Corporate Governance Code and the UK Stewardship Code to promote engagement and interaction between premium listed companies and their major shareholders. During 2020, the Executive Directors, supported by members of the senior management team, met with representatives from over 70 investor and potential investor institutions. In addition to the investor roadshows conducted following the release of the preliminary and interim results, the executive team held one-to-one meetings at the request of investors and attended investor events organised by our joint brokers and other partners. Additionally, the Chairman approaches our larger shareholders to provide an opportunity for direct interaction on an annual basis.

Our investors are kept up to date with regulatory news releases through our regulatory news service (RNS) and press releases. Copies of the past RNS announcements can be found on the Group's website at www.sannegroup.com.

Intermediary network

We seek mutually beneficial, long-term relationships with our external advisers and intermediary partners and are dedicated to dealing with these parties in a fair and transparent way. Our network of high quality intermediary partners is a key driver of our business development and organic growth strategies. This network enables Sanne to connect with potential clients and to provide our existing client base with access to the best providers for complementary services.

Suppliers

Our suppliers provide us with technology, human resources, facilities management, travel and professional services. We oversee and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to modern slavery, data protection, human rights, ethics and environmental concerns.

Regulators

As a professional financial services provider, we foster open and transparent communications with our regulators. We achieve this by providing our regulators with ongoing information in relation to our business, notifying them of issues as they arise, and responding to requests for information in a timely manner. Additionally, where appropriate, we provide input into regulatory consultations in order to contribute to and influence the direction of regulation. Sanne's Group Head of Compliance prepares a report outlining all regulatory interactions and developments which is presented at each Risk Committee meeting, and is in regular contact with the Chair of the Risk Committee.

Section 172 Statement

Sanne Group plc is a Jersey-incorporated company and as such operates under the Companies (Jersey) Law 1991 (as amended). Section 172 of the Companies Act 2006 applies only to companies incorporated in the UK; nevertheless, under provision 5 of the Code and as a matter of good governance the Board ensures it understands the views of all of Sanne's key stakeholders and considers the impact of its decisions on each of those stakeholders.

The Board considers that they have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of its shareholders as a whole. In doing so they have regard to the likely long-term consequences of their decisions, and the impact these may have on the Company's key stakeholders. Further information on how these duties have been applied can be found throughout the 2020 Annual Report and Accounts:

Section 172 duty	Key examples	Page(s)
Likely consequences of any decision in the long term	Strategy Review Risk Management Going Concern Viability Statement	20-23 46-51 73 52-53
The interests of Sanne's employees	Chairman's Statement People and Culture	06-07 40-45
The need to foster Sanne's business relationships with suppliers, customers and others	Strategic Framework Chief Executive Officer's Statement Our Stakeholders	20-23 08-11 16-19
The impact of Sanne's operations on the community and environment	Chairman's Statement ESG and Sustainability	06-07 36-45
The desirability of Sanne maintaining a reputation for high standards of business conduct	People and Culture Risk Management	40-45 46-51
The need to act fairly as between members of Sanne	Board Effectiveness	64-69

Case study – Acquisition of Private Equity Administrators Group

A clear example of the Board complying with the duties of Section 172 was the approval to enter into an agreement to purchase Private Equity Administrators Group (PEA) on 4 December 2020. In line with Sanne's inorganic growth strategy, this transaction was the fourth, and most significant, acquisition undertaken during the reporting period.

This project required Board approval, and in making its decisions the Board considered the matters set out in Section 172 as described in the table below.

• Sanne's acquisition of PEA will: – generate long-term value for Sanne by entering the strategic Scandinavian region and accessing the associated private capital flows from Scandinavian pension and sovereign wealth funds; – provide an opportunity for Sanne to scale its existing Guernsey operations; and – create potential cost synergies through a combination of the two businesses.
• The acquisition will create new employment opportunities within Sanne through the introduction of two new jurisdictions (Denmark and Sweden) as well as career progression opportunities for those employees in an enlarged Guernsey office. • Facilitate the relocation of Sanne's current Guernsey office to a more central and suitable office in St Peter Port.
• The acquisition will allow Sanne to strengthen its existing client relationships and product capabilities in Guernsey through the greater scale and investment created. • PEA will also bring new client relationships into the enlarged Group which Sanne, with its global footprint and broader service capability, will be able to enhance and expand internationally. • By expanding our geographic footprint we will generate more referral opportunities for our network of intermediaries. Similarly, PEA's network of intermediaries will now have access to a global capability rather than just the three markets which PEA previously operated in.
• PEA represents Sanne's first inorganic investment in the Guernsey jurisdiction which is a key private fund location and one where Sanne has historically lacked scale compared to some of its competitors. • Sanne will become one of a small number of international alternative fund administrators to recognise the importance and potential of the Scandinavian markets as an area of future growth.
• The acquisition offers a strong enhancement of Sanne's current capability and reputation in Guernsey by integrating with another leading firm in the market, and enhances Sanne's stature in the international market through the Scandinavian expansion. • It will also enhance Sanne's relationship with the Guernsey Financial Services Commission as it will signal Sanne's commitment to Guernsey as a key private fund market.
• PEA is a strategically important acquisition that will further expand Sanne's geographical footprint introducing a new physical presence in the important Scandinavian markets of Denmark and Sweden, which have strong underlying growth characteristics, and provides an opportunity to increase the scale of the Group's Guernsey operations and client base. The acquisition is therefore fully aligned with the interests of all our shareholders.

Strategy Review

The vision of the Group is to be one of the world's leading providers of outsourced alternative asset and corporate administration services.

The Group looks to partner with top tier alternative asset managers, financial institutions and global corporates, who require a high-touch professional service due to the bespoke nature of their investment products and activities. These products and activities have become increasingly complex and cross-jurisdictional requiring co-ordinated support across a global platform supported by industry experts in private equity, private debt, capital markets and real assets.

Organic growth The Group's growth strategy is focused on a series of core initiatives:	**01.** Drive differentiated, best-in-class client offerings through high-touch and technology enabled services.	**02.** Increase our share of wallet within existing asset manager client groups, as well as targeting new ones.
Priorities	**This involves investing in the best people and training programmes, developing efficient and best-in-class processes; investing in new technology-led services and propositions; rolling out new capabilities relevant to specific product groups and adding new services that are relevant to our client base.**	**This involves cross selling more services to each fund; capturing new fund launches by existing clients; servicing larger client groups across all their alternative investment product strategies and all their operating jurisdictions; displacing competitors as clients seek to rationalise their supply chain; and targeting "new-new" asset manager clients on to the Sanne platform either through competitive process or encouraging first time outsourcing.**
Link to KPIs	1 2 3 4 5 7 8	1 2 3 5 6 8
Link to principal risks	• Competitor & client demand • Financial performance • Staff Resources • Strategy • Technology	• Competitor & client demand • Financial performance • Strategy

Client-driven

Sanne executes this strategy by offering "local excellence on a global platform". It has built a platform spanning 22 locations with over 1,900 employees that is preeminent in its core markets and is relied upon by over 1,950 clients with AuA totalling in excess of £465 billion. Clients choose Sanne not only because of its depth of resource, but also because of its client-centric approach, which focuses relentlessly on delivering quality support.

This client-centric approach is predicated on a professional services philosophy and is backed up by the assurance of its listing on the London Stock Exchange, which provides a credible governance framework for a business with over £465 billion in assets under administration. Listing also means that Sanne can take a long-term approach with clients requiring stability of service over 10-year-plus cycles in an industry where the competitive landscape is dominated by short-term propositions.

Structural market growth

Sanne's continuing growth has stemmed from the combined effects of investor demand for alternative investment strategies, ever increasing regulatory complexity and the rise in outsourcing by asset managers increasing the size of our addressable markets. The trend towards outsourcing services to a firm such as Sanne is a result of increasing sophistication among clients in relation to outsourcing together with a desire to rationalise supply chains by using fewer, larger and more capable administrators. In this environment, we believe that Sanne is uniquely placed to meet growing industry needs and is determined to develop a sustainable product that helps facilitate global investment in a responsible manner.

03.

Roll out our services and product offerings at scale across the entire global footprint.

This involves ensuring that we offer all product verticals in every location to which they are relevant to the Group's common high standards.

1 2 3 5

- Compliance
- Competitor & client demand
- Financial performance
- Strategy

04.

Add new geographic markets to the Group's footprint in line with client requirements.

This involves opening offices across new locations to access new markets and clients.

5 9

- Competitor & client demand
- Financial performance
- Strategy

05.

Invest in resilient and scalable operating platforms and technology to support our client service offering.

This involves continuing to build robust capability across Group Service areas such as risk, compliance, human resources and finance as well as investing in technology and systems to improve efficiency and capability and develop processes to ensure scalability and efficiency in our processes.

3 4 5 7 8

- Compliance
- Competitor & client demand
- Financial crime
- Financial performance
- Strategy
- Technology

Specialism gives us focus, provides you clear outcomes.

Sanne has a track record of targeting and integrating high quality strategic acquisition opportunities to build out the client service offering and proposition as well as expanding our physical footprint.

Inorganic growth	**06.** Sanne has a proven track record of identifying, acquiring and successfully integrating specialist firms where this enhances the value proposition of the Group and its services.
Priorities	**This activity is essentially relationship-driven and uses Sanne's capital resources to fund acquisitions, strategic investments and partnerships to augment or accelerate growth across one or more organic growth initiatives. These transactions are always undertaken in a responsible manner after careful due diligence to ensure a shared vision and minimise any risks to the Group. Sanne does not specifically target inorganic growth for its own sake.**
Link to KPIs	1 5
Link to principal risks	• Acquisition • Competitor & client demand • Financial performance Strategy

Strategy in action: Acquisitions of Inbhear and Avalon, Cayman

Sanne first entered the Cayman market through the acquisition of Inbhear Management Services which completed on 1 April 2020. This provided an initial physical presence in the region with a partial service capability. The Group further expanded this presence through the acquisition of Avalon Trust & Corporate Services Ltd which completed on 1 October 2020. Avalon accelerated the Group's growth strategy in Cayman as well as expanding the service capability to include the provision of regulated trustee services to corporate and institutional clients.

Transaction highlights

The acquisitions of Inbhear and Avalon during 2020 have provided Sanne with a scalable platform in Cayman able to offer regulated registered office services, corporate secretarial and trustee services to institutional and fund clients. Sanne Cayman now offers an extensive suite of professional services to over 150 clients including leading international asset managers, financial institutions and corporate entities. Sanne is well positioned to take advantage of the international capital flows derived from its existing client relationships in the key financial centres in the US, Asia and Europe which use Cayman as an integral service jurisdiction.

Strategy in action : Acquisition of Deutsche Trust Company, Japan

Through the acquisition of Deutsche Trust Company (DTC) in Japan which completed on 30 September 2020, Sanne has become a leading financial institution, able to offer the full suite of regulated trust services to corporate and institutional clients in Japan, the world's third largest economy. The transaction also established a close business relationship between Sanne and Deutsche Bank, one of the world's pre-eminent corporate and investment banks.

Transaction highlights

The acquisition of a regulated trust licence capability has uniquely positioned Sanne as the only non-bank provider of the full suite of trust and administration services to corporate and institutional clients in Japan. Through the expanded service capability delivered by the acquisition, Sanne has increased its share of wallet and strengthened relationships with existing clients; introduced new client relationships through an informal referral partnership with Deutsche Bank; and delivered new client opportunities with a largely unique set of licences now available to Sanne. The transfer to Sanne of the entire DTC staff has further strengthened Sanne's position in Japan as an innovative and capable provider to some of the world's largest institutions, through Real Assets, Capital Markets, Private Debt and Loan Agency services.

Key Performance Indicators

Key performance indicators (KPIs) are used to monitor the Group's performance and to measure the financial impact of the Group's strategy. KPIs for 2020 are presented for the entire Group (including contribution from continuing and discontinued operations). Some KPIs are Alternative Performance Measures, see pages 34 and 35.

KPI 1

Net revenue

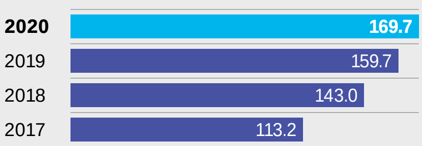
£169.7m

Definition

The value of services sold to clients in the year, excluding third-party fund management fees.

2020 performance

Another year of delivering both organic and inorganic revenue growth.



Strategic significance

Net revenue measures how well the Group has expanded its business.

Link to strategy

1 2 3 6

Link to principal risks

- Acquisition
- Competitor & client demand
- Financial performance
- Strategy
- Technology

KPI 2

Constant currency organic net revenue growth

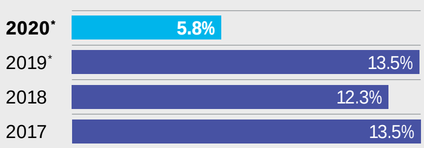
5.8%

Definition

Constant currency organic net revenue growth compares the revenue in the year with the prior year, applying the same FX rates in both periods. Revenue from any acquisition made in the year is excluded. Where an acquisition was made part way through the prior year, the current year contribution will be reduced to include only the same period as had been included in the prior year. A reconciliation is included on page 34 of this Annual Report.

2020 performance

Constant currency organic net revenue growth of 5.8% reflects the resilience of the Group's business despite the sharp slowdown in new fund activity in the year.



* 2020 and 2019 look at continuing operations only.

Strategic significance

Constant currency organic net revenue growth provides a measure of how well the Group is expanding ignoring the impact of acquired revenue streams and currency.

Link to strategy

1 2 3

Link to principal risks

- Competitor & client demand
- Financial performance
- Strategy
- Technology

KPI 3

Underlying operating profit

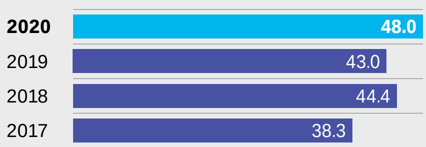
£48.0m

Definition

Group operating profit adjusted for non-underlying items and excluding operating profit from discontinued activities. Further details of non-underlying items can be found in note 9 to the financial statements and further details of discontinued activities can be found in note 11 to the financial statements.

2020 performance

In 2020 we delivered another strong year of underlying profitability.



Strategic significance

Underlying operating profit is a key measure of the profitability of the Group's core operations.

Link to strategy

1 2 3 5

Link to principal risks

- Acquisition
- Competitor & client demand
- Financial performance
- Strategy

KPI 4

Underlying operating profit margin

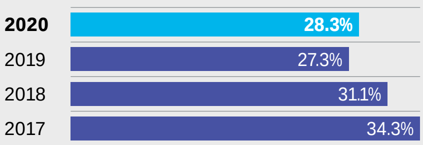
28.3%

Definition

Group operating profit adjusted for non-underlying items and excluding discontinued operations as a percentage of net revenue.

2020 performance

2020 has seen the Group begin to rebuild the underlying operating profit margin despite the tougher markets in 2020.



Strategic significance

Underlying operating profit margin is a key measure of the Group's profitability and efficiency.

Link to strategy

1 5

Link to principal risks

- Competitor & client demand
- Financial performance
- Process
- Staff Resources
- Strategy
- Technology

KPI 5

Underlying diluted EPS

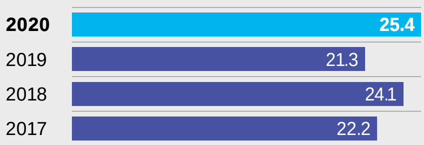
25.4p

Definition

Underlying diluted earnings per share represents underlying profit before tax less the underlying effective tax charge for the period divided by the weighted average number of shares in issue for the period.

2020 performance

Underlying diluted EPS showed a strong increase in the year due to the cumulative impact of revenue growth, margin improvement and FX gains.



Strategic significance

This remains a key measure of value creation for the Board and shareholders.

Link to strategy

1 2 3 4 5 6

Link to principal risks

- Acquisition
- Financial performance
- Strategy

KPI 6

Annualised new business wins

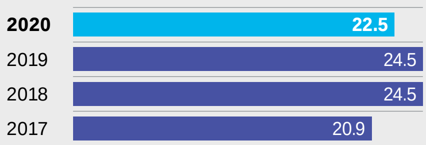
£22.5m

Definition

Annualised new business wins reflects the total expected annualised revenue, excluding one-off onboarding and start-up fees, from new client engagements entered into within the year where Sanne has either already started to invoice the client or expects to commence invoicing the client within 12 months of signing.

2020 performance

The slow-down in new fund raise activity due to the global pandemic means new business wins in the year were broadly flat on prior years.



Strategic significance

The annualised revenue of new business wins are used to gauge growth and performance.

Link to strategy

2

Link to principal risks

- Competitor & client demand
- Financial performance
- Strategy
- Technology

KPI 7

Underlying operating cash conversion

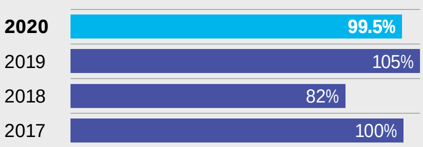
99.5%

Definition

Underlying operating cash flow conversion represents the cash generated by continuing and discontinued operations, adding back the cash charges within non-underlying items and removing the total cash out flow in relation to the Group's IFRS 16 leases, as a percentage of underlying operating profit from continuing and discontinued operations.

2020 performance

Sanne has seen another strong year of underlying operating cash conversion in 2020.



Strategic significance

This measures the Group's cash-generative characteristics from its underlying operations and is used to evaluate the Group's management of working capital.

Link to strategy

1 5

Link to principal risks

- Financial performance
- Process

KPI 8

Underlying free cash flow attributable to equity holders

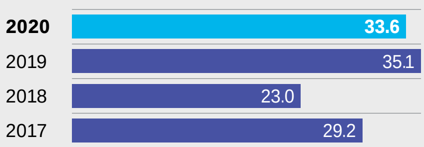
£33.6m

Definition

Free cash flow attributable to equity holders represents our underlying free cash flow prior to any acquisitions, capital expenditure, refinancing or share capital cash flows.

2020 performance

Sanne has seen another year of strong cash generation.



Strategic significance

It is a key measure of cash earned for the shareholders of the Group that can be used to generate cash returns to be invested in the future growth of the business.

Link to strategy

1 2 5

Link to principal risks

- Financial performance
- Process

KPI 9

Number of locations

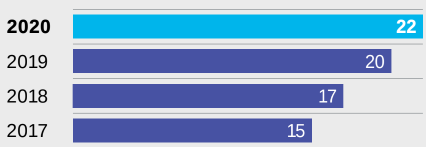
22

Definition

Represents the number of physical locations Sanne operates from.

2020 performance

Sanne has established a number of new locations in recent years with two new locations added after the year end with the acquisition of PEA.



Strategic significance

This remains a key measure of the Group's geographic reach.

Link to strategy

4

Link to principal risks

- Acquisition
- Competitor & client demand
- Strategy

Professionalism
sets us apart,
strengthens your
business.

Segmental Review

The Group's four reporting segments are structured geographically as: Europe, Middle East and Africa (EMEA); Channel Islands (CI); North America (NA); and Asia-Pacific & Mauritius (APM). The Group provides its core offerings of fund administration services to alternative assets funds and corporate administration across all of its segments.

Unless otherwise stated, all growth rates discussed in the segmental reviews are on a constant currency basis.

Europe, Middle East and Africa (EMEA)

Sanne's EMEA segment operates across Luxembourg, Ireland, the United Kingdom, Spain, France, the Netherlands, Malta and South Africa. This division provides services across all our closed-ended investment strategies (Private Debt & Capital Markets, Real Estate, Private Equity and Loan Agency, including Depositary) as well as the Group's open-ended Hedge and corporate clients.

EMEA saw robust revenue growth of 7.6% in 2020 despite the COVID-19 pandemic creating significant headwinds in the South African Hedge fund business and a material slowdown in both new business wins and won mandates closing.

Growth in the period was most significant in Private Equity which saw revenues up around 50% from high quality new mandate wins across the UK and Luxembourg in particular. The region also saw good progress in Loan Agency and Real Assets. Loan Agency benefited as the economic implications of the pandemic resulted in a strong year for refinancing activity. Real Estate fund revenues grew despite a notable drop in transactional activity and market activity as the business saw good pre-COVID-19 wins come onto the platform. Performance was more subdued across the other investment strategies.

The South African business, which has traditionally been largely a Hedge administration platform, saw a significant decline in revenue as material new mandates won in 2019 that were expected to offset the 2019 client attrition failed to ramp up assets under management as expected due to the pandemic. This has a particularly large hit to revenue given the revenue model for hedge fund administration is largely directly linked to assets under management. Despite this, the business has had significant success in winning new closed ended mandates many of which came onto the platform late in Q4. As a result the region should be well set to return to growth in 2021.

The segment's margin in the year has been disproportionately impacted by the delay in revenues in the Hedge business as this product offering is highly operationally geared. This has combined with elevated costs in Luxembourg as we right-size the jurisdiction has led to a dilution of the margin. The year has been one of bedding in new management in Luxembourg in particular. Actions to address these margin issues have been successful through the second half and resulted in a second half margin improvement compared with the first half of 2020.

EMEA also benefited from the integration of Inbhear in Ireland. Following completion of the acquisition at the end of April, the business has seen a good performance and the integration process is progressing well.

Channel Islands (CI)

Sanne's CI segment operates in both Jersey and Guernsey. The segment provides services across all our closed-ended investment strategies. (Private Debt, Capital Markets, Real Assets and Private Equity) albeit, not Loan Agency. The segment also includes the majority of the services to corporate clients. In the year, Sanne disposed of its Private Client business in Jersey that had traditionally formed part of the segment. Whilst that disposal completed on 1 July 2020, the results of that business are presented as discontinued activities and not included in the results for the segment shown in the table.

Revenues from the new CI segment saw organic growth in the period of 6.9%. Revenue growth was slightly stronger across the closed ended alternatives products in the year with Private Debt in particular performing well with good new mandates. Like the rest of the world, the global pandemic slowed new business activity and transaction volumes, particularly across the existing Real Assets which makes up around a quarter of the segment. The region has also continued to see some headwinds as uncertainty around Brexit since the vote in 2016 has seen asset managers favour Luxembourg over the Channel Islands as a domicile destination.

Despite the external factors though, we have seen good progress in the region with investment in the local management teams and business development resource showing good progress. This investment in management along with the revenue reallocation exercise to better match client revenues to the relationship teams in Jersey has resulted in the region seeing a good improvement in margin in the year.

The acquisition of PEA, which has completed after the year end, should be another growth driver for the segment into 2021 as it doubles the current scale of the Group's Guernsey business.

Asia Pacific and Mauritius (APM)

Sanne's APM segment operates across Hong Kong, Singapore, China, Japan, India and Mauritius. This segment provides services across all core products areas.

The segment delivered revenue growth of 5.3% in the year. The APM segment was the first part of the Group to be impacted by the global pandemic and consequential slow down and delays in new business and fund closings. Despite the Asia Pacific offices seeing the start of the slow down sooner, the recovery of activity has been broadly in line with the rest of the business towards the very end of the year. The Hong Kong and China offices saw very low growth in the period with the Hong Kong office having seen a slow end to 2019 as well due to the civil unrest in the jurisdiction. Likewise, the Mauritian office saw very low growth as its key end market of India was particularly badly hit by the pandemic and saw a sharp decline in foreign investment for a large portion of the year.

The offices in Singapore and Japan however continued to see strong double digit growth. Whilst our Singapore office did see a sharp slowdown in activity for a period of the year and similar delays to the closing of new mandates, it still successfully delivered double digit growth underpinning the strong growth potential in the local market that continues to show good recovery. In its second year of operation the Japan office saw very strong growth from a small base as we establish our presence in a very large market for closed ended alternatives. The Japanese office has seen a strong win rate of new asset managers, particularly in the final quarter of the year as the investment in the region shows rewards. The lift-out of Deutsche Bank's Trust Company in the region further augmented the local presence in Q4 and has had a very strong start in the Group.

Margins in the segment saw good improvement overall despite the Japan jurisdiction only breaking even in the fourth quarter as it scales up.

North America (NA)

Sanne's NA segment primarily services closed ended alternative fund clients in North America. The segment originated with the acquisition of FLSV Fund Administration Services LLC (FAS) in late 2016 and has been augmented in the year with the establishment of the Group's first presence in Cayman as a result of the acquisition of Inbhear followed by the acquisition of Avalon which has brought greater scale and regulatory capability to the jurisdiction.

Despite the sluggish fund raising activity that we saw impact the broader market and our clients in the year, the segment delivered revenue growth of 9.7%. The segment also successfully delivered margin improvement in the period which resulted in double digit gross profit growth for the region.

In the region Sanne continues to be predominantly focused on the Private Equity sector, however, 2020 has seen the business successfully diversify winning some Private Debt and Hedge mandates. Travel restrictions delayed the launch of the Group's loan agency offering in the region, but this has commenced in the second half and shows encouraging signs.
The North American market continues to present one of the largest and fastest growing market opportunities for the Group and Sanne remains focused at expanding the physical footprint further across the country.

Europe, Middle East and Africa (EMEA)

	2020 (£'000)	2019 (£'000)	Growth	Constant currency growth
Revenue	**63,519**	**58,659**	**8.3%**	**7.6%**
Alternatives	61,600	56,413		
CPC	1,919	2,246		
Gross profit	**35,603**	**35,409**	**0.5%**	**(1.7%)**
Margin	**56.1%**	**60.4%**		

Channel Islands (CI)

	2020 (£'000)	2019 (£'000)	Growth	Constant currency growth
Revenue	**40,374**	**37,659**	**7.2%**	**6.9%**
Alternatives	29,587	27,628		
CPC	10,787	10,031		
Gross profit	**24,240**	**21,522**	**12.6%**	**11.6%**
Margin	**60.0%**	**57.1%**		

Note: The table above does not include results for discontinued activities in the period

Asia Pacific and Mauritius (APM)

	2020 (£'000)	2019 (£'000)	Growth	Constant currency growth
Revenue	**36,233**	**34,302**	**5.6%**	**5.3%**
Gross profit	**25,275**	**23,422**	**7.9%**	**6.8%**
Margin	**69.8%**	**68.3%**		

North America (NA)

	2020 (£'000)	2019 (£'000)	Growth	Constant currency growth
Revenue	**29,562**	**26,897**	**9.9%**	**9.7%**
Gross profit	**15,432**	**13,659**	**13.0%**	**14.2%**
Margin	**52.2%**	**50.8%**		

Chief Financial Officer's Review

Net revenue grew by 7.3% in 2020 to £169.7 million (2019: £157.5 million) at constant currency. Underlying operating profit has grown 8.4% at constant currency to £48.0 million (2019: £43.0 million) as the Group has successfully improved underlying operating profit margin to 28.3% from 27.3% in 2019 despite the external market conditions. Turnover for the year was up 9.5% to £174.9 million (2019: £159.7 million) due to the growth in net revenue and third-party fund management fees. Statutory operating profit for the year was £23.9 million, up 67.6% from £14.3 million in 2019. This reflected a significant drop in exceptional one-off costs.

Underlying diluted EPS saw growth of 12.2% on the prior year at constant currency and 19.2% at actual currency to 25.4 pence (2019: 21.3p). Diluted EPS saw growth of 192.1% to 11.1 pence (2019: 3.8 pence).

The Group delivered strong cash returns in the year, generating underlying free cash flow attributable to equity holders of £33.6m. This performance represents an adjusted underlying operating cash conversion of 99.5% (2019: 105.5%).

Income statement

The Group reports key items in the income statement such as revenue, operating profit and diluted earnings per share as well as presenting certain alternative performance measures (APMs) such as organic revenue growth rates and underlying profit measures to allow an additional understanding of the results for the year. In order to provide a clear reconciliation of performance, the Group's statutory results and APMs are presented below and an explanation of each of the APMs used is provided at the end of the Chief Financial Officer's Review.

Turnover and net revenue

In 2020 we have separated out third-party fund management fees for the first time. These relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg. These revenues are the management fees for the asset manager in each fund's case, but contractually are paid by the fund entity to Sanne's management company before being dispersed to the relevant asset manager. This has started occurring as a result of new engagement structures through the management company that result in these fees being recognised as turnover for Sanne under IFRS 15. Given these revenues are not economically Sanne's, we have separated these out. Prior to 2020, these amounts were not material but, given strong growth of management fees in 2020, it is deemed appropriate to split these out and refer to net revenue as the relevant income for Sanne.

Net revenue in the year increased by 7.3% on a constant currency basis and 7.7% on an actual basis to £169.7 million (2019: £157.5 million). Organic revenue growth in the period, stripping out the contribution from the three acquisitions that completed in the year, was 5.8% on a constant currency basis.

Turnover for the year grew by 9.0% on a constant currency basis and 9.5% on an actual basis in the first half when the third-party asset manager fees are included.

Gross profit

Gross profit for the year was £100.6 million (2019: £94.0 million). The gross profit margin was 59.3%, broadly flat on the prior period result of 59.7% and flat on the first half. This result reflects a combination of the negative margin impact that arose as a result of issues seen in the South African Hedge business, the depressed Luxembourg margin and the continued increase in investment in the Group's Product and Business Development teams. In the South African Hedge business, the direct cost base is largely fixed, so the drop in revenues has a notable impact on gross margin. These headwinds have been offset by improvements to resourcing controls and resulting margin improvement following the reallocation of client revenues at the end of 2019 across the CI, APM and NA reporting segments which in turn better aligned client revenues and relationships with the costs to service them.

Overheads

The Group's operating model involves client-focused service teams being supported by centralised and integrated Group Services functions including information technology, risk and compliance, human resources, premises, finance and head office. All costs for these functions are included in the Group's overheads. The table below provides a reconciliation of overheads and further details on the definition is provided in the alternative profit measures section.

Overhead costs in 2020 were £52.7 million (2019: £51.2 million), which represented 31.0% of net revenue for the year compared with 32.5% in 2019 and 31.9% in the first half of 2020. The year-on-year improvement has been driven by management actions in the second half of 2019 to improve cost controls across certain overhead functions. The Group's overheads include the costs required to support the discontinued operations.

Non-underlying costs and gains

Non-underlying items within profit measures include share-based payments where they relate to acquisitions; acquisition and integration costs; amortisation and impairment of intangible assets; and other costs not representative of the Group's core business. It also contains gains similarly not representative of the Group's core business such as the gain on disposal of the Jersey based Private Client business in the year, which was a £7.7 million gain in 2020. For further detail on non-underlying items, please see note 9 in the financial statements.

Income Statement

	2020 £'000	2019 £'000	Change %	Constant currency % change
Turnover from continuing operations	174,874	159,707		
Less: Third-party fund management fees	(5,186)	(2,190)		
Net revenue	**169,688**	**157,517**	**7.7%**	**7.3%**
Gross profit	**100,550**	**94,012**	**7.0%**	**5.9%**
Margin	59.3%	59.7%		
Overheads and other operating income	(52,514)	(51,024)		
Underlying operating profit from continuing operations	**48,036**	**42,988**	**11.7%**	**8.4%**
Margin	28.3%	27.3%		
Non-underlying items	(24,095)	(28,707)		
Operating profit	**23,941**	**14,281**	**67.6%**	**56.8%**
Net finance cost and other gains and losses, excl. non-underlying	(3,159)	(4,273)		
Non-underlying finance cost	(253)	(457)		
Profit before tax	20,529	9,551		
Taxation	(4,362)	(4,007)		
Profit after tax from continuing operations	**16,167**	**5,544**		
Discontinued operations	8,679	3,330		
Profit for the year	**24,846**	**8,874**		
Underlying diluted EPS	**25.4p**	**21.3p**		
Reported diluted EPS	**11.1p**	**3.8p**		

Non-underlying items decreased 16.1% in 2020 to £24.1m (2019: £28.7 million). The main drivers behind this decrease have been the £6.3m of earn-out costs and £2.4m of intangible impairment cost in 2019 not repeating in 2020. The largest items within non-underlying costs are the amortisation of acquired intangible assets (£15.7m) and acquisition-related items (£6.4m), together representing 90.7% of total non-underlying costs in 2020.

Operating profit

Underlying operating profit is a key measure of the Group's performance. Underlying operating profit in 2020 was up 8.4% in constant currency on the prior year at £48.0 million (2019: £43.0 million). This reflected a 100bps underlying operating profit margin improvement in the year. Statutory operating profit grew 67.6% in the year to £23.9 million (2019: £14.3 million) as a result of the decrease in net non-underlying charges in the year.

Turnover

	2020 (£'000)	2019 (£'000)	Growth %	Constant currency growth %
Turnover	**174,874**	**158,707**		
Third-party pass through revenue	**(5,186)**	**(2,190)**		
Net revenue	**169,688**	**157,517**	**7.7%**	**7.3%**
Inbhear revenues	1,658	–		
Avalon revenues	437	–		
DBTC revenues	384	–		
Organic revenue	**167,209**	**157,517**	**6.2%**	**5.8%**

Note: See the Alternative Profit Measures section for further explanation of this organic growth calculation methodology.

Overheads

	2020 (£'000)	2019 (£'000)
Operating expenses	76,760	79,916
Non-underlying items within operating profit from continuing operations	(24,095)	(28,707)
Overheads	**52,665**	**51,209**

Chief Financial Officer's Review continued

Finance cost
The Group's net finance cost was slightly down year on year at £4.3 million (2019: £4.7 million). Costs in relation to the Group's revolving credit facility (interest costs and amortised loan fees) and IFRS 16 lease interest costs were both broadly flat year on year. 2019, however, had seen an increased cost as a result of £0.5m of loan fees being written off in the year. The write-off of these loan fees was treated as non-underlying in 2019.

Taxation
The Group's underlying effective tax rate for the year was 17.4% (2019: 19.6%). The year-on-year decrease was driven by the ability to utilise some brought-forward losses in the UK businesses. As with prior years there has been significant non-underlying expenditure impacting on the effective tax rate and, when adjusted for non-underlying items, the statutory effective rate for the year for the total Group was 21.2% (2019: 42.0%). The drop in non-underlying items in 2020 has resulted in a smaller difference between the underlying and statutory effective tax rates for the year.

Diluted underlying earnings per share
Underlying diluted earnings per share was up 19.2% to 25.4 pence (2019: 21.3 pence) in the year. Reported diluted earnings per share were up 192.1% to 11.1 pence (2019: 3.8 pence).

Dividend
The Board continues to adopt a progressive dividend policy where it seeks to increase the absolute value of the dividend each year, subject always to maintaining a sufficient level of dividend cover. Accordingly, the Board is recommending a final dividend of 9.9 pence per ordinary share (2019: 9.4 pence). The final dividend will be payable on 26 May 2021 to shareholders on the register at close of business on 30 April 2021.

Together with the interim dividend of 4.8 pence per share, this gives a total dividend for the year of 14.7 pence per share (2019: 14.1 pence in total).

Cash flow and working capital
2020 has been another year of strong cash performance from the Group despite the external market conditions with underlying operating cash conversion of 99.5% (2019: 105.5%). Underlying free cash flow attributable to equity holders also increased to £33.6 million in the year. This is down 4.5% on the prior year owning in part to the exceptionally strong underlying operating cash conversion in 2019 and in part to this being a metric that includes cash flows from both continuing and discontinued operations and 2020 only benefited from six months of discontinued operations contribution. The main movements in the cash flow are summarised in the table below.

Capital expenditure in the year comprised equipment and software purchases and software development costs. The purchase of equipment and software largely relates to office fit-out costs in the Group.

The payment of £3.2 million of deferred consideration in 2020 (included within the "non-underlying movements in accruals" in the cash flow and working capital table) relates entirely to the earn-out payment for AgenSynd, which was settled in the first half of the year.

Capital management and financing
At 31 December 2020, the Group's gross debt was £133.5 million (2019: £129.6 million), and the Group had gross cash balances of £57.1 million (2019: £51.5 million). At 31 December 2020, the cash ring-fenced for regulatory liquidity requirements ("trapped cash") was £13.4 million (2019: £10.1 million). As a result, the year end net debt, excluding trapped cash, was £89.8 million (2019: £88.2m). This reflected the strong operating cash generation seen in the year and comes after the funding of the earn-out payment for AgenSynd, the acquisitions of Inbhear, Avalon and the Deutsche Bank Trust Company and dividends paid to shareholders.

The Group considers its relevant leverage ratio to be the Group's net debt divided by underlying earnings before interest, taxation, depreciation and amortisation but then deducting the depreciation from finance leases under IFRS 16 (EBITDA after lease depreciation). This ratio seeks to use comparable metrics ignoring lease liabilities. This leverage ratio was 1.8x at the period end (2019: 1.9x).

The net debt to EBITDA ratio is calculated on a pre-IFRS 16 basis for the purposes of the Group's banking covenants and also allows the Group to include a full, last twelve months contribution for acquisitions even where they have not been owned by Sanne for the whole of the period. It also removes trapped cash from the available cash balances. Calculating the net debt to EBITDA ratio on the same basis as the Group's banking covenant results in a leverage ratio of 1.8x at 31 December 2020.

The capital management and financing table below sets out how capital has been generated and used in 2020. The Group's approach to capital allocation is to seek to invest the cash generated by the business to earn the best return for the Group's principal stakeholders. Given the low capital requirements to fund organic growth, the principal use of capital has been to fund acquisitions and shareholder dividends. Management aims to do this whilst maintaining a Group net debt to EBITDA after lease depreciation ratio of up to 2.0x. However, the Group's banking covenants are set materially higher with the option to increase this for a period of time so that the Group has additional funding headroom were it to be appropriate to use it.

Post year-end refinancing of debt facilities
Following the year end, Sanne successfully refinanced its debt facilities increasing committed facilities by around 40% to £210 million whilst keeping key commercial terms broadly in line with the old facility. The new facility also extends the maturity to 18 March 2023 with extension options of up to two years.

The new debt facility is a multi-currency committed £210 million revolving credit facility with an uncommitted accordion facility of £100 million. Sanne is now supported by a syndicate of 6 international banks.

This new facility provides Sanne with significant flexibility and increased capacity to support the continued growth of the Group, particularly in support of the Group's acquisition strategy.

Foreign exchange
The Group's results are exposed to translation risk from the movement in currencies. Overall, the average movement from currencies has increased net revenue and underlying operating profit by £0.7 million and £1.4 million respectively. During the year ended 31 December 2020 the key individual exchange rates have moved, as shown in the table below.

Discontinued activities
On 1 July 2020, Sanne disposed of its Jersey-based Private Client business. The results for this business are included in these financial statements as discontinued operations under IFRS 5 with further details in note 11.

Cash flow and working capital

	2020 £'000	2019 £'000
Underlying operating profit from continuing and discontinued operations	**49,071**	**46,688**
Depreciation (equipment and IFRS 16)	8,664	8,180
Other (includes share based payments and movements in provisions)	(488)	449
Change in working capital	(2,720)	3,151
Underlying operating cash flows	**54,527**	**58,468**
IFRS 16 lease cost adjustment	(6,536)	(6,364)
Non underlying movement in accruals	845	(2,852)
Adjusted underlying operating cash flows	**48,836**	**49,252**
Underlying cash conversion as % of continuing underlying operating profit	*99.5%*	*105.5%*
Capital exp. (equipment and software)	(4,276)	(4,190)
Income taxes paid	(7,557)	(7,641)
Loan to minority investment	(820)	–
Net finance cost	(2,632)	(2,293)
Underlying free cash flow attributable to equity holders	**33,551**	**35,128**

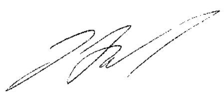
Capital management and financing

Cash generated	£'m **2020**
Free cash flow before capital expenditure	31,831
Proceeds from disposal of discontinued operations	8,638
Total	**40,469**

Cash used	£'m **2020**
Acquisition related	(12,086)
Dividends	(20,583)
Capital expenditure	(4,276)
Net debt movement	(3,524)
Total	**(40,469)**

Foreign exchange

	At 31 December			**Annual average**		
Per £ Sterling	**2020**	2019	%	**2020**	2019	%
Euro	1.1166	1.1813	5.5%	1.1266	1.1407	1.2%
US Dollar	1.3651	1.3263	(2.9%)	1.2914	1.2769	(1.1%)



James Ireland
Chief Financial Officer

Alternative Performance Measure definitions

The Group uses alternative performance measures (APMs) to provide additional information on the underlying performance of the business. Management use these key measures to assess the underlying performance of the Group's business and the adjusted performance enables further comparability between reporting periods.

APM	Definition	Rationale	Reconciliation
Net Revenue	Net revenue is a new APM in 2021 and comprises turnover less third-party fund management fees.	These third-party fund management fees relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg. These revenues are the management fees for the asset manager in each funds case, but contractually are paid by the fund entity to Sanne's management company before being disbursed to the relevant asset manager. Sanne has started recognising these third-party fees as turnover under IFRS 15 because of new engagement structures through the management company. Given these revenues are not economically Sanne's we have sought to separate these out and believe that net revenues are a more accurate reflection of the income that Sanne earns for its services to the relevant fund entity. 2021 is the first year these third-party fund management fees have been considered sufficiently significant that this APM is considered necessary to give an accurate picture of Sanne's income.	A reconciliation of this APM is shown on the face of the income statement.
Organic Revenue Growth	Organic revenue growth is net revenue growth excluding any benefit from acquisitions.	Organic revenue growth measures are a key performance indicator for the growth of the business excluding the impacts of any acquisitions undertaken. This provides an indication on how well the business is expanding without the deployment of further capital.	Organic revenue growth is calculated by excluding revenue from any acquisition made in the year. Where an acquisition was made part way through the prior year, the current year contribution will be reduced on a pro-rata to include only the same number of months as had been included in the prior year. A reconciliation is included in the CFO's Review.
Constant Currency Growth	The year on year percentage change excluding the effects of change in foreign exchange rates.	Constant currency metrics give a better reflection of the period on period performance of the business by ignoring the impact of currency movements that are outside the Group's control.	Overall, the average movement from currencies has increased net revenue and underlying operating profit by £0.7 million and £1.4 million respectively. Therefore constant currency metrics can be arrived at by removing these amounts.
Overheads	The Group's cost for all functions and operations that support the client-focused service teams.	These costs measure the cost of supporting the delivery of client-service, revenue-generating teams.	The Group's overheads are the difference between operating profit and gross profit, less non-underlying items included within operating profit from continuing operations and less other operating income.

Changes since 2019

In the Group's 2019 Annual Report and Accounts additional APM's were included looking at total group performance. These were included to provide additional context on performance in the year the Jersey Private Client business was first presented as a discontinued operation.

These APMs are no longer considered relevant as the Jersey Private Client business has been deemed a discontinued operation for the entire period. The one exception to this is the underlying operating profit from continuing and discontinued activities. The only new APM now reported on is net revenue.

The APMs used to manage the Group are as follows:

APM	Definition	Rationale	Reconciliation
Underlying Profit Measures	Underlying profit measures are used to present the period on period performance of the Group excluding one-off or non-trading related income and costs. Underlying profit measures include underlying operating profit from continuing operations, underlying profit before tax from continuing operations, underlying diluted earnings per share and underlying operating profit margin.	Underlying profit measures provide an important period-on-period comparison of profits arising from the Group's core activities, undisturbed by exceptional or one off incomes and costs.	These are arrived at by adjusting reported profit measures for non-underlying items as disclosed in note 9 of these financial statements. Underlying operating profit margin is arrived at by dividing underlying operation profit from continuing operations by net revenue.
Underlying Operating Cash Flow	Underlying operating cash flow represents the cash generated by total operations in the year, adding back the cash charges within non-underlying items and reducing for the total cash out flow in relation to the Group's leases that have been accounted for under IFRS 16.	Underlying operating cash flow provides an important measure of how much cash has been created by the operations of the business in the period, excluding the cash flows associated with non-underlying items, financing activities and investing activities.	A reconciliation is included in the CFO's Review.
Underlying Operating Cash Conversion	Underlying operating cash conversion is the underlying operating cash flow as a percentage of underlying operating profit from continuing and discontinued operations.	This measures the Group's cash-generative characteristics from its operations and is used to evaluate the Group's management of working capital.	A reconciliation is included in the CFO's Review.
Underlying Free Cash Flow Attributable to Equity Holders	Free cash flow attributable to equity holders represents our underlying free cash flow prior to any acquisitions, refinancing or share capital cash flows.	It is a key measure of cash earned for the shareholders of the Group that can be used to provide cash returns or be invested in the future growth of the business.	A reconciliation is included in the CFO's Review.
Underlying Effective Tax Rate	The underlying effective tax rate is determined as the reported tax rate for the Group adjusted for the tax effects of non-underlying costs.	The underlying effective tax rate best reflects the applicable tax payable in relation to the underlying performance of the Group.	A reconciliation is provided in note 10 to these financial statements for the underlying effective tax rate.
Net Debt	This refers to the Group's net indebtedness that is calculated by taking the Group's gross debt balance and reducing it by gross cash balances.	Net debt acts as an important benchmark for the level of third party funding the Group utilises after netting off cash gross cash balances held on the balance sheet.	A reconciliation of net debt is provided in note 25 of the financial statements.
Underlying Operating Profit from Continuing and Discontinued Operations	The aggregate underlying profit generated by the entire Group in the year including both continuing and discontinued operations.	This APM provides a measure to the total operating profit generated in the year from all operations beneficially owned by shareholders before deducting non-underlying costs.	This APM is calculated by adding together underlying operating profit from continuing operations as well as the profit before income tax expense from discontinued operations disclosed in note 11 of the financial statements.

Enhancing our environmental, social and governance commitment

Sustainability means recognising the importance of our relationships with people all over the world including clients, employees, suppliers, regulators and investors, and considering the impact our business has on them and the environment.

ESG ecosystem

Environmental, social and governance ("ESG") concerns are about people. It is important not only to mark the progress we continue to make in many areas, but also to be candid in acknowledging where we have more to do.

During 2020, the ESG ecosystem has seen numerous developments both externally in the marketplace as well as internally within Sanne. We are proud to be a signatory of the United Nations-supported Principles for Responsible Investment (PRI). We have committed to uphold the six principles of the PRI and be held accountable. We have aligned our policy with best practice disclosure frameworks. We have used the white paper by the World Economic Forum ("WEF") as our starting point and have aligned our ESG policy and strategy with the Global Reporting Initiative ("GRI"), Task Force on Climate-Related Financial Disclosures (TCFD) and the 17 United Nations Social Development Goals (SDGs). To be transparent about our impact on the environment, Sanne has completed the inaugural disclosure of our carbon footprint to the Carbon Disclosure Project ("CDP") in 2020.

With the aim of furthering sustainable finance and ESG integration into investment decision-making, the European Commission introduced the Sustainable Finance Disclosure Regulations ("SFDR") which will take effect in March 2021. Our Luxembourg-based Management Company prepared its Responsible Investment Policy and is assisting its UCITS, AIFMD and MiFID clients to implement similar policies and make certain required disclosures with regards to sustainability factors relevant to their investment activities.

To assist in our communication as well as the focus of efforts within the Group, we have established five pillars of commitment. These pillars are to act as core themes that Sanne's activities and those of it's employees can focus on to maximise our impact in all environmental, social and governance activities we undertake. These pillars of commitment are set out below. As a business, we are on a journey of developing and improving our ESG credentials and are committed to continual improvement as we grow.

Our five pillars of commitment

01. Environment
02. Education
03. Health
04. Children
05. Poverty

Planet, People, Prosperity

Planet

The 2021 edition of the World Economic Forum's Global Risk Report has ranked climate change as the biggest long-term threat to global stability requiring immediate action. Meeting GHG emission targets will require business model adaptation. The European Union (EU) aims to be climate-neutral by 2050 which is at the heart of global climate action under the Paris Agreement and TCFD recommendations. Adopting the TCFD recommendations is an important step forward in enabling market forces to drive efficient allocation of capital and support a smooth transition to a low-carbon economy and will be implemented over the next few years.

The Board takes overall accountability for the management of climate change risks and opportunities with support from the Global Head of ESG. During 2020, the remuneration and incentive plans of the CEO and CFO were reviewed to include performance objectives on climate change and sustainability effective from 2021. Further information on the Executive Directors' non-financial objectives can be found in the Directors' Remuneration Report on page 97.

We have amended our risk taxonomy to include ESG risks defined as "unfavourable events arising from environmental, sustainability, ethical conduct, staff wellbeing, diversity, inclusion, client relationship and strategic consideration". Our risk management framework and risk taxonomy, including ESG risks, are explained in greater detail on pages 46 to 51.

"Sustainable investment is one of the world's fastest-growing investment trends and Sanne will play a key role in advancing the PRI framework for alternative asset managers to integrate ESG considerations into their investment ownership practices."

Fiona Reynolds
(CEO of the PRI)

People

Sanne is a people business. The success and wellbeing of our people is integral to our clients' success and therefore our business success. We actively engage our people through our Workforce Advisory Panel (WAP) to ensure we remain the employer of choice by attracting and keeping top talent.

To ensure the sustainable, long-term growth of Sanne we have embedded ESG performance objectives within the remuneration review process of employees at all levels of the business from 2021. We also provide the opportunity to undertake further learning and development in technical skills, soft skills and ESG topics.

The newly formed Diversity and Inclusion Committee ensures all management levels operate with diversity and equal opportunity, and that the diversity translates into better decision-making and innovative thinking.

We aim to conduct our business in a socially responsible manner, to contribute to the communities in our five pillars of commitment and to respect the needs of our employees and stakeholders.

Prosperity

We believe the key to the success not just of Sanne but also of our wider economy and society is prosperity and financial equality. As such we are committed to trying to address poverty and encourage both employment and training.

As an organisation we invest in giving our people professional qualifications and providing exciting career opportunities to assist our people in their development. We invest in research and development projects in a number of jurisdictions as we develop new and innovative services and systems. We, and all our employees, through our pillars of commitment, also focus time, resource and charitable giving on tackling poverty in many of our jurisdictions.

Case study – Protecting marine ecosystems

Cleaning up oil spill to protect marine ecosystems, Mauritius

An oil spill in Mauritius in August 2020 threatened two environmentally protected marine ecosystems and the Blue Bay Marine Park reserve, which is a wetland of international importance. It was estimated that more than 1,000 tons of fuel leaked out of the cargo ship and into the lagoon. A huge clean-up operation has been launched from the shore with many local people volunteering to help. On 7 August, nearly two weeks after the shipwreck, the Mauritian government declared the incident a national emergency. Our people committed their time along with the authorities to help clean up the oil spill so to protect the environment and community in which they live.

Planet

Committing to reduce our carbon footprint

The depletion of natural resources and the climate imperative are core drivers for our business plan. Our commitment to reduce our carbon footprint and strive for carbon neutrality is part of our overarching goal of improving the environments and communities in which we operate.

Environmental impact

We are committed to reducing carbon emissions and have enlisted the services of Rio ESG and make use of their ESG platform to assist with the implementation of the TCFD recommendations. In order to understand the impact that climate change could have on Sanne's business we built a carbon emission baseline in 2020 for the first time, which calculated emissions from Sanne's activities in 2019. This year, we have continued to measure our environmental impact whilst improving data quality and completeness to increase the accuracy of the baseline.

Below are our greenhouse gas emissions for the year 2020 from air travel and company owned cars, as well as energy consumed in offices covering 97% of our employees. All greenhouse gas emissions were calculated in tonnes of carbon emission equivalents (tCO_2e).

The total carbon emitted in 2020 was 919 tCO_2e, resulting in a 63% decrease in emissions despite more offices being included in the calculation for 2020. The metric best suited for calculating an intensity ratio for Sanne was employee numbers (FTE), giving a total carbon intensity of 0.7tCO_2e/FTE in 2020, which marked a 60% decline compared to the baseline. To calculate this intensity ratio, the number of employees associated with the offices in scope was used (2020: 1,339).

The significant decrease of both total carbon emissions and carbon intensity is attributed to the impact of the COVID-19 pandemic on Sanne's operations. While overall energy consumption and energy intensity was increased due to more offices being included in the scope in 2020 than in 2019 (97% from 77%), reduced flights as an adaptive and preventive response to protect Sanne's employees from the pandemic explains the overall decrease in carbon emissions.

While our carbon emissions are lower than some sectors, we take our environmental and community-level responsibility very seriously. This is why we are committed to continue reducing our impact on the environment. Our technology strategy made large strides towards our carbon reduction ambitions by migrating our data centres to the cloud to be completed at the end of the first quarter of 2021. It was estimated that the cloud migration will facilitate a carbon reduction of 5.75 tCO_2e per annum over the next five years. To achieve our commitment to become paperless offices, the technology strategy includes actions to empower staff with hardware and software to facilitate on-screen reading, making notes and signing documents. Our procurement activities prioritise circular, energy-efficient options, particularly those related to IT equipment, computers, motion sensors and lighting.

In 2021, a detailed Risk Assessment, in line with the TCFD guidelines, is underway including climate-related risk and opportunity assessment. The Risk Assessment will be followed by stakeholder engagement to map out potential mitigating actions. Using the different data points and mitigating actions, we will conduct forward-looking analysis using several scenarios e.g. 1.5°, 2° and 4° to understand the effect of climate change on our business in the short, medium and long term. We are also developing and implementing an ambitious carbon reduction target and define pathways for achieving carbon neutrality.

Carbon emissions

Carbon Emissions	Units	2019[1]	2020	Change
Total emissions	Tonnes CO_2e	2,500	919	-63.2%
Scope 1[2]	Tonnes CO_2e	11	7	-36.3%
Scope 2[3]	Tonnes CO_2e	749	763	-1.9%
Scope 3[4]	Tonnes CO_2e	1,740	149	-91.4%
Total emissions intensity	**Tonnes CO_2e/FTE**	**1.75[5]**	**0.7[6]**	**-60.0%**

1. 2019 figures were revised based on improved data quality and availability, which has decreased the amount of estimated data.
2. Includes scope 1 emissions from fuels associated with business travel from company cars.
3. Electricity emissions have been calculated under the GHG protocol 'Market Based' approach. Emissions per 'Location Based' approach for 2020: 764 tonnes CO_2e.
4. Includes scope 3 (well-to-tank, transmission and distribution losses) emissions from energy consumption in offices and fuel consumption in company cars, and business travel from flights.
5. 2019 FTE associated with offices in scope: 1,458. This has been increased from our previous report due to Luxembourg being included in the scope.
6. 2020 FTE associated with offices in scope: 1,339.

It's surely our responsibility to do everything within our power to create a planet that provides a home not just for us, but for all life on Earth.

David Attenborough

Energy consumption

Energy consumption	Units	2019	**2020**	Change
Total energy consumption	kWh	1,474,099	1,536,395	+4.2%
Energy from renewable sources	kWh	0	6,026	–
Total energy intensity	**kWh/FTE**	**1,011**	**1,147**	**-13.5%**

Business travel

Business travel	Units	2019	**2020**	Change
Total distance travelled	km	5,661,078	50,559	-99.1%
Company cars	km	54,600	39,819.1	-27.1%
Flights	km	5,606,478	10,740	-99.8%
Business travel emissions	Tonnes CO_2e	1,594	11	-99.3%
Business travel intensity	Tonnes CO_2e	1.09	0.008	-99.1%

Case study – Schools and Education

Repairing Education Centre, Cape Town

Kukhanyile Early Childhood Development (ECD) Centre in Cape Town provides services to promote early childhood development. The centre helps children up to school age, their parents and caregivers on a regular basis. The ECD also works with families outside the centre in homes and communities to provide children with playgroups, toy libraries and space based ECD initiatives. Following damage to the centre's roof making it inaccessible for children, Sanne made essential repairs by installing a new roof to the centre so that education and support to the children and their families could continue.

Our commitments

Our environmental commitments have been developed to align with the UN SDG's, with particular focus on six themes which we can materially impact as an organisation:

Our ESG policy sets the following commitments:

- Reducing our carbon footprint and becoming a carbon neutral organisation.
- Ensuring our people are sensitive and respectful of their local natural environments by providing awareness training.
- Ensuring that conservation and off-setting projects we fund and participate in are undertaken in the territories and communities in which we operate for the benefit of the local natural environment.
- Ensuring our procurement activities include factors pertaining to circular, energy-efficient options.
- Striving towards paperless offices.
- Purchasing electricity from renewable sources where available and feasible.
- Reducing and ultimately removing single-use plastic across all our locations.
- Ensuring effective recycling process and services in place in all offices.
- Exploring measures to reduce our water footprint.
- Purchasing coffee and tea from Fairtrade and Rainforest Alliance Certified producers.

People and culture

Nurturing our people through a high-performance culture

As a service business, our success is dependent on our people. Sharing in our success is something we value highly, and we have implemented a number of specific initiatives that help to reward and recognise personal contribution and thereby deepen engagement with the Company, brand and culture.

A comprehensive internal communications programme is in place to keep colleagues informed of the activities of the business and the progress being made to deliver our strategy and vision. Additionally, a number of employee-led forums and initiatives are in place to engage our people, gather workforce views and inform management decision-making.

Workforce Advisory Panel

Sanne has always engaged with and acted in the best interest of all our employees and therefore enthusiastically embraced the revisions to the UK Corporate Governance Code in 2018 regarding formal workforce engagement with the Board. The WAP was established as the main forum to actively engage with our people and to ensure we remain the employer of choice by attracting and retaining top talent.

The purpose of the WAP is to collect the views of the workforce as a whole and act as an advisory committee to the three Designated NEDs. The Designated NEDs in turn report the findings of the panel to the rest of the Board, to enhance their understanding of the views of the workforce and to address key issues. The panel meets informally on a monthly basis to plan and execute their strategy and formally present their findings to the Designated NEDs on a semi-annual basis.

In January 2020, members of the WAP travelled to the London office in order to receive a tour of the office, meet local management, have an informal dinner with the Board and present formally to the Designated NEDs. The panel then presented remotely in the second half of the year.

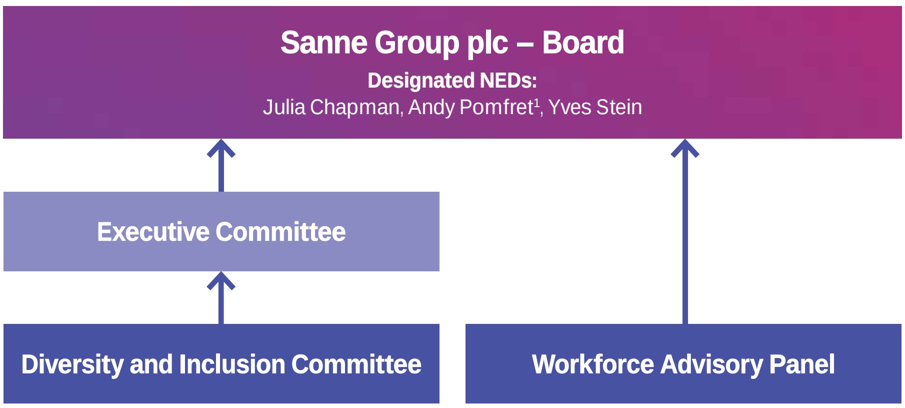
Over the course of the year, the WAP have overseen changes based on the global survey they conducted in 2019, focusing on ten main areas including office life, transparency, working arrangements and diversity. They have also introduced new tools for collecting employee views, including placing an anonymous suggestion box on Sanne's intranet site and hosting an informal virtual event which was accessible for all employees.

Diversity and inclusion

Sanne is an equal opportunities employer and encourages diversity. We recognise that diversity in our workforce brings a range of perspectives and skills that make the Company stronger, contributing to our continued success, whilst also reflecting our client base and the communities in which we operate.

For diversity to really make an impact, it should penetrate all management levels within the business. Across all management levels from administrator to associate director, female representation is at least 50% with some levels reaching as high as 62%. Female representation at director level is 35% which is in line with our 33% minimum target but a metric we are keen to improve.

Sanne boasts a healthy age split with the majority (53%) of staff in the 30 to 50 age group supporting the business with a range of professional qualifications and experience. The under 30 age group makes up 40% of staff who are still working towards professional qualifications and already expanding their experience. More key diversity and inclusion metrics can be found on page 43.



1. Sophie O'Connor will replace Andy Pomfret as a Designated NED when he steps down from the Board at the 2021 AGM.

During the year we have introduced a Diversity and Inclusion Committee (the Committee) with the CEO as the executive sponsor to ensure not only that all management levels operate with diversity and equal opportunity, but that the diversity translates into better decision-making and innovative thinking. The Committee reports directly into the Executive Committee to provide a quarterly update on all matters relating to diversity and inclusion.

The Committee has already established a framework which is based around the lifecycle of an employee, designed to breakdown bias, encourage inclusivity and drive a culture of acceptance and equality by, and for, every single member of staff regardless of race, culture, sexual orientation, disability status, gender, age or any other dimension of diversity.

In order to engage with the wider workforce, the Committee have worked closely with the Workforce Advisory Panel, created an intranet page and hosted a number of informal virtual events for educational and social purposes which were accessible for all employees. At the end of 2020, we began a programme of diversity and inclusion training which is being offered to staff company-wide.

Corporate Social Responsibility

We are also sensitive on how we impact our society and develop local economies. Across our global business, CSR initiatives aim to bring us all together through a wide range of social and environmental activities aligned with our five core themes. It helps us to be socially accountable to ourselves, our stakeholders, and the communities in which we operate.

Twelve of our larger jurisdictions, being those offices where it is practical to do so, have elected CSR ambassadors who help raise awareness of, organise, and drive engagement for local CSR activities. Over the course of 2020 our staff have participated in a number of initiatives which give back and make a difference to others.

The global pandemic in 2020 presented local communities and charities with a number of ongoing challenges. Charity groups were faced with the sudden unwanted reality that they could no longer easily engage with, and raise money for, their communities and the individuals that needed their support.

From the very beginning of 2020, staff from across Sanne's global office network identified local charity groups and initiatives and donated to them in the hope that the donations given would continue to help those who needed it most. As COVID-19 continued to evolve, so did the number of activities that Sanne's people undertook to engage with. This level of engagement is testament to Sanne's people and how much they wanted to give back to the local communities in which they operate.

Learning and development

In addition to ensuring our employees are appropriately rewarded for their efforts, the promotion of training and management ambition is a key area of focus for Sanne. We encourage and support employees to pursue professional qualifications in their line of work, improve their technical skills and improve softer skills as a high performing member of a team. Sanne has developed The Career Pathway that identifies the formal development required at each stage in the employee's career.

Sanne is partnered with a number of professional bodies and is currently supporting over 300 employees studying for professional qualifications. In a number of jurisdictions, we are accredited as an ACCA Platinum authorised training employer, an ICAEW authorised training employer and authorised training provider for CPA (Hong Kong), SAIPA (South Africa) and SAC (Singapore). We encourage and support appropriate continuing professional development in order for qualified staff to maintain and enhance their skills and knowledge. During 2020, 51% of the Learning and Development budget was used to support employees studying for professional qualifications. As part of The Career Pathway, we offer a number of development programmes and virtual workshops and in 2020 ran over 200 of these learning events.

Health and wellbeing and working through COVID-19

The health and safety of our people is our priority. Since the outbreak of the global COVID-19 pandemic, we have continued to maintain the high service levels that clients have become accustomed to with more than 80% of our global employees able to work from home. All employees remained on full salary and working hours, and in 2020 we maintained our full promotions, pay rise and bonus cycle.

In May 2020, we ran a pulse survey globally for all employees to share with us how well supported they felt whilst working in the changing and uncertain circumstances of the pandemic, what they thought we could do to provide additional support whilst working remotely, and what changes they would like to see when they returned to working full-time in the office. As a consequence of this, we created the Balance initiative, to identify ways to accommodate flexible working practices whilst continuing to provide excellent client service.

During this time of stress and uncertainty, we focused on the physical and mental wellbeing of our employees as well. We partnered with Headspace, an app with guided exercises for meditation, sleep, focus, and movement. In addition, each office has a sports and social committee who organised virtual training events and quizzes to keep employees engaged and healthy.

Our commitments

Through our social commitments we are able to materially impact four of the UN SDGs:

Our ESG policy sets the following commitments:

- Treat everyone at Sanne with fairness, respect and dignity.
- Be an inclusive employer for people of all races, gender, sexual orientation, socio-economic status and abilities.
- Provide the opportunity to undertake further training and professional development in their field of discipline, soft skills and ESG-related topics.
- Ensure all employees are responsible for the promotion of and adherence to health, safety and wellbeing measures in the workplace.
- Promote physical and mental wellbeing by providing access to wellbeing resources and training.
- Ensure responsible marketing practices.

Our culture

The most important element of a sustainable long-term focused business is its leadership. Our leadership team act in line with the highest ethical values and responsibility and are held accountable. Sanne seeks to conduct all our business activities in an honest, ethical and socially responsible manner and these values underpin our business model and strategy. Sanne is committed to acting professionally, fairly and with integrity in all business dealings and relationships with consideration for the needs of all stakeholders.

Culture statement

In our last Annual Report and Accounts we announced that our corporate culture was redefined in 2019 and we developed a culture statement: "We are a diverse team of professional, knowledgeable and client-focused people, who care about delivering tailored solutions with integrity, in increasingly complex and evolving markets."

The focus in 2020 has been on embedding culture across the Group and unifying our global business in our purpose and vision.

Values and behaviours

Sanne adopted a revised set of values and behaviours in 2020. Sanne has three values that sit at the heart of our culture, our business, and our brand, which are supported by a set of behaviours for each other, our clients, communities and partners:

1. **We are professional**
   - Deliver exceptional quality and service
   - We do what we say we will – operating with integrity and honesty
   - Get things done, with momentum
   - Share our expertise, knowledge and experience
   - Be curious, take a fresh look

2. **We are connected**
   - In tune with our clients' needs
   - Collaborate as teams, sharing ideas
   - Seek partnership
   - Flexible and adaptable
   - Connect people and processes with technology

3. **We care**
   - Include and support everyone within the Sanne family
   - Respect diversity
   - Deliver service with a personal touch
   - Do the right thing
   - Care for our communities and the environment

Reinforcing culture

Sanne has adopted a comprehensive programme of initiatives to help embed and reinforce our culture across the Group. As a response to the remote working environment caused by COVID-19, Sanne has responded by:

- introducing a monthly 'Ask the CEO' vlog series for Martin Schnaier to respond to questions submitted by the workforce;
- hosting virtual coffee hangouts covering topics from product offerings and client relationships to ESG and celebrating Black History Month; and
- increasing the frequency of virtual town hall meetings and ensuring a member of the Executive Committee participates at each meeting.

During the year we also deployed our new intranet site, Sanne Central, in order to better execute our internal communications strategy, enhance collaboration, teamwork and document sharing abilities, and to facilitate discussion forums.

In addition to nurturing our culture, these forums also allow management to keep the workforce informed of the various factors, including financial and economic, impacting the business.

Our values and behaviours have also been integrated into the performance management framework to reinforce the importance of culture and ensure good behaviour is rewarded.

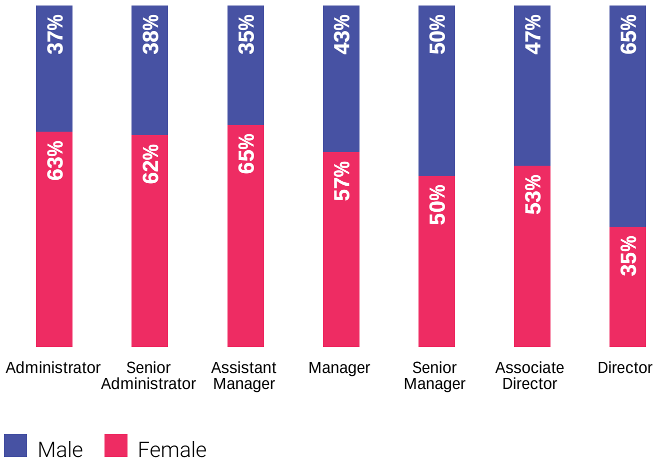
Monitoring culture

The Board and senior management are ultimately responsible for establishing culture and leading by example. The CEO presents a culture dashboard to the Board on a semi-annual basis to present non-financial KPIs, gathered from a number of business functions including Human Resources and Risk, to assist in the measurement and monitoring of culture. In defining the set of metrics, Sanne's culture statement, values and behaviours were all taken into account.

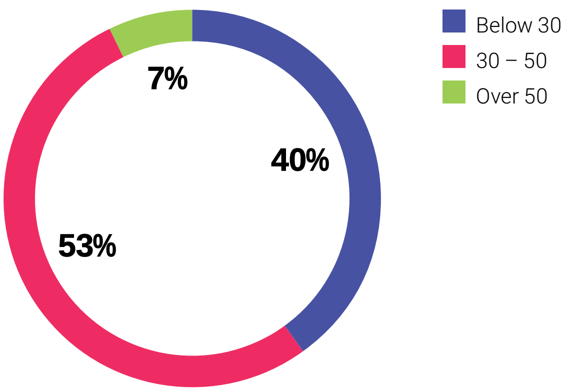
Management also seek to identify, measure and track culture across the organisation by obtaining feedback from the business on a regular basis.

Diversity and inclusion metrics

Global gender split by employee grade



Global age groups



The gender split between male and female employees shows strong representation by females throughout the seniority levels of more than 50%. Female representation at Director level is 35% and this position is continually improving. Sanne also presents a healthy age split. The under 30 age group makes up 40% of staff and supports the business with administration and innovation. Most staff are in the 30 to 50 age group with a wide range of professional qualifications, experience and drive. Finally, 7% of staff fall in the over 50 age group and connect the business with industry knowledge and contacts.

The Group is also committed to monitoring and reporting on all types of diversity to assist in its goals of increasing diversity and inclusion across the organisation and continues to work on how best to achieve this within the various legal and data restrictions in many of its jurisdictions.

Case study – Mental Health

Partnership with Mind Jersey

During the global pandemic, looking after our mental health and wellbeing is more important than ever. Mind Jersey is an independent local charity that provides support to people and their families living with mental health difficulties. Their vision is to promote and protect good mental health for all, treating people with mental health problems fairly, positively and with respect.

In May 2020 Sanne donated £40,000 to Mind Jersey to support the work the charity is undertaking. Sanne are long standing patrons of Mind Jersey having organized a number of charitable events to raise funds over more than two years. These have included pub quizzes, staff direct donations from their monthly salaries, bake sales, charity football matches and charity cycle rides.

James Le Feuvre, Executive Director at Mind Jersey, said: “Mind Jersey has to raise in excess of £650,000 per year to maintain the services that we currently deliver. Whilst some of this money comes from grants much of it comes from fundraising initiatives and we are extremely grateful to Sanne for all their fundraising efforts. This significant and welcome donation will enable the charity to expand its work with children and the youth, some of whom are experiencing a range of mental health difficulties; especially during this difficult time.”

We are a diverse team of professional, knowledgeable and client-focused people, who care about delivering tailored solutions with integrity, in increasingly complex and evolving markets.

The Diversity and Inclusion Committee has had a direct link with the Executive Committee through the quarterly reports we provide to them and the senior sponsor who has been our sounding board. This has brought great benefits which include a platform for global connection and idea sharing on facilitating diversity and inclusion in the various stages of the employee life cycle. The direct link with the Executive Committee has enabled progress as we can seamlessly get feedback and buy-in from the decision-makers.

Kotsai Makamure
Co-Chair of the Diversity and Inclusion Committee

Since its launch in mid-2020, the Diversity and Inclusion Committee has established its terms of reference, set up celebrations of cultural events, initiated virtual diversity training and launched its Sanne Central intranet page to close off a high paced six months.

Barbra Mutamba
Co-Chair of the Diversity and Inclusion Committee

It's been a pleasure to work with the WAP during 2020 and to have the opportunity to engage with almost all of the representatives face to face earlier in the year. Under Nicholas Hall's guidance as chairman, the WAP has been a real support to the Board in filtering the concerns of the wider employee workforce so that the Non-executive Directors can focus on what is important to employees. The energy and passion that the WAP members show is really impressive and the board is incredibly grateful for their time.

Julia Chapman
Designated Non-executive Director

It is encouraging to see Sanne's Board Members and executives so interested in the everyday efforts of the workforce, and it speaks volumes to the direction this company is heading that they are actively involved and excited by the prospect of better supporting our people. Working alongside Sanne's key decision-makers to help promote positive change, enhance our company culture, and improve the work-life of our professionals has been extremely rewarding.

Nicholas Hall
Chair of the Workforce Advisory Panel

We understand the expectations and commitments made by our investors with regard to ESG considerations. Sustainability is essential to delivering our business plan and growth profile, particularly within our increasingly global footprint.

Rupert Robson
Chairman

Sustainability needs to be at the heart of decision-making. Financial returns and value creation can only be sustained if companies are well governed and the social and environmental assets underlying those returns are not depleted.

Karlien de Bruin
Global Head of ESG

Placing risk management and compliance at the heart of our business

Chief Risk Officer Statement

As a regulated provider of administration, reporting and fiduciary services, Sanne Group has always placed risk management and regulatory compliance at the centre of its strategy, business model and day-to-day operations. The external business environment has been subject to significant change in 2020, primarily due to the global COVID-19 pandemic. Despite external uncertainty, a strong risk management culture and the continued application of a robust and nimble Risk Management Framework has enabled a resilient 2020 performance with no material risk impacts on our people, operations, regulatory compliance or client service deliverables.

The Group has continued to evolve during the reporting period in line with strategy. Sanne has completed the acquisition of Inbhear Fund Services (Cayman Islands and Ireland), Avalon Trust & Corporate Services (Cayman Islands) and the Deutsche Trust Company (Japan). In December 2020 Sanne entered into an agreement to acquire PEA, adding Sweden and Denmark to the Group's global footprint as well as strengthening the overall client service offering in Guernsey. The Risk Management Framework at Sanne is frequently reviewed and optimised for the current business environment. Based on a set of core principles and agile risk management tools, the Risk Management Framework can be efficiently applied to acquired businesses. During 2020 the organisation has continued its proven track record of effectively mitigating acquisition and integration risks.

This section of the report provides an overview of Sanne's approach to Risk Management, including details of the Group's principal and emerging risks.

Risk Management at Sanne

The Risk Management Framework at Sanne is bespoke and appropriate for the nature of its operations, scale, geography and complexity of the business. As a regulated business, the Risk Management Framework supports Sanne's commitment to ensuring compliance with all applicable regulations. The Three Lines of Defence (3LOD) Model is embedded; risk and compliance functions are independent of business units whilst maintaining close dialogue and involvement to ensure accurate and timely risk analysis and oversight.

The Risk Management Framework and associated policy has been reviewed during 2020, continuing to ensure there is:

- a set of tools to enable the timely identification, escalation and mitigation of risks;
- a suitable basis upon which the Board can validate the effectiveness of the Group's risk management and internal controls;
- clearly defined risk responsibilities and accountabilities, promoting well-informed risk-taking behaviour; and
- a strong risk awareness culture where the tone is set from the top.

Governance

Effective risk management is enabled through robust risk and compliance governance.

The Board has overall accountability for setting Sanne's risk appetite and ensuring any risks that could impact on strategic delivery are identified, mitigated and monitored. To do this, the Board delegates oversight and monitoring of risk exposures, against the defined risk appetite, to the Risk Committee. Details of the Risk Committee can be found on pages 82-84.

In addition to the Risk Committee, assigned Executive accountable risk owners oversee the operational implementation of effective risk and control environments across the organisation.

Risk governance has been strengthened across the Group in 2020 through the implementation of an enhanced Group Business Risk Committee and enhanced Regional Risk Committees. The Business Risk Committees assess new business for risk, compliance, legal and commercial considerations, together with trigger events and any other material risk and control matters.

Risk assessment

Sanne's Risk Management Framework continues to include a systematic approach to identifying, assessing, mitigating and monitoring risk through a programme of Enterprise Business Risk Assessments.

Completed across Sanne's jurisdictions as well as globally, the Risk Assessment programme considers both principal and emerging risks. Management information is gathered and analysed by the risk function with conclusions on risk exposure relative to appetite agreed by the Risk Owners. The resulting assessment output and actions are presented to, and monitored via, the relevant Risk Committees.

Sanne's suite of risk assessments and the application of the Risk Management Framework is evolving alongside the growth and evolution of the organisation to include product, strategic change and technology risk assessments.

Principal risks

The principal risks are the key risks to Sanne that could result in events or circumstances that might threaten Sanne's business model, future performance, solvency, liquidity or reputation; they include the exposures that present the highest level of inherent risk to the organisation.

The principal risks are formally assessed at least annually through the Risk Assessment Programme, monitored regularly through the Group Business Risk Committee and subject to continual oversight from the Board through the Risk Committee.

The Board and Executive have completed a robust Group risk assessment and agreed that the most material risks will be presented in the Annual Report and Accounts as the principal risks.

Sanne's principal risks and key controls and mitigants can be found on pages 47-49.

Principal risk changes during the period

Cyber and Data remains a key risk to global organisations; the sophistication of cyber threats continues to evolve. Recognising the importance of cyber risks, but also the need for Sanne to deliver well-designed, stable and competitive technology solutions, technology has been promoted to a Group principal risk whilst retaining emphasis on cyber security.

COVID-19 (Coronavirus)

The outbreak of the COVID-19 virus has significantly altered normal business operating conditions during 2020. Sanne has adapted its operations in order to keep staff safe and continue client servicing remotely. Robust business continuity plans and an existing technology infrastructure have ensured a resilient response to the pandemic. All offices have been subject to home working periods and maintained client service and other obligations. The Group undertook an assessment of 'Mission Critical Activities' early in the year to ensure a swift and effective response to material escalation of the situation. It has not been necessary to invoke the MCA provisions.

The Executive Business Continuity Crisis Team was convened at the outset of the pandemic to oversee key decisions and mitigating action taken by Sanne.

An assessment of the potential impacts of COVID-19 on the Group principal risks has been completed with oversight from the Group Business Risk Committee and the Risk Committee.

Although the external conditions have elevated several risks inherently, a strong control environment and prompt management action has resulted in resilient and stable residual risk positions across the organisation's risk profile. There is still uncertainty with regards to the medium- and long-term consequences of COVID-19, particularly with regards to the potential implications for markets and economies. Sanne continues to review the external environment and monitor any potential horizon risks. Commentary on specific risk exposures affected by COVID-19 are:

Increased risk to staff health, safety and wellbeing

The outbreak of COVID-19 presents a heightened risk to the health and safety of employees globally; mitigating these risks has been a top priority of the Board and Executive team. Sanne continues to monitor and implement the guidance issued by global bodies, such as the World Health Organisation, and local authorities. All offices operate strict social distancing and hygiene policies and protocols in line with local requirements. COVID-19 has changed the work environment; employees globally have transitioned to remote working for a significant portion of the year. Sanne is committed to protecting the wellbeing of employees and understands the important of supporting employees through a period of significant change and disruption. Global and local management have consciously increased wellbeing initiatives and the resources available to employees, including Headspace.

Increased risk to the continuity of operations and delivery of client services

Sanne's IT platform and remote working solution facilitated a prompt transition to a full remote working as required across the globe. The resilience of processes and operations has been demonstrated during the year with no material impacts or delays in the delivery of operations and client services. Where risks have been elevated as result of the pandemic, for example fraud risk due to increased levels of remote working, Sanne continues to ensure effective control environments are in place. Critical activities are defined, alongside the individuals and delegates required to support these activities. Sanne issued prompt communications to clients at the outset of the COVID-19 pandemic and continues to proactively communicate with clients through both relationships leads and our regular day-to-day interactions.

Increased risk to strategic deliver and financial performance

Sanne delivered a resilient financial performance in 2020 and continues the advance towards strategic goals. The market backdrop in 2020 has been impacted by COVID-19; there have been delays to fundraising and closings as well as reduced transaction volumes. Robust new business performance has been delivered and market momentum is beginning to increase, providing positive momentum into 2021.

Increased risk to maintaining regulatory and legal compliance

Despite the changes to the work environment, the organisation has maintained compliance with legal and regulatory requirements. Sanne has been well-positioned to respond to regulatory queries relating to COVID-19 impacts and operational resilience.

Brexit

The UK's future relationship with the EU still presents a degree of uncertainty and has not been fully defined yet, with many issues regarding the financial services industry yet to be agreed. Sanne continues to monitor developments which, to date, have been limited in terms of impacts; however, given Sanne's structure and global footprint, Brexit is expected to provide more opportunities than risk. With Sanne's presence and scale strengthened through acquisitions in Ireland, the Netherlands, Luxembourg and Spain as well as its established presence in the UK and offshore centres, the Group is well positioned for all outcomes. The UK may seek to introduce new legislation and initiatives or repeal current arrangements to improve the alternative asset investment proposition for both asset managers and investors. Sanne is actively engaged in industry consultations and discussions with the HM Treasury and advisory firms to ensure the early identification of any opportunities.

Principal risks

Acquisition Risk: The risk that acquisitions present unidentified liabilities or fail to achieve business objectives and potential value.

There is potential that an acquisition, or partnership, presents an unidentified liability or does not timeously realise the value expected. The integration of acquisitions may disrupt operations and divert senior management time and attention.

During the reporting period Sanne continued inorganic growth in line with the business strategy. During 2020 Sanne completed the acquisition of Inbhear Fund Services, Avalon Trust & Corporate Services and the Deutsche Trust Company (Japan) as well as entering into an agreement to acquire PEA.

COVID-19 has had a limited impact on Sanne's 2020 acquisition strategy; successful integrations continue as acquired businesses enter a business as usual state. The Avalon Trust and Corporate Services acquisition, including the associated due diligence, was initiated and concluded remotely with no detriment to the level of diligence and operation of controls throughout the acquisition process.

Due diligence assessments are completed by internal subject matter experts and top accounting and law firms, prior to any recommendation to the Board. The Board oversee all acquisitions, with independent challenge provided by the independent Non-executive Directors. All acquisitions follow Sanne's defined integration programme to manage any integration risk and ensure value is realised in a timely manner.

Compliance Risk: Failure to comply with regulatory requirements or failing to anticipate and/or respond to regulatory changes/themes.

A failure to comply with current regulations and/or regulatory changes could have an adverse impact on Sanne's relationship with regulators and ultimately lead to regulatory censure. Sanne operates in dynamic regulatory environments with changing laws and regulations. The organisation recognises that these changes present both opportunity and uncertainty and manages these changes accordingly.

Reporting to the Group Head of Compliance (GHoC), independent and skilled compliance resources are in place across the global jurisdictions in which Sanne operates.

Regulatory horizon scanning ensures that Sanne complies with regulatory change, including identifying and acting upon the related revenue opportunities. Sanne continues to conduct monitoring and assurance in order to demonstrate compliance with relevant laws and regulations.

Sanne continues to meet all regulatory obligations and regulatory expectations during the COVID-19 outbreak.

The fund administration and corporate services industry continues to see increased oversight from regulators globally and this trend is expected to continue.

Competitor & Client Demand Risk: The failure to anticipate and respond to competitor activity, client demands, innovation, and economic, regulatory and political changes in the markets we operate in.

Sanne operates in a global market where products and services are correlated with client demand, market conditions, regulatory regimes and political trends. Sanne must therefore anticipate and respond to numerous external emerging risk factors: competitor activity, client behaviour, innovation, economic changes, regulatory regimes and the political outlook.

Sanne's product and service offering remains highly competitive in the corporate services and asset administration industry. Through the leadership of the Chief Strategy Officer, Sanne continues to invest in its Product and Business Development teams in order to maximise new business opportunities.

Sanne's business model and client demand is affected by market conditions and the general economy. COVID-19 has substantially altered business operating conditions and markets globally. The market backdrop continues to be impacted by the ongoing COVID-19 pandemic. Accordingly, the delays to fundraising and closings as well as reduced transactions levels, seen throughout Q2, continued in Q3, although existing client activity has latterly begun to increase in Q4. Sanne's global platform and diverse product offering means the organisation is well positioned to target asset classes that perform well in difficult economic environments. The Executive continually evaluate the Group's strategy to consider and mitigate against any uncertainties in market conditions and the external environment.

Fiduciary Risk: Failure to clearly define Sanne's role in providing management services to a client structure / service vehicle or a failure to fulfil the role expertly. Typically, where Sanne appoints a director to the Board, acts as trustee or as investment manager.

Should Sanne inadequately fulfil its duty as a provider of fiduciary services, its reputation could be damaged and Sanne could become subject to high-value litigation.

Sanne operates a comprehensive set of controls in order to prevent risk materialisation in relation to its fiduciary duties. Director appointment and approvals are in place alongside clearly defined responsibilities, training and procedures. Sanne's fiduciary-related services are conducted in line with its four eye principles.

A change in the market conditions, and therefore a downward turn in higher risk investments, could change risk exposures and fund administrators and asset management companies may begin to experience increased regulatory scrutiny and litigation with regards to fiduciary responsibilities. During the COVID-19 outbreak Sanne has not experienced any material increases in litigation; the organisation continues to deliver on all regulatory and fiduciary responsibilities.

Financial Crime[1] Risk: Inadequate systems, procedures and controls to prevent Sanne being exposed to or facilitating financial crime.

International bodies, governments and regulators continue to focus on ensuring effective global financial crime prevention regimes.

Exposure to the proceeds of crime or a failure to comply with financial crime legal and compliance requirements could lead to the erosion of client confidence, cause significant reputational damage and ultimately lead to regulatory censorship.

Sanne continues to be committed to the highest standards of ethical behaviour and in line with regulatory requirements continues to ensure that there are adequate and effective procedures, systems and controls in place to combat financial risks.

Sanne's Financial Crime Risk Assessment ensures financial crime risks relevant to the business are identified, understood and mitigated. Risk, compliance and internal audit provide independent testing and oversight to ensure adherence to internal financial crime policies and regulatory obligations.

1. Financial Crime Risk is the collective term that includes money laundering, terrorist financing, sanctions, fraud, bribery & corruption and tax evasion risks.

Financial Performance Risk: Failure to manage and monitor the financial performance of the Group on an ongoing and forecast basis.

Should Sanne fail to adequately manage its financial reporting obligations this could lead to poor management decisions, unexpected costs and inaccurate external financial reporting.

Sanne operates on a single, fully integrated finance system for the Global Group and has invested in a large and highly qualified finance team. The Group has an extensive financial controls framework that gets regularly tested by Internal Audit. The Group also undertakes detailed bottom-up budgeting exercises supplemented with quarterly reforecasting exercises. Management information is published on a regular basis for management to use and review and the Group operates regular reviews of financial performance across the business. The Group also has a highly qualified financial reporting team.

Process Risk: Lack of relevant process or incorrect, inconsistent, or untimely execution of processes.

Should there be a material operational error as a result of the ineffective execution of processes, this could have an adverse impact on our clients, damaging our reputation and potentially lead to a regulatory breach.

Sanne operates multiple layers of control testing in order to ensure that there is an effective process control environment. Sanne's Group Policy Framework sets the Group's minimum standards and is supported by jurisdictional handbooks, procedures and checklists.

Sanne has implemented a global programme of operational excellence during 2020 in order to ensure best in industry service execution, efficient operational delivery and global process controls consistency. During 2020 the resilience of Sanne's processes have been demonstrated through the effective transition to remote working.

Staff Resources Risk: The risk of failing to attract, retain and develop sufficient qualified and capable resources could have an adverse impact on Sanne's operations and clients.

During the reporting period the workplace environment for employees has changed significantly. There has been an increased inherent risk to staff safety, wellbeing, productivity and availability due to the COVID-19 outbreak. Employees across Sanne have transitioned to remote working for a substantial portion of the year. Where offices have been available for use, this has been on a reduced capacity basis.

The top priority of the Board, Executive team and senior management has been the safety and wellbeing of all employees. The IT infrastructure in place has facilitated a smooth transition to remote working and in Sanne's offices social distancing and hygiene controls have been implemented in line with the guidance from authorities.

Sanne has reaffirmed its commitments to supporting employee wellbeing with the rollout of both local and global wellbeing initiatives, alongside increased utilisation of flexible working arrangements. Sanne's leadership and employees have proven their resilience, there have been no material impacts to client service provision or operations and no material changes in staff availability.

The employment market for fund administration and corporate services continues to be competitive. Sanne's continued focus on the optimisation of the overall employment proposition and competitive remuneration packages ensures Sanne can compete for and retain the best resources across the industry.

Retention across the senior management team has been strong over the reporting period. Sanne has made several key appointments during the year, leveraging technology and remote interviewing as required. Sanne continues to focus on succession planning and personal development, including supporting professional qualifications.

During the period, Sanne has implemented a new global HR system, providing an enhanced platform for the management of people and HR processes.

The Workplace Advisory Panel remains in place as an effective feedback mechanism between the employees and the Board. An overview of the Workplace Advisory Panel is contained on page 40.

Strategy Risk: Inadequate strategic business decisions or failure to execute the defined strategy.

Inadequate strategic decisions, or a failure to execute the set strategy by management, could have a detrimental impact on Sanne's operations and clients as well as reduce market confidence.

The Board has set Sanne's risk appetite which clearly defines the tolerance for risk in pursuit of strategic objectives.

The Group continues to pursue the core alternative assets strategy as demonstrated by the completion of the sale of the Jersey private client business during the reporting period.

The Group's Board and management committees continue to oversee the effectiveness of strategic risk implementation.

Technology Risk: The risk of failure to ensure that Sanne's technology meets business and client requirements, including being both stable and resilient.

The sophistication of cyber threats is constantly evolving; 2020 has seen criminals seeking to exploit changes in working environments as a result of the COVID-19 pandemic.

A substantial cyber event could cause detriment to Sanne's clients as well as erode market and regulator confidence.

Due to the nature of Sanne's business, the organisation is entrusted with the responsibility to protect client data. Sanne operates a suite of company-wide data security, integrity and protection controls to mitigate against privacy, data and cyber risks. A robust control environment is complemented with a comprehensive training and vigilance programme. During the period the programme has been expanded and enhanced to counteract the progressive nature of cyber threats and COVID-19 specific risks.

The appointment of Sanne's first Chief Technology Officer has provided increased focus on the overall IT strategy during 2020. Sanne continues to review and optimise the overall IT infrastructure in line with business and client requirements as well as organisational growth. The IT infrastructure has proven stable and resilient with minimal disruptions as employees transitioned to remote working throughout 2020 in response to the COVID-19 pandemic.

Sanne continues to invest in and promote innovative technology. During 2020 Sanne Spotlight has been launched with Sanne's strategic partner Colmore. The technology platform has been designed to accommodate complex, multi-asset class scenarios and expands Sanne's data and portfolio service offering.

The Board and Executive oversee investment in technology innovation. Sanne continues to invest in technology solutions that provide an enhanced client service proposition and a competitive edge in the alternative asset administration and corporates services industry.

Risk Management continued

Emerging risks

Global markets

Sanne continues to operate in dynamic global markets; alternative asset management decisions, and therefore the products and services offered to and by Sanne, are influenced by changes in these global markets.

- **Economic:** Changes in global and local economic environments can influence alternative investment manager decisions and subsequently the outlook or type of opportunities within a given market. There is still uncertainty around the long-term economic impacts of COVID-19.
- **Political:** Brexit, the Hong Kong legislative changes, and US elections are evidence of a dynamic political environment with constant change and evolving socio-political factors. Fund managers will often consider political stability, and socio-political outlook in a jurisdiction as part of their investment strategy and decisions.
- **Legal and regulatory change:** Global governments continue to compete for alternative investment. Authorities continue to implement legal and regulatory change to attract investment. Both Hong Kong, through the Limited Partnership Fund Regime, and Singapore, through the Variable Capital Companies legislation, are examples of jurisdictions seeking to increase alternative asset investment into local markets.

Shifting dynamic markets presents both risks and opportunities for Sanne. Changes in market outlook often present new product, service and business opportunities for Sanne. Global Heads of Product ensure that products and services remain relevant in the markets Sanne operates and support Sanne in becoming first movers where global trends shift or alternative asset market hotspots materialise. Market risks are primarily mitigated through a flexible strategy, regular horizon scanning, client behaviour analysis, a diverse global footprint and an expansive range of products and services that perform well in variable economic conditions.

Environment, Social and Governance (ESG) Risk

Environment, social and governance (ESG) risks relate to climate change, environmental management practices, duties of care, working conditions and compliance to the relevant laws. There is an increased focus globally on ESG risks from governments, regulators and stakeholders. Sanne continues to act both ethically and transparently whilst conducting business. Defined strategic ESG goals have been set both globally and jurisdictionally across the organisation. Sanne's approach to ESG is outlined on pages 36-45.

Financial crime and tax transparency

International bodies, governments and regulators continue to focus on tax transparency and the effectiveness of anti-money laundering regimes.

Both the European Union and Financial Action Task Force (FATF) continue to monitor the effectiveness of global anti-financial crime regimes, adding jurisdictions to the European Union list of high risk third countries or the FATF list of jurisdictions under increased monitoring where strategic deficiencies are identified. Sanne operates a suite of systems, controls and procedures to counter AML and CT risks alongside a fully resourced global compliance function to ensure adherence to all financial crime prevention regulation and requirements.

During 2020 international focus on tax transparency has continued. Global bodies and governments continue to introduce new requirements, as seen with the implementation of the European Directive on cross-border tax arrangements 'DAC6'. Sanne continues to ensure compliance with all applicable regulation and laws, supporting clients as required.

During 2020 Mauritius was added to the list of high risk third countries by the European Union and the FATF list of jurisdictions under increased monitoring. The Cayman Islands were also removed from the EU's list of non-cooperative tax jurisdictions. The Risk Committee and the Group Business Risk Committee conduct regular oversight of changes in the external environment to ensure the appropriate internal mitigation are in place.

LIBOR

The move away from LIBOR is a significant operational change in the debt market; the LIBOR rate must not be used at all after the end of 2021 and no new loans can be booked using LIBOR after the end of Q1 2021. LIBOR is being replaced by SONIA in the UK and SOFR in the US; these are risk-free rates and are based on actual transactions reflecting the average of the interest rates for Bank overnight borrowing. In Europe, all loans with reference to LIBOR require amendments. The impact of the LIBOR changes on Sanne are relatively low when compared to other organisations. The Group is undertaking the required action and amendments, particularly with regards to the Loan Agency business.

Foreign exchange

Sanne's exposure to foreign exchange rate changes relates primarily to global income and is considered on pages 32.

Sanne's risk taxonomy

Level 1 risk category	Level 2 risk category	Principal risk	Change in principal risk
Financial	Financial Performance	Yes	⏸
	Income (FX)		
	Liquidity & Capital		
	Tax		
Legal	Contractual		
	Fiduciary	Yes	⏸
	Litigation		
Operational	Business Change		
	Business Continuity		
	Health & Safety		
	Internal Fraud		
	Outsourcing		
	Physical Security		
	Process	Yes	▼
People	Key Person		
	Staff Conduct		
	Staff Resources	Yes	▼
Regulatory	Compliance	Yes	⏸
	Financial Crime	Yes	⏸
	Listing Rules		
Strategic	Acquisition	Yes	⏸
	Competitor & Client Demand	Yes	⏸
	Environmental, Social and Governance		
	Governance & Reporting		
	Strategy	Yes	⏸
Technology	Data & Cyber		
	Design	Yes	▲
	Resilience & Stability		

Principal risks: Movement in principal risk during the reporting period

▲	Increasing
⏸	Stable
▼	Decreasing

Changes in principal risks in the year

Process: The firm continues to improve the controls across all product groups resulting in improvements to risk exposure.

Staff resources: Attrition rates continue to fall with the business well placed to identify and manage resource requirements reducing the perceived risk exposure.

Technology: The threat of a cyber-attack has inherently increased for most financial services firms. Sanne continues to invest in protection and prevention measures improving it's management of this risk. Despite this and improved perceived risk exposure in other areas of technology as the firm develops and invests, the inherent increase in data and cyber risk results in an increase in the perceived exposure.

Viability Statement

Viability Statement
1) Assessment of prospects

Sanne benefits from a high proportion of recurring revenues from long-term customer contracts. The Group also benefits from attractive levels of growth as well as strong margins and high levels of cash conversion demonstrated by past performance. The Group also has limited exposure to long-term financial commitments. The Group's financial performance during the year ended 31 December 2020 also demonstrates how resilient Sanne is despite the impact we've seen the COVID-19 pandemic have on our business and end markets.

A period of three years from the balance sheet date has been chosen to base the viability statement on because despite most client contracts typically running for significantly longer periods, there is inevitably more uncertainty associated with a longer time-frame and this time period is more closely aligned to the Group's focus on strategic planning and Directors have a reasonable confidence over this time horizon. The viability assessment reflects financial stress placed on the business arising from the scenarios identified below which have been designed to reflect the principal risks facing the Group. These are identified in the Principal Risks and Uncertainties section of the Annual Report and Accounts.

The Group's strategy is described in more detail in the Strategic Review section of the Annual Report and Accounts and remains unchanged as follows:

- Drive differentiated, best-in-class client offering across high touch and technology enabled services
- Increase our share of wallet within existing as well as targeting new asset manager client groups
- Roll out our services and product offerings at scale across the entire global footprint
- Add new geographic markets to the Group's footprint in line with client requirements
- Invest in resilient and scalable operating platforms and technology to support our client service offering
- Deploy the Group's capital to acquire or invest in companies to augment or accelerate the Group's growth strategy

The key factors that support the Group's future prospects as well as its resilience are:

- Long-term client relationships and engagements with high quality institutional clients;
- Scale and depth of resources;
- Diversification of income by client investment strategy, client asset class (also described as Product, such as Private Debt, Real Assets, Private Equity etc.) and geography;
- High quality employee base made up of a significant number of employees either holding or training for professional qualifications; and
- Strong acquisition track record of integrating businesses that build the Group's geographic footprint and capabilities. Since 2015, we have completed 13 transactions.

2) The assessment process and key assumptions

The viability assessment of the Group, over a three-year period, is undertaken primarily based on its strategic and financial direction from the CEO, CFO and Executive Committee. The process involves detailed review and analysis of current and historic trading, particularly the impact of the global COVID-19 pandemic in 2020 and on-going into 2021. It also involves extended strategy sessions for the entire Board and results in detailed financial forecasts being prepared. The first year uses conservative financial forecasts derived from the Group's operating budget and all subsequent years are extrapolated based on the Group's overall strategic plan. Performance against the financial and strategic plans are assessed on a regular basis by both the Executive Committee and the Board.

This viability assessment takes into account all the committed expenditure of the Group together with earn-out costs in relation to historic acquisitions.

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

- Low double digit per annum organic revenue growth, reducing each year to mid-single digit revenue growth in the final year of the three-year period being assessed;
- An underlying operating profit margin over the forecast period within management's guided range of 28% to 30% reflecting the recovery in the Group's underlying operating profit margin in the forecast period as well as other small margin improvement factors such as operating leverage and right shoring of headcount being offset in further investments in growth initiatives;
- A marginal annual increase in the Group's effective tax rate to reflect stronger profit growth in higher tax jurisdictions;
- No change in stated dividend policy;
- No material change in capital structure; and
- Current business model and balance sheet structure remain unchanged.

3) Assessment of viability

Whilst the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has also assessed the financial impact of a range of alternative scenarios. These scenarios are based on the Group's current position and the potential impact of the principal risks documented in the Strategic Report, on pages 47 to 49. These scenarios represent stresses which include:

- Loss of one of the Group's largest clients or a product line equivalent to a loss of 4% of Group revenues and associated costs taking an additional six-month period to remove (Scenario 1);
- A sustained low-growth environment, involving a zero organic growth for all areas of the business for the entire forecast period (Scenario 2);
- A failed acquisition of a size similar to the recent acquisition of PEA where half the revenues acquired are lost during the first year of ownership (Scenario 3);
- Adverse foreign exchange movement where pound sterling appreciates by 5% compared with other Group currencies (Scenario 4);
- Adverse trading conditions impacting margins and cash collection, reducing underlying operating profit margins to between 20% and 25% and reducing operating cash conversion to c.70% for the entire forecast period in both cases (Scenario 5); and
- A regulatory, fiduciary or cyber incident resulting in a large one-off cost and a structural reduction in profit margins moving forward (Scenario 6).

Principal risks	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Acquisition			X			
Competitor and client demand	X	X			X	
Strategic	X	X	X		X	
Business change		X				
Fiduciary						X
Process	X	X			X	X
Technology						X
Staff resources					X	
Compliance						X
Financial crime						X
Financial performance		X		X	X	

In addition to the above specific scenarios, further analysis was also undertaken looking at a combination of scenarios occurring at the same time. This severe but plausible downside case looked at the combined impact of scenarios 1, 2, 4, 5 and 6 occurring together. The modelled stressed scenarios above continue in all cases to include dividends being paid at a similar pay-out ratio to Sanne's recent dividends. There are a number of mitigating actions that would be available to the Board in the event of any of these scenarios materialising, such as reducing dividend payments or reducing discretionary spend on marketing, business development, technology development and employee incentives, which have not been included in the modelling exercise but would be available to the Board to further increase headroom.

The results of the stress testing, including the combination scenario, demonstrated that, due to the Group's high cash generation and access to additional funds, the Group would be able to remain viable and maintain liquidity and headroom against all financial covenants over the whole of the assessment period.

4) Viability Statement

Based on the results of this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due over the three-year period to 31 December 2023.

Approval of Strategic Report

This Strategic Report was approved by the Board and signed on its behalf by:

Martin Schnaier
Chief Executive Officer
18 March 2021

Governance

Standards we raise the bar, so you can expect more.

We deliver a sustainable growth business that exceeds expectations by providing tailored expertise to a higher standard than anyone else in our sector.

We offer unparalleled strength and depth from our people. Sanne plays an increasingly important role in the global financial community with expert knowledge across asset class and financial jurisdictions to complement the objectives of our clients.

Chairman's Introduction

The Board places considerable emphasis on corporate governance as it believes it will provide the sustainable foundations for the continued success and growth of the Group.

Rupert Robson
Chairman

Dear shareholder

In my capacity as Chairman, I am pleased to present the Corporate Governance Report.

The Board places considerable emphasis on corporate governance as it believes it will provide the sustainable foundations for the continued success and growth of the Group. The Board is committed to building the Group's corporate governance framework to deliver the Group's strategic aims and performance.

UK Corporate Governance Code

Sanne, as a premium listed company on the London Stock Exchange, is subject to the provisions of the UK Corporate Governance Code (the Code) published by the Financial Reporting Council (FRC) in July 2018.

Sanne complied with the Code throughout 2020.

Board changes

Andy Pomfret notified the Company of his intention to step down from the Board at the 2021 AGM. Andy has been a great asset to our Board, having served in his roles of Senior Independent Director and Chair of the Audit Committee since the IPO in 2015. I would like to thank Andy on behalf of the Board for his significant contribution throughout his tenure and wish him the best of luck in his future endeavours.

Sophie O'Connor and Fernando Fanton were appointed to the Board as Non-executive Directors on 16 November 2020 and 5 January 2021 respectively. Sophie has substantial knowledge of the financial services sector and is Chair-elect of the Audit Committee and is also a member of the Risk, and Nomination and Governance committees. Fernando has significant technology experience and joins the Board as a member of the Remuneration, and Nomination and Governance committees. Their biographies are available on pages 60 to 61 and full details of the succession planning and appointment process can be found in the Nomination and Governance Committee Report on pages 74 to 76. I would like to welcome Sophie and Fernando to Sanne on behalf of the Board, and I am confident they will strengthen the Board in its support and constructive challenge of the Executive Directors and oversight of the implementation of Sanne's strategy.

Board diversity
The Board met the voluntary gender diversity target set out by the Hampton-Alexander review at year end. At the time of reporting female representation on the Board is 30%; however, following Andy Pomfret's retirement at the 2021 AGM, the Board will again meet the 33% target. Furthermore, the Board also meets the recommendations of the Parker Review of having at least one Director from an ethnic minority background, well in advance of the 2024 deadline for FTSE 250 Boards.

More information on Board diversity can be found in the Nomination and Governance Committee Report on page 76, and our Board Diversity Statement can be found on our website at www.sannegroup.com.

Board committees
The main committees of the Board are Audit, Risk, Nomination and Governance, and Remuneration. The committees have an important role in supporting the Board's work. They are provided with the resources they need to discharge their role, including administration support and access to professional advisers. Information about the committees can be found in this report on page 67.

We continually review our corporate governance and the following report covers our approach and provides insight into discussions held at the Board and its committees.

Board effectiveness
It is a key requirement of good governance that an annual evaluation is carried out to ensure that the Board, its committees and each Director perform effectively. In line with the provisions of the Code, this year's Board effectiveness evaluation was conducted by an external consultant, Ceradas. This evaluation involved an in-depth review of the Board's activities and those of its committees, the Directors' contributions, interactions and their effectiveness in carrying out their role. I am pleased to announce that the evaluation was positive, and we have identified some areas of focus over the coming year in order to further strengthen our corporate governance framework. Further information on the process and outcome of the evaluation is provided on page 68.

People, culture and employee voice
Sanne has gone through a period of cultural change following the appointment of Martin Schnaier as CEO and there have been some very positive steps taken by the Board and management to improve workforce engagements.

As reported in the 2019 Annual Report and Accounts, the Board established a formal Workforce Advisory Panel and appointed three Designated NEDs. The Panel collects the views of the workforce as a whole and act as an advisory committee to the Designated NEDs, who in turn report their findings to the Board to ensure workforce thoughts and concerns are heard by the Board.

In 2020, we introduced a Diversity and Inclusion Committee with the CEO as the executive sponsor to ensure not only that all management levels operate with diversity and equal opportunity, but also that the diversity translates into better decision-making and innovative thinking.

As with many other organisations, COVID-19 has significantly changed our working environment. As the majority of our staff moved to remote working in some capacity during the pandemic, the support and wellbeing of our staff became a major area of focus this year. In addition to specific health, safety and wellbeing initiatives being implemented globally, there have also been developments to improve connectivity. These include the release of a new intranet system, the introduction of virtual coffee hangouts, an 'Ask the CEO' monthly vlog series, and increased virtual townhalls.

Further information on all of these initiatives can be found in People and Culture on page 42.

Shareholder communications
Our communication and engagement with shareholders over the last 12 months included investor roadshows. All shareholders had the opportunity to engage with senior management either at these events, directly, or at our AGM.

The Non-executive Directors are available to discuss any matter shareholders might wish to raise, and the Chairman and independent Non-executive Directors will attend meetings with investors and analysts as required. On an annual basis, I approach all our larger shareholders to provide an opportunity for direct interaction.

I am grateful to all of our shareholders for their support.

Looking ahead
COVID-19 has undoubtedly presented a number of challenges this year. Nevertheless, my fellow Directors, management and the wider workforce have remained focused and positive, and I would like to pay tribute to their continued drive and enthusiasm.

Overall, it has been another successful year for the business. We have further developed our governance framework and built on our structure to suit the needs of our business. We will continue to build a sustainable successful high growth business.

Rupert Robson
Chairman
18 March 2021

Corporate Governance Report

Governance framework and Group committees

The work of the Board is supported by its committees, and this financial year these consisted of the Audit Committee, the Risk Committee, the Nomination and Governance Committee, and the Remuneration Committee.

The terms of reference for each of the committees can be found on our website, www.sannegroup.com, and reports from each committee are found on pages 74 to 106. Each committee meets separately, and at regular intervals throughout the year.

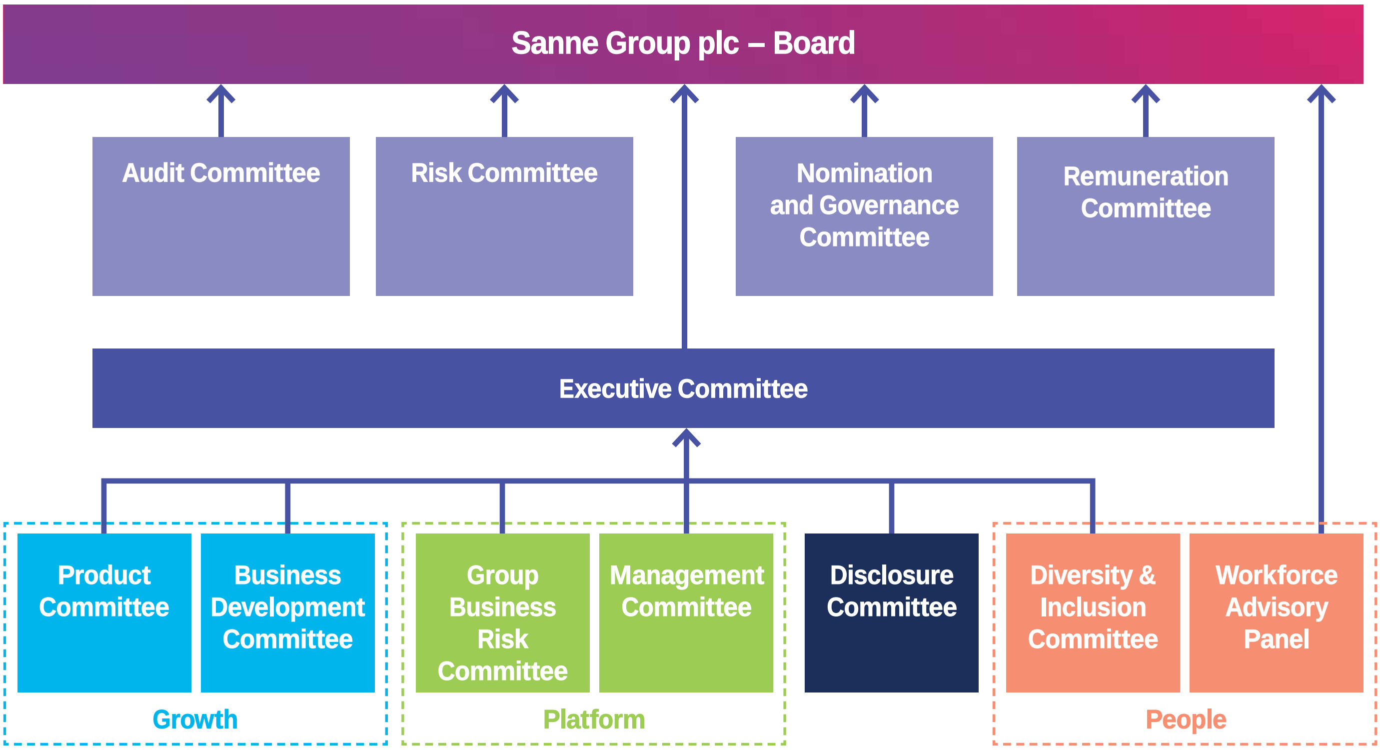
Day-to-day management has been delegated by the Board: development of the Group and its strategic direction is led by the CEO and approved by the Board; and the Group's Executive Committee manages the day-to-day operations of the Group. Details of the composition of the Executive Committee are found on page 62.

Governance structure at a glance

The structure chart below sets out the composition of the Board and its committees shown as at 28 February 2021, being the last practicable date prior to publication of the Report.

The Board of Director's have their profiles set out on pages 60-61. Further information about the Board committees is available on page 67 and in the committee reports on pages 74 to 106.

www.sannegroup.com/annualreport



Governance and the delivery of strategy

The Board's role is to determine and review the Group's strategy to promote the long-term success of the Company for the benefit of its shareholders. It also oversees management and is responsible for the governance, controls, risk management, direction and performance of the Group. The CEO is responsible for the day-to-day management of the business in line with the strategy and long-term objectives approved by the Board.

The Executive Committee, chaired by the CEO, oversee a governance strategy focussed on operational excellence. This strategy separates the management of the Group platform and its products. The Group platform falls under the control of the business which is tasked with aligning activities in the different jurisdictions under a common framework based on best-in-class service models. This is intended to achieve much greater operational consistency and resilience, along with an adapted compliance framework. The management of Group products within the key Alternative industries falls under the control of specialist cross-jurisdictional teams that are responsible for creating a leading commercial proposition in each asset class. This dual focus on operational and commercial excellence is intended to position Sanne as one of the world's leading providers of alternative asset and corporate business services.

Board of Directors

Rupert Robson

Chairman

Rupert has held a number of senior roles in financial institutions, most recently Non-Executive Chairman of TP ICAP plc, EMF Capital Partners and Charles Taylor plc, and Non-Executive Director of London Metal Exchange Holdings Ltd, Tenet Group Ltd and OJSC Nomos Bank. Prior to that he was Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets.

Martin Schnaier

Chief Executive Officer

Martin has more than 20 years' experience working in the financial services industry. Prior to being appointed CEO, Martin was Chief Commercial Officer for Sanne, with responsibility for the firm's global service offering and its continued commercial development. Martin joined Sanne from Babson Capital (now Barings), the global asset manager, where he was a finance director, responsible for the firm's private debt and private equity businesses. Before this, Martin worked for Advent Venture Partners as a financial controller and originally qualified as a chartered accountant with KPMG.

James Ireland

Chief Financial Officer

Prior to joining Sanne, James spent more than ten years at Investec plc, where he most recently led the investment banking division's Support Services Sector team. Before Investec, James worked within the corporate tax division at Grant Thornton and also spent time mobilised with the British Army.

James has extensive experience in financial services organisations and is a skilled practitioner in the areas of business transformation, acquisitions and investor relations.

Andy Pomfret

Senior Independent Director

Andy was Rathbones' Chief Executive and Chaired the Executive Committee, which managed the day-to-day affairs of the Group. He qualified as a Chartered Accountant with Peat, Marwick, Mitchell & Co. (now KPMG). Prior to joining Rathbones in July 1999, he spent more than 13 years with Kleinwort Benson as a corporate financier, Venture Capitalist and latterly Finance Director of the investment management and private banking division.

Mel Carvill

Non-executive Director

Mel is a member of the Board of Directors of Home Credit N.V. and brings significant financial services industry experience having served as a member of the top management team of Home Credit's parent company, PPF Group, from 2009.

Previously, Mel worked across a range of sectors. Notably, Mel was at Generali from 1985 until 2009 where he held a number of senior positions including Head of Western Europe, Americas and the Middle East, Head of M&A and Head of International Regulatory Affairs, Head of Risk Management and Head of Corporate Finance.

	Rupert Robson	Martin Schnaier	James Ireland	Andy Pomfret	Mel Carvill
Appointment date	26 March 2015	23 January 2019 (CEO-designate), 16 May 2019 (CEO)	1 July 2018	26 March 2015	1 January 2018
Independent	Upon appointment	No	No	Yes	Yes
External appointments	Non-executive Director, Savills plc	No	No	Non-Executive Chairman, Miton UK MicroCap Trust plc Non-Executive Chairman, Sabre Insurance Group plc Non-Executive Director, Aberdeen New Thai Investment Trust Plc	Non-executive Director, Home Credit N.V. Non-executive Chairman, Aviva Life & Pensions UK Limited
Committee membership	N R	Not applicable	Not applicable	A N K D	K A N

Committee membership key

A Audit Committee	R Remuneration Committee	K Risk Committee
N Nomination and Governance Committee	Indicates Committee Chair	D Designated NED

Fernando Fanton

Non-executive Director

Fernando also serves as Technology advisor to Kroo.com and was a former Chief Product and Technology Officer at Just Eat. Previously, he had various senior technology roles at Elsevier, Mendeley.com, McKinsey & Co and the Microsoft Corporation.

Fernando has an MBA in Finance and a Bachelor of Engineering Computer Science degree.

Appointment date

5 January 2021

Independent

Yes

External Appointments

No

N R

Julia Chapman

Non-executive Director

Julia is a solicitor qualified in England & Wales and Jersey with more than 25 years' experience in the investment fund and capital markets sector. Having trained with Simmons & Simmons in London, she moved to Jersey to work for Mourant du Feu & Jeune (now Mourant Ozannes). She became a partner in 1999 and was responsible for legal, risk and compliance oversight of third-party administration services to alternative investment funds. Up until 2012, Julia also worked at State Street where she was responsible for the internal legal affairs and governance in their European alternative investment services division. She left State Street to focus on the provision of independent directorship and governance services to a small number of alternative investment fund vehicles.

Appointment date

1 July 2018

Independent

Yes

External Appointments

Non-executive Director, Henderson Far East Income Limited

Non-executive Director, GCP Infrastructure Investments Limited

Non-executive Director, BH Global Limited

N R D

Nicola Palios

Non-executive Director

Nicola is an English Barrister and a Jersey Advocate. Having joined the Mourant Group in 1988 she became Mourant's youngest ever partner and went on to hold the position of Chief Executive from 2003 until the sale of the group companies in 2010. More recently, Nicola held the position of Chairman of the States of Jersey Development Company until December 2020. She now runs her own consultancy business offering a variety of services to the private equity industry and holds a number of Non-executive Directorships in private limited companies.

Appointment date

26 March 2015

Independent

Yes

External Appointments

No

R A N

Sophie O'Connor

Non-executive Director

In her other directorships, Sophie's responsibilities include being the Chair of Scottish Widows Unit Trust Managers and HBOS Investment Fund Managers and the Chair of the Audit Committee of the Lloyds Bank Group Insurance and BNY Mellon (International).

Sophie is a qualified accountant and started her career at Ernst & Young. She then worked for 15 years at Merrill Lynch (now Bank of America Merrill Lynch), where she had various roles including Chief Finance Officer and Chief Operating Officer of divisions both in the UK and the USA. Previous Non-Executive Director roles include Mineworkers' Pension Scheme and Reliance Mutual Insurance Society.

Appointment date

16 November 2020

Independent

Yes

External Appointments

Non-executive Director, Lloyds Banking Group Insurance (including Scottish Widows)

Non-executive Director, Bupa Insurance

Non-executive Director, BNY Mellon (International) Ltd.

A N K

Yves Stein

Non-executive Director

Yves has more than 30 years of experience in the banking industry through various senior positions in corporate banking, fund services and wealth management. Yves currently serves as Chief Executive Officer of Banque Edmond de Rothschild (Europe) SA in Luxembourg.

He most recently served as Group Chief Executive of KBL European Private Bankers headquartered in Luxembourg. Prior to that he was Chief Executive Officer of Union Bancaire Privée (Europe) SA and Chief Executive Officer of Wealth Management of BNP Paribas in Switzerland.

Appointment date

1 October 2018

Independent

Yes

External Appointments

Chief Executive Officer, Banque Edmond de Rothschild (Europe) SA

N K D

Sanne's Executive Committee

Sanne is led by an experienced team of industry experts. The composition of the Executive Committee ensures that there is representation from all functions of the business covering both client and support services.

Martin Schnaier
Chief Executive Officer

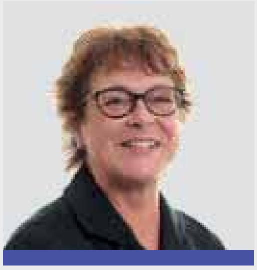
Based in London, Martin is responsible for delivering business strategies that underpin the long-term development of Sanne's service and operations platform.

James Ireland
Chief Financial Officer

Based in London, James is responsible for managing the financial strategy and operations of the Group. His responsibilities also cover M&A activity.

Andrew Jones
Chief Risk Officer

Based in Jersey, Andrew is responsible for the oversight of risk-taking activities and supporting Sanne in effective and efficient management of risk on an enterprise-wide basis.



Cindy Peters
Chief Human Resources Officer

Based in London, Cindy is responsible for the global HR strategy enabling the business to achieve its objectives through the development and engagement of talent. Her vision is to provide the optimal environment for Sanne's people to deliver excellent service to clients.

James Bermingham
General Counsel

Based in London, James is responsible for setting Sanne's legal and commercial strategy to ensure an effective operating platform which is best in class, providing unrivalled support to clients. James' areas of focus include platform support, litigation, projects and product development. He is also responsible for the insurance and company secretarial teams.

Jason Bingham
Chief Strategy Officer

Based in London, Jason is responsible for driving the business growth strategy of the Group. His role focuses on organic growth through product development and client service initiatives across the firm.

Kevin Lazeris
Group Head of Compliance

Based in London, Kevin is responsible for managing all aspects of regulation and financial crime across the business.

Marie Measures
Chief Technology Officer

Based in London, Marie is responsible for implementing a technology strategy, which underpins the business vision, and subsequently leads the transformation across Sanne's Business System Innovation, Cloud, Data, Cyber and Modern Workplace themes.

Peter Nagle
Chief Commercial Officer

Based in Mauritius, Peter is responsible for client service delivery in all jurisdictions and driving the firm's continued commercial growth.

Leadership

Directors
The Board of Directors have their profiles set out on pages 60-61. The Board comprises the Non-executive Chairman, two Executive Directors and seven independent Non-executive Directors.

Board changes
At the beginning of 2020, the Nomination and Governance Committee conducted a review of the composition of the Board which identified two positions that will ensure proper succession planning, and a continuing balance of diversity, skills and experience: a successor to the Chair of the Audit Committee and a technology specialist. For the remainder of the year, the Nomination and Governance Committee ran a thorough recruitment process to find appropriate candidates for these positions. The outcome of this exercise was the appointment of Sophie O'Connor as a Non-executive Director and Chair-elect of the Audit Committee in November 2020, and Fernando Fanton as a Non-executive Director in January 2021. Further details on the succession planning and appointment process can be found in the Nomination and Governance Committee Report on page 75.

Chairman
The Chairman, Rupert Robson, leads the Board, provides direction and ensures that there is a clear structure in place for the effective operation of the Board and its committees. He sets the agenda for Board meetings, and promotes effective and constructive discussion at meetings. He is responsible for ensuring that the Directors receive timely and accurate information.

In addition, the Chairman works with the CEO to ensure strategies agreed by the Board are implemented. He provides support to the CEO whilst respecting the CEO's responsibility for managing the Group. There is a clear division of responsibilities between the Chairman and CEO, which has been defined and was established when Sanne was listed.

The Board considered the time commitment of the Chairman, in light of his other time commitments as noted in his biography on page 60, and concluded that he fully satisfied his obligations to the Group.

Non-executive Directors
Non-executive Directors bring a strong independent element and a breadth of skills and experience to the Board. The Non-executive Directors bring constructive challenge and are responsible for the effective running of the Board's committees. They need to satisfy themselves that the Group's financial controls and risk management are robust and effective.

The Nomination and Governance Committee considered the time commitments of each Non-executive Director, in light of their other time commitments as noted in their biographies on pages 60-61, and concluded that they fully satisfy their obligations to the Group.

Senior Independent Director
Andy Pomfret is the Senior Independent Director (SID). The SID's role is to act as a sounding board for the Chairman, and to serve as an intermediary for the other Directors when necessary. He leads the Chairman's annual performance evaluation and brings independent judgement to the Board.

The SID is also available to shareholders if they have issues or concerns that have not been resolved through the normal channels of Chairman, CEO or CFO, or for which such contact is inappropriate.

Mel Carvill will replace Andy Pomfret as the SID when he steps down from the Board at the Company's AGM on 19 May 2021.

Group Company Secretary
Ian Portal is the Group Company Secretary and supports the Chairman in the delivery of Board and governance procedures. In particular, he assists with the induction of new Directors and the annual cycle of Board and committee meetings. He supports the smooth operation of governance by working with the Chairman, and the chair of each of the Board committees. He additionally provides support to the Chairman in ensuring compliance with relevant legal and regulatory requirements. He arranges for the Directors to meet with executives, visit offices in the Group and provides information on corporate governance.

The Group Company Secretary provides advice and services and keeps accurate records of all meetings.

Independent advice
There is a process in place, facilitated by the Group Company Secretary, to enable any Director to take independent professional advice at Sanne's expense. This advice would be in relation to the performance of any aspect of their duties.

Conflicts of interest
In accordance with the Companies (Jersey) Law 1991, as amended, all Directors disclose to the Company the nature and extent of any interest of the Director (whether direct or indirect) of which the Director is aware in any transaction entered into, or proposed to be entered into, by the Group or any of its subsidiaries, which conflicts, or may conflict, to a material extent with the interests of the Group. The Directors' Register of Conflicts of Interest is maintained by the Group Company Secretary and is reviewed by the Directors as a standing agenda item at every Board meeting.

Directors' re-election
In accordance with provision 18 of the Code, the newly appointed Directors and all existing Directors, with the exception of Andy Pomfret, will submit themselves for election and re-election respectively, at the 2021 AGM. The Board recommends the election and re-election of each member of the Board based upon their skills, experience, contribution to the Board and its committees, and their ability to bring long-term shareholder value. The specific reasons why the Board considers each of the Directors' contribution to be important to the long-term sustainable success of the Company is specified in the Notice of AGM.

Board Effectiveness

Role of the Board

The Board is ultimately responsible for approving and overseeing the implementation of Sanne's strategy and ensuring appropriate systems of internal controls and risk management are in place. The Board also reviews performance management, and ensures the business has the right resources in place throughout the Group, to deliver long-term value to shareholders and to ensure the business thrives.

Material acquisitions are decisions that are also reserved for the Board. Other matters include the approval of the Annual Report and Accounts and shareholder circulars, announcements and approval of share and other capitalisation issues and the approval of recommendations for a dividend.

How the Board spent its time in 2020

During the year the Board considered a wide range of matters that included:

Topics discussed	January	March	May	June	September	October	December
Chief Executive Officer's Report	X	X	X	X	X	X	X
Chief Financial Officer's Report	X	X	X	X	X	X	X
Committee Reports	X	X		X	X	X	X
Strategy	X	X	X	X	X	X	X
Disposals, Acquisitions and Integration	X	X	X	X	X	X	X
External or In-house Briefings	X	X	X	X	X	X	X
Risk Management and Internal Controls	X	X	X	X		X	X
Compliance	X	X	X	X		X	X
Legal and Governance Updates	X	X	X	X	X	X	X
Technology	X	X		X	X	X	X
Budget	X						X
Annual/ Interim Report and Accounts		X			X		
Dividend and Viability		X			X		
AGM Preparation		X	X				
Environmental, Social and Governance	X	X	X		X	X	
People Matters, Culture and Diversity	X	X	X	X	X	X	X
Development and Succession	X	X			X	X	X
Board Evaluation	X			X		X	
Investor Relations/ Shareholder Updates	X	X	X	X	X	X	X
Client Relationships and Service Levels	X	X	X	X	X	X	X

Board composition and meeting attendance

The Board held seven scheduled[1] meetings during the year, at which there was full attendance:

	Eligible to attend	Attended
Rupert Robson	7	7
Martin Schnaier	7	7
James Ireland	7	7
Andy Pomfret	7	7
Fernando Fanton[2]	0	0
Julia Chapman	7	7
Mel Carvill	7	7
Nicola Palios	7	7
Sophie O'Connor[3]	1	1
Yves Stein	7	7

1. In addition to the seven scheduled meetings, the Board met a further 11 times to discuss ad hoc items and a sub-committee of the Board met on four occasions.
2. Fernando Fanton was appointed to the Board on 5 January 2021.
3. Sophie O'Connor was appointed to the Board on 16 November 2020.

The Directors' attendance at committee meetings is disclosed in the separate reports of each committee on pages 74 to 106.

The Board held seven scheduled meetings during the year under review as per the table above. Non-executive Directors communicate directly, and have had informal meetings with Executive Directors and senior management between formal Board meetings. Directors are expected to attend all meetings of the Board, and the committees on which they sit, and to devote sufficient time to the Group to enable them to fulfil their duties as Directors. Non-executive Directors' letters of appointment confirm the minimum number of days each should be prepared to devote to the Group. The time commitments required by the Non-executive Directors were discussed by the Nomination and Governance Committee during the year and, taking into account external commitments, it was felt that the Non-executive Directors committed sufficient time to Sanne and were not unduly stretched by their commitments to other organisations.

Board diversity

The Board supports the recommendations in the Code and ensures that diversity and gender are considered when making Director appointments. Further information on diversity and inclusion can be found on pages 40 to 41 and on page 70, and our Board Diversity Statement can be found on our website at www.sannegroup.com.

Succession planning

Talent development and succession planning has been discussed by the Board and in more detail at the Nomination and Governance Committee during the year, which has resulted in two Non-Executive Directors being appointed to the Board during the reporting period. Additionally, the CEO and Chief Human Resources Officer, with oversight of the Nomination and Governance Committee, have focused on improving the internal succession planning process, and establishing clear career paths and training to promote and develop talent from within the business. More information on succession planning can be found in the Nomination and Governance Committee Report on page 75.

Directors' induction and training

In order to ensure that Directors are able to participate fully in discussions, and to influence and challenge as appropriate, all Directors receive a tailored personal induction on appointment, together with guidance and training appropriate to their role and level of previous experience.

Sanne's induction programme is based on the guidance provided by the ICSA and tailored to the specific requirements of our organisation and Directors. Induction is based primarily on one-to-one meetings with the Board, members of the Executive Committee, senior management and external advisers as appropriate. Given the unprecedented situation with COVID-19, during the reporting period these meetings took place virtually. On appointment, Directors are provided with an induction pack which includes information on key policies and procedures, Group structure, articles of association, matters reserved for the Board, committee terms of reference, Board calendar, director duties and the UK Corporate Governance Code.

Board Induction Programme

One-to-one meetings

- Chairman
- Committee Chairmen
- Chief Executive Officer
- Chief Financial Officer
- Group Company Secretary
- Executive Committee
- Senior Management
- External Partners

Key topics covered

- Strategy
- Overview of each business area
- Financial and operational performance
- Market analysis
- Budget review
- Audit report and findings
- Risk management and internal controls
- Regulatory updates
- Shareholder base and investor perception
- Key persons, succession and talent management
- Governance framework overview and obligations
- Directors' duties and responsibilities

Board Effectiveness continued

Sophie O'Connor was appointed to the Board in November 2020 and Fernando Fanton was appointed to the Board in January 2021 and since their appointments they have received their induction packs and embarked on this induction programme.

In addition to the standard induction programme, Sophie and Fernando's onboarding was customised to their specific experience and role on the Board. The focus of Sophie's induction was therefore based on her appointment as Chair-elect of the Audit Committee and as a member of the Risk Committee. More information on Sophie's induction to the Audit Committee can be found in the Audit Committee Report on page 77. Fernando's induction was based on his role as a technology specialist, including multiple meetings with the Chief Technology Officer and other key members of the Technology function, as a member of the Remuneration Committee, including meetings with the Chief Human Resources Officer and the external remuneration advisor, Korn Ferry.

Further training is provided as needs are identified and members of the Board are provided with regular updates in order to keep them up to date with industry, regulatory and governance developments. In-house briefings from various areas of the business are provided at each meeting in order to deepen the Directors' understanding of the organisation whilst professional advisers also deliver technical updates. All Directors are free to attend seminars and briefings, at Sanne's expense, in areas considered to be appropriate for their own professional development including governance and issues relevant to the committees on which they sit.

During 2020, the Board received briefings and training on:

- Business development and marketing
- Culture
- Environmental, Social and Governance
- Global market and fund administration sector
- Hedge
- Human Resources
- Group operations in Ireland
- Group operations in Luxembourg
- Target operating model
- Technology and technology strategy
- Group operations in UK
- Group operations in US

Relationship with shareholders

The Group continues to maintain an active dialogue with its key stakeholders, including institutional investors, to discuss issues relating to the performance of the Group including strategy and new developments. The Non-executive Directors are available to discuss certain matters with shareholders, and the Chairman and independent Non-executive Directors will attend meetings with investors and analysts as required.

Our investor relations programme supports the aims of the Code and the UK Stewardship Code to promote engagement and interaction between premium listed companies and their major shareholders. During 2020, the Executive Directors, supported by members of the senior management team, met with representatives from over 70 investor and potential investor institutions. In addition to the investor roadshows conducted following the release of the preliminary and interim results, the Executive team held one-to-one meetings at the request of investors and attended investor events organised by our joint brokers and other partners. Additionally, the Chairman contacted our ten largest shareholders during the first half of the year and reported on the outcome to the Board.

Our investors are kept up to date with regulatory news releases through our regulatory news service (RNS) and press releases. Copies of the past RNS announcements can be found on the Group's website at www.sannegroup.com.

Board visits

The Board were scheduled to visit the Ireland office during 2020 in order to meet the local management team and to:

- receive presentations about the local operations;
- get an in-depth view of the regional opportunities; and
- meet office staff informally.

The health, safety and wellbeing of our people is a key priority of Sanne and this overseas visit was therefore postponed as a result of COVID-19. The Board received virtual presentations from local management on the operations, challenges and opportunities of a number of jurisdictions throughout the year. Overseas visits will only recommence when it is deemed safe to travel and all participants feel comfortable with conducting or receiving the visit.

Information and support

The Chairman, aided by the Group Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Group Company Secretary compiles the Board and committee papers, which are circulated to Directors in advance of the meeting via a secure web portal. Board papers are distributed in time to allow sufficient time for review. The Group Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management and standard reporting evolves to incorporate suggested amendments and enhancements.

Accountability

Risk management and internal controls

The Board is responsible for the review and assurance over the Group's systems of risk management and internal controls and for reviewing their effectiveness. The Executive Directors and senior management are responsible for the implementation and maintenance of an effective system of internal controls. The Board is also responsible for risk assessment and management.

In line with provisions 28 and 29 of the Code, the Board has completed a robust assessment of the effectiveness of the Group's risk management and internal control systems including a review of the principal and emerging risks. The Board during the year delegated the responsibility for the review of this to the Audit Committee, which then reported back to the Board.

The review covered all material controls including financial, operational and compliance controls as required by the Code, and focus on five key components: business model, corporate governance framework, risk governance framework, risk appetite statement and risk reporting cycle. The review considered the key risk assessment, processes and controls in place across the Group to manage the principal risks including escalating exceptions to the risk management processes through the risk reporting cycle. The Group's risk management and internal controls systems are in accordance with the best practice outlined in the FRC guidance on Risk Management, Internal Control and Related Financial and Business Reporting, and have been in place for the reporting period up to and including the approval of these Annual Report and Accounts.

The overall conclusion of the review was satisfactory with some recommended control improvements which were implemented in 2020 and carrying on into 2021. Further information can be found in the Strategic Report on pages 46 to 51 and in the Risk Committee Report on pages 82 to 84 including a description of the principal and newly identified emerging risks and how they are managed or mitigated.

The Board is responsible for presenting a fair, balanced and understandable position of the Group in the Annual Report and Accounts and the half-year results. A statement about this is made in the Audit Committee Report on page 78.

Board committees

As part of the governance framework the Board has authorised committees to ensure there is a focus on accountability. The committees meet separately and regularly throughout the year. A detailed list of the duties of each committee can be found in their terms of reference, which are available on our website at www.sannegroup.com. The Board has delegated the Group's strategic direction (which is considered and approved by the Board) to Martin Schnaier, the CEO.

Audit Committee

The Board has delegated a number of responsibilities to the Audit Committee, which includes overseeing the Company's financial reporting process.

Risk Committee

The Risk Committee advise the Board on the Company's overall risk appetite, tolerance and strategy. They oversee the current risk exposures, future risk strategy and review the Company's internal control environment.

Nomination and Governance Committee

Oversight, responsibility and the recommendation of executive appointments is provided by the Nomination and Governance Committee. The Committee is also responsible for succession planning and reviewing the overall composition of the Board. Governance oversight and review is also provided by the Nomination and Governance Committee.

Remuneration Committee

Remuneration strategy and incentives are reviewed and aligned to match the Group's strategic aims by the Remuneration Committee. The Remuneration Committee establishes and reviews executive pay and rewards.

Executive Committee

The Executive Committee operates under terms of reference approved by the Board. The Board has sight of the minutes of the Committee. It operates to support the CEO in the running of the Group.

The Executive Directors and senior management are responsible for the implementation and maintenance of an effective system of internal controls. The Board is also responsible for risk assessment and management.

Board evaluation

Progress against 2019 key recommendations

As disclosed in the 2019 Annual Report and Accounts, the Board evaluation conducted internally by the Chairman and Group Company Secretary was overall positive and indicated a high level of satisfaction with the operation of the Board. It also highlighted a number of opportunities for improvement and the actions taken to address these areas are discussed below:

Recommendation	Action Taken
Further utilise external advisors to inform strategic debate and conduct development sessions	Sanne's joint brokers have presented to the Board during the year, covering a number of topics including: global market and fund administration sector overview; investor sentiments; and the US alternative investment services landscape. In line with the Sanne's inorganic growth strategies, the Board have considered numerous M&A opportunities during the year. External advisors are used to inform discussions on these significant transactions.
Increase oversight of succession planning below Board level	During the year, the CEO and Chief Human Resources Officer, with oversight from the Nomination and Governance Committee, have overhauled the succession planning process identify internal talent and develop a pipeline of potential candidates for Executive Committee and senior management positions. The Committee now receives reviews on succession planning and key person risk on a semi-annual basis.
Continue to assess opportunities and risks presented by new technologies	Marie Measures joined Sanne in January 2020 as our first Chief Technology Officer and was appointed to the Executive Committee. Marie is responsible for implementing a technology strategy and leading the technology transformation across Sanne's business system innovation, cloud, data, cyber and modern workplace themes. Accordingly, Marie has been invited to present a deep dive on Technology to the Board on two occasions during the year, including at the Board strategy day.
Increase the technological expertise of the Board	Following a thorough succession planning process, Fernando Fanton was appointed as a Non-executive Director in January 2021 and brings significant technology experience to the Board.

2020 Board evaluation process

In accordance with provision 21 of the Code, a full external Board evaluation was carried out in 2020 following two internal evaluations in 2018 and 2019. Chris Stamp of Ceradas was selected to carry out this work and their findings and recommendations were reported to and discussed by the Board in October. Chris Stamp is also the Non-executive Chair of Emperor Design who during the year consulted on our rebrand exercise and designed our Annual Report and Accounts. Chris was not involved in these works and, after due consideration, the Board concluded that the services provided by Ceradas to the Board were independent of the services provide by Emperor Design to the Company. Chris Stamp and Ceradas have no other connection to the Company or its Directors. The key stages of the evaluation process undertaken are set out below.

Phase 1
Ceradas appointed external evaluator
July

Phase 2
Documentation review completed and aide memoire prepared
July

Phase 3
Interviews
August

Phase 4
Board observation
September

Phase 5
Draft report prepared, discussed with Chairman and finalised
September

Phase 6
Final report circulated
September

Phase 7
Board discussion
October

The aim of the evaluation was to provide an objective and rigorous feedback mechanism for improving the effectiveness of the Board by assessing the Board's activity, including the Board's interaction with its committees, and highlighting potential areas for development. Prior to conducting the interviews, a documentation review was undertaken to identify key points for discussion with the Directors. These key points were summarised into an aide memoire which was agreed with the Chairman and circulated to the Directors prior to the interviews. Due to restrictions posed by COVID-19, interviews were conducted remotely. The evaluation also included an observation of the Board meeting held in September 2020, and the outcomes were discussed by the Board in October 2020.

Evaluation findings

Overall, the results of the evaluation were positive, with the Board and its committees found to be operating effectively and being well managed. Progress had been made with the Board and many aspects of its processes were found to be working effectively. The personal and professional respect among the Directors was self-evident, and the rhythms of the Board's calendar, meetings and ways of working were found to be satisfactory.

The evaluation found that there was a clear consensus around strategy, there was good ongoing oversight of Sanne's performance, and the Board had worked well with management during the critical stages of the COVID-19 pandemic. Additionally, workforce engagement was rated very highly following the introduction of the Workforce Advisory Panel and the appointment of three Designated NEDs.

As part of the Board evaluation, Ceradas made some recommendations to further improve the effectiveness of the Board, covering:

- Enhancing post-merger integration reviews
- Optimising the use of video-conferencing technology for Board meetings and discussions
- Changing the balance of the Board agenda to focus more on strategic and key operational matters and deal more efficiently with more routine matters and schedule them to follow CEO and CFO reports
- Utilising the Workforce Advisory Panel to gain more insight on key employee matters such as retention
- Processes around Board and committee minutes
- Improving guidance to the Board on corporate governance matters

Board committee evaluations

The findings and recommended areas of focus arising from the evaluation of the Nomination and Governance, Audit, Risk, and Remuneration committees are discussed in the separate committee reports on pages 74 to 106.

Evaluation of Chairman

As part of the interview process, Ceradas considered each Director's feedback on the Chairman's performance and discussed the outcomes of this evaluation with the Senior Independent Director, who then discussed the evaluation of the Chairman with the other Directors and discussed their feedback with the Chairman. The Chairman's running of the Board meetings was generally very well-regarded by the Board, discussions were facilitated well and given appropriate amounts of time, and his communications both within and outside the Board meetings was also considered to be very satisfactory.

Evaluation of Directors

Ceradas found that all of the Directors contributed well to Board discussions and there is a satisfactory level of industry knowledge. There were no dominating personalities and the tone of discussions was found to be respectful.

Separately, the Chairman discussed with each Director their personal contributions and any areas for further learning and development. Following the Chairman's review the Board confirmed that, in line with the Code, the Directors have sufficient time to discharge their responsibilities and that any external appointments they hold do not distract from the time available to the Company.

The Board recommends the shareholders support the re-election of each Director at the forthcoming AGM in May 2021. The specific reasons why the Board considers each of the Directors' contribution to be important to the long-term sustainable success of the Company are specified in the Notice of AGM.

Directors' Report

The Directors present their report and audited financial statements for the Group for the year ended 31 December 2020 (the Financial Statements).

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange we are required to comply in full, or explain why, and to what extent, we do not comply with the Code, which is available on the FRC website at www.frc.org.uk.

The Code is subdivided into five sections, and the details of how Sanne has complied with the provisions of the Code can be found in the following pages of the Annual Report and Accounts.

During the year the Group has complied with all of the provisions of the Code.

Diversity and inclusion

Equality and diversity are fundamental values supported by Sanne.

In accordance with the Code, it is the Company's policy to ensure that proposed appointments and succession to the Board are based on merit and judged against objective criteria, and seeks to ensure it has the right balance of independence, skills and knowledge to enable it to meet its responsibilities. The Board also supports the recommendations in the Code to ensure that diversity and gender are considered when making Director appointments. The Company recognises that its success, competitiveness and ability to understand the needs of its clients are dependent upon its ability to embrace the benefits of diversity in the Boardroom. Effective Boards reflect differences in culture, gender, skills, background, regional and industry experience and other qualities. All of these factors are considered in determining the composition of the Board.

The table below shows the level of female representation throughout the Group as at 31 December 2020.

Level	Female representation	No. of female employees	Total no. of employees
Board of Directors[1]	33%	3	9
Executive Committee[2,3]	33%	2	6
Directors-level employees[4]	35%	57	162
Rest of staff	61%	981	1,621

1. Fernando Fanton was appointed to the Board on 5 January 2021 resulting in female representation on the Board reducing to 30%. As previously announced, Andy Pomfret will step down from the Board at the 2021 AGM at which time female representation on the Board will return to 33%.
2. The Executive Committee row excludes the Executive Directors who are captured in the Board of Directors.
3. Mark Law, the previous Chief Commercial Officer, stepped down from the Executive Committee on 18 December 2020, and was replaced by Peter Nagle on 18 January 2021. Female representation at Executive level is therefore 29% at the time of publication.
4. The Directors row captures all staff at Director level, with the exception of the Executive Committee members and Executive Directors who are captured in the previous rows.

At year end the Board met the voluntary gender diversity target set out by the Hampton-Alexander review. At the time of reporting female representation on the Board is 30%; however, following Andy Pomfret's retirement at the 201 AGM the Board will again meet the 33% target.

Following the appointment of Fernando Fanton, an Argentinian national, the Board also meets the recommendations of the Parker Review of having at least one Director from an ethnic minority background, well in advance of the 2024 deadline for FTSE 250 Boards.

Sanne is an equal opportunities employer and encourages diversity. The Board recognises that diversity in our workforce brings a range of perspectives and skills that make the Company stronger, contributing to our continued success, whilst also reflecting our client base and the communities in which we operate.

Sanne considers applicants for all roles regardless of gender, ethnicity, religion and age. Applicants are all treated equally and we have a diverse workforce. All appointments are made based on merit and are measured against specific objective criteria including the skills and experience required for the position.

We respect individuals and their rights in the workplace and specific policies are in place to prevent or, where issues are raised, address harassment and bullying and to ensure equal opportunities.

We are committed to ensuring disabled people are afforded equality of opportunity in respect of entering and continuing employment with us. The Group aims to provide training opportunities that are identical, as far as possible, for disabled and non-disabled employees.

Gender diversity at Sanne is an important metric for the business to constantly address and we are committed to increasing the participation of women at the Board, executive and management level.

In 2020, we have continued to improve in this area. In the fifth and final annual report published by the Hampton-Alexander Review, Sanne was ranked seventh amongst 29 FTSE 350 financial services companies.

The Board Diversity Statement can be found on the Company's website at www.sannegroup.com.

Political donations

Sanne has not made any donations to any political party.

Directors' Responsibilities Statement

Our Directors' Responsibilities Statement has been provided on page 107 of the Annual Report and Accounts.

Material interest in shares

Up to 28 February 2021, being the latest practicable date before the publication of the report, the disclosures of major holdings in voting rights that have been made to the Group pursuant to DTR 5 are listed below. As a Jersey incorporated company, Sanne is a non-UK issuer for the purposes of DTR 5 and accordingly the notifiable thresholds are 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

Shareholder	% interest in voting rights As at 12 March 2021	As at 31 December 2020
Aviva	9.98	9.98
FMR	6.23	6.23
Grandeur Peak	6.05	5.02
Standard Life Aberdeen	5.92	5.92
Invesco	5.13	5.13

Other statutory information

Directors' and officers' insurance

The Company maintains appropriate levels of Directors' and officers' insurance as well as professional indemnity cover for all its operational businesses and engagements.

Material contracts

As at year end, the Company is not party to significant agreements which take effect, alter or terminate on a change of control following a takeover bid apart from credit facilities with banks. On 18 March 2021, the group refinanced the loan facility. The total amount owing under the previous facility is shown in note 28 to the Financial Statements on page 156.

Information set out in the Strategic Report

The following information has been included in the Strategic Report:

- an indication of likely future developments in the business of the Company (page 7);
- information about our people and employee engagement can be found in People and Culture (pages 40-45);
- information about our stakeholder and our Section 172 Statement (page 16); and
- risk management (pages 46-51).

Dividend

The Directors are recommending a final dividend of 9.9 pence per ordinary share, which will be recommended for approval at the AGM, be paid on 26 May 2021 to Shareholders on the register at the close of business on 30 April 2021. For more information on the dividend policy and its application, refer to the Chief Financial Officer's Review on page 32.

Share capital

The issued share capital of the Group and the details of movements in share capital during the year are shown in note 26 to the Financial Statements on page 155.

The holders of the shares are entitled to receive dividends when declared, to receive a copy of the Annual Report and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

A waiver of dividend exists in respect of 804,585 unallocated shares held by Sanne Fiduciary Services Ltd as the trustee of the Sanne Employees Share Trust (EBT or The Sanne Group Employees Share Trust) as at 31 December 2020.

The rights attached to the shares are provided by the Company's Articles of Association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by Jersey Company law and by the Articles of Association.

Shares are admitted to trading on the London Stock Exchange and may be traded through the CREST system.

Allotment of shares

At the AGM held in 2020, the shareholders generally and unconditionally authorised the Directors to allot relevant securities up to two thirds of the nominal authorised share capital.

It is the Directors' intention to seek the renewal of this authority in line with the guidance issued by the Investment Association. The resolution will be set out in the Notice of AGM.

At the AGM in 2020, the Directors were also empowered by the shareholders to allot equity securities of up to 5% of the Company's issued share capital for a transaction, which the Board determines to be an acquisition or other capital investment as defined by the Pre-emption Group's Statement of Principles.

In line with the guidance of the Pre-emption Group it is the Board's intention to propose that an additional special resolution be passed at the upcoming AGM to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital for transactions which the Board determines to be an acquisition or other capital investment as defined by the Pre-emption Group's Statement of Principles.

As part of the acquisition of Avalon Trust & Corporate Services Ltd, which completed on 1 October 2020, Sanne agreed to pay part of the consideration in shares. The final consideration shares were issued and allotted on 6 October 2020.

As part of the acquisition of FLSV Fund Administration Services LCC, which completed on 1 November 2016, Sanne agreed to pay part of the consideration in shares. As part of the transaction, Sanne issued and allotted the final batch of retained consideration shares on 2 November 2020.

As part of the acquisition of Private Equity Administrators Group (PEA), which completed on 1 March 2021, Sanne agreed to pay part of the consideration in shares. As part of the transaction, Sanne issued and allotted the first tranche of consideration shares on 1 March 2021. A final tranche of 35,792 consideration shares are expected to be issued and allotted within 20 days of the approval of PEA's audited annual financial statements for 2020.

Further detail of the movements in share capital are set out on note 26 to the Financial Statements on page 155. As at the time of reporting, there are no further share allotments scheduled.

Purchase of own shares

The shareholders approved the authority for the Company to buy back up to 10% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. The Directors will seek to renew this authority for up to 10% of the Company's issued share capital at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and accordingly, that the purchase is in the interest of shareholders. Sanne did not purchase any of its own ordinary shares during 2020.

Articles of Association

The Company's Articles of Association set out its internal regulations and cover the rights of shareholders, the appointment of Directors and the conduct of Board and general meetings. Copies of the Articles of Association are available upon request from the Group Company Secretary.

Subsidiaries

Sanne operates through various subsidiaries in a number of different countries. The subsidiaries list is available on page 149.

Listing rule compliance

For the purposes of DTR 4.1.5 R(2) and DTR 4.1.8 R the required content of the management report is included in the Strategic Report and this Report.

The information required to be disclosed by LR 9.8.4 R listing can be found in the following locations.

Section		Location
1	Amount of Interest Capitalised	Not applicable
2	Publication of unaudited information (LR 9.2.18 R)	Not applicable
3	N/A (Section removed by the FCA handbook)	Not applicable
4	Details of long-term incentive schemes (LR 9.4.3 R)	Directors' Remuneration Report page 102
5	Waiver of emoluments by a Director	Not applicable
6	Waiver of future emoluments by a Director	Not applicable
7	Non pre-emptive issues of equity for cash	Page 155
8	Non pre-emptive issues of equity for cash in relation to major subsidiary holdings	Not applicable
9	Any participation in a placing by a listed subsidiary undertaking	Not applicable
10	Any contracts of significance	Page 71
11	Provision of services by a controlling shareholder	Not applicable
12	Shareholders' waiver of dividends	Page 71
13	Shareholders' waiver of future dividends	Page 71
14	Agreements with controlling shareholders	Not applicable

Annual General Meeting

Electronic copies of the notice of the sixth AGM, which is currently planned to be held on 19 May 2021 at 11.30am at our office at 6th Floor, 125 London Wall, London, EC2Y 5AS, United Kingdom, can be viewed or downloaded from the Company's website, www.sannegroup.com. At that meeting, shareholders will be asked to vote separately on the Annual Report and on the Report on Directors' Remuneration. Separate resolutions will also be proposed on every substantive issue. Voting on each of the resolution to be put to the meeting will be conducted by way of a poll. This means each shareholder can exercise one vote for each share held, and ensures the votes of all shareholders, including those unable to attend the meeting, are taken into account. Proxy appointment forms for each resolution provide shareholders with the option to direct their proxy vote on resolutions or to withhold their vote. All votes are counted by Sanne's registrars and the voting results will be announced through the RNS, and made available on our website www.sannegroup.com, as soon as possible after the meeting.

In addition to the current restrictions on movement and public gatherings as a result of the COVID-19 pandemic, the health and safety of our shareholders, directors and people remains our foremost priority. As such, we would encourage all shareholders to submit proxies appointing the chairman of the meeting to vote on their behalf either electronically, or by posting the paper proxy card, to the registrars in accordance with the instructions included on the proxy card itself.

Disclosure of information to the external auditors

The Directors who held office at the date of the approval of this Directors' Report each confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

External auditor

The Company's external auditor, PricewaterhouseCoopers LLP, has indicated its willingness to continue in office and a resolution to reappoint PwC as auditors of the Company will be proposed at the forthcoming 2021 AGM.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements. The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the consolidated financial statements of the Group on the going concern basis.

The Directors have assessed the potential impact that COVID-19 may have on its ability to continue as a going concern. The assessment gave the Directors reasonable reassurance that the Group will be able to continue as a going concern. The Group has healthy cash inflows through a good pipeline of existing and new customers; the Group also has finance facilities available. The assessment included an analysis of the Group's current financial position, ability to trade, principal risks facing the Group, and, the effectiveness of its strategies to mitigate the impact was assessed especially in light of the impact that COVID-19 had on global markets. Accordingly, they have adopted the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the viability statement included in the Audit and Risk Committee report on page 50.

Post balance sheet events

Following the balance sheet date, the Company completed the acquisition of Private Equity Administrators Group and refinanced the Group's revolving credit facility. Full details of the post balance sheet events are disclosed in note 39 to the Financial Statements.

On behalf of the Board of Sanne Group plc

Martin Schnaier
Chief Executive Officer
18 March 2021

Nomination and Governance Committee Report

The Committee is responsible for making appointments to the Board and ensures that there is effective planning to manage succession to the Board, its committees and senior management.

Committee membership and attendance

Membership and attendance at the three scheduled[1] Committee meetings during the year was as follows:

Committee members	Eligible to attend	Attendance
Rupert Robson (Chair)	3	3
Mel Carvill	3	3
Julia Chapman	3	3
Fernando Fanton[2]	0	0
Sophie O'Connor[3]	1	0
Nicola Palios	3	3
Andy Pomfret	3	3
Yves Stein	3	3

1. In addition to the three scheduled meetings, the Committee met on two other occasions to discuss ad hoc items.
2. Fernando Fanton became a member of the Committee on 5 January 2021.
3. Sophie O'Connor became a member of the Committee on 16 November 2020. Sophie was unable to attend one meeting due to a pre-existing engagement.

Dear shareholder

I am pleased to present the report of the Nomination and Governance Committee (the Committee) for the year ended 31 December 2020.

The Committee is responsible for reviewing and nominating appointments to the Board and ensures that there is effective planning to manage succession to the Board, its Committees and senior management. This includes the development of a pipeline of potential candidates for the Executive Committee and senior management positions with the requisite skills and experience to support the long-term sustainable growth of the business.

As announced during the year, Andy Pomfret notified the Company of his intention to step down from the Board at the 2021 AGM, as he was appointed Chair of Sabre Insurance Group plc and will have completed two three-year terms as a Non-executive Director. Andy has been a great asset to our Board, having served in his roles of Senior Independent Director and Chair of the Audit Committee since the IPO in 2015. Mel Carvill will be taking over the role of Senior Independent Director as from Andy's retirement.

Two new Non-executive Directors have been appointed to the Board. On 16 November 2020, the Company announced that Sophie O'Connor joined the Board as a member of the Audit, Risk, and Nomination and Governance Committees, and, subject to her successful election as a Director at the 2021 AGM by shareholders, will succeed Andy Pomfret as Chair of the Audit Committee when he retires. Sophie has substantial knowledge of the financial services sector and has considerable experience of acting as Chair of an audit committee. On 5 January 2021, the Company announced that Fernando Fanton was appointed to the Board as a Non-executive Director and a member of the Remuneration, and Nomination and Governance Committees. Fernando brings significant technology experience, gained in companies of different sizes from start-ups to scale-ups and larger corporate organisations. Full details of their professional experience can be found in their biographies on page 61.

Role and responsibilities

The Committee's role and responsibilities include:

- reviewing and nominating candidates for both Executive and Non-executive roles on the Board;
- managing the size, structure, composition, knowledge, skills, capacity and diversity, including gender diversity, of the Board when considering suitable candidates;
- evaluating the Company's policy and practices for executive talent management development and diversity;
- understanding the role and leadership needs that are required by the business and reviewing talent to ensure that the Company maintains the ability to compete and win further market share;
- considering Director performance and, upon consideration, recommending to shareholders their election or re-election at the AGM;
- succession planning;
- reviewing the balance and composition of the Board;
- considering the Code and other corporate governance legislation, guidance or regulatory change; and
- making necessary changes to the corporate governance structure or Company procedures in order to comply with prevailing corporate governance regulations, codes or market practice.

During the year the Committee reviewed its terms of reference. The Committee's terms of reference are available on the Company's website at www.sannegroup.com.

Committee activities during the year

During the year, the Committee:

- discussed senior executive appointments and succession planning;
- considered the annual effectiveness review and determined that the Non-executive Directors and the Chairman had sufficient time to discharge their roles;
- reviewed the composition of the Board's committees;
- oversaw the Directors' training programme;
- ran a process to identify and recruit Sophie O'Connor and Fernando Fanton;
- oversaw the induction programme for Sophie O'Connor;
- considered guidance on Board diversity, including the recommendations of the Hampton-Alexander Review and the Parker Review; and
- oversaw the activities of the Workforce Advisory Panel.

Board succession planning

The Committee annually reviews its effectiveness, composition and long-term succession planning. This process takes into consideration the balance of skills, knowledge, experience, independence and diversity of the Board, to ensure any new appointments complement or address any gaps in these areas. In 2020, the Committee oversaw the recruitment of two new Non-executive Directors and the Committee is satisfied the Board's current composition is appropriate to adequately discharge its duties. The Committee is mindful that Nicola Palios and I will each have served two three-year terms on the Board by March 2021 and will be considering how to manage Board succession in that regard in due course.

Non-executive Director appointment process

During the year the Committee undertook a review of the skills and background of the Board, the leadership requirements of the Company in light of its strategy, and the length of service of the Chairman and Non-executive Directors. This exercise identified two appointments that will ensure proper succession planning, and a continuing balance of diversity, skills and experience: a successor to the Chair of the Audit Committee and a technology specialist. The Committee then instructed the Chief HR Officer, with the aid of the CEO, CFO, Chief Technology Officer and Chief Strategy Officer, to finalise specifications for both identified roles.

It was agreed that an executive search firm would be best positioned to identify potential candidates and, following a tender process, Korn Ferry were engaged to conduct both Non-executive searches. Other than in respect of recruitment services, Korn Ferry also provide consulting services to the Remuneration Committee, and there are processes in place to ensure the advice received by the Committee is independent of any other services provided by Korn Ferry. When considering potential candidates, the Committee focussed on identifying individuals with the capacity, expertise and experience to discharge the specific role. Within this framework, the Board recognises the added value to be derived from diversity, including diversity of gender, social and ethnic background, and cognitive and personal strengths.

A list of appropriate candidates was produced by Korn Ferry and a wide range of candidates were considered and discussed by the Committee. Following the agreement of shortlists by the Committee, the Chairman, Chair of the Audit Committee, CFO and Chief HR Officer interviewed the candidates deemed suitable to be successor to the Chair of the Audit Committee, and the Chairman, CEO, Chief Technology Officer and Chief HR Officer interviewed those candidates with a technology background. Members of the Committee then met with the shortlisted candidates, considering their skills and attributes against the role profiles, and made a recommendation to the Board. The outcome of the process was the appointment of Sophie O'Connor in November 2020 and Fernando Fanton in January 2021.

Director re-election

Following the Board appointments made during the reporting period, the Committee believes the current composition represents a strong and well-balanced Board with the necessary skills and experience to manage and develop the Company, and recommends that each of the Directors standing for election or re-election at the forthcoming AGM receive the full support of our shareholders. The specific reasons why the Board considers each of the Directors' contribution to be important to the long-term sustainable success of the Company are specified in the Notice of AGM.

Management succession planning

The Committee supports the development of talent at all levels of the Group. The CEO and the Chief HR Officer therefore present their succession planning and key person risk reviews to the Committee twice a year. Succession planning focuses primarily on the Executive Committee, Regional Managing Director and Country Head positions, but also identifies high potential talent across every area of the business. The key person risk review identifies individuals with specialist knowledge or key relationships and ensures appropriate plans are in place to mitigate the Group's reliance on these individuals. These reviews take into consideration the readiness, and training and development needs of identified candidates, and informs the personalised plans put in place for potential successors and high potential talent. A new HR system and a revamped performance management programme were introduced during the year which have better enabled the mentorship of likely successors. The Committee recognises the importance of setting the tone and culture of the organisation from the top and therefore monitors the cultural factors that impact talent strategies.

Nomination and Governance Committee Report continued

The Committee is hopeful that future leaders can be identified in each jurisdiction, and developed from within the organisation, to create a diverse talent pipeline. The Committee is proud of what the Group has achieved in this area. In the last 18 months, Sanne has internally promoted a number of long-term employees to prominent managerial positions:

- **Jason Bingham** – Chief Strategy Officer
- **Karlien de Bruin** – Global Head of ESG
- **Wendy Cheng** – Country Head, Hong Kong
- **San-Marie Greeff** – Country Head, Luxembourg
- **Christian Hertz** – Managing Director, LIS
- **Stephanie Hopkins** – Country Head, Jersey
- **Peter Nagle** – Chief Commercial Officer
- **Peggy Soobiah** – Global Head, Strategic Projects
- **Rubina Toorawa** – Country Head, Mauritius
- **Chris Warnes** – Country Head, United Kingdom

Board diversity

It is the Company's policy to ensure that proposed appointments and succession to the Board are based on merit and judged against objective criteria, as outlined by the Code. The Company also recognises that its success, competitiveness and ability to understand the needs of its clients are dependent upon its ability to embrace the benefits of diversity in the Boardroom. Effective Boards reflect differences in culture, gender, skills, background, regional and industry experience and other qualities. All of these factors are considered in determining the composition of the Board.

At year end the Board met the voluntary gender diversity target set out by the Hampton-Alexander review. At the time of reporting female representation on the Board is 30%; however, following Andy Pomfret's retirement at the 2021 AGM, the Board will again meet the 33% target.

Following the appointment of Fernando Fanton, an Argentine national, the Board also meets the recommendations of the Parker Review of having at least one Director from an ethnic minority background, well in advance of the 2024 deadline for FTSE 250 Boards.

During the year the Committee also reviewed its Diversity Policy and this is available on the Company's website at www.sannegroup.com.

Committee effectiveness review

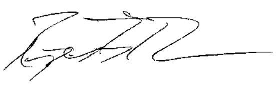
An evaluation of the Committee's role in the Board composition and succession planning across the Group was undertaken as part of the external Board evaluation, conducted by Ceradas in October 2020. The review found that the Board had a good combination of skills and was of appropriate size, whilst identifying some areas of expertise that would be beneficial. The subsequent appointment of Fernando Fanton, given his experience in technology and product development, has bridged this skills gap. Additionally, the Committee's oversight of succession planning at management level was deemed to have improved, particularly since the appointment of the Chief HR Officer.

One area of improvement suggested by Ceradas was to widen the scope of the skills matrix to include jurisdictional knowledge and diversity metrics in addition to areas of skills and expertise. The Committee acted on this recommendation in January 2021 when the annual skills matrix exercise was conducted following the appointment of our most recent Board member.

Directors' training and induction

A revised induction and training programme for Non-executive Directors was approved by the Committee in 2019. The programme is based on the ICSA guidance and is tailored to Sanne and the specific requirements of each Director. The induction programme was used for the onboarding of Sophie O'Connor and Fernando Fanton following their appointments to the Board and further detail of its application is covered in Board Effectiveness on page 65.

I would like to thank the other members of the Committee for their contribution and support during the year.



Rupert Robson
Chair of the Nomination and Governance Committee
18 March 2021

Audit Committee Report

During the year the Committee and the Board devoted time to assess the approach to and the integrity of the Group's financial reporting, monitoring the effectiveness of the Group's internal financial controls framework, and overseeing the activities of the Internal Audit function and external auditor.

Committee Membership and attendance

Membership and attendance at the seven scheduled Committee meetings during the year was as follows:

Committee members	Eligible to attend	Attendance
Andy Pomfret (Chair)	7	7
Sophie O'Connor (Chair-elect)[1]	0	0
Mel Carvill	7	7
Nicola Palios	7	7

1. Sophie O'Connor became a member of the Audit Committee on 16 November 2020.

Dear shareholder

The report outlines the activities and responsibility of the Audit Committee (the Committee) for the year ended 31 December 2020.

During the year the Committee and the Board devoted time to assess the approach to and the integrity of the Group's financial reporting, monitoring the effectiveness of the Group's internal financial controls framework, and overseeing the activities of the Internal Audit function and the external auditors. At the request of the Board, the Committee reviewed the contents of the Annual Report and Accounts and confirmed to the Board that, in its opinion, the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides information for shareholders and investors that enables them to review the Group's financial position, performance, business model and strategy.

Sophie O'Connor joined the Committee as Chair-elect at the same time as her appointment to the Board on 16 November 2020. It is anticipated that Sophie will take over my position as Chair of the Committee when I step down from the Board at the 2021 AGM, subject to her successful election as a Director of the Company by the shareholders.

Appropriate skills and experience

In order to maintain the integrity of the composition of the Audit Committee, and to ensure sufficient co-ordination between the Committee and those other committees which may discuss overlapping matters, the Audit Committee includes the Chairs of the Risk Committee and the Remuneration Committee. The Committee is composed entirely of independent Non-executive Directors and is in compliance with the Code.

Andy Pomfret, Sophie O'Connor and Mel Carvill each have appropriate relevant financial services sector experience. Andy Pomfret is a qualified Chartered Accountant and has held the positions of the Finance Director and CEO of a quoted investment management and banking business. Sophie is a Chartered Accountant and has significant financial, audit and risk management experience gained in the financial services sector both in the UK and the USA. Mel Carvill is also a Chartered Accountant, holds an Advanced Diploma in Corporate Finance and has worked across a range of sectors in the European financial services industry. In addition, Nicola Palios brings expertise from her experience as managing partner of a firm providing legal and alternatives administration services. The Board has determined that the Committee as a whole has the competence relevant to the financial services sector in which Sanne operates and their biographies are set out on pages 60-61.

On appointment to the Board, Sophie O'Connor's induction programme was tailored to her position as Chair-elect of the Committee, in order for Sophie to understand her role and expectations as well as provide her with an overview of current financial and audit affairs and advise her of any challenges facing the Company. This included one-to-one meetings with the Chair of the Committee, CFO, Internal Audit Director, external audit partner, and other key members of the Finance team. Sophie also received an induction pack, consisting of the terms of reference, previous Committee papers, information on the Company's financial performance and operational risks.

At the invitation of the Committee, the CEO, CFO, Chief Risk Officer and Internal Audit Director attended meetings. In addition, the PwC lead audit partner and director attended all meetings held during 2020, and other management are requested to attend meetings during the year as required.

Role and responsibility of the Committee

The Committee's terms of reference, including its main duties in 2020, were reviewed and approved by the Board during the reporting period. A summary of the Committee's main duties has been provided below:

- monitoring the integrity of the financial statements of the Group including its annual and half-year reports, any interim management statements and other formal announcements relating to Sanne's financial performance. The Committee reports to the Board on significant financial reporting issues and judgements made;
- keeping under review the Company's internal financial control systems that identify, assess, manage and monitor financial risk;
- monitoring and reviewing the effectiveness of the Company's external auditors, recommending the auditors' remuneration and assessing their independence and objectivity along with the effectiveness of the external audit process;
- reviewing and assessing the Internal Audit function, including oversight of the work of Internal Audit with steps taken to address findings and improve the control environment; and
- reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters in line with whistleblowing procedures.

A full list of the Committee's duties are contained within the Committee's terms of reference which are available on the Company's website at www.sannegroup.com.

Fair, balanced and understandable assessment

In line with Section 27 of the Code, the Committee has been requested by the Board to consider whether it supports the view that the Company's Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and, further, that it provides the necessary information for shareholders and other users to assess the Group's position and performance, risks, business model and strategy. In order to make this assessment the Committee considered:

- guidance provided to each contributor to the Annual Report and Accounts;
- any new requirements as a consequence of regulatory changes;
- input provided from pre-year end discussions with the auditors;
- input provided pre-year end from senior management and corporate functions;
- a review by senior management to ensure consistency and balance;
- reviews conducted by the external advisers and the auditors based on consistency and best practice; and
- review and consideration by the Committee and final sign-off by the Board.

This process enabled the Committee, and then the Board, to confirm that the 2020 Annual Report and Accounts, when taken as a whole is fair, balanced and understandable.

Controls over financial reporting

Sanne has robust internal control and risk management systems in relation to the process for preparing and ensuring the accuracy and reliability of the consolidated financial statements. The key features of these controls and systems are:

- clearly defined lines of accountability and delegation of authority;
- regular monitoring by management who consider developments in accounting regulations and best practice in financial reporting. Appropriate training is provided to key finance personnel on relevant developments in accounting standards;
- preparation of monthly management accounts at Group and jurisdictional level;
- review of local management accounts by jurisdictional managing directors and jurisdictional financial controllers;
- the Group's consolidation, which consolidates the results of each business unit and makes appropriate adjustments, is subject to various levels of review by the Group finance function;
- appropriate review of the disclosures made in the Annual Report and Accounts, including by the Committee and the Board;
- reports from management and the external auditors regarding significant judgements, changes in accounting policies and estimates, and other pertinent matters relating to the financial statements are provided to the Committee; and
- the financial statements of each material Group subsidiary, including all regulated and operating entities, are subject to an external audit.

Topics discussed by the Committee during the year

The timetable of the Committee is linked to the Group's reporting cycle, annual audit and financial reporting timetable. The Committee's activities carried out during the year covered, but was not limited to, the following topics:

Financial Statements and Reports

- Full-year results 2019
- Half-year results 2020
- Impairment review
- Alternative Performance Measures
- New and revised accounting standards

Finance

- Going concern assessment
- Acquisitions
- Viability testing, including of proposed dividend scenarios
- Share based payments
- Tax and transfer pricing

External Audit

- Effectiveness review, audit quality
- External Audit Plan and regular reports
- Review of the Policy for Approval of Non-audit Services and FRC's Revised Ethical Standard

Internal Audit

- Internal audit plan
- Internal audit reports
- Internal audit progress and resourcing

Other

- Review of Whistleblowing Policy
- Whistleblowing Report
- Committee evaluation
- Impact of COVID-19 on internal controls
- Regulatory update
- Claims and contingencies

Significant financial statement issues considered by the Committee

The table below summarises the significant financial statement issues considered by the Committee. Management provided detailed papers on all these items which the Committee members then review in order to provide significant challenge on the various estimates and interpretations made by management.

Significant financial and reporting issue	How the issue has been addressed
Revenue recognition, accrued income and trade receivables	Management maintains key controls over the largely quarterly billing cycles. The timings of the billing cycle are arranged to minimise accrued income balances at key reporting dates and thus give greater certainty over income which is still to be converted into cash. Management assesses the recoverability of all receivables at the year end and attest to the quality of assets considering various forward looking assumptions to determine the expected credit losses, these included but were not limited to the expected future economic changes in the operating jurisdiction, specific client relationships and the expected future client and fund liquidity. We agreed with management's assessment that no additional provision for losses or impairment either to accrued income or trade receivables was needed.
Evaluation of impairment of intangible assets including goodwill and useful life of intangible assets	We considered the results of management's impairment assessment which reviews triggers for impairment around asset lives, valuation and verification of assets. We considered the judgements taken in relation to asset lives and the methodology applied to consider asset verification and we were satisfied that no changes in treatment were needed. With regards to goodwill, we considered the judgements taken in relation to short and long-term growth rates, cost bases and discount rates used and we were again satisfied that no changes in treatment were needed.
Share based payments	We have reviewed the methodology used for the accounting of share based payments and are comfortable with the assessment by management as to the number of shares expected to vest under the terms of the Performance Share Plan and Restricted Stock Awards. In doing so we have reviewed and are satisfied with management judgments and expectations around the achievement of performance targets and the leavers' assumptions applied.
Accounting for acquisition of minority interest and valuation of the unlisted investments	We have reviewed the judgements made and used by management in the conclusion that Sanne do not have significant influence over the Alternative Technologies investment. We have also reviewed the estimates used to determine the fair value of the Alternative Technologies and Colmore investments at reporting date and we agree with the valuation as presented by management.
Alternative Performance Measures (APMs)	We considered all APMs used by management in the Annual Report and Accounts and we are comfortable that all APMs provide useful alternative information about the underlying performance of the Group. We are satisfied that an equal measure of importance is given to both statutory and alternative performance measures in the Annual Report and Accounts.

External audit

The Committee manages the relationship with the Group's external auditors, PwC, on behalf of the Board. The Committee consider a number of areas in relation to the appointment of the external auditors, namely their performance in discharging the statutory audit, the scope of the audit and terms of engagement, their independence and objectivity, and their remuneration. The Committee receives and reviews report from PwC relating to the Company's Annual Report and Accounts and the external audit process.

Independence and tenure

Independence is vital for the integrity of the audit. The Committee is satisfied that PwC are fully independent from the Company's management and have no conflicts of interest. The review of any non-audit fees ensures that continued independence is maintained. All non-audit spend is reviewed by the Committee in accordance with the Sanne's Policy for Approval of Non-audit Services.

The Company is required by the Code to undertake a competitive tender for the role of external auditor at least every ten years. As advised in the 2019 Annual Report and Accounts, PwC were appointed as external auditor during 2019 following a competitive tender process and their appointment to this position will be kept under review.

Effectiveness

A review was held by the Committee on the effectiveness of the external audit provided by PwC, with consideration given to:

- the quality of planning;
- communication between the audit team and management;
- the quality and knowledge of the audit team;
- regulatory insights;
- the holding of regular meetings with the Chair of the Committee, the CFO, the Managing Director of Finance;
- the overall performance and delivery of the audit; and
- the FRC's audit quality inspection of PwC published in July 2020.

Following the review, it was agreed that the audit had been conducted in a professional, challenging and robust manner and that the audit plan agreed with the Committee had been followed.

Re-appointment

The Audit Committee has confirmed it is satisfied with the independence, objectivity, and effectiveness of PwC and has recommended to the Board that they be reappointed, and there will be a resolution to this effect at the forthcoming AGM.

Audit and non-audit fees

The Committee provides approval for non-audit fee spend in accordance with the FRC Ethical Standard. Assurance is provided that there is no threat to the auditor's independence and objectivity. The policy governing non-audit spend was reviewed by the Committee during the year, taking into consideration the requirements of the FRC's Revised Ethical Standard, and it applies additional restrictions on the use of PwC's services. The Committee monitors expenditure on non-audit services and each item requires approval in advance.

In addition, PwC have made a voluntary commitment to cease all non-audit services, with the exception of those services closely related to audit and assurance, for premium listed companies from 1 January 2020 to further guarantee independence.

The Group audit fee was £1,260,648, split as £1,253,715 to PwC and £6,933 to other local firms. The fees paid for non-audit services to PwC were £568,000. The ratio of non-audit fee to audit fee is 45.3%. During the year the Group incurred non-audit fees for work on: ISAE 3402 control reports; agreed upon procedures; reporting accountant services; and other regulatory reporting services. It was considered by the Committee that there was no perceived threat to auditor independence as there was no relationship to the financial reports and that these items would not impact auditor independence. The external auditors were considered the most suitable supplier for these services, taking into account the alignment of these services to the work undertaken by external audit and PwC's expertise.

Internal Audit

During the year the Group operated its own Internal Audit function which was supported by a co-source arrangement with BDO and, where required, a number of other providers to supplement resources and provide capability in specialist areas. The Internal Audit Director is invited to attend the Committee, and meets with the Chair of the Committee on a monthly basis.

The internal audit strategy and plan for 2020-2022 was discussed and approved by the Committee. The Committee monitors the effective performance of the Internal Audit function against the plan and ensures that the audit scope continues to focus on all relevant areas of activity. The internal audit reports detailing issues identified and management actions taken to improve the control environment were presented to the Committee for their consideration.

The Internal Audit function assessed the impact of COVID-19 on the Group's internal controls and processes on behalf of the Committee during the year. Key considerations were given to the impact of COVID-19, and the changing working environment, could potentially have on the internal audit strategy and plan, interaction with the second line of defence functions, and indicative internal audit reviews.

The Committee determined that the Internal Audit function, supported by the co-source arrangement, is appropriate for the business in terms of the quality, experience and expertise.

Whistleblowing

During the year the Whistleblowing Policy was reviewed by the Committee to ensure that it was effective. The Group uses a system enabling employees who are aware of, or suspect, misconduct, illegal activities, fraud, and abuse of assets or violations of any Company policy, to report these confidentially. The Committee is provided with reporting on the operation of the Whistleblowing Policy at each scheduled meeting. In the event of a whistleblowing event the Committee would keep the Board informed of all developments where appropriate.

Committee effectiveness review

An evaluation of the Committee was undertaken as part of the external Board evaluation, conducted by Ceradas. The review noted that the finance team and the Committee had successfully navigated the challenges of the year end audit during COVID-19, and the Directors commended the Chair of the Committee for the firmness of his approach in changing the auditors in 2019. There were some recommendations for improving certain aspects of the year end process, specifically project management resourcing and better discipline around version control of the Annual Report and Accounts. The significant development of the Internal Audit function over recent years was noted and the review found the resource and activity of the function to be appropriate.

Priorities for 2021

The priorities for the Audit Committee over the next 12 months are as follows:

- to monitor the external auditors and continue to assist with their understanding of the business;
- to ensure the audit is aligned with the business and its strategic objectives;
- to review the work undertaken by the Internal Audit function and co-source and outsource providers of internal audit;
- to monitor the operation of the Whistleblowing Policy;
- to liaise with the Risk Committee to ensure that any linked matters are fully understood; and
- to hand over the Chair of the Committee to Sophie O'Connor.

I would like to thank the other Committee members for their support during the six years I have chaired the Committee, and finally, I wish Sophie O'Connor well as the new Chair of the Committee.

Andy Pomfret
Chair of the Audit Committee
18 March 2021

Risk Committee Report

In 2020, the Committee continued to monitor Sanne's risk management framework, risk appetite positions and risk assessments, in order for the Group to be well placed to respond to emerging risks and our business environment.

Committee Membership and attendance

Membership and attendance at the scheduled Committee meetings during the year was as follows:

Committee members	Eligible to attend	Attendance
Mel Carvill (Chair)	4	4
Sophie O'Connor[1]	0	0
Andy Pomfret	4	4
Yves Stein	4	4

1. Sophie O'Connor became a member of the Risk Committee on 16 November 2020.

Dear shareholder

I am pleased to present, on behalf of the Board, the report of the Risk Committee (the Committee) which outlines the activities and responsibility of the Committee with respect to the year ended 31 December 2020.

In 2020, the Committee continued to monitor Sanne's risk management framework, risk appetite positions and risk assessments, in order for the Group to be well placed to respond to emerging risks and our business environment.

During 2020, the Committee advised the Board on the approach and application of risk management and compliance as described in this report.

The Board has overseen and monitored the impact of COVID-19 on the Group's risk appetite and principal risk positions, ensuring residual risk remains stable despite the challenges in the external environment.

I would like to thank the other Committee members for their support during the year and I look forward to continuing to chair the Committee in 2021.

Appropriate skills and experience

In order to maintain the integrity of the composition of the Committee, and to ensure sufficient co-ordination between the Committee and the Audit Committee, which may discuss overlapping matters, the Chair of the Audit Committee is a member of the Committee and I am a member of the Audit Committee. The Committee is composed entirely of independent Non-executive Directors and is in compliance with the UK Corporate Governance Code (the Code).

Sophie O'Connor, Andy Pomfret, Yves Stein and I have appropriate relevant financial sector experience. I am a Chartered Accountant, Chartered Insurer and have worked across a range of sectors in the global financial services industry. Sophie, the Chair-elect of the Audit Committee, is a Chartered Accountant and has significant financial, audit and risk management experience, gained in the financial services sector both in the UK and the USA. Andy is a Chartered Accountant and has held the positions of the Finance Director and CEO in the investment management sector and was a founder member of the Prudential Regulation Authority Practitioner Panel. Yves is a Luxembourg national with more than 30 years of experience in the banking industry through various senior positions in corporate banking, fund services and wealth management. The Board has determined that the Committee as a whole has the relevant competence and experience and their biographies are set out on pages 60 to 61.

On appointment to the Committee there is an appropriate induction, consisting of: an induction pack which contains relevant useful information to get the members up to speed as quickly as possible including, but not limited to, the Committee's terms of reference, previous Committee papers, and information on the Company's financial performance and operational risks; and an introduction to key members of management, including the Chief Risk Officer (CRO), Group Head of Compliance (GHoC), Chief Commercial Officer (CCO), General Counsel, and Internal Audit Director.

At the invitation of the Committee, the CEO, CFO, CRO, GHoC, CCO, General Counsel and Internal Audit Director attend meetings. In addition, external audit and additional members of management and other individuals are invited to attend meetings during the year as required.

Risk management framework and internal controls

The Board is responsible for ensuring the maintenance of a robust Risk Management Framework with regards to the principal risks facing Sanne in achieving its strategic objectives. The Board has delegated responsibility for the monitoring of the Company's risk management strategy and approach to the Committee.

The Committee ensures the effective application of the Risk Management Framework and the framework has been reviewed in 2020 to ensure it continues to be proportionate to the nature and scale of the organisation. The Committee oversees the implementation of risk assessments to identify and assess all of the Group's risk exposures, ensuring these risks are appropriately controlled in line with the Group's defined risk appetite.

The CRO and GHoC have provided the Committee with regular reporting on risk and compliance emerging threats, changing risk exposures and the associated mitigation strategies.

The Internal Audit function has assessed Sanne's risk management and control framework. Key framework components have been reviewed and key controls validated from the Group's principal risk assessment. No material weaknesses or significant failings were identified.

Duties of the Committee

The Committee's Terms of Reference (ToR), including the Committee's duties, has been updated during 2020 and approved by the Board. A summary of the Committee's main duties has been provided below:

- advise the Board of the Company's overall risk appetite, tolerance and strategy and overseeing the risk exposures of the Company and its future risk strategy;
- keeping the Company's overall risk assessment processes under review and ensuring that appropriate qualitative and quantitative metrics are used;
- setting a standard for the accurate and timely monitoring of large exposures and certain risks, which the Company believes are of critical importance;
- advise the Board on proposed strategic transactions including acquisitions or disposals, focusing in particular on risk aspects and implications for the Company's risk appetite and tolerance;
- review reports on any material breaches of risk limits and the adequacy of proposed actions;
- reviewing the adequacy of operational resilience and business continuity arrangements over the Company's provision of services;
- review the Company's systems and controls for the prevention of financial crime;
- consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively;
- keeping under review the performance of the CRO and GHoC; and
- working with management to ensure the Company's purpose, values and risk culture expectations are appropriately embedded in the Company's risk strategy and risk appetite, and are reflected in observed behaviours and decisions.

A full list of the Committee's duties are contained within the Committee's ToR. The ToR is available on the Company's website at www.sannegroup.com

Topics discussed by the Committee during the year:

The Committee's activities, carried out during the year and subsequently, covered, but were not limited to, the following topics:

Compliance

- Adequacy and suitability of resources
- Status of regulatory inspections
- Horizon scanning
- Regulatory updates and implementation of material regulatory change
- The implementation of material regulatory change

Risk Management

- Sanne's Risk Management Framework
- Risk and compliance strategies
- Risk appetite
- Horizon scanning
- Principal and jurisdictional risks
- Risk reporting metrics, including indicators and tolerances

Other

- Commercial updates
- Internal audit updates
- Brexit
- COVID-19

Principal risks

The Principal Risks and uncertainties facing the Company are set out in the risk management report section of the Strategic Report on pages 47-49.

COVID-19 (Coronavirus)

COVID-19 has significantly changed the external environment in 2020. The Committee has overseen the Group's response to the COVID-19 pandemic. Uncertainties remain with regards to the medium and long term impacts of pandemic and the Board will continue to monitor potential horizon risks into 2021. A robust IT infrastructure, prompt management intervention and a people conscious senior management team has ensured a resilient 2020 performance. Consequently, there have been no material impacts to people, operations or clients during the reporting period.

Brexit

The Committee continues to receive regular Brexit updates and is actively monitoring developments. Although UK's future relationships with the EU still presents a degree of uncertainty, Sanne's presence and scale strengthened through acquisitions in Ireland, the Netherlands and Spain as well as its established presence in the UK and offshore centres, the Group is well positioned for all outcomes.

Cyber security

Cyber risks continue to be an evolving threat to global organisations. Inherent risk is expected to rise with the increasing sophistication of cyber threats. During 2020 criminals have sought to exploit changes in work environments and the increased reliance firms are now placing on technology and virtual communications. The Committee continues to support investment in the development of robust controls to detect and prevent cyber security risks.

Environment, Social and Governance (ESG) Risk

There is an increased focus globally on ESG risks, including climate change risk, from governments, regulators and stakeholders. ESG strategies and goals have been defined both globally and locally. The Committee will support the organisation in proactively managing ESG risks, ensuring the organisation conducts business in a transparent and ethical manner. Sanne's approach to ESG and strategic goals are outlined on pages 36-45.

Operational Excellence

A programme of Operational Excellence has been delivered in 2020 which ensures an optimal process operating platform, delivering an enhanced process control environment and global process control consistency across the Group.

Regulatory change and compliance

The Committee and the Board are provided with technical updates on regulatory and legislative changes at each meeting. The Committee, along with the Board, monitors regulatory changes through its horizon scanning framework. The Committee also receives detailed compliance reports at each meeting.

Group Policy Framework

The Group continues to embed the Group Policy Framework. The framework was reviewed in 2020 ensuring optimal efficiency of the internal standards set. The Committee is provided with regular updates on policy development, adoption, implementation and compliance. Where applicable, jurisdictional handbooks have been developed to complement the policies and support local implementation.

Risk culture and education

Effective risk management and a proactive risk culture is at the centre of Sanne's business ethos, the Committee has supported the delivery and embedding of a comprehensive risk education programme during the reporting period.

External Board evaluation

An evaluation of the Committee's role in the governance of risk, compliance and internal controls across the Group was undertaken as part of the external Board evaluation, conducted by Ceradas. The review found that the Committee was run with effective leadership. It was also reported that the Committee takes a proportionate and balanced view of Sanne's business risk environment, and that there had been significant improvements in management's approach to risk and compliance. The Board also believed that tone was set from the top in terms of risk culture, particularly given the accelerated rate at which new jurisdictions and businesses come into the Group.

Priorities for 2021

The priorities for the Committee over the next 12 months are as follows:

- Maintain a proactive risk culture that promotes accountability, integrity and transparency.
- Continue to support the Board and senior management in making well-informed, risk-based commercial decisions through accurate and concise risk reporting.
- Constantly review and refine our risk methodologies and application of the Risk Management Framework to ensure they are industry leading, whilst remaining proportionate to Sanne's risk profile.
- Monitor and assess the progress of the revised risk and compliance strategies.
- Ensure an effective operational control environment, through continued optimisation of the Group Policy Framework and embedding operational excellence.
- Continue the oversight of risk mitigation strategies to prevent COVID-19 impacts.
- Ensure the appropriate mitigants are in place to facilitate a smooth Brexit transition for operations, staff and clients.

Mel Carvill
Chair of the Risk Committee
18 March 2021

Directors' Remuneration at-a-glance

How we performed in FY20

Performance against incentive metrics

Annual bonus metrics

27.95%/ 75%

2020 underlying PBT[1]

20%/25%

Non-financial strategic targets

PSP metrics

25.4p

2020 underlying diluted earnings per share[1]

Key:
- Good performance but below maximum payment
- Below threshold for payment

1. This is an alternative performance measure. Please see Chief Financial Officer's Review for further detail.

FY20 annual bonus

Performance measure	Weighting (% of max)	Target range	Outcome %
PBT	75%	£42-£52m	27.95% out of 75%
Strategic	25%	N/A	20% out of 25%
Total	**100%**	**–**	**47.95% out of 100%**

FY18-20 PSP

Performance measure	Weighting (% of max)	Target range	Outcome (% of max)
Underlying diluted EPS	100%	29.85p-37.85p	0%
Total	**100%**	**–**	**0%**

How we will implement our Remuneration Policy for FY21

Element	Implementation of Remuneration Policy for FY21
Salary	Chief Executive Officer: £400,686 (increased by 2.74%) Chief Financial Officer: £310,378 (increased by 2.74%)
Pensions and benefits	Directors are entitled to receive employer contributions of 4% of base salary, in line with the UK workforce. Benefits include Group income protection insurance, life assurance and private medical cover.
Annual bonus	Maximum opportunity is 125% of salary, 50% payable in cash and 50% deferred in shares for three years. 2021 performance metrics are underlying profit before tax (75%) and strategic targets (25%). 50% of maximum payable for target performance.
Performance Share Plan	PSP awards with a face value of 200% of salary. Two-year post-vesting holding period applies. Performance metrics and targets for 2021 are: – underlying diluted EPS (75%) 5% to 15% CAGR. – TSR relative to the FTSE 250 (25%) median to upper quartile performance.
Shareholding requirement	Shareholding requirement of 250% of salary. 50% of the net of tax shares vesting under the incentives must be retained until guideline is met. Post-cessation. Executives are required to retain shares at a level of 200% of salary (or the actual shareholding value, if lower) for at least two years.

Remuneration Committee Report

The business performance has been resilient over the year and we were able to maintain our dividend policy whilst the share price remained relatively stable in the circumstances.

The information contained in this section of the Remuneration Committee Report is unaudited.

Committee Membership and attendance
Membership and attendance at the scheduled[1] committee meetings during the year was as follows:

Committee members	Eligible to attend	Attendance
Nicola Palios (Chair)	4	4
Julia Chapman	4	4
Fernando Fanton[2]	0	0
Rupert Robson	4	4

1. In addition to the four schedule meetings, the Committee met on four other occasions to discuss ad-hoc items.
2. Fernando Fanton was appointed as a Non-executive Director, and became a member of the Committee, on 5 January 2021.

Dear shareholder

On behalf of the Board I am pleased to present the report of the Remuneration Committee (the Committee) in respect of the year-ended 31 December 2020. This report sets out details of our Directors' Remuneration Policy, Directors' remuneration in respect of 2020 and how we intend to operate the Policy in 2021.

At this year's AGM there will be an advisory vote on the Annual Report on Remuneration, together with this Annual Statement.

Performance and reward for 2020

The year has been dominated by the impact of the global pandemic on all businesses. As a priority we sought to ensure that Sanne provided a safe working environment for all employees and the management team took decisive action to manage the crisis and ensure that, in our day-to-day operations, the disruption caused by the changes to working practices was minimised. Despite some clients slowing down or putting new funds or projects on hold as a consequence of the pandemic, we have managed to demonstrate strong continuing organic growth. We did not take up any government support in the UK, nor did we furlough any employees and there have been no redundancies caused by the impact of the pandemic. We continue to prioritise the physical and mental well-being of our employees.

The business performance has been resilient over the year and we were able to maintain our dividend policy whilst the share price remained relatively stable in the circumstances.

The 2020 annual bonus plan was based 75% on a range of PBT targets and 25% on strategic KPIs. Our 2020 underlying PBT from continuing operations of £44.9 million was 16.0% higher than the prior year. The Committee recognised that this was a good profit outturn in what had been a difficult year, although it noted that the profit growth had come from improved profit margin and that the anticipated level of revenue growth had not materialised. Given the range of PBT targets set at the beginning of the year, the financial element of the bonus paid out at 27.95% of the 75% available. For the strategic element we set individual objectives for the CEO and for the CFO and, as a result of strong overall performance against the measures, 20% for both the CEO and CFO was achieved out of the 25% of bonus available for this element. Overall, total bonuses for the CEO and CFO were therefore 48% of the maximum.

The Committee reviewed this bonus outturn with the Executive Directors in the context of the lower than anticipated revenue growth and the fact that the employee bonus pool was lower than the previous year. The Executive Directors proposed to the Committee that, in addition to the 50% of annual bonus that would ordinarily be delivered in deferred shares, the remaining 50% cash element should also be delivered in deferred shares. The Committee agreed to this proposal, recognising that this would strengthen the longer-term alignment of interest between both Executive Directors and shareholders and help the CFO achieve the required level of shareholding under the policy (250% of base salary) more quickly. Share-based deferral of the bonus has also been extended to the senior management below board level.

The awards granted in 2018 under our Performance Share Plan are due to vest in April 2021 and June 2021 for the CEO and CFO, respectively. Performance was based solely on underlying diluted EPS performance in 2020. At grant, in early 2018 we set an underlying diluted EPS target range requiring 2020 EPS to be between 29.85p and 37.85p for 25% to 100% of the award to vest. Whilst our EPS grew over the three-year performance period, our 2020 underlying diluted EPS of 25.4p was below the minimum performance threshold and, as a result, the award will lapse in full.

Overall, with the discretion applied to pay the bonus in deferred shares and taking into account the CEO pay ratio, the Committee is comfortable that remuneration is appropriate and the policy has operated as intended.

Application of the Remuneration Policy in 2021

The CEO's salary will be increased by 2.74% to £400,686 and the CFO's salary will increase by 2.74% to £310,378. The increases are in line with the average increase for the UK workforce for FY21.

The maximum annual bonus opportunity will be 125% of base salary, with 50% of any bonus payable in cash and 50% in shares deferred for three years. Performance measures will again be based 75% on a range of underlying PBT from continuing operations targets and 25% on operational, risk and strategic targets.

The targets will again be stretching, requiring strong growth in PBT and with specific and objective targets set for the 25% strategic element. There will be clear retrospective disclosure for all targets that have been set and their assessment.

PSP grants will be made in line with the policy at 200% of salary. 75% of the award will be based on underlying diluted EPS and 25% on TSR versus the companies in the FTSE 250 Index. The underlying diluted EPS range for the 2021 awards will require compound annual EPS growth, based on underlying continuous operations, over three years to be between 5% and 15% for between 25% and 100% of an award to vest. Whilst the EPS growth range is slightly lower than that used in prior years, since IPO exceptionally stretching targets for EPS growth have been set, and the Committee is mindful of the need to ensure that whilst they are stretching, they are within an attainable range. Consequently the Committee is comfortable that the underlying diluted EPS and TSR performance conditions are appropriately stretching in relation to the long-term business plan and the EPS growth targets continue to be more stretching than those set in similar incentive plans in most other FTSE 250 companies.

Wider employee context

In January 2020 I met with the Workforce Advisory Panel to discuss our Remuneration Policy and how executive pay aligns to the pay policy for the broader workforce, as noted in the 2019 Annual Report.

Since that time we have carried out a high-level review of our approach to wider workforce remuneration with stakeholders across the organisation, to ensure simplification and consistency of application, and have implemented an enhanced global moderation process to ensure fairness of awards for 2021 and beyond.

There was a further consultation during the year with our senior management population below the Executive Committee, in relation to potential changes to their annual bonus plan and this concluded with the roll-out of a new cash and deferred share based Senior Management Bonus Plan for FY21.

The Remuneration Committee has oversight of reward schemes and remuneration outcomes from the annual salary and bonus process and this insight is vital in ensuring that remuneration outcomes for senior management are mirrored more widely across the business.

Closing remarks

There was no additional consultation with shareholders during the year as there have been no changes to policy or implementation of the policy.

I would like to extend a warm welcome to Fernando Fanton, who joined the Board and Remuneration Committee on 5 January 2021.

On behalf of the Board, I look forward to your support at the 2021 AGM.

Nicola Palios
Chair of the Remuneration Committee
18 March 2021

Remuneration Committee Report continued
Directors' Remuneration Policy

Regulatory regime for disclosure and voting on Directors' remuneration
The Company complies with the UK Companies Act 2006 provisions and related regulatory requirements with regard to the approval and disclosure of Directors' remuneration. As the Company is not UK-incorporated those provisions have no legal effect. However, the Company has taken steps to limit the power of the Remuneration Committee so that, with effect from the date on which the policy on remuneration was approved by shareholders, the Committee can only authorise payments to Directors that are consistent with the policy as approved by shareholders. In that way the Company considers the vote of shareholders on the policy to be binding in its application.

The Remuneration Policy set out below was approved by shareholders at the AGM on 16 May 2019 and became effective from that date. A copy of the Remuneration Policy can be found within the 2019 Annual Report and Accounts at https://www.sannegroup.com/investors/results-presentations. All remuneration and contractual payments will only be made if they are consistent with the approved policy. Specific details on how the Company will implement the policy in 2021 are provided in the Annual Report on Remuneration.

Directors' Remuneration Policy
The Committee's objective is to ensure remuneration encourages, reinforces and rewards the growth of shareholder value and promotes the long-term success of the Company. The Committee agreed that executive remuneration should have the following aims:

- be set with regard to pay levels and personal tax rates in the various jurisdictions in which the Company operates, whilst complying with UK plc structural norms and good practice;
- attract, retain and motivate high calibre senior management through a significant weighting on performance-related pay;
- be simple and understandable, both externally and to colleagues;
- achieve consistency of approach across the senior management population to the extent appropriate, informed by relevant local market benchmarks;
- encourage widespread share ownership across the executive team to ensure a long-term focus and alignment of interest with shareholders;
- be consistent with regulatory and corporate governance requirements; and
- not reward behaviour that inappropriately increases the Company's exposure to risks outside of the Company's risk appetite.

The UK Corporate Governance Code sets out principles against which the remuneration Committee should determine the policy for executives; as follows:

Principle	Committee approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We comply with the UK disclosure and voting requirements even though, as a non-UK incorporated company, we aren't required to. We have consulted our Workforce Advisory Panel on our remuneration policy.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We have a simple policy offering pension at the same rate as employees, an annual bonus plan consistent with most employees and performance shares for longer term performance. There is more complexity for Executive Director packages to ensure a robust link to performance and avoid reward for failure and to comply with investor and Code requirements.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	We have mitigated these risks through careful plan design, including long term performance measurement, deferral and shareholding requirements (including post cessation of employment) and discretion and clawback provisions.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	We have mitigated these risks through careful plan design, including long term performance measurement, deferral and shareholding requirements (including post cessation of employment) and discretion and clawback provisions.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements. There are provisions to override the formula driven outcome of incentive plans, deferral and clawbacks to ensure that poor performance is not rewarded.
Alignment to culture –incentive schemes should drive behaviours consistent with company purpose, values and strategy.	Bonus plans operate widely throughout the Company and are all approved by the Committee to ensure consistency with Company purpose, values and strategy.

Remuneration for Executive Directors

The charts below give an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the new policy (as it will apply for the 2021 financial year) in respect of minimum pay (fixed pay), on-target and maximum performance based on assumptions set out below.

Remuneration Policy table

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Salary	Essential to recruit and retain Executive Directors. Reflects an individual's experience, role, competency and performance.	Salaries are paid monthly. They are normally reviewed annually with changes effective from 1 January but may be reviewed more frequently. Decisions on changes to salaries are influenced by a variety of factors including: • the commercial need to do so; • the role, experience, responsibility and performance (of both the individual and Company); • increases applied to the broader workforce; and • market pay levels of similar roles in broadly similar UK-listed companies of a similar size and in the Channel Islands.	There is no maximum limit to the level of base salaries. Increases will generally be in line with the workforce average increase but may be higher if the scope of complexity of an executive's role changes materially or if an Executive Director's starting salary has been set at lower than typical market salary to allow for growth in the role and further experience to be gained.	Individual and Company performance is taken into account when determining the annual increase.
Benefits	Operate competitive and cost-effective benefits. Certain benefits such as medical cover are provided to minimise disruption to the day-to-day operation of the business.	A range of benefits are provided by the Company to Executive Directors that may include Group income protection insurance, life assurance and family private medical cover. Relocation assistance (or other relocation related expenses), disturbance allowances and tax equalisation arrangements in relation to additional international tax and social security contributions may be offered, as required. Secondment fees may be offered where an Executive Director is asked to work temporarily in a different location. Other reasonable benefits may be introduced to reflect typical practice and the individual's country of residence. Executive Directors may participate in all-employee, tax-efficient share plans subject to prescribed limits.	The cost of providing market competitive benefits may vary from year-to-year depending on the cost to the Company from third party providers.	No performance measures apply.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Pension	To provide a market- competitive, cost-effective contribution towards post- retirement benefits.	Executive Directors may receive a company contribution into a pension plan or a cash allowance in lieu of pension.	The Company contribution to defined contribution plans or salary supplement will be in line with the workforce pension in the relevant jurisdiction.	No performance metrics apply.
Annual bonus	To motivate Executive Directors and incentivise the achievement of annual financial and/or strategic targets. Bonus deferral in shares provides retention and alignment with longer-term performance and shareholder interests.	Targets are reviewed annually at the start of the financial year. Bonus payment is determined by the Committee after the year end, based on performance against the pre-determined targets set. Bonus is payable in a mix of cash and deferred shares which vest after a deferred period. 50% of any bonus earned will be deferred into shares for three years. Recovery and withholding provisions apply for three years following the payment of a bonus and/or grant of a deferred bonus award in circumstances including (but not limited to) error in calculation, gross misconduct, fraud, corporate failure, reputational damage or misstatement. An additional payment (in the form of shares) may be made in respect of shares that vest to reflect the value of dividends that would have been paid on deferred shares during the deferral period.	The maximum opportunity is 150% of base salary. At the threshold for payment up to 20% of the maximum may be payable.	The bonus will be based on the achievement of an appropriate mix of challenging financial, strategic or individual targets. Financial measures will typically account for the majority of the bonus. A range of targets is set by the Committee, taking into account factors such as the business outlook for the year. If non-financial or individual measures are included, where possible a performance range will be set. The detail of the measures, targets and weightings may be varied by the Committee year on year based on the Company's strategic goals.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Performance Share Plan	Incentivises selected employees and Executive Directors to achieve demanding financial and superior long-term Shareholder returns. Retains key employees over the long-term. Aligns the interests of the participants and shareholders through the requirement to build and maintain a substantial shareholding.	Awards are normally granted annually in the form of either conditional awards, nominal or nil-cost options and vest after three years. Participation and award levels are reviewed annually taking into account matters such as market practice, overall remuneration, the prevailing share price at the date of grant, the performance of the Company and the recipients of the award. There will be a two-year holding period on shares acquired from vested awards. There is general discretion for the Committee to override any formula driven outturn to determine a different level of vesting, taking into account wider circumstances. An additional payment (in the form of shares) may be made in respect of shares that vest to reflect the value of dividends that would have been paid on deferred shares during the vesting period. Recovery and withholding provisions apply for three years following the vesting of an award in circumstances including (but not limited to) error in calculation, gross misconduct, fraud, corporate failure, reputational damage or misstatement.	The maximum annual award under the PSP that may be granted to an individual in any financial year is 200% of base salary.	The exercise of awards is conditional upon the achievement of one or more performance targets set by the Remuneration Committee at the time of grant and measured over a three-year period. In determining the target range for any financial measures that may apply, the Committee ensures they are challenging by taking into account current and anticipated trading conditions, the long-term business plan and external expectations. Performance periods will usually commence from the start of the financial year in which the award is made. No more than 25% of the relevant part of the award would vest for achieving the threshold level of performance. The Committee retains the flexibility to vary the mix of metrics for each year's award in light of the business priorities at the time or to introduce new measures to support the long-term business strategy.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Non-executive Directors' fees	To attract and retain high quality and experienced Non-executive Directors.	The fees of the Non-executive Directors are set by the Board and the Chairman's fee is set by the Committee (the Chairman and the Non-executive Directors do not take part in any discussion of their own fees). Fees are reviewed periodically by reference to market levels and likely time commitment. The Chairman receives a basic fee covering all his responsibilities. Non-executive Directors receive a fee for carrying out their duties, together with additional fees for membership of committees, or for those who chair the primary Board committees and the Senior Independent Director. There may also be an additional allowance paid for overseas based Directors. The level of fees of the Chairman and other Non-executive Directors reflect the time commitment and responsibility of their respective roles. Their fees are reviewed from time to time against broadly similar UK-listed companies and companies of a similar size. The Chairman and other Non- executive Directors do not participate in any incentive arrangements and they do not receive a pension contribution. They do not receive any benefits. They may be reimbursed for the cost of travel or overnight accommodation and related expenses incurred in carrying out their duties which are deemed taxable by the relevant tax authority (including any personal tax due on such expenses).	Details of current fees are set out in the Annual Report on Remuneration.	No performance measures apply.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Share ownership policy	To align interests of management and shareholders and promote a long-term approach to performance and risk management.	Executive Directors are required to build up and maintain a shareholding in the Company equal to at least 250% of salary. Shares owned outright by Executive Directors are included in the guideline together with the net of tax value of deferred bonus share awards. The Committee will review progress annually with an expectation that Executive Directors will make progress towards the achievement of the shareholding policy guideline each year. At least half of vested PSP and deferred share bonus awards (after the sale of shares to cover associated personal tax liabilities) are expected be retained until the guideline is met. Following cessation of employment an executive must retain shares at a level of 200% of base salary (or the actual shareholding value, if lower) for at least two years.	Not applicable.	No performance measures apply.

Notes to the policy table:

Annual bonus and Performance Share Plan performance metrics
The annual bonus and PSP measures are reviewed annually and reflect the key financial, strategic and operational priorities of the Group. Stretching targets are set by the Committee taking account of the Company's business plan and external expectations. Further information on the measures chosen for the FY21 incentive plans and their link to the business strategy are explained in the 'Application of the Remuneration Policy' section.

Maximum opportunity under remuneration elements
The Committee would normally consult with major shareholders prior to making any material increases to remuneration within the policy.

Non-Executive Director Fees
Increases to these fees will be in line with the average UK workforce salary increase, excluding promotions.

Remuneration Committee scope for discretion
The policy may be adjusted to take account of external legal, tax or regulatory changes in the jurisdictions in which the Company operates, to ensure that it may operate as intended.

The Committee will operate the Annual Bonus Plan (ABP) and the PSP according to their respective plan rules and the policy set out above. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include, but are not limited to, the following:

- who participates in the plan;
- the timing of grant and/or payment;
- the size of an award and/or a payment;
- the choice of performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan;
- the ability to vary any performance conditions if circumstances occur which cause the Remuneration Committee to determine that the original conditions have ceased to be appropriate provided that any change is fair and reasonable and in the Committee's opinion, not materially less difficult to satisfy than the original condition;
- discretion relating to the measurement of performance in the event of a change of control or reconstruction;

- the ability to adjust where the formulaic outcome does not reflect underlying corporate performance, the investor experience or employee reward outcome;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules; and
- recovery and withholding of any award within a three year period of the later of the grant date or vesting date.

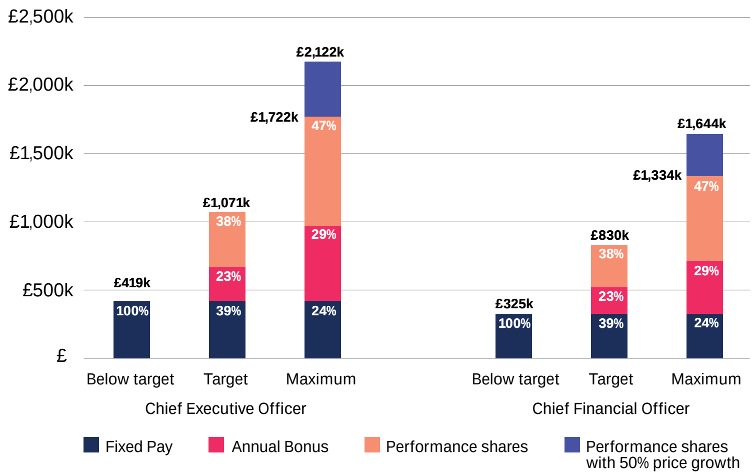
Any use of discretion would (where relevant) be explained in the Chair's Statement and the Annual Report on Remuneration, and may be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, any remuneration or payments for loss of office that are not in line with this policy may be made if the terms were agreed before the approval of this policy, including the release of ordinary shares, subject to an extended restricted sale period as set out in the IPO Prospectus. In addition, authority is given to the Company to honour any commitments entered into at a time when the relevant employee was not a Director of the Company.

Remuneration scenarios for Executive Directors

The charts below give an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the new policy (as it will apply for the 2021 financial year) in respect of minimum pay (fixed pay), on-target and maximum performance based on assumptions set out below.



Minimum: Comprises fixed pay only using the salary rate on 1 January 2021, the value of benefits in 2020 and a 4% company pension contribution.

On-Target: A bonus of 62.5% of salary is payable (50% of maximum) for target performance and half the PSP awards vest (based on a grant value of 200% of salary).

Maximum: Comprises fixed pay and assumes that the maximum annual bonus is paid (125% of salary) and the 2021 PSP grant (200% of salary) vests in full. The maximum scenario includes an additional element to represent 50% share price growth on the PSP award from the date of grant to vesting.

Executive Directors’ service contracts

	Date of appointment	Expiry date of current service agreement or letter of appointment, or date of resignation
Executive Directors		
James Ireland	1 July 2018	N/A (rolling six month notice period)
Martin Schnaier	23 January 2019	N/A (rolling six month notice period)
Chairman and Non-executive Directors		
Rupert Robson	1 March 2015 Re-appointed 30 January 2018	2021 AGM, expiry date of current letter of appointment
Andy Pomfret	24 March 2015 Re-appointed 30 January 2018	2021 AGM, date of resignation
Nicola Palios	26 March 2015 Re-appointed 30 January 2018	2021 AGM, expiry date of current letter of appointment
Mel Carvill	1 January 2018	2021 AGM, expiry date of current letter of appointment
Julia Chapman	1 July 2018	2021 AGM, expiry date of current letter of appointment
Yves Stein	1 October 2018	2021 AGM, expiry date of current letter of appointment
Sophie O’Connor	16 November 2020	2024 AGM, expiry date of current letter of appointment
Fernando Fanton	5 January 2021	2024 AGM, expiry date of current letter of appointment

The Committee’s policy is for Executive Directors’ service agreements contracts to be terminable on no more than six months’ notice. The details of existing Executive Directors’ service contracts are summarised in the table.

Executive Director	Date of service contract	Notice period
Martin Schnaier	23 January 2019	Six months’ notice from either party
James Ireland	1 July 2018	Six months’ notice from either party

Executive Directors’ contracts contain provisions for payment in lieu of notice. The Committee will take into consideration the circumstances and reasons for departure, including the individual’s performance, in every case.

In the event of an Executive Director’s departure the Company may, at its discretion, pay base salary in lieu of any unexpired part of an Executive Director’s notice period, either in equal monthly instalments until the end of the notice period or as a lump sum.

Service contracts may be terminated without notice and without any payment in lieu of notice in certain circumstances, such as gross misconduct or gross negligence.

If the Executive Director is put on gardening leave, then he remains in employment and may continue to receive base salary and benefits during that period.

In addition, the Committee may agree to payment of outplacement counselling costs and disbursements (such as legal costs) if considered to be appropriate and dependent on the circumstances of departure.

Treatment of incentives on loss of office

Normally, the opportunity to receive a bonus in respect of the relevant bonus year will lapse upon a participant ceasing to hold employment or to be an Executive Director. However, where the individual is considered a ‘good leaver’ (in the event of death, injury, disability, or sale of employing company or business out of the Group or for any other reason at the discretion of the Committee) the Committee may determine that such individual shall remain eligible for consideration for the payment of a pro-rated bonus on the normal payment date (or such earlier date the Committee determines). No bonus will be payable for any period of notice not worked.

Any outstanding share awards held by a departing Executive Director will be treated in accordance with the relevant share plan rules. The default treatment under the deferred element of the ABP and PSP is that any outstanding awards will lapse on cessation of employment.

However, in certain prescribed 'good leaver' circumstances (as set out earlier) and in other circumstances at the discretion of the Committee:

- deferred ABP awards will vest at the normal time (unless earlier in exceptional circumstances if the Committee so determines); and
- PSP awards will vest at the normal vesting date unless, in exceptional circumstances, the Committee determines that they may vest earlier. In either case, the number of awards capable of being exercised will be determined by reference to the satisfaction of performance criteria and reduced pro rata for time (unless the Committee determines that prorating should apply to a lesser extent or not at all). Where awards are subject to a post vest holding period this would continue unaffected.

Non-executive Directors

All Non-executive Directors have letters of appointment with the Company for an initial three-year term and, in line with market practice, there is typically an expectation for Non-executives to serve two three-year terms but they may be invited by the Board to serve an additional period, subject to annual re-appointment at the AGM. Appointments are terminable by either party on three months' written notice. The appointment letters for the Non-executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

All Executive Directors' service agreements and Non-executive Directors' letters of appointment are available for inspection at the Company's registered office at IFC5, St Helier, Jersey, JE1 1ST.

Recruitment policy

The Company may agree, on the appointment of a new Executive Director, that any notice given by the Company will not expire prior to the first anniversary of the commencement date of the Executive Director's appointment.

In setting the remuneration for a new Executive Director, the Remuneration Committee will take account of the calibre of the individual, market data and the remuneration arrangements for current Executive Directors.

Base salary, benefits, annual bonus and long-term incentives would be set in accordance with the Remuneration Policy in place at the time of appointment. Base salaries are set to take into account the experience of the candidate subject to the Committee's judgement that the level of remuneration is in the Company's best interests.

In the case of an external hire, if it is necessary to buy out incentive pay or benefit arrangements which would be forfeited on leaving the previous employer, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The principle will be that any replacement awards will be of broadly comparable value to the value the Executive Director has left behind. Replacement share awards, if used, may be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes.

In the case of an internal hire, any legacy variable pay award in relation to the previous role will be allowed to pay out according to its terms of grant even if not awarded under the terms of this policy. Similarly, if an Executive Director is appointed following a merger or acquisition of another company, any legacy pay arrangements may be honoured.

Consideration of shareholder views

The Committee considers an open and constructive dialogue with investors to be important to establishing a successful Remuneration Policy which is considered fair and transparent by both Executive Directors and shareholders. Therefore, the Committee engaged pro-actively and extensively with major shareholders and shareholder bodies prior to proposing the changes to the policy, and will continue to do so in future whenever any material changes are being considered. The Committee also welcomes investor feedback and will consider views raised at the AGM and at other times throughout the year. In the recent consultation regarding the new policy, a number of adjustments were made to reflect shareholder comments, including the phasing of the increase in PSP grants and changes to the post-cessation shareholding requirements.

Consideration of employment conditions elsewhere in the Group

The Committee is aware of the disconnect which can be created if Executive Director remuneration is set in isolation and therefore is updated during the year with details of the pay and employment conditions in the wider workforce. In particular, the Committee is made aware of general salary increases, general benefit provision and the proposed level of annual bonuses. The Committee is also responsible for reviewing the proposed participants of the PSP and other Group incentive plans.

In January 2020, the Chair of the Committee met with the Workforce Advisory Panel to discuss our Remuneration Policy and how executive pay aligns to the pay policy for the broader workforce.

Since that time we have carried out a high-level review of our approach to wider workforce remuneration with stakeholders across the organisation, to ensure consistency of application, and have implemented an enhanced global moderation process to ensure fairness of awards for 2021 and beyond.

There was further consultation during the year with our senior management population below the Executive Committee, in relation to potential changes to their annual bonus plan and this concluded with the roll-out of a new cash and deferred share based Senior Management Bonus Plan for FY21.

Annual Report on Remuneration

Implementation of the Remuneration Policy for 2021

Basic annual salary

The CEO and the CFO's salary have been increased by 2.74% with effect from 1 January 2021.

	2020 (from 1 January)	2021 (from 1 January)
Chief Executive Officer	£390,000	£400,686
Chief Financial Officer	£302,100	£310,378

Pension

An employer contribution of 4% of salary, in line with the UK workforce.

Benefits

Benefits will be provided as outlined in the policy.

Annual bonus

The annual bonus opportunity will be 125% of salary, and bonuses will be based on a sliding scale of challenging underlying profit before tax from continuing operations targets for 75% of the bonus and strategic targets for 25%. The amount payable at threshold will be 20% of maximum, with 50% of maximum payable for target performance.

The profit component will be based on underlying profit before tax from continuing operations. Underlying profit before tax is the most important financial metric at Sanne and the targets have been set by the Committee after taking account of the Company's business plan and external expectations, with full payment being made only in the case of exceptionally strong performance.

Non-financial objectives will be based on short-term operational and strategic priorities of the business. For Martin Schnaier, a summary of these is disclosed below.

Individual Strategic measure	Link to business strategy
Growth	Accelerate organic and inorganic growth opportunities.
Target Operating Model	Embed process and system improvements.
Risk and Compliance	Continued focus across the business on risk and compliance objectives through performance management processes.
Technology	Further implementation of the technology and data strategy.
Human Resources	Reduction of voluntary attrition and a refreshed approach to learning and development.
Personal and Group Development	Embed cultural change and the full integration of acquisitions.
Business Continuity	Ongoing impact of COVID-19 globally.
ESG	Evolve the Group's approach to ESG taking into account the Task Force on Climate-related Financial Disclosures.

For James Ireland, these are as follows:

Individual Strategic measure	Link to business strategy
Investor Relations	Active engagement with current and potential investors and the delivery of timely, quality analysis to stakeholders.
Financial Performance	Further evolve financial performance metrics and billing process. Manage cost control and cash flow.
Financial Controls	Maturing of the financial control environment.
Acquisition Growth	Identification and delivery of strategic, targeted acquisitions.
Risk and Compliance	Maintain focus on risk and compliance across Finance.
Management	Succession planning for Finance and support for new roles within Executive team.
Personal development	Working collaboratively with Board and Executive Committee.
ESG	Evolve the Group's approach to ESG taking into account the Task Force on Climate-related Financial Disclosures.

The Committee considers that the profit and non-financial targets are commercially sensitive, which means that they cannot be disclosed in advance. Full disclosure of the underlying profit targets, the non-financial objectives and performance against these targets will be in next year's remuneration report, together with disclosure if discretion has been used.

Half of any bonus will be payable in cash and the other half will be deferred in shares for a period of three years.

Performance Share Plan

PSP awards with a face value of 200% of salary will be granted to Executive Directors.

75% of an award will be determined by an EPS performance condition. A stretching range of underlying diluted EPS growth targets has been set, as set out below:

Compound annual growth over three years from 2020 (underlying diluted EPS from continuing operations)	Proportion of this part of the award vesting (75%)
Less than 5%	Zero
5%	25%
15%	100%

Awards vest on a straight-line basis for performance between minimum and maximum payment thresholds.

25% of an award will be determined by a Total Shareholder Return (TSR) performance condition, comparing Sanne's TSR (share price and dividend performance) over the performance period, against the constituents of the FTSE 250 Index (excluding Investment Trusts) at the start of the performance period. Vesting will be in line with the table below:

Sanne's TSR performance against the FTSE 250 Index constituents (excluding Investment Trusts)	Proportion of this part of the award vesting (25%)
Below median	0%
Median	25%
Upper quartile	100%
Between median and upper quartile	Between 25% and 100%

A two-year post-vest holding period will apply, creating a five-year period between the grant of an award and the first opportunity to sell (the net of tax) vested shares.

EPS is a core long term measure of profit distributable to shareholders. Total Shareholder Return measures our ability to provide superior returns to our shareholders, in line with our business objectives.

Non-executive Directors' fees

The actual fees will have increased by 2.74% in line with the average salary increase for the UK workforce. The changes are summarised as follows:

Position	2020 fee	2021 fee
Chairman	£180,000	£184,932
Base fee	£59,396	£61,023
Chair of Board Committee (Remuneration, Risk and Audit)	£15,361	£15,782
SID	£5,120	£5,260
Committee member (Remuneration, Risk and Audit)	£2,048	£2,104
Workforce liaison Non-executive Directors	£3,072	£3,156
Overseas allowance (Mel Carvill, Julia Chapman and Yves Stein)	£5,120	£5,260

Annual Report on Remuneration

The information contained in this section of the Remuneration Report, pages 99 to 106, is audited, unless otherwise stated.

Remuneration payable to each Director for service in 2020

The table below sets out the remuneration for each Director in 2020 and in the prior year. The disclosures are in respect of qualifying services and are based on full financial years (1 January to 31 December) and show actual remuneration paid.

		Fees/ salary £	Benefits[2] £	Pension[3] £	Bonus[4] £	PSP £	Total Fixed pay £	Total variable pay £	Total £
Executive Directors									
Martin Schnaier	**2020**	**390,000**	**2,739**	**14,928**	**233,739**	**0**	**407,667**	**233,739**	**641,406**
	2019[1]	320,273	2,317	12,236	72,061	0	334,826	72,061	406,887
James Ireland	**2020**	**302,100**	**2,542**	**12,084**	**181,058**	**0**	**316,726**	**181,058**	**497,784**
	2019	295,000	2,623	11,062	66,375	0	308,685	66,375	375,060
Non-executive Directors[5]									
Rupert Robson	**2020**	**180,000**	**–**	**–**	**–**	**–**	**180,000**	**–**	**180,000**
	2019	160,000	–	–	–	–	160,000	–	160,000
Andy Pomfret	**2020**	**85,000**	**–**	**–**	**–**	**–**	**85,000**	**–**	**85,000**
	2019	83,000	–	–	–	–	83,000	–	83,000
Nicola Palios	**2020**	**76,808**	**–**	**–**	**–**	**–**	**76,808**	**–**	**76,808**
	2019	75,000	–	–	–	–	75,000	–	75,000
Mel Carvill	**2020**	**81,928**	**–**	**–**	**–**	**–**	**81,928**	**–**	**81,928**
	2019	80,000	–	–	–	–	80,000	–	80,000
Julia Chapman	**2020**	**69,639**	**–**	**–**	**–**	**–**	**69,639**	**–**	**69,639**
	2019	68,000	–	–	–	–	68,000	–	68,000
Yves Stein	**2020**	**69,639**	**–**	**–**	**–**	**–**	**69,639**	**–**	**69,639**
	2019	68,000	–	–	–	–	68,000	–	68,000
Sophie O'Connor[6]	**2020**	**7,977**	**–**	**–**	**–**	**–**	**7,977**	**–**	**7,977**
	2019	–	–	–	–	–	–	–	–

1. Martin Schnaier's base salary and pension payments for 2019 relate to the time he was a Director from 23 January 2019. The 2019 bonus amount shown has been pro-rated for the period of service as a Director.
2. Benefits comprise the value of Group income protection insurance, life assurance, private medical cover.
3. The CEO and CFO received pension contributions of 3% of base salary until 30 March 2019. From 1 April 2019, their pension contributions increased to 4% of salary, in line with the UK workforce. During the course of 2020 the CEO pension contribution was reduced as a consequence of maximum pension funding limits and the balance paid as a cash allowance, net of employer's National Insurance.
4. 100% of the 2020 annual bonus will be paid in a share award, deferred for three years subject to service (50% of the 2019 annual bonus was deferred).
5. Non-executive Directors did not receive any benefits, including pension, or incentive payments during 2019 or 2020.
6. Sophie O'Connor was appointed to the Board on 16 November 2020.

2020 Annual Bonus out-turn

Bonuses paid in respect of the year-ended 31 December 2020 were based 75% on underlying profit before tax targets and 25% on non-financial targets.

The Committee reviewed this bonus out-turn with the Executive Directors in the context of the lower than anticipated revenue growth and the fact that the employee bonus pool was lower than the previous year. The Executive Directors proposed to the Committee that, in addition to the 50% of annual bonus that would ordinarily be delivered in deferred shares, the remaining 50% cash element should also be delivered in deferred shares. The Committee agreed to this proposal, recognising that this would strengthen the longer-term alignment of interest between both Executive Directors and shareholders and help the CFO achieve the required level of shareholding under the policy (250% of base salary) more quickly. Share-based deferral of the bonus has also been extended to the senior management below board level.

The performance targets which applied to the 2020 bonus are set out below, alongside the formulaic outcome:

PBT targets (75%)

Performance measure	Weighting %	Threshold £'000 (15% out of 75%)	Target £'000 (37.5% out of 75%)	Maximum £'000 (75% out of 75%)	Actual underlying PBT £'000	(% out of 75%)
Underlying PBT targets	75%	£42,000	£47,000	£52,000	£44,877	27.95%

Performance against non-financial strategic targets (25% weighting)

The Committee carefully evaluated the performance of the Executive Directors against a range of strategic measures.

Details of Martin Schnaier's achievements against key objectives set are as follows:

Individual Strategic measure	Objective	Assessment of performance	Score
Growth	Maintain double digit growth in revenue and earnings Execute inorganic opportunities	• Whilst double digit growth was not achieved, 7% growth during the unprecedented year warranted recognition • Three acquisitions completed during the course of 2020 • Successful disposal of Jersey Private Client business, allowing Sanne to focus its global operations on the alternatives and corporate sectors	1 out of 2 2 out of 2
Target Operating Model	Service delivery and operational transformation	• Operational excellence model embedded globally • Strategic roadmap effected for Group functions	2 out of 2
Risk and Compliance	Strengthen risk and compliance culture across all jurisdictions	• Risk and control procedures fully embedded • No enforcement action during year	4 out of 5
Executive Team	Embed the Executive Team to drive the strategic agenda	• CTO hired. Executive Team realigned around strategic roadmap	1 out of 2
Technology	Implement new data strategy, and improve infrastructure, data and innovation	• Long-term technology and data strategy developed and implementation initiated • Platform upgraded with resulting enhancement to service delivery capability	3 out of 3
Human Resources	Reduce voluntary attrition Redefine the learning and development strategy	• Voluntary attrition reduced by 7% globally • Learning and development refocused to support the virtual environment, allowing programmes to be delivered in spite of pandemic	1 out of 2
Group and Personal Development	Ensuring group readiness for next stage in Group's development	• Successful cultural integration of acquired businesses	3 out of 4
Business Continuity	Ensure best interests of all stakeholders taken into account in Sanne's COVID-19 response	• Significantly enhanced communications to the global business, supported the enhanced delivery of technology solutions, well-being initiatives implemented	3 out of 3
Total			**20 out of 25**

Details of James Ireland's achievements against objectives set are as follows:

Individual Strategic measure	Objective	Assessment of performance	Score
Investor Relations	Proactive stakeholder management	• Proactively engaged with investors and took the lead on IR activity	2 out of 3
Financial Performance	Drive behaviours to deliver on financial targets	• Improved forecasting, management and reporting to enable effective decision-making • Reinforced cost control mechanisms and managed cashflow	4 out of 7
Acquisition Growth	Targeted acquisitions to deliver revenue growth	• Three acquisitions completed • Successful disposal of Jersey Private Client business, allowing Sanne to focus its global operations on the alternatives and corporate sectors	4 out of 4
Risk and Compliance	Support the risk culture implementation	• Implemented enhanced processes to improve controls around financial risk	2 out of 2
Management	Attract, retain and develop a high performing function Support the new Executive Committee	• High performing finance team • Supported the evolution of the Executive Team and business model	3 out of 4
Personal Development	Development of the CFO role	• Demonstrably strong performance around Board table	2 out of 2
Business Continuity	Ensure best interests of all stakeholders taken into account in Sanne's COVID-19 response	• Full engagement in virtual meetings throughout the pandemic with all external and internal stakeholders, including investors, bankers and analysts, whilst continuing to meet margin expectations	3 out of 3
Total			**20 out of 25**

2020 bonus out-turn

Based on the achievement of the performance measures described above the resultant bonus outturn is summarised below:

	Maximum bonus payable (% of salary)	Actual bonus payable (% of maximum)	Total actual bonus payable (100% into shares deferred for three years)
Martin Schnaier	125%	47.95%	£233,739
James Ireland	125%	47.95%	£181,058

The Committee reviewed this bonus outturn with the Executive Directors in the context of the lower than anticipated revenue growth, and the fact that the employee bonus pool was lower than the previous year. The Executive Directors proposed to the Committee that, in addition to the 50% of annual bonus that would ordinarily be delivered in deferred shares, the remaining 50% cash element should also be delivered in deferred shares. The Committee agreed to this proposal, recognising that this would strengthen the longer-term alignment of interest between both Executive Directors and shareholders and help the CFO achieve the required level of shareholding (200% of base salary) under the policy more quickly. Share-based deferral of the bonus has also been extended to the senior management below board level.

Deferred bonus shares granted in the year in respect of the 2019 bonus

The table below sets out the deferred conditional shares granted in 2020 in respect of the 2019 bonus. The deferred shares will vest three years from the date of grant.

	Date of grant	Shares awarded	Face value of award*
Martin Schnaier	20 April 2020	5,868	£36,030
James Ireland	20 April 2020	5,405	£33,187

* Calculated using the average of the five dealing days prior to and including the date of grant of 614p.

Performance Share Plan awards granted in 2018 with performance period ending during the year

The 2018 award under the PSP was based on performance for the financial year ending 31 December 2020.

Measure	Threshold (25%)	Maximum (100% vests)	Actual performance	% of award achieved
Underlying diluted earnings per share from continuing operations in 2020	29.85p	37.85p	25.4p	0%

Performance Share Plan grants in year under review

	Date of grant	% salary grant	Shares awarded	Share price on date of grant	Face value of award	% vesting at threshold performance	End of performance period
Martin Schnaier	20 April 2020	200%	126,994	614p	£780,000	25%	31 December 2022
James Ireland	20 April 2020	200%	98,372	614p	£604,000	25%	31 December 2022

The PSP conditional share awards will vest subject to performance against underlying diluted EPS CAGR targets (75% of the award) and total shareholder return versus the FTSE 250 (25% of the award).

The EPS targets are as follows:

Compound annual growth from 2018 underlying diluted EPS from continuing operations	Proportion of this part of the award vesting (75%)
Less than 7.5%	Zero
7.5%	25%
18%	100%

25% of an award will be determined by a Total Shareholder Return (TSR) performance condition, comparing Sanne's TSR (share price and dividend performance) over the performance period, against the constituents of the FTSE 250 Index (excluding Investment Trusts) at the start of the performance period. Vesting will be in line with the table below:

Sanne's TSR performance against the FTSE 250 Index constituents (excluding Investment Trusts)	Proportion of this part of the award vesting (25%)
Below median	0%
Median	25%
Upper quartile	100%
Between median and upper quartile	Between 25% and 100%

Payments to past Directors

There were no payments made to past Directors.

Payments for loss of office

There were no payments made for loss of office.

Directors' interests in shares

Directors' shareholdings (including those of their connected persons) are summarised in the table below:

	Legally owned (as at 31 December 2020)	Legally owned (as at 31 December 2019)	Unvested shares subject to performance conditions	Unvested shares not subject to performance conditions (e.g. deferred bonus awards)	% of salary held under share ownership policy[1]
Executive Directors					
Martin Schnaier	272,104	272,104	239,954	5,868	435%
James Ireland	21,083	16,816	199,559	14,897	59%
Non-executive Directors					
Rupert Robson	52,189	52,189	n/a	n/a	n/a
Andy Pomfret	53,333	53,333	n/a	n/a	n/a
Nicola Palios	5,499	5,499	n/a	n/a	n/a
Mel Carvill	10,000	–	n/a	n/a	n/a
Julia Chapman	2,862	2,862	n/a	n/a	n/a
Yves Stein	5,000	–	n/a	n/a	n/a
Sophie O'Connor	–	–	n/a	n/a	n/a

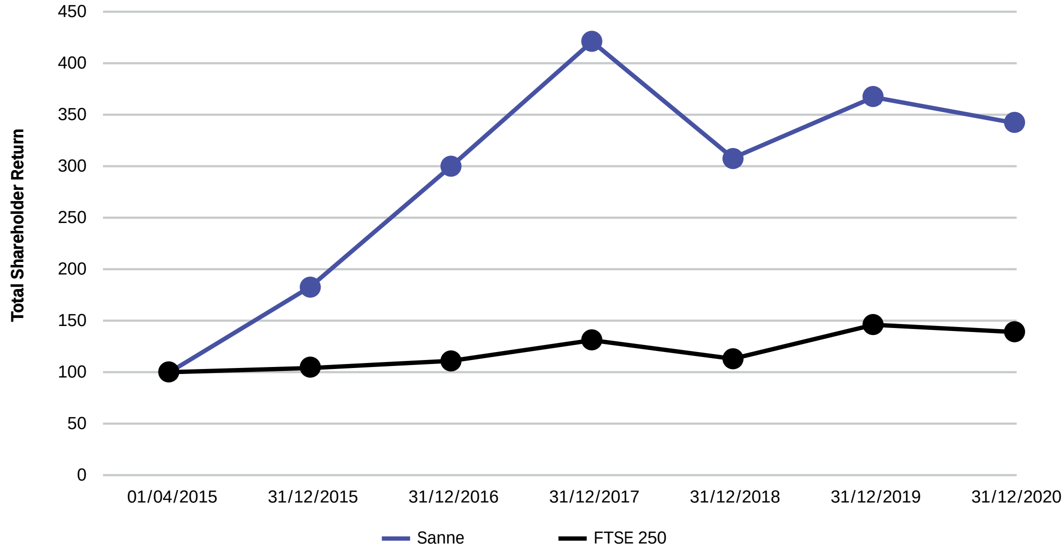
1. Calculated as the sum of legally owned shares held on 31 December 2020 and the unvested shares not subject to performance conditions adjusted for tax, multiplied by the share price on 31 December 2020 divided by the 2020 base salary. The share ownership guideline, set out in the Remuneration Policy on page 79 of the 2018 Annual Report, requires Executive Directors to build and maintain a shareholding worth the equivalent of 250% of base salary.

There are no share options held by any Directors.

Since 31 December 2020 James Ireland acquired 5,300 shares and Rupert Robson acquired 21,057 shares. There have been no other changes to the above directors' share interests.

Performance graph and Chief Executive Officer's total remuneration history (unaudited)

The graph below illustrates the Company's TSR performance relative to the FTSE 250 index. Performance is shown from Admission on 1 April 2015 (using the 200p offer price as the base) to 31 December 2020. The graph shows the value of £100 invested in the Company and £100 invested in the FTSE 250 index and their respective performance over that period. This index has been chosen as the comparator index as Sanne has been a constituent of the FTSE 250 index since 2017.



The table below details the history of the CEO's remuneration since IPO.

	2015	2016	2017	2018	2019[1]	2019[2]	**2020**
Total remuneration	£227,162	£239,453	£366,002	£810,364	£133,908	£286,691	**£641,406**
Annual bonus outcome (% of max)	n/a	0%	38%	46%	0%	18%	**48%**
PSP vesting (% of max)	n/a	n/a	n/a	100%	0%	0%	**0%**

1. Total remuneration for Dean Godwin for the period 1 January to 2019 to 16 May 2019 on the cessation of his employment.
2. Martin Schnaier's remuneration from the date he was appointed CEO, 16 May 2019.

Percentage change in the remuneration of Directors (unaudited)

The table below shows the change in the Directors' remuneration compared to the change in remuneration of all employees across the Group from FY2019 to FY2020. Pay-rises granted within the businesses acquired in 2019 and 2020 have been excluded to ensure a better like-for-like comparison. There are no employees in the listed parent company and therefore an alternative employee population of Sanne Trustee Company (UK) Limited is used in this disclosure.

	Base salary/fees % change	Benefits % change[1]	Annual bonus % change
CEO	14.4%	11.1%	204.8%
CFO	2.4%	-3.1%	172.8%
Rupert Robson	12.5%	N/A	N/A
Mel Carvill	2.4%	N/A	N/A
Julia Chapman	2.4%	N/A	N/A
Nicola Palios	2.4%	N/A	N/A
Andy Pomfret	2.4%	N/A	N/A
Yves Stein	2.4%	N/A	N/A
Sophie O'Connor	N/A%	N/A	N/A
Employees	3.4%	8.2%	-63.7%[2]

1. Cost of insured benefits as a percentage of salary.
2. Bonus pool reduced owing to realignment of US bonuses during FY2020 in line with rest of Group, and reduction in overall bonus pool.

CEO pay ratios compared to the workforce (unaudited)

The pay ratios have been calculated in accordance with Option A, as this is the most accurate methodology. The full-time equivalent remuneration for FY20 was calculated for employees of Sanne as at 31 October 2020.

Any employees that joined during the year prior to this date have been included and grossed up to full time equivalent pay. Any employees that left during the year prior to this date have been excluded from the calculations. Any part time employees have been grossed up to full time equivalents based on full time equivalent hours for the role. Total pay for employees includes salary/wages, taxable benefits, pension, annual bonus and share awards. The annual bonus that has been included for employees is the bonus relating to FY19 performance due to data availability at the time of calculation, this is in line with the methodology for previous years.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	**Option A**	**17.7:1**	**11.2:1**	**6.8:1**
2019	Option A	12.7:1	7.8:1	5.0:1
2018	Option A	28.1:1	15.7:1	8.5:1

	Total salary in 2020	Total pay in 2020
25th percentile employee	£35,000	£36,140
50th percentile employee	£50,232	£57,487
75th percentile employee	£90,000	£94,203
CEO	£390,000	£641,406

The CEO pay ratio has slightly increased this year at the 25th, 50th and 75th percentiles compared to the 2019 ratio, however both 2019 and 2020 ratios represent a decrease from the 2018 ratio. The 2018 ratio is based on the full year's pay for Dean Godwin, former CEO in role until 16 May 2019. For FY18, the bonus paid out at around target and the 2016 PSP vested in full. The higher levels of incentive payouts for FY18 compared to FY19 and FY20, where there has been no vesting under the PSP for either year, is primarily the reason for the bigger pay ratios in FY18.

Compared to 2019, the FY20 pay ratios have slightly increased as result of the higher bonus payout in 2020, which is included in the CEO's pay (FY19 payout was 18% of maximum). The CEO's salary also increased from £360,000 to £390,000 as part of the last stage of the planned increase approved in the Remuneration Policy.

The reward policies and practices for our employees, of which the Remuneration Committee has oversight, are aligned to those used to set Executive Director pay and furthermore the Committee ensures where appropriate, remuneration outcomes for senior management are mirrored more widely across the business. Therefore, the Remuneration Committee is satisfied the median pay ratio is consistent with the Company's pay, reward and progression policies for all employees.

Relative importance of spend on pay (unaudited)

The following table sets out the percentage change in overall spend on pay, distributions to shareholders and profit in 2020 compared to 2019:

	2020	2019	% change
Staff costs[1]	**£90.4m**	£82.4m	9.7%
Distributions to shareholders	**£21.6m**	£20.7m	4.3%
Underlying profit before tax from continuing operations	**£44.9m**	£38.7m	16.0%

1. The basis for the comparison has changed since prior year and staff costs are now based on continuing operations for each year. Hence, the staff costs number for 2019 has been changed to exclude costs from discontinued operations.

The percentage change in underlying profit before tax from continuing operations has been shown as this is the most important financial KPI used to monitor Sanne's performance. This is a change on the prior year with discontinued operations now excluded from this KPI as these discontinued operations were disposed of during 2020.

Membership of the Remuneration Committee (unaudited)

The Company's Remuneration Committee is constituted in accordance with the recommendations of the UK Corporate Governance Code. The Committee is a committee of the Board which determines the Group's policy on the remuneration of the Executive Directors, the Chairman and other relevant members of senior management. The Committee's terms of reference can be found on the Company's website, www.sannegroup.com. Membership and attendance at the four scheduled[1] Committee meetings during the year was as follows:

Current Committee members	Eligible to attend	Attended during 2020
Nicola Palios (Chair of the Committee)	4	4
Julia Chapman	4	4
Fernando Fanton[2]	0	0
Rupert Robson	4	4

1. In addition to the four scheduled meetings, the Committee met on four other occasions to discuss ad-hoc items.
2. Fernando Fanton was appointed as a Non-executive Director, and became a member of the Committee, on 5 January 2021.

None of the Committee has any personal financial interest (other than as a shareholder), conflicts of interest from cross-directorships or day-to-day involvement in the running of the business.

The Chairman, CEO, CFO, Group Company Secretary and Head of Human Resources are invited to attend selected meetings, although they are not present when matters affecting their own remuneration are being discussed. The Group Company Secretary acts as secretary to the Committee. In addition, the Committee's advisers, Korn Ferry, may be invited to attend.

The role of the Committee (unaudited)

The key responsibilities of the Committee are:

- to determine and agree with the Board the framework and policy for remuneration of the Chairman, the Executive Directors and senior management;
- review the Remuneration Policy for all employees and have regard to pay and employment conditions across the Group, especially when determining changes to senior executive remuneration;
- to determine the total individual remuneration package of each Executive Director, the Chairman and senior management including bonuses and share awards;
- review and take into account wider workforce remuneration, pension arrangements, related policies and align the incentives and rewards with culture;
- ensure appropriate engagement with the wider workforce to explain the alignment between the executive remuneration pay policy and the wider workforce pay policy;
- ensure share incentive plans promote long-term shareholdings by Executive Directors that support long-term shareholder interests;
- develop a policy for post-employment shareholding requirements encompassing both vested and unvested shares;
- obtain accurate information about remuneration in other companies of comparable scale and use such information carefully;
- to appoint remuneration consultants;
- approve the design of any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- ensure that contractual terms on termination, and any payments made, are appropriate;
- oversee any major changes in employee benefits structures throughout the Company or Group;
- agree the policy for authorising claims for expenses from the Directors; and
- work and liaise as necessary with all other Board committees.

Remuneration Committee activities in 2020 (unaudited)

The Committee's activities, carried out during the year and subsequently, covered, but was not limited to, the following topics:

Strategy and Policy

- Confirmed that the remuneration policy remained appropriate for FY2020
- Approved a Business Development Commission Scheme
- Reviewed the remuneration arrangements of the Senior Management team and as a result approved a simplified incentive scheme (the "Senior Management Bonus Plan"). The new plan combines the bonus and incentive schemes in place at this level into one simple plan which is delivered in a mix of cash and deferred shares

Annual Salary

- Review of salaries for Executive Directors

Annual Bonus

- Review of executives' personal objectives for FY2019 bonus
- Review of personal performance
- Determined bonus outcomes
- Setting measures and targets, including appropriate non-financial metrics for FY2020 bonus

PSP
- Determined vesting levels for FY2017-19 award cycle
- Set measures and targets for FY2020-22 award

Reports from Advisers
- Briefings (including governance)
- Benchmark data and market practice
- Induction for new Committee members

Corporate Governance
- Regulatory updates

Committee effectiveness review

An evaluation of the effectiveness of the Remuneration Committee was undertaken as part of the external Board evaluation, conducted by Ceradas, which was positive. Ceradas found that all directors were comfortable with the current composition of the Committee and were supportive of the work done by the Committee and the Chair of the Committee. The relationship with shareholders was also found to be satisfactory and this was demonstrated by the AGM voting in 2019 and 2020. Ceradas did not make any recommendations for improving the processes of the Committee.

Advisers (unaudited)

Korn Ferry have advised the Committee since August 2018, when they were appointed by the Committee following a competitive tender process. Additionally, in the year under review Korn Ferry were retained to provide Executive Search services for two non-executive director appointments. There are processes in place to ensure the advice received by the Committee is independent of any other services provided by Korn Ferry to management.

Korn Ferry are founder members of the Remuneration Consultants Group and adhere to the Code of Conduct in relation to executive remuneration consulting in the UK.

In 2020, the fees paid to Korn Ferry in respect of remuneration advice amounted to £69,080 (2019: £37,613). Charges were based upon time spent on the services and the seniority of staff performing the work.

Statement of voting at the Annual General Meeting (unaudited)

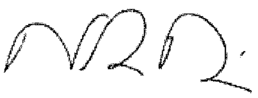
The Committee is directly accountable to shareholders and, in this context, is committed to an open and transparent dialogue with Shareholders on the issue of executive remuneration and the Chair of the Committee is available to answer questions at each AGM.

At the 2019 AGM, the Directors' Remuneration Policy and at the 2020 AGM Annual Report on Remuneration received the following votes from shareholders:

	Total number of votes	% of votes cast
Directors' Remuneration Policy (binding vote – 2019 AGM)		
For	110.8m	97.88%
Against	2.40m	2.12%
Abstentions	0m	0%
Total	**113.2m**	**100%**
Annual Report on Remuneration (Advisory vote – 2020 AGM)		
For	128.9m	97.91%
Against	2.8m	2.09%%
Abstentions	0m	0%
Total	**131.7m**	**100%**

Votes for include those registered as "Discretion".

For and on behalf of the Board.



Nicola Palios
Chair of the Remuneration Committee
18 March 2021

Directors' Responsibilities Statement

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Company. The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

In preparing the financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report and Accounts, taken as a whole, are fair and balanced and understandable and provide the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

The Directors confirm that they have complied with the above in preparing these financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

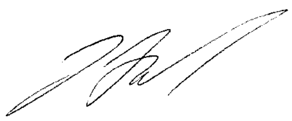
Statement as a result of the Disclosure and Transparency Rules of the Financial Conduct Authority:

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent Company and its undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair view of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement has been approved by the Board of Directors of Sanne Group plc on 18 March 2021 and is signed on its behalf by:

Martin Schnaier
Chief Executive Officer
18 March 2021



James Ireland
Chief Financial Officer
18 March 2021

Financial Statements

Accountable
we take ownership, so you are assured.

Our focus provides long term relationships with strength, depth, expertise and specialism. Which in turn, creates a business for sustainable growth that delivers real value to our clients and employees alike.

It means that we can attract and retain the best talent, invest in our people and culture, develop a technical roadmap with solutions for the future; allowing our clients to communicate with confidence.

Independent Auditors' Report
to the members of Sanne Group plc

Report on the audit of the financial statements

Opinion

In our opinion, Sanne Group plc's group financial statements:
- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 31 December 2020; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the group in the period under audit.

Our audit approach

Context

Sanne Group plc is a FTSE listed company on the London Stock Exchange. Sanne's business comprises the delivery of fund administration and fiduciary trust and related services principally to institutional markets. Sanne operates in a number of overseas territories, in particular Jersey, South Africa, Mauritius, Luxembourg and the United States of America.

Overview

Audit scope
- We performed an audit of the complete financial information of 5 financially significant components' profit before tax across a number of jurisdictions, as each represents more than 15% of absolute profit before tax.
- We also performed audit procedures on selected other balances, components, the Group consolidation adjustments and the financial statement disclosures.
- Taken together, our audit work accounted for more than 90% coverage over turnover, more than 70% coverage over direct costs and operating expenses and more than 80% coverage over profit before tax.

Key audit matters
- Revenue recognition.
- Impairment of goodwill and intangible assets.
- Accounting for business combinations.
- Impact of COVID-19.

Materiality
- Overall group materiality: £1.0 million (2019: £1.0 million) based on 5% of profit before tax ("PBT").
- Performance materiality: £0.8 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory principles in the jurisdictions in which Sanne Group plc operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue, and management bias in accounting estimates and judgemental areas of the financial statements such as the accounting for business combinations, impairment of goodwill and intangible assets, as described below in our key audit matters. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with group and local management, including Internal Audit, Risk, Compliance and, where relevant, General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud impacting the Group and/or the component;
- Reviewing governance committee minutes for the plc Board, Audit Committee, Risk Committee and local Board meetings;
- Assessing executive and finance management remuneration structures and how closely relevant financial metric thresholds have been met (or not met) and how bias could therefore have occurred;
- Assessment of any matters reported on the Group's whistleblowing helpline and the Audit Committee's investigation of such matters, and testing the whistleblowing process;
- Reviewing correspondence with regulators in relation to compliance with laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Procedures relating to judgemental areas of accounting and significant estimation, including as described in the related key audit matters below; and
- Identifying and testing journal entries, in particular any journal entries posted by key decision makers of the business, journal entries posted by unexpected users who were outside of the finance team or administrative and accounting teams, as well as journal entries containing unusual account descriptions and journal entries posted with unusual account combinations, specifically in relation to revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for business combinations and Impact of COVID-19 are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report
to the members of Sanne Group plc continued

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to the Audit Committee Report, Note 3: Significant accounting policies and Note 6: Revenue* Auditing standards state that there is a rebuttable presumption that the auditor will identify the risk of fraud in revenue recognition as a significant risk. We have identified three main revenue streams, being fixed, time and Net Asset Value ('NAV') based fees. Due to the significant audit effort required as a result of the various revenue streams and number of contracts held across the Group and the significance of the revenue balance to the Consolidated financial results, the risk has not been rebutted and we have assessed revenue to be a key audit matter. Contract assets and trade and other receivable balances include an element of judgement in respect of the level of provisions existing at each reporting date. Without applying an appropriate level of provision for irrecoverable balances, amounts may exist that are not fully recoverable leading to overstatement in account receivables and revenue. We therefore performed audit work on such year end balances.	We understood and evaluated management's internal controls over fixed, time and NAV based fees, including reviewing the receivables cycle, time capturing, the work-in-progress cycle and controls surrounding time recording, NAV based fees and fixed fees to identify key controls. We evaluated the design and tested the operating effectiveness of management's key internal controls over fixed and time based fee revenue streams. We also understood and evaluated the IT systems in place that support revenue and billing in the business, utilising our IT specialists. We performed the following procedures over revenue: • Utilised data auditing techniques for certain jurisdictions to ensure that revenue from fixed and time based fees was recognised in accordance with the accounting policies and relevant frameworks. For a sample of fixed and time based fee revenue, we agreed sampled revenue transactions to the relevant supporting documentation and client contracts; • We recalculated NAV based fees, on a sample basis, and agreed inputs to supporting documentation, including NAV reports and relevant agreements. We reviewed the Group's oversight procedures over NAV valuations by obtaining relevant audit evidence. We performed retrospective review and considered the historical accuracy of the Sanne Group's prior year NAV estimates by comparing a sample of NAVs to audited information; • Reviewed management's models for compliance with International Financial Reporting Standards ('IFRS'), including the assumptions therein; and • Performed substantive testing over credit notes issued after year end and assessed whether they related to the current financial year. We performed the following procedures over revenue: • We obtained and reviewed Sanne Group's accounting policy for contract asset recognition and IFRS 9 expected credit loss methodology. • We obtained management's detailed contract assets and trade and other receivables recoverability assessment as at 31 December 2020 and challenged management on their assessment, receiving appropriate supporting evidence and explanations on a sample basis and focusing on how the more significant and longest outstanding balances are being addressed. • We also assessed the adequacy of the disclosures related to revenue and receivables within the consolidated financial statements. No material issues were identified.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets *Goodwill* *Refer to the Audit Committee Report, Note 3: Significant accounting policies, Note 4: Critical accounting judgements and key sources of estimation uncertainty and Note 16: Goodwill* In previous years and during the current year there have been a number of acquisitions by the group resulting in a goodwill balance of £188.5 million (2019: £180.4 million) relating to 10 cash generating units as at the year-end. An annual impairment assessment for goodwill was performed by management, as required by IAS 36, including consideration of COVID-19. Management uses an income approach (discounted cash flow model) to determine the value in use of each cash generating units (CGU) to which goodwill is allocated. The annual impairment assessment performed by management was considered a matter of significance to our current year audit due to the complexity of the assessment process and significant judgements applied by management when determining the assumptions included in the discounted cash flow model. The performance of financial markets and the general economic conditions in the geographical region and division within which a particular CGU operates, are determining factors in the recoverability of the asset value. Management also makes use of assumptions regarding the revenue growth rates (including the terminal growth rate), cost margins and the risk-free rate and discount rates, including the weighted average cost of capital in the discounted cash flow model.	*Goodwill* Our audit procedures on the discounted cash flow model used by management in determining the value-in-use of these assets, included: • Testing the projected cash flows used in the discounted cash flow models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGU; • Comparing the projected cash flows for the next financial period with the latest approved budgets for consistency; • Comparing the projected cash flows against historical performance; • Testing the mathematical accuracy of the discounted cash flow model; • Comparing the risk-free rate, discount rates and weighted average cost of capital used by management in their discounted cash flows (as disclosed in Note 16 to the consolidated financial statements) to our internally developed benchmarks, with the assistance of our valuation experts. • Performing sensitivity analysis to determine which key assumptions are the most sensitive. We identified that the valuation was most sensitive to the key assumptions around revenue growth rates, cost margins and discount rates; and • Performing sensitivity analysis to determine the extent to which a reduction in these key assumptions, both individually or in aggregate, would result in goodwill impairment, and considered the likelihood of such events occurring. We concluded that no impairment was required for the year ended 31 December 2020. We also considered the adequacy of the disclosure in the financial statements of the impairment assessment of goodwill.
Intangible assets *Refer to the Audit Committee Report, Note 3: Significant accounting policies, Note 4: Critical accounting judgements and key sources of estimation uncertainty and Note 17: Other intangible assets.* The group has recognised contract and customer intangible assets amounting to £29.0 million (2019: £36.9 million) and £6.6 million (2019: £8.2 million) respectively. These contract and customer intangibles were acquired as part of past business combinations, as well as from acquisitions during the year. An annual assessment for impairment indicators was performed by management where there was objective evidence of impairment, as required by IAS 36, which included consideration of COVID-19. Three intangible assets showed indicators of impairment for both contract and customer intangibles: CCS (Comhar), IDS Group (Cape) and AgenSynd Group (Stream). In addition, Ariel and LIS Group (Lane) showed impairment indicators for contract intangibles only. For these contract intangible assets with impairment indicators, management determined the recoverable amount based on the value in use of the assets, in order to assess whether this was lower than the carrying value and whether an impairment would be required. Using this valuation, the recoverable amount was determined to be higher than the carrying amount and therefore management determined that no impairment is required. The impairment assessments performed by management were considered a matter of significance to our current year audit due to the complexity of the assessment process and significant judgements applied by management when determining assumptions such as: projected contract revenue after attrition, revenue growth rates, cost margins and discount rates.	*Intangible assets* Value in-use was determined by management using a discounted cash flow model. The model makes use of the following key assumptions: projected contract revenue after attrition, revenue growth rates, cost margins and discount rates. We performed the following testing on the value in-use calculation: • Comparing the projected contract revenue for the next financial period against historical performance, adjusted for contracted clients that have been lost during the year; • Assessing the reasonability of the 5% general attrition rate used in the model for the remaining forecast period by comparing the actual contract revenue of the immediate past financial period to the projected contract revenue for the same period as per the 'at acquisition purchase price' allocation calculation; • Assessing the reasonability of the cost margins used in the model by comparing these against historical performance; • Testing the mathematical accuracy of the model; • Comparing the risk-free rate and discount rates used by management in their model to our internally developed benchmarks, with the assistance of our valuation experts; • Performing sensitivity analysis to determine the extent to which a reduction in these key assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring; and • The projected revenue growth rate was tested to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the contracts. This included benchmarking the revenue growth rate applied against independently established rates. We found the growth rate used by management to be comparable to the independently established rates after allowing for the expected future outlook. No material issues were identified.

Independent Auditors' Report
to the members of Sanne Group plc continued

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations *Refer to the Audit Committee Report, Note 3: Significant accounting policies, Note 4: Critical accounting judgements and key sources of estimation uncertainty, Note 16: Goodwill, Note 17: Other intangible assets and Note 35: Business combinations* During the year the Sanne Group completed four acquisitions with a combined total consideration of £19.3 million, including £0.3 million of contingent consideration and £0.7 million of issuance of equity instruments. Acquired intangibles recognised in these transactions totalled £5.9 million, with goodwill totalling £7.3 million being recognised. Management determined the fair value of consideration transferred and the net assets acquired as required by International Financial Reporting Standards ("IFRS") 3. Due to the level of judgement applied by management in determining the valuation of the assets acquired and the consideration paid, including contingent consideration, and the significance of the goodwill and intangible assets balances recognized through business combinations to the Sanne Group's financial statements, we have determined this as a key audit matter. The fair value assessments in relation to the net assets acquired and purchase consideration performed by management were considered a matter of significance to our current year audit due to the complexity of the assessment process and significant judgements applied by management when determining assumptions such as: projected contract revenue, attrition rate, discount rate and cost margins.	We obtained and reviewed management's key accounting analysis papers and purchase agreements relating to the acquisitions and assessed for compliance with IFRS, including the assumptions therein. We obtained and tested the mathematical accuracy of management's calculations relating to the accounting for business combinations. Our audit procedures on the valuation of the fair value of consideration transferred included: • Agreeing consideration paid in cash to bank statements; • Testing completeness of the consideration by reviewing the purchase agreements; • In respect of issuance of equity instruments, confirming the share price with independent sources and, with the assistance of our valuation experts, evaluating the reasonability of the discount rate applied by management. Our audit procedures on the fair value of the net assets acquired included: • With the assistance of our valuation experts, evaluating the appropriateness of the valuation models applied by management; • Comparing the projected contract revenue for the next financial period against historical performance, adjusted for contracted clients that have been lost during the year; • Comparing the risk-free rate and discount rates used by management in their model to our internally developed benchmarks, with the assistance of our valuation experts. Our internal benchmarks were determined using our view of various economic indicators. We found that the risk-free rate and discount rates applied by management were comparable with our internally developed benchmarks; • Assessing the cost margins used in the valuation model by comparing against the historical performance of each respective acquired business; and • Evaluating the reasonability of the attrition rate by comparing the historical contract revenue to the forecasted contract revenue used in the model. We also assessed the adequacy of the disclosures related to business combinations in the consolidated financial statements. No material issues were identified.
Impact of COVID-19 *Refer to the Chief Executive Officer's Statement, Principal Risks, the Audit Committee Report, Note 16: Goodwill, Note 17: Intangible assets* The outbreak of the novel coronavirus (known as COVID-19) in many countries continues to rapidly evolve and the socio-economic impact is unprecedented. The measures taken by governments around the world to tackle the COVID-19 pandemic have had wide reaching impacts on the economy and on companies. In order to assess the impact of COVID-19 on the business, management have updated their risk assessment and going concern models to reflect the potential impacts. The most significant potential impact to the financial statements has been in relation to the impairment assessment of goodwill and intangible assets. This is described in the key audit matter above. Management has also modelled possible downside scenarios to their base case cash flow forecast and a severe but plausible downside scenario. Having taken into account these models, together with an assessment of planned and possible mitigating actions, management has concluded that the Group remains a going concern and that there is no material uncertainty in respect of this conclusion.	We evaluated the Group's updated risk assessment and analysis and considered whether it addresses the relevant threats posed by COVID-19. We also evaluated management's assessment of the operational impacts, considering their consistency with other available information and our understanding of the business. We evaluated management's assessment of accounting estimates, which could be impacted by the economic environment resulting from COVID-19, including estimates involved in the impairment assessment of goodwill and intangible assets. Our conclusions are included in our key audit matter above. We reviewed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal risks set out in the Strategic Report, and assessing their consistency with the financial statements and the evidence we obtained in our audit. In respect of going concern, we assessed management's going concern analysis in light of COVID-19 and evaluated management's base case, downside scenarios and severe but plausible downside scenario, challenging the underlying data and adequacy and appropriateness of the underlying assumptions used to make the assessment and evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required. Our conclusions relating to going concern and other information are set out in the 'Conclusions relating to going concern' and 'Reporting on other information' sections of our report, respectively, below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group is structured on a jurisdictional basis, with significant components identified in Jersey, Luxembourg, Mauritius and the United States of America, and with significant centralised group processes and accounting functions operating out of Jersey and South Africa.

For the five significant components identified, we have instructed component auditors to perform an audit of the profit before tax for the component. We have also scoped in additional components that did not meet the significant component threshold, with either an audit of the profit before tax for the component or testing specific financial statement line items to obtain the required coverage over the Group financial statements. We have also tested centralised group processes performed in Jersey and South Africa to obtain further coverage of financial statement line items.

As the group audit team, we determined the level of involvement required at those components to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In our role as group auditors, we exercised oversight over the work performed by auditors of the components including performing the following procedures:

- Maintained an active dialogue with reporting component audit teams, including regular group wide audit team conference/video calls and specific conference/video calls for each reporting territory covering scope, status and results prior to inter-office reporting; and
- Video conferencing and/or remote audit workpaper reviews, to satisfy ourselves as to the sufficiency of audit work performed at the significant and additional components.

Based on the scoping procedures and detailed audit work performed across the group, we have obtained sufficient comfort across the individual account balances within the group financial statements, obtaining more than 90% coverage over turnover, more than 70% of direct costs and operating expenses and more than 80% coverage over profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall group materiality	£1.0 million (2019: £1.0 million).
How we determined it	5% of profit before tax ("PBT").
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant to the users of the financial statements in assessing the performance of the Group and concluded that the Group profit before tax was the most appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £48,000 and £900,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £0.8 million for the group financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £51,000 (2019: £50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements;
- We checked the mathematical accuracy of management's forecasts;
- We corroborated management's base case to appropriate supporting documentation; and
- We evaluated management's base case forecast and downside scenarios, challenging the underlying data and adequacy and appropriateness of the underlying assumptions used to make the assessment. We evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required.

Independent Auditors' Report
to the members of Sanne Group plc continued

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Corporate governance statement

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

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

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

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

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

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 1 August 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2019 and 31 December 2020.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the UK Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006.

Jeremy Jensen
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London
18 March 2021

Consolidated Income Statement
For the year ended 31 December 2020

	Note	2020 £'000	2019[1] £'000
Turnover	6	174,874	159,707
Third-party fund management fees		(5,186)	(2,190)
Net Revenue[2]		169,688	157,517
Direct		(69,138)	(63,505)
Gross profit		**100,550**	**94,012**
Other operating income		151	185
Operating expenses		(76,760)	(79,916)
Operating profit		**23,941**	**14,281**
Comprising:			
Underlying operating profit from continuing operations	9	48,036	42,988
Non-underlying items within operating profit from continuing operations	9	(24,095)	(28,707)
		23,941	14,281
Other gains and losses		804	(216)
Finance costs	7	(4,324)	(4,672)
Finance income	8	108	158
Profit before tax		**20,529**	9,551
Comprising:			
Underlying profit before tax from continuing operations	9	44,877	38,715
Non-underlying items within profit before tax from continuing operations	9	(24,348)	(29,164)
		20,529	**9,551**
Tax	10	(4,362)	(4,007)
Profit after tax from continuing operations		**16,167**	**5,544**
Discontinued operations	11	8,679	3,330
Profit for the year		**24,846**	**8,874**
Comprising:			
Underlying profit for the year	9	37,992	34,448
Non-underlying items within profit for the year	9	(13,146)	(25,574)
		24,846	8,874
Earnings per ordinary share ("EPS") from continuing operations (expressed in pence per ordinary share)			
Basic	12	11.1	3.8
Diluted	12	11.1	3.8
Underlying basic	12	25.5	21.6
Underlying diluted	12	25.4	21.3

1. Certain staff costs amounting to £1.2 million for the year ended 31 December 2019 have been reclassified and moved from Direct Costs to Other Operating expenses. This change did not affect the profit for the period. See note 5 for more detail.
2. Net Revenue comprises revenue less third-party fund management fees. Direct costs comprise direct costs of £74.3 million (2019: £65.7 million) less third-party fund management fees of £5.2 million (2019: £2.2 million).

The notes on pages 123 to page 170 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the year		24,846	**8,874**
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined benefit retirement obligation	34	(419)	(67)
Income tax relating to items not reclassified		95	10
Revaluation and exchange rate differences of equity investments	20	(234)	(715)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(830)	(10,663)
Total other comprehensive expense for the year		**(1,388)**	**(11,435)**
Total comprehensive income/(expense) for the year		**23,458**	**(2,561)**
Comprising:			
Total comprehensive income/(expense) for the year from continuing operations		14,779	(5,891)
Total comprehensive income for the year from discontinued operations		8,679	3,330
Total comprehensive income/(expense) for the year		23,458	(2,561)

The notes on pages 123 to page 170 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Goodwill	16	188,478	180,414
Other intangible assets	17	38,160	45,388
Equipment	18	8,971	9,984
Minority equity investment	20	8,765	8,632
Financial asset at amortised cost	21	830	–
Right-of-use asset	22	33,724	32,733
Contract assets	24	66	–
Deferred tax asset	29	9,008	8,324
Total non-current assets		**288,002**	**285,475**
Current assets			
Trade and other receivables	23	53,713	47,941
Cash and cash equivalents		57,119	51,454
Contract assets	24	8,244	6,460
Disposal group held for sale	11	–	2,979
Total current assets		**119,076**	**108,834**
Total assets		**407,078**	**394,309**
Equity			
Share capital	26	1,474	1,466
Share premium	26	207,190	203,423
Own shares	27	(562)	(1,166)
Shares to be issued	33	3,006	7,723
Retranslation reserve		(13,964)	(13,134)
Accumulated losses		(18,751)	(26,487)
Total equity		**178,393**	**171,825**
Non-current liabilities			
Borrowings	28	133,549	129,572
Deferred tax liabilities	29	15,165	15,931
Provisions	30	2,936	2,024
Defined benefit retirement obligation	34	1,086	684
Lease liability	22	34,405	33,549
Total non-current liabilities		**187,141**	**181,760**
Current liabilities			
Trade and other payables	31	15,059	14,472
Current tax liabilities		2,661	3,301
Provisions	30	359	451
Contract liabilities	32	18,542	17,634
Lease liability	22	4,923	4,291
Disposal group held for sale	11	–	575
Total current liabilities		**41,544**	**40,724**
Total equity and liabilities		**407,078**	**394,309**

The financial statements on pages 118 to 170 were approved by the Board of Directors on 18 March 2021 and signed on its behalf by:

Martin Schnaier
Chief Executive Officer

James Ireland
Chief Financial Officer

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Note	Share capital £'000	Share premium £'000	Own shares £'000	Shares to be issued £'000	Retranslation reserve £'000	Accumulated Losses £'000	Total Equity £'000
Balance at 1 January 2019		**1,460**	**200,270**	**(1,470)**	**12,278**	**(2,471)**	**(17,955)**	**192,112**
Profit for the year		–	–	–	–	–	8,874	8,874
Other comprehensive expense for the year								
Actuarial loss on the defined benefit retirement obligation		–	–	–	–	–	(67)	(67)
Income tax relating to items not reclassified		–	–	–	–	–	10	10
Revaluation and exchange rate differences of equity investments		–	–	–	–	–	(715)	(715)
Exchange differences on translation of foreign operations		–	–	–	–	(10,663)	–	(10,663)
Total comprehensive expense for the year		–	–	–	–	**(10,663)**	**8,102**	**(2,561)**
Issue of share capital – acquisitions	26	6	3,153	–	(3,159)	–	–	–
Dividend payments	15	–	–	–	–	–	(20,029)	(20,029)
Share-based payments	33	–	–	–	2,337	–	–	2,337
Shares vested		–	–	559	(3,733)	–	3,395	221
Net buyback of own shares	27	–	–	(255)	–	–	–	(255)
Balance at 31 December 2019		**1,466**	**203,423**	**(1,166)**	**7,723**	**(13,134)**	**(26,487)**	**171,825**
Profit for the year		–	–	–	–	–	24,846	24,846
Other comprehensive expense for the year								
Actuarial loss on defined benefit retirement obligation		–	–	–	–	–	(419)	(419)
Income tax relating to items not reclassified		–	–	–	–	–	95	95
Revaluation and exchange rate differences of equity investments		–	–	–	–	–	(234)	(234)
Exchange differences on translation of foreign operations		–	–	–	–	(830)	–	(830)
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(830)**	**24,288**	**23,458**
Issue of share capital – acquisitions	26	8	3,767	–	(3,096)	–	–	679
Dividend payments	15	–	–	–	–	–	(20,583)	(20,583)
Share-based payments	33	–	–	–	2,978	–	–	2,978
Shares vested		–	–	638	(4,599)	–	4,031	70
Net buyback of own shares	27	–	–	(34)	–	–	–	(34)
Balance at 31 December 2020		**1,474**	**207,190**	**(562)**	**3,006**	**(13,964)**	**(18,751)**	**178,393**

Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Operating profit from:			
Continuing operations		23,941	14,281
Discontinued operations		8,783	3,700
Operating profit including discontinued operations		32,724	17,981
Adjustments for:			
Depreciation of equipment	18	2,869	2,867
Depreciation of right-of-use asset	22	5,795	5,313
Lease liability interest	22	(1,530)	(1,607)
Amortisation of other intangible assets	17	15,677	16,487
Amortisation of contract assets	24	10	–
Impairment of other intangible assets	17	–	2,425
Impairment of right-of-use asset	22	497	–
Share-based payments expense	33	2,978	2,377
Disposal of equipment		175	64
Increase in provisions	30	–	(147)
Impairment loss recognised on trade receivables	23	1,458	–
Defined benefit retirement obligation		5	(68)
Gain on disposal of discontinued operations	11	(7,748)	–
Gain on bargain purchase	35	(38)	–
Deferred consideration and remuneration		(3,153)	4,242
Operating cash flows before movements in working capital		**49,719**	**49,934**
Increase in receivables		(5,750)	(3,492)
Increase in contract liabilities		292	1,874
Increase in payables		2,738	4,769
Cash generated from operations		46,999	53,085
Income taxes paid		(7,557)	(7,641)
Net cash generated from operating activities		**39,442**	**45,444**
Investing activities			
Interest income on bank deposits	8	98	158
Purchases of equipment	18	(1,954)	(3,914)
Software development costs paid	17	(2,322)	(276)
Payment of deferred consideration		–	(28,638)
Acquisition of subsidiaries	35	(11,699)	–
Acquisition of minority equity investment	20	(387)	(9,347)
Proceeds from disposal of discontinued operations	11	8,638	–
Financial assets at amortised cost granted	21	(820)	–
Net cash used in investing activities		**(8,446)**	**(42,017)**
Financing activities			
Dividend payments	15	(20,583)	(20,029)
Bank loan interest	7	(2,632)	(2,293)
Net buyback of own shares		(34)	(255)
Shares vested		(8)	–
Capitalised loan cost	28	(29)	(1,711)
Redemption of bank loans	28	(12,302)	(85,850)
New bank loans raised	28	14,821	132,060
Lease liability payments		(5,006)	(4,757)
Net cash (used in)/generated from financing activities		**(25,773)**	**17,165**
Net increase in cash and cash equivalents		**5,223**	**20,592**
Cash and cash equivalents at the beginning of the period		51,454	32,411
Effect of foreign exchange rate changes		442	(1,549)
Cash and cash equivalents at the end of the period		**57,119**	**51,454**
Cash flows from continuing operations		(5,836)	17,029
Cash flows from discontinued operations	11	11,059	3,563
Net increase in cash and cash equivalents		**5,223**	**20,592**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General information

Sanne Group plc (the "Company"), incorporated in Jersey on 26 January 2015, is a registered public company limited by shares with a Premium Listing on the London Stock Exchange. The registered office and principal place of business is IFC 5, St Helier, Jersey JE1 1ST. The principal activity of the Company and its subsidiaries (collectively the "Group") is the provision of alternative asset and corporate administration services.

In the opinion of the Directors there is no ultimate controlling party.

These consolidated financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out in note 3.

The accounting policies have been applied consistently in the current and prior year, other than as set out below.

2. Adoption of new and revised Standards

Standards in issue not yet effective

Certain new accounting standards and interpretations have been published, that are not yet effective for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards, listed below, are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(a) Annual Improvements to IFRS Standards 2018-2020 Cycle
(b) Covid-19-Related Rent Concessions – amendments to IFRS 16
(c) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
(d) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
(e) Reference to Conceptual Framework – Amendments to IFRS 3
(f) Classification of Liabilities as Current or Non-current – Amendments to IAS 1
(g) IFRS 17 Insurance Contracts – amendments to IFRS 17
(h) Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

New and revised standards effective for the year

In the current year, the Group applied a number of amendments to IFRSs and new interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements. The most significant of these standards are set out below.

(a) Definition of Material – amendments to IAS 1 and IAS 8
(b) Definition of a Business – amendments to IFRS 3
(c) Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
(d) Revised Conceptual Framework for Financial Reporting

3. Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The consolidated financial statements have also been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) to the extent that such standards have been endorsed by the European Union.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) during each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Where necessary, adjustments are made to the financial results of the subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Significant accounting policies continued

Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements). Consolidated financial statements for the Company are not prepared unless required to so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Directors have elected not to prepare separate financial statements.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements. The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the consolidated financial statements of the Group on the going concern basis. The Directors have assessed the potential impact that COVID-19 may have on its ability to continue as a going concern. The assessment gave the Directors reasonable reassurance that the Group will be able to continue as a going concern. The Group has healthy cash inflows through a good pipeline of existing and new customers; the Group also has finance facilities available. The assessment included an analysis of the Group's current financial position, ability to trade, principal risks facing the Group, and the effectiveness of its strategies to mitigate the impact. This was all assessed especially in light of the impact that COVID-19 had on global markets. Accordingly, they have adopted the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the viability statement included in the Audit Committee report on page 52.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred and as non-underlying items within operating expenses.

The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) concerning the facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss, as non-underlying items within operating expenses.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually or if indicators of impairment are identified. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Refer to note 16.

3. Significant accounting policies continued

Other intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as the cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any impairment losses.

The Group performs assessments at the end of each reporting period, in order to identify any possible indicators of impairment this is a separate assessment from the annual goodwill impairment review. Should there be any indicators of impairment, the Group estimates the recoverable amount of the asset and if an impairment should be recognised.

Contract intangibles

Contract intangibles consist of the recognition of the legal relationships gained through acquisition. On initial recognition the values are determined by relevant factors such as business product life cycles, length of notice, ease of movement and general attrition. These intangibles are amortised over their useful lives using the straight-line method, which is estimated at four to eight years, based on management's expectations and client experience. The amortisation charge for the year is included in the consolidated income statement under "operating expenses" and is considered to be a non-underlying cost.

Customer intangibles

Customer intangibles consist of the recognition of value attributed to the customer lists through acquisition. On initial recognition the values are determined by relevant factors such as the Group's growth pattern and ability to cross-sell to existing clients. Subsequently, these intangibles are amortised over their useful lives using the straight-line method, which is estimated at four to ten years, based on management's expectations and client experience. The amortisation charge for the year is included in the consolidated income statement under "operating expenses" and is considered to be a non-underlying cost.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the recognition criteria are met.

Software as a service ("Saas") agreements are assessed to determine if the agreement includes or may include an intangible asset. Costs incurred to obtain or develop the intangible asset are capitalised if the asset is an identifiable, non-monetary asset without physical substance that is under the Group's control and from which it is probable that expected future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably. Costs are capitalised until the asset is ready for use as intended by management. At this point in time, cost capitalisation will cease.

The costs related to software under development are categorised between research and development expenditure. Research expenditure and development expenditure that do not meet the recognition criteria are recognised as expenses when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation commences when the asset is ready for use as intended by management. Amortisation is recognised to write off the cost of assets less their residual values over their useful lives. This is done using the straight-line method over a seven-year period for developed computer software.

Finance income

Finance income is recognised using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, unless the assets subsequently became credit impaired. In the latter case, the effective interest rate is applied to the amortised cost of the financial asset. Finance income is recognised on an accrual basis.

Revenue recognition

Revenue is measured at the transaction price. The transaction price is the amount of consideration that the Group expects to receive in exchange for the services rendered.

Rendering of services

Revenue is based on and charged on three principal elements per the contracts with customers, 1) Assets under management (open-ended funds) where revenue is charged as a percentage of the assets under management, 2) Assets under management (closed-ended funds) where fees are also charged as a percentage of assets under management, 3) Service-based fees where the revenue is charged based on an agreed fee structure for various services being provided. All revenue is recognised over time as the services are rendered and clients benefit from these services.

The Group provides a number of services to its customers, ranging from trust/fiduciary services to accounting and administrative activities. As the revenue recognition under IFRS 15's "five step model" is identical for all Sanne's services, the five step approach is applied as follows:

3. Significant accounting policies continued

Step 1 – Identify the contract
Contractual agreements exist between Sanne and all clients which create enforceable rights and obligations.

Step 2 – Identify performance obligations
The services to the customer set out in the agreement are separately identifiable. Each service set out in the contract is distinct as each component can be performed and delivered separately. The different services have been identified as separate and distinct services, thus being separate performance obligations.

Step 3 – Determine transaction price
Service-based fees are based on either pre-set (fixed) fees which are based on the expected amount of work (time spent at the relevant charge-out rates) to be performed or on a variable agreement where it is based on the actual amount of work (time spent at the relevant charge-out rates) but only to be determined once the work is finalised. Determining the transaction price for these fees varies by the amount of time spent, supported by time sheets.

Step 4 – Allocate transaction price
The transaction prices are allocated to the performance obligations (the provision of the services) based on the stand-alone selling prices. The Group uses the best available data to determine a price for the services rendered which is based on time spent at a specific charge-out rate.

Step 5 – Recognise revenue
The Group concluded that the obligations are satisfied over time and recognises the revenue for these services on a time-spent basis as the performance obligations are satisfied over time.

Contracts with customers make provision for annual transaction price increases, generally in line with a relevant local inflation measure. These increases do not change the performance obligations, and the increased prices are applied prospectively when revenue is recognised.

Revenue is recognised in the subsidiary where the contract with customers is based. The segmental reporting is presented based on the jurisdiction in which the specific client relationships are owned and managed. Therefore, the revenue stated in the segmental reporting is presented based on the jurisdiction where revenue is generated but may not be the same as the contracted jurisdiction.

Contract assets
Contract assets represent the billable provision of services which have been rendered and where performance obligations have been met but clients have not been invoiced at the reporting date. Contract assets are recorded based on agreed fees to be billed in arrears and time spent as performance obligations are met, based on charge-out rates in force at the work date, less any specific provisions against the value of contract assets where recovery may not be made in full.

Costs incurred in obtaining a contract are capitalised if these costs are directly linked to obtaining a contract. Costs that would have been incurred regardless of the contract being obtained are expensed. Capitalised costs are amortised over the shorter period of seven years and the useful life of the contract. The contract assets are assessed at reporting period for impairment by determining if the carrying amount is less than the remaining consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less the costs that relate directly to providing those goods or services that have not been recognised as expenses.

Contract liabilities
Contract liabilities represent fees billed in advance in respect of services under contract and give rise to a trade receivable when recognised. Contract liabilities are released to revenue on a time apportioned basis in the appropriate accounting period.

Leases
The Group assesses contracts entered into to determine if a contract is, or contains, a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period, in exchange for consideration. At initial recognition of a new lease, the lease liability is recognised as the present value of future payments, discounted using the incremental local borrowing rate (unless the interest rate implicit in the lease is available for use). A corresponding right-of-use asset is recognised on initial recognition and is measured at an amount equal to the lease liability, less any lease incentives and lease payments made before the commencement date, plus any initial direct costs and dilapidation costs.

The Group accounts for lease and non-lease components separately, unless these are not separable based on stand-alone prices. In such instances the Group makes use of the practical expedient to account for the lease and non-lease components as a single lease component.

Subsequently, the Group allocates lease payments between finance costs and the lease liability. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

The Group made use of the practical expedient whereby leases in a class of underlying asset to which the right of use relates, with a lease term of 12 months or less are, accounted for as a short-term lease. Consequently, no lease liability or right-of-use asset is recognised thereon, and the lease payments are accounted for in the consolidated income statement on a straight-line basis.

3. Significant accounting policies continued

The Group also made use of the 'low value asset' practical expedient and defines low value assets as those assets with a purchase price for a new and unused asset of £5,000 or less.

Foreign currencies

The separate financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the separate financial statements of the subsidiary companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the year in which they arise. Exchange differences arising from minority equity investments are recognised in the statement of comprehensive income when they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations with a functional currency other than Pounds Sterling are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rates at the date of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all accumulated exchange differences in respect of that operation, attributable to the Group, are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income and accumulated in the translation reserve in the consolidated statement of changes in equity.

Defined contribution retirement benefit

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

Defined benefit retirement obligation

The Group has a defined benefit retirement obligation in Mauritius due to a regulatory requirement. The defined benefit retirement obligation is recognised in line with IAS 19.

The liability recognised in the consolidated balance sheet in respect of the defined benefit retirement obligation is the present value of the defined benefit retirement obligation at the end of the reporting period less the fair value of plan assets; however, the Group has no plan assets.

The defined benefit retirement obligation is calculated at half year and year end by independent, qualified actuaries using the projected unit credit method.

The present value of the defined benefit retirement obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating terms of the related defined benefit retirement obligation.

Defined benefit costs are categorised as follows:
- service cost
- net interest expense or income; and
- remeasurement

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

3. Significant accounting policies continued

Earnings per share

The Group presents basic and diluted earnings per share ("EPS"). In calculating the weighted average number of shares outstanding during the period, any share restructuring is adjusted by a factor to make it comparable with other periods. For diluted EPS, the weighted average number of ordinary shares is adjusted assuming conversion of all dilutive potential ordinary shares.

Both basic and diluted EPS measures are shown for the statutory profit position, the Group has also presented an alternative version where profit is adjusted for non-underlying items to provide an additional understanding of the financial performance of the Group (note 12).

Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement as it excludes income or expenses that are taxable or deductible in other years and it excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled, or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax is recognised in the consolidated income statement, except when related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Equipment

Equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Software that forms an integral part of the related hardware, where the hardware cannot operate without the specific software, is treated as equipment.

Depreciation is recognised to write off the cost of assets less their residual values over their useful lives, using the straight-line method, over the following periods:

Computer equipment	3 to 5 years
Computer software	3 years
Fixtures and equipment	5 to 24 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant accounting policies continued

Impairment of tangible and intangible assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of its fair value less costs of disposal or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. An impairment loss reversal is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on trade date, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits held with banks.

Call deposits held with banks are redeemable in the favour of the Group within 24 hours' notice, without early payment penalties or interest forfeits. These call deposits have a maturity of three months or less from the date of acquisition.

Trapped cash represents the minimum cash balance to be held to meet regulatory capital requirements, as set out by relevant laws and regulations in the different jurisdictions. The trapped cash is determined based on certain rules that are different in each jurisdiction. Trapped cash is recognised as cash and cash equivalents.

Financial assets at amortised cost

The Group's business model is to collect the contractual cash flows from its financial assets, excluding equity investments not held for trading. The cash flows of these financial assets consist solely of payments of principal and interest. Therefore, these financial assets are classified at amortised cost. These financial assets are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Interest income is recognised by applying the effective interest rate, excluding short-term receivables when the recognition of interest would be immaterial. Refer to note 36 disclosing the financial assets categorised as financial assets at amortised cost.

Financial assets at fair value through other comprehensive income

The Group holds equity investments that are not held for trading. The Group has made the irrevocable election to carry the investments at fair value through other comprehensive income. On initial recognition, the investments are measured at fair value, plus transaction costs. Subsequently, these investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income, accumulating in retained earnings. Dividends on the equity investments are recognised in profit or loss. On disposal of the equity investments, the cumulative fair value gain or loss will not be reclassified to the consolidated income statement.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on its financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. Significant accounting policies continued

When the expected credit loss for trade receivables is determined, the Group makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses. Lifetime expected credit losses represent the expected losses that may result from possible default events, and the probability of such an event occurring, over the lifetime of the financial asset. The expected lifetime credit losses of the trade receivables are estimated using a provision matrix. The matrix is based on the Group's historical credit loss experience, the most significant factor being the days past due. It is then adjusted for forward-looking factors specific to the trade receivables.

The carrying amount of a financial asset at amortised cost is reduced by the impairment loss directly except for trade receivables, where the carrying amount is reduced through the use of an allowance account. Trade receivables that are considered uncollectible are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity.

Financial liabilities

All financial liabilities are classified as at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments over the expected term of the financial liability, or, where appropriate, a shorter period. No interest is levied on financial liabilities that are short term and immaterial.

Accrued interest is recorded separately from the associated borrowings within current liabilities.

Own shares/employee share trust

Own shares represent the shares of the Company that are held in treasury and by the Group's employee share ownership trust (which forms part of the Group's consolidated financial statements). Own shares are recorded at cost and deducted from equity. When shares vest unconditionally, are cancelled or are reissued they are transferred from the own shares reserve at their weighted average cost. Any consideration paid or received by the Trust for the purchase or sale of the Company's own shares is shown as a movement in shareholders' equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined as the expected future cash outflows discounted at a pre-tax rate that reflects current market assessments of the risks specific to the provision.

Prepayments

Prepayments are treated as current assets, and represents goods or services that the Group has paid for before the delivery thereof. The prepayment will be released to the relevant expense in the period to which the delivery of goods or services relates.

Fiduciary activities

The assets and liabilities of trusts and companies under administration and held in a fiduciary capacity are not included in these consolidated financial statements.

Share-based payments

Employees of the Group receive bonus allocations in the form of share-based payments under Performance Share Plan, Restricted Stock Awards and Annual Performance Bonuses, whereby eligible employees render services as consideration for equity instruments (shares).

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in note 33.

3. Significant accounting policies continued

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The grant date fair value is estimated with reference to the market price of the Company's shares. The fair value of share plans containing market-based vesting conditions was determined using a valuation model that takes into account the share price at grant date, expected price volatility and a risk-free rate.

Direct costs

Direct costs are defined by management as the costs of the income generating divisions including staff payroll, marketing and travel attributable to the division in relation to the delivery of services and supporting growth.

Operating profit

The operating profit reflects the profit earned from the Group's business operations. It includes revenue and other operating income less direct and indirect costs. Furthermore, the operating profit comprises underlying and non-underlying items. Operating profit excludes finance costs, finance income and foreign exchange gains and losses.

Non-underlying items

Non-underlying items are disclosed and described separately in the consolidated financial statements where in the opinion of the directors, it is appropriate to do so to provide further information regarding the financial performance of the Group.

The Group's core business is the administration, reporting and fiduciary services it provides in various jurisdictions. All acquisition, and integration, related costs are disclosed as non-underlying as these fall outside the core business of the Group. Certain Restricted Share Award grants form part of the non-underlying items as they are used as a tool to retain key personnel relating to the acquisitions and recruit senior management to support the acquisitions. Amortisation of contract and customer intangible assets recognised through the acquisitions is also included as non-underlying. These charges are based on judgements about the value and economic life of assets that, in the case of items such as customer relationships, would not be capitalised in normal operating practice. Therefore, excluding the amortisation of intangible assets from underlying earnings allows the income and costs of both organically generated and acquired contracts to be presented on a like-for-like basis. Any impairment losses are also deemed to be outside of the course of ordinary business. Certain expenses that are also deemed to be one-off in nature are classified as non-underlying items, and costs are assessed regularly to determine if they are non-underlying in nature, note 9 provides further details on management's reason for regarding a cost as non-underlying. Gains or losses from the disposal of subsidiaries or business lines are deemed non-underlying items.

All the non-underlying items are regarded as expense items outside the normal course of business and disclosed separately to assist Shareholders to better analyse the performance of the core business. Changes to the subsequent contingent consideration arising from prior and current period business combinations are included in non-underlying items.

Further details of the nature of non-underlying items are given in note 9.

Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of the disposal group, but exceeding any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

The disposal group includes trade receivables, contract assets and contract liabilities and consequently does not attract depreciation, amortisation or interest payable.

Assets that are part of the disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements at the balance sheet date that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification of equity investment

In the prior year the Group obtained an equity investment in Colmore A.G. and applied its judgement in determining the classification of the equity investment. The Group does not hold controlling voting rights in Colmore A.G. The Group tested the requirements for significant influence. Sanne has representation on the board of directors however, due to a single board member holding the outright majority of shares, Sanne is not able to direct the daily operations or participate in policy making processes. Even though Sanne has entered into an agreement with Colmore A.G. to develop new software, Sanne does not deem this to be a material transaction. Sanne will also not be in a position to make changes to the managerial personnel of Colmore A.G. nor will it be providing essential technical information. During the current year, the Group granted an arm's length loan to Colmore A.G. (refer to note 21). The arm's length loan granted was in proportion to Sanne's shareholding in Colmore A.G. The loan granted did not change the Group's assessment of the classification of the investment in minority interest and Sanne cannot demonstrate significant influence. Subsequently the Group will carry the investment as an investment in equity rather than an investment in an associate. Therefore equity accounting will not be applied and instead the investment is measured at fair value through other comprehensive income. Refer to note 20 for related disclosure on the fair value measurement methodology applied.

Other judgements

Lease term

The Group made a judgement regarding the lease terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended. Exercising either the extension or termination options are case dependent and is an ongoing assessment. Therefore, should the Group apply an extension option, the lease liability and right–of–use asset would be increased. Should the Group terminate an agreement, both the lease liability and right–of–use asset would be derecognised.

Key sources of estimation uncertainty

Initial recognition of intangible assets

During the year, the Group acquired Inbhear Fund Services Limited, Avalon Trust & Corporate Services Limited and Deutsche Trust Company Limited (refer to note 35 for further details). These business combinations gave rise to the recognition of customer and contract intangibles. In valuing these intangible assets, the Multi–Period Excess Earnings Method (MEEM) was applied. This method requires various judgements to be made, of which the most significant is the number of years the customer base acquired is expected to generate revenue for the Group. The valuation was performed using seven years for the Inbhear Fund Services Limited and Avalon Trust & Corporate Services Limited acquisitions and five years for the Deutsche Trust Company Limited acquisition. These periods were based on management's best judgement and historical evidence.

The intangible assets recognised through the business acquisitions amount to £2.2 million, for Inbhear Fund Services Limited. For the acquisition of Avalon Trust & Corporate Services Limited the intangible assets recognised through the business acquisitions amount to £2.5 million. The acquisition of Deutsche Trust Company Limited resulted in the recognition of intangible assets to the value of £1.3 million. Refer to note 17 for further disclosure on intangible assets recognised and the sensitivity disclosure around the judgements and estimates made in determining the fair value of the asset at acquisition date.

Fair value measurement of investment in equity

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses its judgement to select a variety of methods, and making assumptions that are mainly based on market conditions existing at the end of each reporting period. The key inputs in the fair value assessment are the weighted average growth rate, terminal growth rate and the WACC for the income approach and the trends analysis used in the market approach. Refer to note 20 for further disclosure relating to the fair value assessment.

Contract assets

The Group recognises contract assets within revenue and as a receivable for amounts that remain unbilled at the year end, recorded at the recoverable amount. The recoverable amount of contract assets is assessed on an individual basis using the judgement of management, and takes into account an assessment of the client's financial position, the aged profile of the contract assets and an assessment of historical recovery rates. Refer to note 24 for further disclosure regarding estimation uncertainty.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Other estimates

Impairment testing

Goodwill

In the assessment of the annual impairment tests on goodwill, the following assumptions are deemed to be key sources of estimation: the revenue growth rate, the discount rate and the terminal growth rate. Management has assessed that no reasonably possible changes to any CGU would cause the aggregate carrying amount of that CGU to materially exceed its recoverable amount. Note 16 sets out these rates and sensitivities.

Probability of vesting of equity instruments granted in terms of share–based payment schemes

The cumulative expense recognised for the Group's share–based payment schemes reflects, in the opinion of the Directors, the number of equity instruments granted that will ultimately vest. At each reporting date, management adjusts the unvested equity instruments with the forfeited instruments. Management is of the opinion that this number, adjusted for future attrition rates, represents the most accurate estimate of the number of instruments that will ultimately vest.

5. Segmental reporting

The reporting segments engage in corporate, fund and private client administration, reporting and fiduciary services. Declared revenue is generated from external customers.

The chief operating decision maker is considered to be the Executive Directors of Sanne Group plc. Each segment is defined as a set of business activities generating a revenue stream determined by segmental responsibility and the management information reviewed by the Executive Directors. The Executive Directors evaluate segmental performance on the basis of gross profit, after the deduction of the direct costs of staff, marketing and travel. No inter segment sales are made.

The Group's consolidated financial statements for the year ended 31 December 2020 have four reportable segments under IFRS 8, namely EMEA, Asia–Pacific & Mauritius, Channel Islands and North America.

The Group classified its private client contracts and employee group held in Jersey as a discontinued operation due to significant contracts being designated as held for sale. This was regarded as a major business line in the past and forms part of the Channel Islands segment. Please refer to note 11 for additional details relating to the sale. The reporting of various client contracts and their related costs moved between segments during the 12 months ending 31 December 2020; the comparative numbers were also adjusted to reflect this change. The change in the segmental allocation of the contracts (and related costs) was driven by the reassessment of where the revenue is generated and the work performed. The most significant of these moves was between EMEA and Channel Islands. Certain staff costs (amounting to £1.2 million) relating to support teams shown as direct costs in the Group's Annual Report and Accounts for the year ended December 2019 have been reassessed and deemed to not directly contribute to generating revenue and as a result have been reclassified to operating expenses. This classification has been made for the year ended 31 December 2020 and the prior year.

For the year ended 31 December 2020	Revenue £'000	Direct costs £'000	Gross profit £'000
Segments			
EMEA[1]	63,519	(27,916)	35,603
Third–party fund management fees	5,186	(5,186)	–
Asia–Pacific & Mauritius	36,233	(10,958)	25,275
North America	29,562	(14,130)	15,432
Channel Islands[2]			
Continuing operations	40,374	(16,134)	24,240
Discontinued operations	2,006	(971)	1,035
Total	**176,880**	**(75,295)**	**101,585**
Other operating income			151
Operating expenses			(76,760)
Operating profit			**24,976**

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

5. Segmental reporting continued

For the year ended 31 December 2019	Revenue £'000	Direct costs £'000	Gross profit £'000
Segments			
EMEA[1]	58,659	(23,250)	35,409
Third–party fund management fees	2,190	(2,190)	–
Asia–Pacific & Mauritius	34,302	(10,880)	23,422
North America	26,897	(13,238)	13,659
Channel Islands[2]			
Continuing operations	37,659	(16,137)	21,522
Discontinued operations	5,736	(2,036)	3,700
Total	**165,443**	**(67,731)**	**97,712**

Other operating income	185
Operating expenses	(79,916)
Operating profit	**17,981**

Geographical information

The Group's revenue from external customers by geographical location of contracting Group entity is detailed below.

	2020 £'000	2019 £'000
Jersey and Guernsey[2]		
Continuing operations	35,389	36,451
Discontinued operations	2,006	5,736
Rest of Europe[1]	69,185	59,667
Mauritius	23,061	22,984
Americas	28,017	26,376
South Africa	3,252	4,852
Asia–Pacific	10,784	7,187
Total net revenue from continuing and discontinued operations	171,694	163,253
Third–party fund management fees	5,186	2,190
Total turnover from continuing and discontinued operations	**176,880**	**165,443**

The geographical revenue is disclosed based on the jurisdiction in which the contracting legal entity is based and is not based on the location of the client or where the work is performed. The geographic revenue split is therefore very different to the segmental reporting split.

1. The EMEA revenue and costs are shown as net revenue and net direct costs. This is because net revenue and net direct costs exclude the impact of third–party fund management fees, which are not considered relevant in allocating resources to segments. Third–party fund management fees relate to asset management fees for a small number of funds that are clients of the Group's AIFM Management Company in Luxembourg and are limited to the EMEA operations. Given these revenues are not economically the Group's, the Group sought to separate these and believe that net revenues are a more accurate reflection of the income that the Group earned for its services to the relevant fund entity.
2. The above mentioned amounts for the Channel Islands include the results from both the continuing and discontinued operations. Refer to note 11 for the total revenue and direct costs attributable to discontinued operations.

6. Turnover

	2020 £'000	2019[1] £'000
Disaggregation of revenue from contracts with customers		
Basis for fees charged		
EMEA		
– Assets under management (open-ended funds)	4,380	6,350
– Assets under management (closed-ended funds)	22,994	18,466
– Third party fund management fees	5,186	2,190
– Service-based fees	36,145	33,843
Asia-Pacific & Mauritius		
– Assets under management (closed-ended funds)	1,378	1,255
– Service-based fees	34,855	33,047
North America		
– Service-based fees	29,562	26,897
Channel Islands		
– Assets under management (closed-ended funds)	1,637	1,967
– Service-based fees	38,737	35,692
Total revenue from continuing operations	**174,874**	**159,707**

6. Turnover continued

	2020 £'000	2019[1] £'000
Timing of revenue recognition		
Over time		
EMEA	68,705	60,849
Asia–Pacific & Mauritius	36,233	34,302
North America	29,562	26,897
Channel Islands	40,374	37,659
Total revenue over time	174,874	159,707
Total revenue from continuing operations	**174,874**	**159,707**

1. The reporting of various client contracts moved between segments during the 12 months ending 31 December 2020, affecting the comparative disclosure for the disaggregation of revenue from contracts with customers. The comparative amounts were adjusted to reflect this change. The change was driven by a reassessment of where the revenue is generated and the work performed. The most significant of these moves was between EMEA and Channel Islands.

7. Finance costs

	2020 £'000	2019 £'000
Bank loan interest	2,632	2,434
Amortised loan fees	162	174
Loan fees written off	–	457
Interest on lease liabilities	1,530	1,607
Total finance costs	**4,324**	**4,672**

Details regarding the bank borrowings can be found in note 28.

8. Finance income

	2020 £'000	2019 £'000
Interest income on bank deposits	98	158
Interest income on financial assets at amortised cost	10	–
Total finance income	**108**	**158**

9. Non-underlying items

		2020 £'000	2019 £'000
Operating profit from continuing operations		23,941	14,281
Non-underlying items within operating profit from continuing operations:			
Share-based payments	(i)	1,951	1,777
Amortisation of other intangible assets	(ii)	15,677	16,487
Acquisition cost earn-out charges	(iii)	485	6,317
Acquisition and integration costs	(iii)	2,443	62
Gain on bargain purchase	(iv)	(38)	–
Impairment of other intangible assets	(v)	–	2,425
Impairment of right-of-use asset	(vi)	497	–
Onerous lease contract	(vi)	691	–
Settlement agreement costs and related legal fees	(vii)	1,326	1,039
Other	(iii)	1,063	600
Total non-underlying items included in operating profit from continuing operations		24,095	28,707
Underlying operating profit from continuing operations		**48,036**	**42,988**

9. Non-underlying items continued

		2020 £'000	2019 £'000
Profit before tax from continuing operations		20,529	9,551
Non-underlying items included in profit before tax from continuing operations:			
Total non-underlying items included in operating profit from continuing operations		24,095	28,707
Onerous lease contract	(vi)	16	–
Refinancing	(viii)	–	457
Foreign exchange loss on acquisition restructuring	(iii)	237	–
Total non-underlying items from continuing operations		24,348	29,164
Underlying profit before tax from continuing operations		44,877	38,715
Profit for the year[1]		24,846	8,874
Non-underlying items within profit for the year from discontinued operations:			
Gain on disposal of discontinued operations before tax	(ix)	(7,748)	–
Tax effect of non-underlying items		(3,454)	(3,590)
Total non-underlying items from continuing and discontinued operations		13,146	25,574
Underlying profit for the year[1]		**37,992**	**34,448**

1. This figure includes profit for the year after tax from both continuing and discontinued operations.

In the opinion of the directors, as explained below, the above disclosures reflect expenses which are not representative of the underlying performance and strategy of the Group.

(i) The share-based payments expense above only relates to the costs classified as non-underlying. For details on all the share-based payments (for underlying and non-underlying in aggregate) refer to note 33. All acquisition-related share-based payments ("RSA" plan) are awards granted as part of the mechanics of acquisitions to act as retention tools for key management and to recruit senior management to support the various acquisitions. These grants are thus not in the normal course of underlying business and are disclosed separately.

(ii) The amortisation charges relate to the amortisation of other intangible assets acquired through acquisitions. The amortisation of other intangible assets is directly linked to the acquisitions and is excluded from underlying cost because these charges are based on judgements about the value and economic life of assets that, in the case of items such as for example customer relationships, would not be capitalised in normal operating practice.

(iii) The Group has completed various acquisitions in the past two years. Acquisition and integration costs included deal advisory fees, one-off costs of integrating companies, accruals for cash earn-out payments and exchange rate gains/losses made during the integration period. Integration and deal costs relating to acquisitions for the year ending 31 December 2020 were £2.4 million. Also included is £0.5 million relating to the AgendSynd acquisition earn-out accrual which is expensed per IFRS 3 due to settlement being linked to continued employment. Acquisitions are outside the day-to-day activities of the Group's ongoing business. Therefore, these costs are disclosed as non-underlying to enable shareholders to assess the core ongoing performance of the Group. The majority of acquisition and integration costs are incurred in the first 2 years after acquisition. This could be longer depending on the nature of the costs. Costs incurred in relation to acquisition opportunities not yet executed or abandoned are disclosed as "Other".

(iv) On 1 April 2020, the Group acquired all the shares in Inbhear Management Services Limited as part of the wider Inbhear transaction. As with item (iii) above, acquisitions are outside the day-to-day activities of the Group's ongoing business. With the full consideration linked to continued employment, no consideration was paid for the acquisition and consequently a gain on bargain purchase was recognised. Refer to note 35 for further information.

(v) The Group's South African hedge fund business, acquired in 2016, suffered a one-off loss of clients during 2019. The Sorato business also incurred an impairment in 2019. The source of the impairment related to customer contracts that were entered into before the acquisition that have terminated sooner than anticipated. As a result, the contract intangibles were impaired by £2.4 million in the prior year. Refer to note 17 for further information. As with the amortisation of other intangible assets, this cost was excluded from underlying cost as it does not form part of the Group's core business.

(vi) During the current year, the Group decided to make use of the break clause in its office lease agreement in the UK jurisdiction as the Group has moved into new premises in the UK. COVID-19 and material, prolonged building work and renovations to the building limited the Group's ability to sublease the building. It was also not possible to sublease the building in 2021 due to certain operational challenges outside the Group's control. Because the property is not in use, and the Group is not able to sublease it, the right-of-use asset was impaired as the asset became idle. This impairment is a non-underlying item to eliminate the effect of double counting premises expenses and to present only core premises expenses incurred. The Group provided for onerous lease costs. The premises rental costs are classified as lease components and the lease liability was modified for the change in lease term. Other costs payable by the Group, per the lease agreement, are classified as non-lease component costs and were provided for as onerous lease costs.

(vii) During the year ending 31 December 2020, the Group incurred fees amounting to £1.3 million for ongoing legal cases. The regulatory fine and fees for the year ending 31 December 2019 related to a settlement with the Jersey Financial Services Commission. The fine amounted to £381k and additional costs of £658k for legal fees incurred during the settlement process. This expense is excluded from underlying cost as it is a one-off cost.

(viii) On 1 March 2019, the Group refinanced its loan facility. The balance of the unamortised loan costs was written off and classified as non-underlying because the refinancing was done to support future acquisitions and is not part of the day-to-day operations of the Group.

(ix) During the year ended 31 December 2020, the Group disposed of its private client business, resulting in a gain on disposal of discontinued operations. Refer to note 11 for further details.

10. Tax

	2020 £'000	2019 £'000
The tax charge comprises:		
Current period	6,935	7,184
Adjustments in respect of prior periods	(321)	(32)
Total current tax expense	6,614	7,152
Deferred tax (note 29)		
Increase in deferred tax assets	(380)	(1,065)
Decrease in deferred tax liabilities	(1,863)	(1,710)
Total deferred tax credit	(2,243)	(2,775)
Total tax charge for the year	**4,371**	**4,377**

10. Tax continued

	2020 £'000	2019 £'000
The income tax expense is attributable to:		
Profit from continuing operations	4,362	4,007
Profit from discontinued operations	104	370
Deferred tax from other comprehensive income	(95)	–
	4,371	4,377

In addition to the amount charged to the consolidated income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
– Actuarial loss on defined benefit retirement obligation	(95)	(10)
Total income tax credited in other comprehensive expenses	**(95)**	**(10)**

The difference between the total current tax shown above and the amount calculated by applying the UK standard income tax rate of 19% (2019: 19%) to the profit before tax is as follows:

	2020 £'000	2019 £'000
Profit from continuing operations before tax	20,529	9,551
Profit from discontinued operations before tax	8,783	3,700
Profit on ordinary activities before tax	29,312	13,251
Tax on profit on ordinary activities at standard UK income tax rate of 19% (2019: 19%)	5,569	2,518
Effects of amounts that are not taxable/deductible in calculating income tax:		
Income not taxable/expenses not deductible for tax purposes	(1,245)	531
Non-deductible amortisation	110	153
Depreciation in excess of capital allowances	24	173
Net foreign exchange income	–	10
Foreign taxes not at UK rate[1]	122	771
Deferred tax not recognised – taxable losses[2]	112	253
Adjustments in respect of prior periods	(321)	(32)
Total tax	**4,371**	**4,377**

1. With the UK tax rate at 19% (2019: 19%) the impact of the 2017 and 2018 acquisitions on the tax expense is significant as all the acquired jurisdictions have higher tax rates than 19% (2019: 19%).
2. Deferred tax not recognised refers to jurisdictions where management is doubtful that future deferred tax assets would be able to be utilised through taxable profits being realised in future.

Income tax expense computations are based on the jurisdictions in which profits were earned at prevailing rates in the respective jurisdictions.

The UK standard income tax rate is 19% (2019: 19%). Management has chosen to reconcile to this rate as the Company is a UK tax resident.

10. Tax continued

	2020 £'000	2019 £'000
Reconciliation of effective tax rates		
As per consolidated financial statements statement:		
Tax charge	4,371	4,377
Profit before tax from continuing and discontinued operations	29,312	13,251
Effective tax rate on continuing and discontinued operations	*14.9%*	*33.0%*
Effective tax rate on continuing operations	*21.2%*	*42.0%*
Effective tax rate on discontinued operations	*1.2%*	*10.0%*
Tax charge	4,371	4,377
Adjusted for:		
Prior period adjustments	321	32
Tax effect of non-underlying items	4,003	4,512
Deferred tax on US goodwill amortisation	(870)	(954)
Total adjustments	3,454	3,590
Underlying tax charge	**7,825**	**7,967**

	2020 £'000	2019 £'000
Profit before tax from continuing and discontinued operations	29,312	13,251
Non-underlying items	16,600	29,164
Profit before tax and non-underlying items	**45,912**	**42,415**
Underlying effective tax rate on continuing and discontinued operations	17.0%	18.8%
Underlying effective tax rate on continuing operations	17.4%	19.6%
Underlying effective tax rate on discontinued operations	1.2%	10.0%

The effective tax rate of 14.9% (2019: 33.0%) has decreased due to the recognition of assessed losses generated in the UK and US jurisdictions. The decrease in tax rate is further attributable to the recognition of the gain on disposal of the private client business treated as capital in nature. The underlying effective tax rate decreased to 17.0% (2019: 18.8%) and is attributable to the utilisation of group tax relief anticipated for the 2020 year. The underlying effective tax rate was calculated against the underlying profit before tax after having excluded the tax effect of non-underlying expenses and the deferred tax in relation to the tax allowance for the amortisation of goodwill in the US.

	2020 £'000	2019 £'000
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	589	2,647
Potential tax benefit @ 19%	112	503

The unused tax losses were incurred by loss-making subsidiaries. These subsidiaries are not likely to generate taxable income in the foreseeable future, but can be carried forward indefinitely.

11. Discontinued operations

During the prior year, the Group made a strategic decision to sell the private client business in Jersey and initiated an active programme to locate a buyer. The revenue and direct costs are included in the Channel Islands reporting segment. The associated assets and liabilities were consequently presented as held for sale in the 2019 and 2020 financial statements. The acquisition, subject to the relevant regulatory approvals, was undersigned on 13 March 2020 whereby it was agreed that the designated clients and staff will transfer to JTC Plc. The transaction concluded on 1 July 2020 and the agreed-upon clients and staff members were transferred to JTC plc for a consideration of £9 million and an £0.4 million working capital adjustment. The sale of the business line was reported as a discontinued operation in the current year.

The group created a special purpose vehicle ("SPV") to facilitate the sale of the private client business. The SPV was under common control, as the entities involved in the transaction were all ultimately controlled by the same party both before and after the combination and the control was not transitory. The sale of the SPV to JTC plc after the creation of the SPV is not considered transitory control as the entity was created as a conduit to facilitate the lift-out of the private client business in the transaction.

11. Discontinued operations continued

The financial information relating to the discontinued operations is set out below:

	2020 £'000	2019 £'000
Revenue	2,006	5,736
Expenses	(971)	(2,036)
Profit before income tax expense	1,035	3,700
Income tax expense	(104)	(370)
Profit from discontinued operations after tax	931	3,330
Gain on disposal of discontinued operations after tax	7,748	–
Profit from discontinued operations	**8,679**	**3,330**

The following disclosure relates to the cash flows from the discontinued operations:

	2020 £'000	2019 £'000
Net cash inflow from operating activities	2,421	3,563
Net cash inflow from investing activities (inflow from the proceeds)	8,638	–
Net increase in cash generated by the disposal group	**11,059**	**3,563**

The following details relate to the gain on disposal of the discontinued operations:

	2020 £'000	2019 £'000
Cash consideration received	8,638	–
Trade and other payables	(55)	–
Carrying amount of net assets	(835)	–
Gain on sale of discontinued operations before tax	7,748	–
Income tax expense	–	–
Gain on disposal of discontinued operations after tax	**7,748**	–

The carrying amounts of assets and liabilities as at the date of sale (1 July 2020) were:

	2020 £'000
Contract assets	850
Trade receivables	187
Contract liabilities	(202)
Carrying amount of net assets	**835**

The disposal group disclosed in the prior period consisted of the trade receivables, contract assets and contract liabilities relating to the contracts. Due to the fact that internally generated customer relationships are prohibited from being recognised as assets, the Group did not account for these customer contracts as assets. The Group reclassifed the trade receivables, contract assets and contract liabilities relating to these clients as a disposal group held for sale in the prior period as these balances give a reasonable representation of the value that these customer contracts hold.

11. Discontinued operations continued

The following assets and liabilities were reclassified as a disposal group held for sale in relation to the discontinued operation as at 31 December 2020:

	2020 £'000	2019 £'000
Assets of disposal group classified as held for sale		
Contract assets	–	334
Trade receivables	–	2,645
Total assets of disposal group held for sale	**–**	**2,979**

	2020 £'000	2019 £'000
Liabilities of disposal group classified as held for sale		
Contract liabilities	–	(575)
Total liabilities of disposal group held for sale	**–**	**(575)**

12. Earnings per share

	2020 £'000	2019 £'000
Profit for the year	24,846	8,874
Non-underlying items:		
Non-underlying expenses before tax	16,600	29,164
Tax effect of non-underlying items	(3,454)	(3,590)
Underlying profit	**37,992**	**34,448**

Refer to note 9 for further detail on non-underlying items.

	Shares 2020	Shares 2019
Weighted average numbers of ordinary shares in issue	145,242,091	144,019,578
Effect of dilutive potential ordinary shares:		
Deferred consideration shares	–	636,652
Restricted Stock Awards	467,317	1,280,821
Performance Share Plan	43,009	49,501
Weighted average number of ordinary shares for the purposes of diluted EPS	**145,752,417**	**145,986,552**

Earnings per share-based on total operations	**2020**	2019
Basic EPS (pence)	17.1	6.2
Diluted EPS (pence)	17.1	6.1
Underlying basic EPS (pence)	26.1	23.9
Underlying diluted EPS (pence)	26.0	23.6

Earnings per share-based on continuing operations	**2020**	2019
Basic EPS (pence)	11.1	3.8
Diluted EPS (pence)	11.1	3.8
Underlying basic EPS (pence)	25.5	21.6
Underlying diluted EPS (pence)	25.4	21.3

Earnings per share-based on discontinued operations	**2020**	2019
Basic EPS (pence)	6.0	2.3
Diluted EPS (pence)	6.0	2.3
Underlying basic EPS (pence)	0.6	2.3
Underlying diluted EPS (pence)	0.6	2.3

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

12. Earnings per share continued

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted EPS takes into consideration the Company's dilutive contingently issuable shares as disclosed above. These arrangements have no impact on the earnings or underlying earnings figures used to calculate diluted EPS. The weighted average number of ordinary shares used in the diluted calculation including the number of shares expected to be issued to satisfy the awards when they become due and where the performance criteria, if any, have been deemed to have been met as at 31 December 2020.

Underlying basic EPS and underlying diluted EPS are calculated in the same way as basic EPS and diluted EPS with the only difference being that the earnings used are the underlying earnings, being the profit for the year adjusted for non-underlying items and the tax impact of non-underlying items.

13. Profit for the year

	2020 £'000	2019 £'000
Profit for the year has been arrived at after (crediting)/charging:		
Net foreign exchange (gains)/losses	(1,042)	216
Depreciation of equipment (see note 18)	2,869	2,867
Depreciation of right-of-use asset (see note 22)	5,795	5,313
Gain on disposal of equipment	175	36
Gain on bargain purchase (see note 35)	(38)	–
Gain on disposal of discontinued operations before tax (see note 11)	7,748	–
Auditor remuneration for audit services for the company and subsidiaries	1,254	860
Auditor remuneration for other services	568	143
Amortisation of other intangible assets (see note 17)	15,677	16,487
Amortisation of contract assets (see note 24)	10	–
Staff costs (see note 14)	91,327	84,463
Impairment loss recognised on trade receivables (see note 23)	1,458	82
Impairment loss recognised on other intangible assets (see note 17)	–	2,425
Facilities expense	2,822	2,726

14. Staff costs

	2020 £'000	2019 £'000
The aggregate payroll costs were as follows:		
Salaries and bonuses	76,719	72,805
Social security	6,228	5,148
Pension cost	828	620
Other benefits	4,385	3,513
Share-based payments (see note 33)	3,167	2,377
	91,327	**84,463**

14. Staff costs continued

The average number of full time employees analysed by category and segment:

	2020	2019[1]
Client services		
EMEA	596	489
Asia-Pacific & Mauritius	391	351
North America	170	150
Channel Islands	221	241
Group services	413	355
	1,791	**1,586**

Information in relation to aggregate Directors' remuneration is contained in the Directors' Remuneration Report of the Group's Annual Report and Accounts for the year which detail the remuneration payable to each Director for service in 2020.

1. Certain staff members moved between client services and Group service, as the functions they perform are deemed to be more overhead in nature than direct costs. Refer to note 5 for more details on the move between direct costs and overhead costs.

15. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the prior year	13,624	13,254
Interim for the current year	6,959	6,775
Total dividends	**20,583**	**20,029**
Proposed final dividend	**14,591**	**13,784**

The proposed final dividend is subject to approval at the forthcoming AGM and has not been included as a liability in these consolidated financial statements. Dividends are declared in accordance with Jersey laws and can be distributed from all reserves.

	2020 Pence per share	2019 Pence per share
Dividend per share ("DPS"):		
Interim for the current year	4.8	4.7
Final proposed for the current year	9.9	9.4
Total dividend per share	**14.7**	**14.1**

	2020	2019
Weighted average number of ordinary shares in issue	145,242,091	144,019,578

16. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill movements	**£'000**
At 1 January 2019	188,928
Exchange differences	(8,514)
At 31 December 2019	180,414
Inbhear Fund Services Limited	**4,432**
Sanne Trustees (Cayman) Limited	**2,799**
Sanne Group Japan Trust Company	**145**
Exchange differences	**688**
At 31 December 2020	**188,478**

During the year, the Group acquired Inbhear Fund Services Limited, Sanne Trustees (Cayman) Limited (previously known as Avalon Trust & Corporate Services Limited) and Sanne Group Japan Trust Company (previously known as Deutsche Trust Company Limited). Refer to note 35 for further detail.

16. Goodwill continued

The goodwill has been allocated to the following CGUs:

	2020 Carrying value £'000	2019 Carrying value £'000
Sanne South Africa	7,567	8,177
Sanne Netherlands	1,649	1,649
Sanne North Americas	40,224	41,400
Sanne Mauritius	55,452	57,076
Luxembourg Investment Solutions S.A. [1]	61,686	58,307
Sanne Luxembourg [1]	6,260	5,917
Sanne Spain	8,345	7,888
Sanne Ireland	4,521	–
Sanne Cayman Islands	2,647	–
Sanne Japan	127	–
	188,478	**180,414**

1. In the past the Luxembourg Investment Solutions S.A. ("LIS") and Compliance Partners S.A. ("CP") operations were managed as a single CGU. During the current year the CP and Sanne Group (Luxembourg) S.A. ("SGLUX") operations were legally merged into a single legal entity (Sanne Luxembourg), after obtaining regulatory approval, resulting in two CGUs, namely LIS and Sanne Luxembourg. This new legal entity is regarded to be a single CGU as this is the smallest identifiable group of assets that can generate a cash inflow from clients the legal entity engages with and is managed separately as a stand-alone legal entity. In the prior year the two entities (CP and SGLUX) were operationally merged in assessing the Group's CGUs for testing. The goodwill acquired upon the purchase of LIS and CP was allocated to each of the CGUs that is expected to benefit from the synergies of the combination. Thus, when it was assessed that LIS and the new merged Luxembourg operations form two separate CGUs, it was evident that the allocation of goodwill must be reallocated to the two new CGUs. The allocation was done based on the weighting of the purchase consideration between the two legal entities as at acquisition date (LIS and CP).

In accordance with the Group's accounting policy, the carrying value of goodwill is not subject to systematic amortisation but is reviewed annually for impairment. The review assesses whether the carrying value of goodwill could be supported by the recoverable amount which is determined through value in use calculations for each CGU. The key assumptions applied in the value in use calculations are the discount rates and the projected cash flows.

The calculations of the recoverable amounts of all CGUs are based on key assumptions. The values of these assumptions are specific to each CGU. The future cash flows, on which the value in use calculations are based, take into consideration the impact that the recent COVID-19 pandemic has had on markets globally. The result of the goodwill impairment assessment undertaken is that each CGU maintained sufficient headroom. As a result, none of the CGUs are impaired.

The recoverable amount of each CGU is its value in use calculated using certain assumptions. The most significant assumptions are the cash flows (mainly driven by revenue growth and the cost margin), the discount rate and the terminal growth rate. The expected cash flows are based on a combination of the Group's budgeted and historic data. Refer to note 17 for details relating to the assessment performed on contract and customer intangible assets and the discount rate and other key assumptions used.

Discount rates

Management estimates the discount rates to be used in calculating the value in use using pre-tax rates that reflect current market assessments of the time value of money. In assessing the discount rate applicable to the Group, the following factors have been considered:
(i) Long Term treasury bond rate for the relevant jurisdiction;
(ii) Cost of equity based on an adjusted beta for the relevant jurisdiction; and
(iii) Risk premium to reflect the increased risk of investing in equities.

Projected revenue and costs

Projected revenue and costs are calculated with reference to each CGU's latest budget and business plan which are subject to a rigorous review and challenge process. Management prepares the budgets by assessing historic revenues from existing clients, the pipeline of new projects, historic pricing, and the required resource base needed to service new and existing clients, coupled with their knowledge of wider industry trends and the economic environment. Cash flows are projected for five years with a terminal value at the end of year five.

Projected revenue and costs are calculated using the prior period actual result, excluding lost client revenue. These results are compounded by the budgeted numbers. Growth rates used are specific to the CGUs and vary between 3% and 13% (2019: 1% and 13%). The expected revenue growth was adjusted to incorporate a downturn in future revenues due to the impact of COVID-19 on global markets and was based on conservative cash flow projections. The terminal growth rate applied after five years was based on the forecasted nominal GDP and inflation of the operating jurisdiction, accounting for the expected mid-term effect that COVID-19 may have on global markets.

Material movements have been seen in the weighted average revenue growth rates for Sanne Netherlands, Sanne South Africa and Sanne Spain. Sanne Netherlands saw strong client wins in the prior year; this is expected to slow down in the mid-term, resulting in a lower weighted average revenue growth rate. In the case of South Africa, the revised growth rate reflects the recent increase in client wins. Sanne Spain saw strong growth with continued new client wins from a small base. This is reflected in a higher weighted average revenue growth rate.

16. Goodwill continued

Key assumptions

The following discount rates (pre-tax WACC rates), weighted average revenue growth rates and terminal growth rates, have been used in the assessments. No material movements were identified in the WACC rates used between 2020 and 2019 other than for Sanne South Africa, which is due to the economic environment in which the CGU operates. Where the terminal growth exceeds the weighted average revenue growth rate, the Group made use of a conservative approach to the mid-term growth rate, whereas the terminal growth rate was based on external observable sources.

	Discount rate 2020	Discount rate 2019	**Weighted average revenue growth rate 2020**	Weighted average revenue growth rate 2019	**Terminal growth rate 2020**	Terminal growth rate 2019
Sanne South Africa	25%	19%	12%	4%	5%	6%
Sanne Netherlands	9%	9%	12%	19%	3%	3%
Sanne North Americas	9%	10%	10%	12%	3%	3%
Sanne Mauritius	12%	11%	4%	3%	6%	5%
Luxembourg Investment Solutions S.A.	7%	6%	11%	7%	4%	3%
Sanne Luxembourg [1]	7%	6%	11%	14%	4%	3%
Sanne Spain	10%	9%	13%	7%	3%	3%
Sanne Ireland	8%	–	8%	–	4%	–
Sanne Cayman Islands	9%	–	18%	–	3%	–
Sanne Japan	10%	–	15%	–	1%	–

1. Refer to the goodwill allocation for the discussion relating to the CP and Sanne Group (Luxembourg) S.A. merger.

Based on the value in use calculations, no CGU requires impairment.

Sensitivity to changes in assumptions

The impairment review of the Group is sensitive to changes in key assumptions, most notably projected cash flows and the pre-tax discount rate. Management has independently performed a sensitivity analysis on each CGU where the discount rate used was increased by between 0.5% and 1.0%, the expected mid-term growth decreased by between 1.0% and 3.0% and the expected cost margin increased by between 2.0% and 4.0%, with all other assumptions constant. None of the CGUs showed indications of impairment. Management believes that any reasonably possible change in the key assumptions, on which the recoverable amount of a CGU is based, would not cause the aggregate carrying amount to materially exceed the recoverable amount of any CGU.

17. Other intangible assets

	Contract £'000	Customer £'000	Developed computer software £'000	Software under development £'000	Total £'000
Cost					
At 1 January 2019	85,702	16,472	–	–	102,174
Additions due to software development	–	–	–	276	276
Impairments	(2,425)	–	–	–	(2,425)
Exchange difference	(3,110)	(635)	–	–	(3,745)
At 31 December 2019	80,167	15,837	–	276	96,280
Acquired during the year	4,928	1,050	–	–	5,978
Additions due to software development	–	–	–	2,322	2,322
Transfer between asset classes	–	–	1,191	(1,191)	–
Exchange difference	(729)	(171)	–	–	(900)
At 31 December 2020	**84,366**	**16,716**	**1,191**	**1,407**	**103,680**

17. Other intangible assets continued

	Contract £'000	Customer £'000	Developed computer software £'000	Software under development £'000	Total £'000
Accumulated amortisation					
At 1 January 2019	30,781	5,271	–	–	36,052
Charge for the year	13,870	2,617	–	–	16,487
Exchange difference	(1,378)	(269)	–	–	(1,647)
At 31 December 2019	43,273	7,619	–	–	50,892
Charge for the year	13,024	2,653	–	–	15,677
Exchange difference	(881)	(168)	–	–	(1,049)
At 31 December 2020	**55,416**	**10,104**	**–**	**–**	**65,520**
Carrying amount					
At 31 December 2020	**28,950**	**6,612**	**1,191**	**1,407**	**38,160**
At 31 December 2019	36,894	8,218	–	276	45,388

Annual amortisation on the contract and customer intangibles is recognised in operating expenses and is a non-underlying item.

Refer to note 35 for further details relating to the acquisitions of Inbhear Fund Services Limited, Sanne Trustees (Cayman) Limited (previously known as Avalon Trust & Corporate Services Limited) and Sanne Group Japan Trust Company (previously known as Deutsche Trust Company Limited). The intangible assets recognised through the business acquisitions amount to £2.2 million (using seven years as the expected useful life for the forecast of cash flows in the MEEM model), for Inbhear Fund Services Limited. If the valuation was performed using six years as the expected useful life in the model to determine the fair value of the assets, the fair value would be £0.2 million lower, and if the fair value estimate was performed over eight years, the asset value would be £0.2 million higher. For the acquisition of Avalon Trust & Corporate Services Limited the intangible assets recognised through the business acquisitions amount to £2.5 million (using seven years as the expected useful life for the forecast of cash flows in the MEEM model). If the valuation was performed using six years as the expected useful life in the model the asset value would be £0.3 million lower and if the fair value was determined using eight years in the model as the forecast period, the fair value would be £0.3 million higher. The acquisition of Deutsche Trust Company Limited resulted in the recognition of intangible assets to the value of £1.3 million (using five years as the expected useful life for the forecast of cash flows in the MEEM model). If the valuation was performed using four years the fair value would be £0.2 million lower and if it was performed over six years it would be £0.2 million higher.

In the prior period, Sanne South Africa experienced a one-off loss of clients triggering an indicator for impairment. Sanne's South African contract intangibles were impaired by £2.3 million. An £84k impairment was recognised for the Sorato contract intangibles. The source of the impairment on the Sorato contract intangible related to customer contracts that were entered into before the acquisition that terminated sooner than anticipated. The impairments were included in the operating expenses on the consolidated income statement and are considered to be non-underlying items.

The method of valuation and subsequent review of the carrying value of intangible assets is outlined in note 3. Triggers for impairment are assessed by comparing the actual revenue results and cost margins in the current period to the forecast revenues and cost margins as at acquisition for the same period. Lower actual results are considered a to be a trigger for an impairment assessment.

As part of that subsequent review, triggers for impairment were detected and impairment assessments performed for the intangible assets relating to Ariel, IDS Group, CCS, LIS Group and AgenSynd Group. Triggers for impairment were not identified in the current year for Delorean, IFS Group, or Sorato.

The recoverable amount is determined using the fair value less costs of disposal method. The fair value less costs of disposal is determined using the multi-period-excess-earnings method (MEEM). This model requires the use of a post-tax discount rate. If the fair value less costs of disposal is lower than the carrying value of the intangible asset, the value in use is also determined. For the intangible assets with impairment indicators, the Group determined the recoverable amount using the value in use approach. A pre-tax WACC is used to discount pre-tax cash flows in the value in use assessments.

17. Other intangible assets continued

In the current year, the value in use method was used to determine the recoverable amount. In the prior year the fair value less costs of disposal method was used. This results in different discount rates used between the two financial years presented. The current year's discount rates are slightly different to the rates used in the goodwill impairment assessment due to the difference in cash flows that are discounted.

	Discount rate 2020	Discount rate 2019	**Remaining useful life 2020**	Remaining useful life 2019
Ariel *(Various jurisdictions)*	8%	7%	<1 year	1 year
CCS *(Sanne Ireland)*	8%	7%	2 years	3 years
IDS Group *(Sanne South Africa)*	20%	13%	3 years	4 years
AgenSynd Group *(Sanne Spain)*	11%	7%	5 years	6 years
LIS Group (LIS and CP)	6%	5%	4 years	5 years

Analyses of the carrying amounts of the intangible assets acquired are as follows:

Acquisition	Acquisition date	Amortisation period end	**Carrying amount 2020 £'000**	Carrying amount 2019 £'000
Contract intangible				
Delorean *(Various jurisdictions)*	1 June 2013	31 May 2020	–	540
Ariel *(Various jurisdictions)*	1 May 2014	30 April 2021	75	301
CCS *(Sanne Ireland)*	1 March 2016	28 February 2023	281	388
IDS Group *(Sanne South Africa)*	1 June 2016	31 May 2024	850	1,188
FLSV FAS *(Sanne North America)*	1 November 2016	31 October 2022	2,900	4,614
Sorato *(Sanne Netherlands)*	1 December 2016	30 November 2023	–	–
IFS Group *(Sanne Mauritius)*	1 January 2017	31 December 2022	12,741	19,666
LIS Group *(LIS and CP)*	6 February 2018	31 January 2023	5,946	8,318
AgenSynd Group *(Sanne Spain)*	3 September 2018	31 August 2025	1,638	1,879
Inbhear *(Sanne Ireland)*	1 May 2020	30 April 2027	1,663	–
Avalon *(Sanne Cayman Islands)*	1 October 2020	30 September 2027	1,870	–
DTC *(Sanne Japan)*	1 October 2020	30 September 2025	986	–
Total			**28,950**	**36,894**

Acquisition	Acquisition date	Amortisation period end	**Carrying amount 2020 £'000**	Carrying amount 2019 £'000
Customer intangible				
Delorean *(Various jurisdictions)*	1 June 2013	31 May 2023	287	409
Ariel *(Various jurisdictions)*	1 May 2014	30 April 2024	27	29
CCS *(Sanne Ireland)*	1 March 2016	28 February 2023	229	317
IDS Group *(Sanne South Africa)*	1 June 2016	31 May 2024	579	809
FLSV FAS *(Sanne North America)*	1 November 2016	31 October 2022	553	880
Sorato *(Sanne Netherlands)*	1 December 2016	30 November 2023	25	34
IFS Group *(Sanne Mauritius)*	1 January 2017	31 December 2022	2,422	3,736
LIS Group *(LIS and CP)*	6 February 2018	31 January 2023	1,001	1,400
AgenSynd Group *(Sanne Spain)*	3 September 2018	31 August 2025	526	604
Inbhear *(Sanne Ireland)*	1 May 2020	30 April 2027	373	–
Avalon *(Sanne Cayman Islands)*	1 October 2020	30 September 2027	418	–
DTC *(Sanne Japan)*	1 October 2020	30 September 2025	172	–
Total			**6,612**	**8,218**

17. Other intangible assets continued

Software Intangibles

	Carrying amount 2020 £'000	Carrying amount 2019 £'000
Developed computer software	1,191	–
Software under development	1,407	276

When the Group enters into cloud computing agreements in the form of "software as a service" agreements, the Group determines if the agreement contains an intangible asset. This is done by assessing if the agreement provides the Group with a resource that it can control (i.e. if the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits). This is done by determining if the Group has the contractual right to take possession of the software during the hosting period without significant penalty and if it is feasible for the Group to run the software on its own hardware or contract with another party, unrelated to the supplier, to host the software. If both conditions are met, the Group accounts for the implementation costs, those costs incurred in preparing the intangible asset to be capable of operating in the manner intended by management, as an intangible asset. All other costs are expensed in profit or loss.

The Group entered into agreements with various suppliers, whereby new software will be developed for the Group's exclusive use. These assets are classified as "software under development" where they give rise to an intangible asset. Once the "software under development" is ready for use, as intended by management, cost capitalisation will cease. The asset is transferred from being classified as "software under development" to the "developed computer software" asset class and amortisation commences.

Management has applied judgement to determine if the software being developed is an intangible asset and what development costs can be capitalised. The software is identifiable because it arises from contractual rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. The Group concluded that it controls the assets classified as "software under development" and "developed computer software" because it is able to take possession of the software as there are no financial penalties or operational barriers that act as significant disincentives to the Group. Control is further strengthened in instances where the Group can operate and/or host the software without reliance on the supplier and the Group can determine when and how upgrades to the software are made. Where the agreement also provides exclusive use of the software, it further supports instances where the Group controls the software. When these conditions are met, the Group recognises the costs incurred as an intangible asset. The software will enable the Group to add value to its clients as clients will be able to use the software to engage with the Group when the Group renders its services. It will also enhance the efficiency of services rendered, thereby saving future potential expenses.

Costs incurred during the planning phase of the project are research costs and have been expensed. The total research costs amounted to £0k (2019: £78k).

18. Equipment

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 1 January 2019	4,878	3,034	10,429	18,341
Additions	1,428	395	2,091	3,914
Change in accounting policy[1]	–	–	(924)	(924)
Disposals	(212)	(359)	(291)	(862)
Exchange differences	(89)	(35)	(164)	(288)
At 31 December 2019	6,005	3,035	11,141	20,181
Additions	1,067	171	716	1,954
Additions through acquisitions	85	267	47	399
Disposals	(272)	–	(270)	(542)
Exchange differences	(47)	(41)	94	6
At 31 December 2020	**6,838**	**3,432**	**11,728**	**21,998**

18. Equipment continued

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Accumulated depreciation				
At 1 January 2019	2,939	2,674	2,755	8,368
Charge for the year	1,383	239	1,245	2,867
Disposals	(204)	(359)	(233)	(796)
Exchange differences	(84)	(34)	(124)	(242)
At 31 December 2019	4,034	2,520	3,643	10,197
Charge for the year	1,431	290	1,148	2,869
Additions through acquisitions	80	267	42	389
Disposals	(126)	–	(241)	(367)
Exchange differences	(46)	(34)	19	(61)
At 31 December 2020	**5,373**	**3,043**	**4,611**	**13,027**

	Computer equipment £'000	Computer software £'000	Fixtures and equipment £'000	Total £'000
Carrying amount:				
At 31 December 2020	**1,465**	**389**	**7,117**	**8,971**
At 31 December 2019	1,971	515	7,498	9,984

As at 31 December 2020 £7.7 million (2019: £5.8 million) of fixed assets are fully depreciated and still in use.

1. In the prior year, the Group adopted the new IFRS 16 "Leases" accounting standard. Certain dismantling costs were historically capitalised as assets and were subsequently removed with the implementation of the new standard as equipment and capitalised against the right-of-use asset.

19. Subsidiaries

Detailed below is a list of subsidiaries of the Company as at 31 December 2020 which, in the opinion of the Directors, principally affect the profit and/or the net assets of the Group. All these subsidiaries are 100% owned by the Group, with 100% of voting power held. They all engage in the provision of alternative asset and corporate administration and fiduciary services. All subsidiaries only have ordinary shares.

Subsidiaries	Country of incorporation
Sanne Capital Markets Ireland Limited	Republic of Ireland
Sanne Fiduciary Services (UK) Limited	England and Wales
Sanne Fiduciary Services Limited	Jersey
Sanne Finance Limited	Jersey
Sanne Financial Management Consulting (Shanghai) Co Ltd	Peoples Republic of China
Sanne Fund Administration Limited	Jersey
Sanne Group (Guernsey) Limited	Guernsey
Sanne Group (Luxembourg) SA	Luxembourg
Sanne Group (UK) Limited	England and Wales
Sanne Group Administration Services (UK) Limited	England and Wales
Sanne Group Asia Limited	Hong Kong
Sanne Holdings Limited	Jersey
Sanne International Limited	Jersey
Sanne (Singapore) PTE Limited	Singapore
Sanne Trustee Company UK Limited	England and Wales
Sanne Trustee Services Limited	Jersey
Sanne Corporate Administration Services Ireland Limited	Republic of Ireland
Sanne Group U.S. LLC	United States of America
Sanne Group d.o.o. Beograd	Serbia
Sanne Management Company RF (PTY) Limited	Republic of South Africa
Sanne Fund Services SA (PTY) Limited	Republic of South Africa
Sanne Fund Services Malta Limited	Republic of Malta
Sanne Group Delaware Inc.	United States of America
Sanne Group South Africa (PTY) Limited	Republic of South Africa
Sanne (Mauritius) Limited	Mauritius
Sanne Group (Netherlands) B.V.	Netherlands
SANNE Mauritius	Mauritius
SANNE Trustees (Mauritius)	Mauritius
Sanne (Luxembourg) Holdings Sarl	Luxembourg
Sanne Group Funding Limited	Jersey
Luxembourg Investment Solutions S.A.	Luxembourg
Sanne (Luxembourg) Holdings 2 Sarl	Luxembourg
AgenSynd S.L.	Spain
AgenSynd Limited	England and Wales
AgenSynd France SAS	France
Sanne Group Services (UK) Limited	England and Wales
Sanne Group Japan KK	Japan
Sanne (Cayman) Holdings Limited	England and Wales
Acquired or incorporated during the year	
Inbhear Management Services Limited	Cayman Islands
Inbhear Fund Services Limited	Ireland
Sanne Trustees (Cayman) Limited[1]	Cayman Islands
Sanne Group Japan Trust Company[2]	Japan

1. Sanne Trustees (Cayman) Limited was formerly known as Avalon Trust & Corporate Services Limited.
2. Sanne Group Japan Trust Company was formerly known as Deutsche Trust Company Limited.

20. Minority equity investments

The Group acquired a minority interest in certain entities, as listed below. The shares are not held for trading and, at initial recognition, the Group made the irrevocable election to carry the investments at fair value through other comprehensive income. The Group regards the transactions to be strategic investments and the classification to be the most relevant, based on the Group's business model.

	2020 £'000	2019 £'000
Non-current assets		
Unlisted securities		
Colmore A.G.	8,398	8,632
Alternative Assets Accounting Software Inc.	367	–
	8,765	**8,632**

Reconciliation of Level 3 fair value measurements of financial instruments (other than trade and other receivables):

	2020 £'000	2019 £'000
At 1 January	8,632	–
Additions	387	9,347
Exchange differences	(254)	(715)
At 31 December	**8,765**	**8,632**

Colmore A.G.

The fair value was based on a combination of the income approach (discounted cash flow model) and the market approach. The discounted cash flow approach provides an estimation of the fair value based on the cash flows that a business can be expected to generate in the future. The market approach provides an estimation of the fair value based on market prices of actual transactions and asking prices for businesses. The process is a comparison between the subject business and other similar businesses.

In the income approach, the revenue was forecasted over a ten year period. The following unobservable inputs were used: weighted average revenue growth between 15% and 25%, terminal growth rate of 2%, and WACC of 17% to discount the cash flows. The discount rate and the terminal growth rate have been identified to be the assumptions that are the most sensitive to change.

In the market approach, a list of broadly comparable listed companies was identified through public sources. Since there are a limited number of public companies offering technology solutions to fund administration businesses-services, the Group considered comparable companies offering technology and software services to companies in the broader financial services industry. The valuation was based on the revenue multiple. A revenue multiple of 6.3x was used in the estimate.

The Group performed a sensitivity analysis on the fair value. Because a combined approach is used, the Group assessed the combined impact of changes in key assumptions. Should the WACC increase to 18% and the long-term growth rate only yield 1.5% for the income approach and a multiple of 5.6x be used for the market approach, the fair value would be £0.6 million lower. If the WACC decreased to 16% and the long-term growth rate increased to 2.5% for the income approach, and the Group used a multiple of 6.9x for the market approach, the fair value would be £0.6 million higher. The sensitivity analysis was performed based on the current capital structure and expected performance of Colmore A.G.

Alternative Assets Accounting Software Inc.

The company is in the process of developing technology that will generate income in the future. The market approach provides an estimation of the fair value based on market prices on actual transactions and asking prices for businesses. The process is a comparison between the subject business and other similar businesses. Considerations such as time and condition of sale and terms of agreements are analysed for comparable businesses and are adjusted to arrive at an estimation of the fair value of the subject business.

In the income approach, the profit after tax was forecasted over a ten-year period, allowing for the expenses incurred during the development phase and a steady revenue growth as the product is launched over time. The following unobservable inputs were used: average EBIT of 39%, a terminal growth rate of 2%, and WACC of 28% to discount the cash flows.

20. Minority equity investments continued

In the market approach a list of broadly comparable listed companies, with similar lines of business and common factors like the demand for their products and services, were identified through public sources. Since there are a limited number of public companies offering technology solutions to fund administration business services, the Group considered comparable companies offering technology and software services to companies engaged in the broader financial services industry. Because Alternative Assets Accounting Software Inc. has not yet started to generate revenue, a comparison analysis was not viable. Consequently, the valuation was determined by considering the developments in the market between the investment date and the reporting date in the context of Alternative Assets Accounting Software Inc.'s latest available financial projection which have remained similar between the two dates. The technology development is progressing according to the pace set out at the investment date and there have been no large fluctuations given the proximity of the investment date to the reporting date. In performing the assessment, the enterprise value-to-revenue multiple of the identified comparable companies was assessed to determine if there were any large fluctuations in the market. None were noted. It was concluded that Alternative Assets Accounting Software Inc.'s investment value at investment date is representative of the fair value at reporting date.

The Group has concluded that, due to the size of the investment, any changes to key assumptions will not result in material changes to the value of the investment.

21. Financial asset at amortised cost

Financial assets at amortised cost include the following:

	2020 £'000	2019 £'000
Non-current asset		
Loan granted and interest accrued	**830**	–

The Group classifies its financial assets at amortised cost only if both the following criteria are met:
(i) the asset is held within a business model whose objective is to collect the contractual cash flows, and
(ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

The transaction was raised outside the usual operating activities of the Group. Interest is charged at commercial rates where the terms of repayment exceed twelve months. Collateral is not obtained. The non-current asset is due and payable after 12 months.

The financial assets at amortised cost are denominated in Pound Sterling. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the financial asset at amortised cost will be held to maturity.

The Group considers the probability of default of financial assets carried at amortised cost and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The probability of default at the reporting date is not materially different from the probability of default when the asset was initially recognised. No expected credit loss is recognised on the loan as the loss given default is immaterial. Refer to note 36 for further credit risk disclosure.

22. Leases

This note provides information for leases where the Group is a lessee. The Group only applied the IFRS 16 lease accounting to its qualifying leases. Office space was leased by the Group in various jurisdictions.

	2020 £'000	2019 £'000
Right-of-use assets	**33,724**	32,733

	2020 £'000	2019 £'000
Lease liabilities		
Non-current	34,405	33,549
Current	4,923	4,291
Total lease liabilities	**39,328**	37,840

During the 2020 financial year, the Group made £4.5 million (2019: £7.5 million) in additions to the right-of-use assets. The total cash outflow for leases amounted to £6.5 million (2019: £6.4 million).

22. Leases continued

The Group impaired the right-of-use asset relating to its previous London premises. During the current year, the Group decided to make use of the break clause in its office lease agreement in the UK jurisdiction. COVID-19 and material, prolonged building work and renovations to the building limited the Group's ability to sublease the building. It was also not possible to sublease the building in 2021 due to certain operational challenges outside the Group's control. Consequently the change in the estimated lease term was treated as a lease modification, decreasing both the lease liability and the right-of-use asset. The right-of-use asset was assessed as a standalone CGU as it has the capability of generating income if it is subleased. The recoverable amount was less than the carrying value and resulted in the right-of-use asset being impaired.

The consolidated income statement includes the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation on right-of-use assets	5,795	5,313
Interest expense (included in finance costs)	1,530	1,607
Expenses relating to short-term leases	650	706
Impairment of right-of-use asset	497	–

Leases are negotiated for a variety of terms over which rentals are fixed with break clauses and options to extend for a further period at the then prevailing market rate. Rental agreements which qualify for IFRS 16, span from 10 months to 22 years. Judgement was applied in assessing the lease term over which the lease liability should be recognised. The fixed-duration per the rental agreement was used as a starting point. Thereafter the term is adjusted based on the contract clauses. Should the Group assess it will make use of a break clause, the lease term is adjusted for the break clause if the Group considers it highly probable that it will extend the agreement per the extension clauses.

The Group is exposed to potential future increases in variable lease payments based on consumer price indexes, which are not included in the lease liability until they take effect. When adjustments to lease payments based on the consumer price index take effect, the lease liability is reassessed, using the incremental borrowing rate as at commencement date, and adjusted against the right-of-use asset.

During the year, certain leases were extended by exercising extension clauses included in the leases. These lease extensions were treated as lease modifications by discounting the remaining lease payments based on the extended agreement, discounted at the incremental borrowing rate as at the modification date. The increase in the lease liability increased the right-of-use asset. The right-of-use asset is depreciated over its remaining useful life at modification date.

The incremental borrowing rate is determined by making reference to the operating jurisdiction's risk-free rate, adjusted for credit risk, using the interest rate premium as per the Group's current borrowings and the liquidity premium, by adjusting the interest rate up or down based on the remaining duration of the rental agreement. Judgement was applied to determine the point where the upward or downward adjustment is made to the interest rate. The Group applied a different incremental borrowing rate to each lease in each jurisdiction. The unique discount rate best represents the monetary environment in which the subsidiary operates at commencement (or transition date). This approach best reflects what the Group would have to pay to obtain a similar asset in the economic environment in which the subsidiary operates. The incremental borrowing rates ranged between 0.81% and 9.77%.

23. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	47,934	43,457
Allowance for doubtful receivables	(1,498)	(862)
	46,436	42,595
Prepayments	4,807	4,089
Other debtors	2,470	1,257
Total trade and other receivables	**53,713**	**47,941**

Trade receivables

Trade receivables disclosed above are amounts due to services rendered in the ordinary course of business. At initial measurement, they are recognised at fair value and subsequently at amortised cost, using the effective interest method.

The Group considers all receivables over 60 days to be past due.

In the current year, an institutional client represented 5% of the total trade receivables balance. In the prior year no clients represented more than 5% of the total prior period trade receivables balance.

23. Trade and other receivables continued

The Directors consider that carrying value of trade and other receivables to be approximately equal to their fair value.

Movement in the allowance for doubtful receivables:

	2020 £'000	2019 £'000
Balance at the beginning of the year	862	766
Recognised through acquisitions	30	–
Impairment losses recognised	1,458	656
Amounts written off during the year as uncollectable	(550)	(52)
Amounts recovered during the year	(374)	(504)
Exchange differences	72	(4)
Total allowance for doubtful receivables	**1,498**	**862**

The expected credit losses were measured by grouping the trade receivables in a manner that reflects shared credit risk characteristics and days past due. The expected loss rates are based on the payment profiles of the respective trade receivable groups. In assessing the payment profiles the Group considers the expected future economic changes in the operating jurisdiction, specific client relationships and the expected future client and fund liquidity. This is then adjusted for forward-looking evidence indicating that the Group will not be able to collect the debts or bill the customers. All impairment losses relate to receivables resulting from contracts with customers.

The following tables provide information about expected credit losses for trade receivables, from individual customers as at 31 December 2020 and 31 December 2019.

31 December 2020	2020 Expected loss rate	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	0%	34,037	26	34,011
31-60 days	0%	1,459	–	1,459
61-90 days	0%	2,276	9	2,267
91-120 days	0%	4,653	16	4,637
121-180 days	0%	1,021	–	1,021
180+ days	32%	4,488	1,447	3,041
Total		**47,934**	**1,498**	**46,436**

31 December 2019	2019 Expected loss rate	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	0%	31,313	–	31,313
31-60 days	0%	1,214	–	1,214
61-90 days	0%	1,441	1	1,440
91-120 days	0%	4,129	–	4,129
121-180 days	1%	805	7	798
180+ days	19%	4,555	854	3,701
Total		**43,457**	**862**	**42,595**

All age buckets disclosed above have expected credit losses applied. Buckets where the expected credit loss rate is 0% have no material credit losses.

24. Contract assets

	2020 £'000	2019 £'000
EMEA	3,832	2,856
Asia-Pacific & Mauritius	2,817	2,644
North America	762	527
Channel Islands	833	433
Balance at 31 December	**8,244**	**6,460**

24. Contract assets continued

	2020 £'000	2019 £'000
Contract assets relating to contracts with customers 1 January	6,460	6,628
Increase in contract assets for the period	9,228	7,003
Contract assets released to revenue	(5,908)	(6,334)
Disposal group held for sale	(850)	(325)
Exchange differences	(686)	(512)
Balance at 31 December	**8,244**	**6,460**

The contract assets listed above relate to unbilled work recognised on time spent as performance obligations are met. These assets are all current and based on expected recoverability. The contract assets are subject to the impairment requirements of IFRS 9. Contract assets substantially have the same risk characteristics as the trade receivables and therefore the simplified approach is applied to contract assets. The Group concluded that the expected loss rates applied to trade receivables in the <31 days category are an appropriate estimation of the expected credit losses for contract assets. Payments are due as soon as invoices are raised.

The failure to recover 15% (based on an extreme worst case scenario) of the £8.2 million year end balance (2019: £6.5 million) would result in an impairment of £1.2 million (2019: £1.0 million).

Contract assets recognised from costs incurred to obtain a contract

In addition to the contract balances disclosed above, the Group recognised contract assets in relation to costs incurred to obtain customer contracts. The contract assets are recognised as non-current assets.

	2020 £'000	2019 £'000
Balance at 1 January	–	–
Contract assets recognised to obtain a customer contract	76	–
Accumulated amortisation recognised as a cost to provide the service	(10)	–
Balance at 31 December	**66**	–

No impairment losses were recognised on the contract assets recognised for costs incurred to obtain a contract.

The Group incurs costs when entering into certain contracts with customers which are only incurred if the contracts are successfully obtained. The Group renders services in terms of these new contracts, generating revenue over the duration of the contract. The Group realises the cost of entering into the contracts over the useful life of the contractual agreement or seven years (whichever period is shorter). This matches the expense to the revenue that is generated by the contract over time.

25. Net (debt)/cash

		2020 £'000	2019 £'000
Bank loan (see note 28)		(133,549)	(129,572)
Trapped cash	(i)	(13,353)	(10,065)
Less: Cash and cash equivalents		57,119	51,454
Total net (debt)/cash		**(89,783)**	**(88,183)**

The Group had undrawn borrowings at 31 December 2020 of £15 million (2019: £88 million) and an uncommitted accordion of £70 million. See note 28.

(i) Trapped cash is the aggregate of the minimum amounts of cash legal entities within the Group are required to hold in order to maintain compliance with any regulatory or legal capital or liquidity requirements that apply to them. The balance of trapped cash is somewhat fluid and will depend on the other assets of the respective entities. It is not specifically held in segregated accounts. Trapped cash can be used by the business, however, it could lead to a breach of the regulatory compliance requirements. Refer to note 36 for additional information on capital management.

26. Share capital

	2020 £'000	2019 £'000
Authorised		
500,000,000 (2019: 500,000,000) ordinary shares of £0.01 each	5,000	5,000
Called up, issued and fully paid		
147,388,877 (2019: 146,633,168) ordinary shares of £0.01 each	1,474	1,466

804,585 Ordinary shares (0.5% of the issued share capital) are held by Sanne Group Employees' Share Trust (''EBT'') (2019: 1,730,901) and have been treated as treasury shares in accordance with IAS 32 Financial Instruments.

At 31 December 2020 the Company held 98,533 (2019: 98,533) treasury shares.

Movements in share capital during the year ended 31 December

	2020 £'000	2019 £'000
Balance at 1 January	1,466	1,460
Issue of shares:		
FAS deferred consideration	6	6
Avalon Trust & Corporate Services Limited acquisition consideration	2	–
Balance at 31 December	**1,474**	**1,466**

Movements in share premium during the year ended 31 December

	2020 £'000	2019 £'000
Balance at 1 January	203,423	200,270
Issue of shares:		
FAS deferred consideration	3,089	3,153
Avalon Trust & Corporate Services Limited acquisition consideration	678	–
Balance at 31 December	**207,190**	**203,423**

Shares to the value of £3.1 million (2019: £3.2 million) were issued from the "shares to be issued" reserve rather than raised through the issuance of ordinary shares.

27. Own shares

	2020 Shares	2019 Shares	2020 £'000	2019 £'000
EBT	804,585	1,730,901	562	1,166
Treasury	98,533	98,533	–	–
Total	**903,118**	**1,829,434**	**562**	**1,166**

Sanne Group Employees' Share Trust ("EBT")

During the year, the EBT settled commitments under share-based payments of 931,747 shares. The EBT also repurchased 5,431 shares during the year from employees.

The remaining shares and cash are held by the EBT to fulfil the Group's future obligations under share plans.

Treasury shares

The Company held 98,533 (2019: 98,533) shares in treasury resulting from repurchases of shares which are held under restrictive sale agreements, at a total cost of £2.

28. Borrowings

The Group's loan facility is for £150m plus an uncommitted accordion facility of £70m with a consortium of five banks namely HSBC, Bank of Ireland, Lloyds, Royal Bank of Canada and Santander. The loan is structured solely as a revolving credit facility that can be drawn down and repaid by the Group at any time. The loan and uncommitted accordion have a maturity of February 2023 and commercial interest rates of LIBOR plus a variable margin are charged.

Covenants attached to the loan relate to interest cover and leverage. Undrawn funds in the revolving credit facility are charged at 35% of the interest margin whilst the uncommitted accordion facility attracts no interest until drawn.

The balances available and drawn are as follows:

	2020 £'000	2019 £'000
Available		
Revolving credit facility	150,000	150,000
Uncommitted accordion facility	70,000	70,000
	220,000	220,000
Drawn		
Revolving credit facility	134,913	131,175
Capitalised loan fees	(1,364)	(1,603)
Total borrowings	**133,549**	**129,572**

Reconciliation of loan balance

	2020 £'000	2019 £'000
Balance at 1 January	129,572	85,364
Redemption of bank loans	(12,302)	(85,850)
New bank loans raised	14,821	131,175
Amortisation for the year	162	174
Loan fees accrued	–	(37)
Loan fees paid	(29)	(1,711)
Loan fees written off	–	457
Exchange gain	1,325	–
Balance at 31 December	**133,549**	**129,572**

The directors consider the carrying amount of the borrowings approximates its fair value.

During the year ending 31 December 2020, the Group repaid £12.3 million of the revolving credit facility and drew down a total of £15.0 million from the revolving credit facility.

29. Deferred taxation

The deferred taxation recognised in the financial statements is set out below:

	2020 £'000	2019 £'000
Deferred tax asset	9,008	8,324
Deferred tax liability	(15,165)	(15,931)
	(6,157)	**(7,607)**

The deferred tax at year end is made up as follows:

	2020 £'000	2019 £'000
Other intangible assets	(7,907)	(9,063)
Other timing differences	1,750	1,456
	(6,157)	**(7,607)**

The movement in the year is analysed as follows:

	2020 £'000	2019 £'000
Balance at 1 January	(7,607)	(11,313)
Recognised through acquisitions	(715)	–
Other comprehensive income	95	10
Income statement movements		
Other intangible assets	1,156	1,629
Leases – right-of-use assets	325	5,370
Leases – lease liabilities	(188)	(4,822)
Tangible assets	(155)	(122)
Share-based payments	(683)	145
Other timing differences – income statement	1,694	1,122
Foreign exchange	(79)	374
Balance at 31 December	**(6,157)**	**(7,607)**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so.

The Group expects the deferred tax asset to be recovered as follows:

	2020 £'000	2019 £'000
Deferred tax asset		
Recovered in no more than 12 months after the reporting period	6,005	5,123
Recovered in more than 12 months after the reporting period	3,003	3,201
Balance at 31 December	**9,008**	**8,324**

The group expects the deferred tax liability to be settled as follows:

	2020 £'000	2019 £'000
Deferred tax liability		
Settled in no more than 12 months after the reporting period	(7,276)	(10,856)
Settled in more than 12 months after the reporting period	(7,889)	(5,075)
Balance at 31 December	**(15,165)**	**(15,931)**

30. Provisions

	2020 £'000	2019 £'000
Balance at 1 January	2,475	1,650
Provisions utilised during the year	–	(546)
Provisions recognised during the year	792	1,352
Foreign exchange loss	28	19
Balance at 31 December	**3,295**	**2,475**
Of which are:		
Non-current provision	2,936	2,024
Current provision	359	451
Balance at 31 December	**3,295**	**2,475**

The provision carried principally relates to dilapidations for property leases and will be utilised upon the dismantling of the fixtures in the properties leased, which is expected to occur at the end of rental agreements. The rental agreements span from 1 year to 24 years. A best estimate of the dismantling costs was made; however, the final costs will be determined based on the state of the property and the work required. The Group expects the cash outflow to occur at the end of the lease term.

31. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	599	1,320
Other payables	3,590	1,148
Other taxes and social security	3,634	3,139
Accruals	6,949	8,865
Contingent consideration	287	–
Total trade and other payables	**15,059**	**14,472**

Trade creditors, other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying value of the trade and other payables to approximate the fair value.

Refer to note 36 regarding the fair value assumptions made in valuating the contingent consideration at the end of the reporting period.

32. Contract liabilities

	2020 £'000	2019 £'000
EMEA	7,809	7,479
Asia-Pacific & Mauritius	4,121	4,302
North America	336	71
Channel Islands	6,276	5,782
Balance at 31 December	**18,542**	**17,634**

32. Contract liabilities continued

The following disclosure indicates how much of the revenue, recognised in the current reporting period, relates to carried-forward contract liabilities and how much revenue is billed in advance.

	2020 £'000	2019 £'000
Contract liabilities at 1 January	17,634	16,085
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	(17,985)	(16,195)
Contract liabilities recognised during the year	18,886	18,551
Disposal group held for sale	(202)	(325)
Exchange differences	209	(482)
Balance at 31 December	**18,542**	**17,634**

Payments are due as soon as invoices are raised. Revenue is recognised over time as the performance obligations are met.

33. Share-based payments

	2020 £'000	2019 £'000
Sanne Group plc		
Performance Share Plan	374	(40)
Restricted Stock Awards	2,779	2,482
Social security accrual	14	(65)
Total share-based payments expense recognised in the income statement	**3,167**	**2,377**

Performance Share Plan

During the current and prior years the Group granted awards over its ordinary shares under the terms of its Performance Share Plan ("PSP"). The exercise of awards under the PSP is conditional upon the achievement of one or more challenging performance targets set at the time of the grant and measured over a three-year performance period from grant date. All the awards were granted for nil consideration.

The fair value for Performance Share Plans containing a market condition was valued on grant date using the Geometric Brownian Motion, which incorporated a Monte Carlo simulation. This was performed by determining the share price at grant date and applying the model under certain assumptions, for example the reinvesting of dividends and a risk-free rate linked to a three year UK government bond.

Management estimates the number of shares to be vested based on the performance targets set to be achieved and the current performance of the Group. This is then grown by 10% as per market expectation to determine the probable performance at vesting date. The fair value of share awards granted during the period amounted to £2.2 million.

A summary of the rules for this scheme and the related performance conditions are set out in the Remuneration Report.

Restricted Stock Awards

During the current and prior years the Group granted awards over its ordinary shares in the form of Restricted Stock Awards ("RSA"). The awards are granted as part of the mechanics of an acquisition to act as retentions for staff. The vesting of the awards is subject to continued employment over an agreed period. All the awards were granted for nil consideration. The fair value of share awards granted during the period amounted to £2.5 million.

The number of PSP share-based payment awards granted are as follows:

	Number of shares 2020	Number of shares 2019
Performance Share Plan		
Outstanding at 1 January	1,016,548	1,413,030
Granted during the year	558,379	376,783
Forfeited during the year	(89,060)	(197,726)
Vested during the year	(38,275)	(575,539)
Outstanding at 31 December	**1,447,592**	**1,016,548**

33. Share-based payments continued

The number of RSA share-based payment awards granted are as follows:

	Number of shares 2020	Number of shares 2019
Restricted Stock Awards		
Outstanding at 1 January	1,679,064	1,546,998
Granted during the year	381,973	540,704
Forfeited during the year	(63,997)	(97,219)
Vested during the year	(824,479)	(311,419)
Outstanding at 31 December	**1,172,561**	**1,679,064**

The fair value of services received in return for share awards granted is measured by reference to the fair value of the shares granted. The RSA scheme has vesting dates from 2021 to 2023. The PSP scheme has vesting dates between 2021 and 2023.

Shares to be issued per the consolidated balance sheet comprise the following:

	2020 £'000	2019 £'000
Balance at 1 January	7,723	12,278
Increase in share-based payments	2,978	2,337
FAS acquisition – deferred consideration settled	(3,096)	(3,159)
Shares vested	(4,599)	(3,733)
Balance at 31 December	**3,006**	**7,723**

34. Long-term employee benefits

Defined contribution retirement benefit

The Group participates in various defined contribution retirement benefit plans, to which it makes monthly contributions in specific jurisdictions. The total contributions during the year were £686k (2019: £560k), paid in full by the employer.

Defined benefit retirement obligation

The Group has a defined benefit retirement obligation in respect of the Workers Rights Act 2019 ("the Act"). In terms of the act in Mauritius, an employer is obligated to pay a lump sum to the employee upon retirement in proportion to the years of service employed at the company.

The Group has no specific assets to cover the obligation as it is all self funded by the Group.

The Group recognised a net defined benefit retirement obligation of £1,086k (2019: £684k) on the consolidated balance sheet in respect of amounts that are expected to be paid out to employees under the Act. The group does not expect a significant change in contributions for the following year.

The most recent actuarial valuation of the defined benefit retirement obligation was carried out at 31 December 2020 by the State Insurance Company of Mauritius.

	2020 £'000	2019 £'000
Defined benefit retirement obligation		
Present value of defined benefit retirement obligation at the beginning of the year	684	701
Amounts recognised in the consolidated income statement		
– Current service cost	105	54
– Net interest expense	37	42
Amounts recognised in the consolidated statement of comprehensive income		
– Actuarial loss on defined benefit retirement obligation	419	67
Direct benefits paid	(81)	(118)
Exchange difference	(78)	(62)
Present value of defined benefit retirement obligation at 31 December	**1,086**	**684**

The plan is exposed to actuarial risks such as interest rate risk and salary risk.

34. Long term employee benefits continued

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of actuarial valuation were as follows:

	2020	2019
Discount rate[1]	3.9%	6.5%
Future salary increases	2.5%	3.0%
Future pension increases	3.0%	3.0%
Withdrawal rate	17.0%	17.0%
Retirement age	65 years	65 years

1. The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit retirement obligation are the discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

	2020 £'000	2019 £'000
Increase due to 1% decrease in discount rate	251	129
Decrease due to 1% increase in discount rate	194	182
Increase due to 1% increase in future salary increases	301	132
Decrease due to 1% decrease in future salary increases	236	167
Weighted average duration of the defined benefit obligation (years)	20.4 years	22.7 years

35. Business combinations

Inbhear Management Services Limited and Inbhear Fund Services Limited

On 1 April 2020 the Group acquired 100% of the issued share capital of Inbhear Management Services Limited, incorporated in the Cayman Islands. As part of the same acquisition, the Group acquired 100% of the issued share capital of Inbhear Fund Services Limited on 1 May 2020. The acquired companies position themselves as a partner to managers who have a long-term investment horizon. The entities have a valued institutional client base and are well known for providing high levels of client service.

The acquisition provides the Group with an opportunity to expand its platform into the Cayman Islands and Ireland, growing its existing North America and EMEA operations.

The consideration for the Inbhear Fund Services Limited acquisition is satisfied through a payment of £8.2 million (€9.4 million) in cash. A contingent payment will be made in 2022, estimated to be £1.2 million (€1.4 million), and is linked to the employment of key management; this will consequently be treated as remuneration instead of consideration.

The consideration for the Inbhear Management Services Limited acquisition is accounted for as a contingent payment and amounts to the issuance of approximately 711,155 shares. At 31 December 2020, no issuance of shares has occurred. The contingent consideration is based on a multiple of the average gross profit generated by the business operations over the next three years. Should the required target not be met, no shares will be granted. Should actual results of the business exceed the target amount a maximum of 746,295 shares will be granted.

35. Business combinations continued

		EUR '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Equipment	3 – 5 years	11	10
Customer and contract intangibles	7 years	2,513	2,207
Deferred tax assets		3	3
		2,527	**2,220**
Current assets			
Trade and other receivables		377	332
Cash and cash equivalents		2,130	1,870
		2,507	**2,202**
Current liabilities			
Trade and other payables		268	235
Current tax liabilities		70	62
		338	**297**
Non-current liabilities			
Deferred tax liabilities		314	276
Identifiable net assets		**4,382**	**3,849**
Goodwill		5,048	4,432
Gain on bargain purchase		(43)	(38)
Total consideration		**9,387**	**8,243**
Total consideration satisfied by:			
Cash consideration – at acquisition		9,387	8,243
Fair value of consideration payable at acquisition date		**9,387**	**8,243**
Net cash inflow arising at acquisition:			
Cash consideration		9,387	8,243
Less: cash and cash equivalents balances acquired		(2,130)	(1,870)
Net cash outflow at acquisition		**7,257**	**6,373**

Fair value of consideration

The payment for the controlling interest in Inbhear Management Services Limited is made solely in the form of share-based payments, to the value of £3.8 million ($4.8 million). The number of shares that will be issued is based on the performance of Inbhear Management Services Limited in 2020, 2021 and 2022. The consideration will be accounted for as non-underlying share-based payments.

A cash consideration of £8.2 million (€9.4 million) was paid for the controlling interest in Inbhear Fund Services Limited on acquisition date. A contingent payment (depending on the continued employment of the previous owners) will be made in 2022 at an estimated value of £1.2 million (€1.4 million).

35. Business combinations continued

Transaction costs

The Group incurred £0.7 million relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition of Inbhear Fund Services Limited.

Gain on bargain purchase

A gain on bargain purchase was recognised on the acquisition on Inbhear Management Services Limited because the fair value of the assets exceeded the consideration paid in terms of the accounting standards. The Group believes the new acquisition will yield opportunities for new business wins, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. The gain on bargain purchase is not taxable.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £332k. The gross amount receivable is £332k of which all debt is expected to be collected.

Effect on the results

Inbhear Management Services Limited and Inbhear Fund Services Limited contributed revenue of £1.7 million and a profit of £0.5 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired on 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.5 million (£0.8 million higher) and net profit £25.1 million (£0.3 million higher) for the year ended 31 December 2020.

Avalon Trust & Corporate Services Limited

On 1 October 2020, the Group acquired 100% of the issued share capital of Avalon Trust & Corporate Services Limited, incorporated in the Cayman Islands. The company is a highly regarded trust and corporate services provider. The legal entity was subsequently renamed to Sanne Trustees (Cayman) Limited.

The acquisition of Avalon Trust & Corporate Services Limited strengthens the Group's Cayman Islands offering, which was established with the acquisition of Inbhear Management Services Limited, and grows its existing North America operations.

35. Business combinations continued

The consideration for the Avalon Trust & Corporate Services Limited acquisition is satisfied through a payment of £5.4 million ($6.9 million) in cash and 119,053 in restricted shares.

		USD '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Customer and contract intangibles	7 years	3,240	2,509
Current assets			
Trade and other receivables		588	455
Cash and cash equivalents		769	596
		1,357	**1,051**
Current liabilities			
Trade and other payables		75	58
Contract liabilities		314	243
		389	301
Identifiable net assets		**4,208**	**3,259**
Goodwill		3,614	2,799
Total consideration		**7,822**	**6,058**
Total consideration satisfied by:			
Cash consideration – at acquisition		6,945	5,379
Equity instruments (119,053 shares in Sanne Group plc)		877	679
Fair value of consideration payable at acquisition date		**7,822**	**6,058**
Net cash inflow arising at acquisition:			
Cash consideration		6,945	5,379
Less: cash and cash equivalents balances acquired		(769)	(596)
Net cash outflow at acquisition		**6,176**	**4,783**

Fair value of consideration

A cash consideration (£5.4 million ($6.9 million) was paid for the controlling interest in Avalon Trust & Corporate Services Limited on the date of acquisition. The remainder of the consideration was settled in the form of 119,053 shares. The shares in Sanne Group plc was adjusted for the lack of marketability (due to the trade restriction), using the Finnerty Average-Strike Put Option Model.

Transaction costs

The Group incurred £16k relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £455k. The gross amount receivable is £455k of which all debt is expected to be collected.

35. Business combinations continued

Effect on the results

Avalon Trust & Corporate Services Limited contributed revenue of £0.4 million and a profit of £0.3 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired at 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.8 million (£1.1 million higher) and net profit £25.6 million (£0.8 million higher) for the year ended 31 December 2020.

Deutsche Trust Company Limited

On 1 October 2020 the Group acquired 100% of the issued share capital of Deutsche Trust Company Limited (subsequently renamed to Sanne Group Japan Trust Company), incorporated in Japan. This company offers trust services.

The acquisition provides the Group with an opportunity to expand its platform and service offering in Japan and grow its existing Asia-Pacific operations.

The consideration for the Deutsche Trust Company Limited acquisition is satisfied through a payment of £4.7 million (¥633.8 million) in cash. The consideration price was lower due to the cash balances being acquired on a Pound for Pound basis. A contingent payment will be made in 2021, estimated to be £0.3 million (¥40.5 million), and is based on the expected revenue from the existing trust structures for the next 12 months.

		JPY '000	GBP '000
Recognised amounts of identifiable net assets (at fair value) at acquisition:			
Non-current assets	Useful economic life		
Customer and contract intangibles	5 years	171,947	1,262
Current assets			
Trade and other receivables		67,728	497
Cash and cash equivalents		561,681	4,122
Contract assets		7,827	57
		637,236	**4,676**
Current liabilities			
Trade and other payables		74,085	542
Current tax liabilities		18,512	136
		92,597	**678**
Non-current liabilities			
Deferred tax liabilities		60,182	442
		60,182	442
Identifiable net assets		**656,404**	**4,818**
Goodwill		17,891	145
Total consideration		**674,295**	**4,963**
Total consideration satisfied by:			
Cash consideration – at acquisition		633,836	4,665
Contingent consideration		40,459	298
Fair value of consideration payable at acquisition date		**674,295**	**4,963**
Net cash inflow arising at acquisition:			
Cash consideration		633,836	4,665
Less: cash and cash equivalents balances acquired		(561,681)	(4,122)
Net cash outflow at acquisition		**72,155**	**543**

35. Business combinations continued

Fair value of consideration

A cash consideration of £4.7 million (¥633.8 million) was paid for the controlling interest in Deutsche Trust Company Limited on the date of acquisition. A contingent payment will be made in 2021 for an estimated value of £0.3 million (¥40.5 million) and is based on the expected revenue from the existing trust structures for the next twelve months.

Transaction costs

The Group incurred £0.5 million relating to acquisition and integration expenses during 2020. These costs have been expensed within operating expenses and are disclosed as non-underlying expenses in note 9.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include the opportunities for new business wins from new customers, the effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer. Goodwill is not tax deductible and was recognised on the acquisition.

Trade and other receivables

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £497k. The gross amount receivable is £497k of which all debt is expected to be collected.

Effect on the results

Deutsche Trust Company Limited contributed revenue of £0.4 million and a profit of £0.4 million to the Group's profit for the period between the date of acquisition and the balance sheet date. If the business had been acquired at 1 January 2020, on a pro rata basis, the Group revenue for the period would have been £170.9 million (£1.2 million higher) and net profit £25.9 million (£1.1 million higher) for the year ended 31 December 2020.

36. Financial instruments

The Group's financial instruments comprise bank loans, minority equity investments, cash and cash equivalents, trade payables, other payables, trade receivables and other receivables.

		Level	**2020 £'000**	2019 £'000
Categories of financial instruments				
Financial assets				
Financial assets at amortised cost				
Cash and bank balances			57,119	51,454
Trade and other receivables	(i)		54,680	49,055
Loan granted	(ii)		830	–
Financial assets at fair value				
Minority equity investments	(iii)	3	8,765	8,632
Financial liabilities				
Financial liabilities at amortised cost				
Bank loan			133,549	129,572
Trade and other payables	(iv)		11,138	11,333
Financial liabilities at fair value				
Contingent consideration	(v)	3	287	–

(i) Includes contract assets but excludes other debtors and prepayments.
(ii) This relates to a loan that was granted. Refer to note 21 for further details.
(iii) Refer to note 20 for further information relating to the minority equity investments and the fair value thereof.
(iv) Excludes other taxes and social security and deferred consideration but includes accrued interest payable.
(v) This represents the contingent consideration payable on the Deutsche Trust Company Limited acquisition. The contingent consideration is carried at fair value and is measured as 50% of the revenue generated within the 12 months after acquisition, less the initial purchase price. The fair value is determined as an estimate of the amount of revenue that will be generated in the 12 months after acquisition.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items;
Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
Level 3: Unobservable inputs, thus not derived from market data.

36. Financial instruments continued

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period in which they occur.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The managed capital refers to the Group's debt and equity balances. Refer to note 26 for the quantitative disclosure of the share capital.

As disclosed in note 28, the Group has a loan which requires it to meet cash flow, leverage and interest cover covenants. Refer to note 28 for the quantitative disclosure of the borrowings. In order to achieve the Group's capital risk management objective, the Group aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the lender to immediately call the loan.

In line with the loan agreement, the Group tests compliance with the financial covenants on a quarterly basis and considers the results in making decisions affecting dividend payments to shareholders or issue of new shares. The Group complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Individual regulated entities within the Group are subject to regulatory requirements to ensure adequate capital and liquidity to meet local requirements in Jersey, Guernsey, Ireland, the Netherlands, Luxembourg, the Cayman Islands and South Africa, which are monitored monthly to ensure compliance. There have been no breaches of applicable regulatory requirements during the year or at year end. The regulatory requirement of adequate capital is referred to by Sanne as "trapped cash", the quantitative balance of which can be observed in note 25.

Financial risk management objectives

The financial risk management policies are discussed by management on a regular basis to ensure that they are in line with the overall business strategies and risk management philosophy. Management set policies which seek to minimise the potential adverse effects affecting the financial performance of the Group. Management provide necessary guidance and instructions to the employees covering specific areas, such as market risk (foreign exchange and interest rate risk), credit risk, liquidity risk, and in investing excess cash. The Group does not hold or issue derivative financial instruments.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates; the interest rates are directly linked to the LIBOR plus a margin based on the leverage ratio of the Group; the higher the leverage ratio the higher the margin on the LIBOR. The risk is managed by the Group maintaining an appropriate leverage ratio and through this ensuring that the interest rate is kept as low as possible. The Group is currently considering the proposed LIBOR reforms, but it does not expect a material change to the financial statements.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the floating rate liabilities.

The Group considers a reasonable interest rate movement in LIBOR to be 25 basis points based on historical changes to interest rates. If interest rates had been higher/lower by 25 basis points and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease/increase by £237k (2019: £363k).

36. Financial instruments continued

Foreign currency risk management

The Group manages exposure to foreign exchange rates by carrying out the majority of its transactions in the functional currency of the Group company in the jurisdiction in which it operates. The Group entities maintain assets in foreign currencies sufficient for regulatory capital purposes in each jurisdiction. The volatility of the Sterling is due to the uncertainty of the United Kingdom leaving the European Union at the start of 2021 and the effect this might have on global markets. The Group's strong momentum and diverse geographic presence, as well as the favourable underlying trends in the markets in which the Group operates, give the Directors confidence in the continued management of the impact on the Group after the United Kingdom left the EU. The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities are as follows:

	Assets		Liabilities	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Euro	42,021	35,051	7,163	168
United States Dollar	23,620	25,979	2,895	281
South African Rand	1,838	1,258	48	71
	67,479	**62,288**	**10,106**	**520**

Foreign currency risk management sensitivity analysis

The principal currency of the Group's financial assets and liabilities is Pounds Sterling. The Group, however, does own trading subsidiaries based in the United States of America, South Africa, Mauritius, Asia and Europe which are denominated in a currency other than the principal currency. The Group therefore faces currency exposures.

The following table illustrates management's assessment of the foreign currency impact on the year-end balance sheet and presents the possible impact on Group's total comprehensive income for the year and net assets arising from potential changes in the Euro, United States Dollar or South African Rand exchange rates, with all other variables remaining constant. A strengthening or weakening of Sterling by 20% is considered an appropriate variable for the sensitivity analysis given the scale of foreign exchange fluctuations over the last two years. This is based on the Group's most volatile currency, namely the South African Rand, where it is not uncommon to see a 20% fluctuation.

	Strengthening/ (weakening) of Sterling	Effect on Group comprehensive income and net assets	
		2020 £'000	2019 £'000
Euro	+20%	(5,810)	(6,977)
United States Dollar	+20%	(3,454)	(5,140)
South African Rand	+20%	(298)	(237)
Euro	(20%)	6,972	5,814
United States Dollar	(20%)	4,145	4,283
South African Rand	(20%)	358	198

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal exposure to credit risk arises from the Group's trade receivables from clients.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The carrying amount of financial assets recorded in the historical financial information, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. As balances are mainly held with reputable international banking institutions, they were assessed to have low credit risk and no loss allowance is recognised. Cash and cash equivalents are held mainly with banks which are rated "A-" or higher, with the exception of a few BBB rated institutions, by Standard & Poor's Rating Services.

The credit risk on liquid funds and borrowings is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group manages credit risk by review at take-on around:
- Risk of insolvency or closure of the customer's business;
- Customer liquidity issues; and
- General creditworthiness, including past default experience of the customer, and customer types.

36. Financial instruments continued

Subsequently, customer credit risk is managed by each of the Group entities subject to the Group's policies, procedures and controls relating to customer credit risk management. Outstanding customer receivables are monitored and followed up continuously. Provisions are made when there is objective, forward-looking, evidence that the Group will not be able to collect the debts or bill the customer. This evidence can include the following: an indication that the customer is experiencing significant financial difficulty or default, probability of the fund being liquidated, or similar factors. Analysis is done on a case by case basis in line with the Group policy. The ageing of trade receivables and the loss allowance at the reporting date is disclosed in note 23. Note 24 sets out the expected credit loss of contract assets.

The Group has rebutted the presumption that there have been significant increases in credit risk since initial recognition of trade receivables by considering the payment profiles of the trade receivables past due on a case by case basis. Historically, the Group has had immaterial debt write-offs, supporting the fact that the clients do not incur significant increases in their credit risk when becoming past due.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk to maintain adequate reserves by regular review around the working capital cycle using information on forecast and actual cash flows.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-medium and long-term funding and liquidity management requirements. Regulation in most jurisdictions also requires the Group to maintain a level of liquidity so the Group does not become exposed.

The Group manages liquidity risk to maintain adequate reserves by regular reporting around the working capital cycle using information on forecast and actual cash balances.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are from floating rates, the undiscounted amount is derived from interest rates at the balance sheet date.

	< 3 months £'000	3-12 months £'000	1-5 years £'000	> 5 years £'000	Total £'000
31 December 2020					
Bank loans (i)	571	1,744	144,173	–	146,488
Trade payables and accruals (ii)	14,758	–	–	–	14,758
Provisions	184	175	947	1,989	3,295
Lease liability	1,187	3,735	13,898	20,507	39,327
	16,700	**5,561**	**159,018**	**22,496**	**203,775**

	< 3 months £'000	3–12 months £'000	1–5 years £'000	> 5 years £'000	Total £'000
31 December 2019					
Bank loans (i)	666	2,013	139,203	–	141,882
Trade payables and accruals (ii)	14,331	–	–	–	14,331
Provisions	–	451	500	1,524	2,475
Lease liability	1,084	3,287	11,195	22,274	37,840
	16,081	**5,751**	**150,898**	**23,798**	**196,528**

For the purpose of the above liquidity risk analysis, the amortised value has been adjusted for:
(i) The future interest payments not yet accrued and the repayment of capital upon maturity.
(ii) The accrued bank loan interest payable at the balance sheet date.

Fair value of financial instruments

For all financial instruments, excluding the instruments classified as carried at fair value through other comprehensive income, the Directors consider the carrying amounts of financial assets and financial liabilities in the historical financial information to approximate their fair values.

37. Related party transactions

The Group's related parties are key management personnel, comprising all members of the plc Board and the Executive Committee who are responsible for planning and controlling the activities of the Group.

The remuneration of any employee who met the definition of "key management personnel" of the Group at the end of the year is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures for the period they served as key management personnel.

	2020 £'000	2019 £'000
Short-term employee benefits	2,719	2,289
Share-based payments	516	222
Contracted through consultancy firm	–	60
Total short-term payments	**3,235**	**2,571**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	2020 £'000	2019 £'000
Consulting services – Arema Risk Limited	–	70

Arema Risk Limited was a related party of the Group because a member of the Group's key management personnel was a shareholder of the entity up until it was dissolved in the second half of 2020. In the prior year the Group engaged the entity for consultancy services at an arm's length basis.

Key management personnel, in their capacity as shareholders, also receive dividends from the Group when declared. This is standard for all shareholders.

Other than the items listed above, the Group has not entered into any material transactions with related parties.

Refer to note 19 for a list of subsidiaries of the Company as at 31 December 2020 which, in the opinion of the Directors, principally affect the profit and/or the net assets of the Group.

38. Contingent liabilities

In the ordinary course of business, the Group could be subject to legal claims and/or proceedings. Should such an event occur, the Board would consider its best estimate of the amount required to settle the obligation and, where appropriate, establish a provision. While there can be no assurances that circumstances will not change, based upon information currently available, the Directors do not believe there is any such claim or proceeding that could have a material adverse effect on the Group's financial position.

39. Post balance sheet events

The Group entered into a sale and purchase agreement to acquire the shares of Private Equity Administrators ApS (an entity incorporated in Denmark), PEA Depositary Services ApS (an entity incorporated in Denmark), Private Equity Administrators Ltd (an entity incorporated in Guernsey) and Private Equity Administrators Sweden AB (an entity incorporated in Sweden), whereby it will obtain control over the entities, subject to regulatory approvals. The agreement was entered into at the end of 2020, and was finalised on 1 March 2021. The consideration as set out in the sale and purchase agreement amounts to an upfront payment of £16.4 million and the issuance of 1,288,502 shares. The additional consideration will be made within one year after the acquisition date. An earn-out payment will be made within two years after the acquisition date. Both the additional consideration as well as the earn-out payment will be finalised with the acquisition accounting and will be disclosed in the interim financial statements of 2021. This acquisition provides the Group with the opportunity to expand into the Nordics and enhance the Group's position in Guernsey, expanding on its EMEA and Channel Islands operations. At year end the Group had not yet obtained control over the entities, due to contractual requirements that have not yet been met. Consequently, the acquisition accounting is not disclosed under business combinations. Acquisition accounting for this transaction is incomplete at issuance of these financial statements and therefore not disclosed. The results of the acquisition accounting will be available in the interim financial statements of 2021.

On 18 March 2021, the Group refinanced the loan facility. The new loan facility is for committed facilities of £210 million and a further accordion facility of £100 million with a consortium of six banks. The new facility has a maturity of 18 March 2024. The new loan is structured similarly to the old facility as a revolving credit facility that can be drawn down and repaid by the Group at any time. There has been no change in the definitions of the covenants that monitor interest cover and leverage and no change to the charges held by the syndicate against the shares of certain Group companies.

Glossary of Terms

A

ABP
Annual Bonus Plan

ABS
Asset backed security

Act
Companies (Jersey) Law 1991

Agensynd
AgenSynd S.L.

AGM
Annual General Meeting

AIFMD
The Alternative Investment Fund Managers Directive

Annualised new business revenue
Expected revenue for a single, full year, excluding one-off onboarding and start-up fees from a new client structure

APM
Asia Pacific and Mauritius

APMs
Alternative Performance Measures

APAC
Asia Pacific

Avalon
Avalon Trust & Corporate Services Limited

B

Board
The Board of Directors of the Company

Brexit
The withdrawal of the United Kingdom from membership in the European Union

C

CC
Constant currency

CDO
Collateralised debt obligation

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash-generating unit

Channel Islands
Jersey and Guernsey

Chief Operating Decision Maker (CODM)
The Executive Directors of the Board

CI
Channel Islands reporting segment

CLO
Collateralised loan obligation

CMBS
Commercial mortgage-backed security

CODE
UK Corporate Governance Code adopted by the Financial Reporting Council in 2018

Colmore
Colmore A.G.

Company
Sanne Group plc

COVID-19
Respiratory illness caused by a coronavirus

CSR
Corporate Social Responsibility

D

Designated NED
A Non-executive Director designated to liaise with the WAP and feed back the views and experience of the workforce to the Board in line with the recommendations of the Code

DEPS
Diluted earnings per share

Deutsche Bank Trust Company / DBTC
Deutsche Trust Company Limited, formerly Deutsche Bank's Japanese trust company business

DTR
The FCA's Disclosure Guidelines and Transparency Rules

E

EBITDA
Earnings before interest, tax, depreciation and amortisation

EBT
Employee benefit trust

EMEA
Europe, Middle East and Africa reporting segment (excludes Channel Islands and Mauritius)

EPS
Earnings per share

ESG
Environmental, Social and Governance

EU
The European Union

F

FRC
Financial Reporting Council

G

GAAP
Generally Accepted Accounting Principles

GDPR
General Data Provision Regulation

GP
Gross profit

Group
The Company and all of its subsidiaries

I

IFRS
International Financial Reporting Standard(s)

Inbhear
Inbhear Fund Services Limited and Inbhear Management Services Limited together

K

KPI
Key performance indicator

L

LIS
Luxembourg Investment Solutions S.A. and Compliance Partners S.A. together

Listing
The Company's Listing on the London Stock Exchange (LSE)

Listing Rules
Regulations subject to the oversight of the FCA applicable to the Company's Premium Listing on the LSE

LTIP
Long-term Incentive Plan

Glossary of Terms continued

M

MIFID II
The second version of the Markets in Financial Instruments Directive as defined by EC Council Directive 2014/65/EU

MTN
Medium term note

N

NA
North American reporting segment

NED
A Non-executive Director of the Company

North America
USA and Canada

O

Operating Platform
The Group's global operating platform incorporates its technology systems, people, operating procedures and policies

P

PBT
Profit before tax

Private Client
The Group's Jersey based Private Client business

PSP
Performance Share Plan

R

RCF
Revolving credit facility

Regulators
Regulatory authorities impacting the Group including the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, the UK's Financial Conduct Authority (FCA), the Jersey Financial Services Commission (JFSC) and the Mauritian Financial Services Commission (FSC), amongst others

RMBS
Residential mortgage-backed security

S

Section 172
Section 172(1) of the UK Companies Act 2006

SID
Senior Independent Director

T

TISE
The International Stock Exchange in Guernsey

TSR
Total shareholder return

W

WAP
A formal workforce advisory panel which collects the views of the workforce as a whole and acts as an advisory committee to the Board in line with the recommendations of the Code

Shareholder and Corporate Information

Shareholder enquiries

Any Shareholder with enquiries relating to their shareholding should in the first instance contact our Registrar, Equiniti, using the contact information provided on this page.

Electronic Shareholder communications

Shareholders who would prefer to view documentation electronically can elect to receive automatic notifications by email each time the Company distributes documents, instead of paper copies. Registering for electronic communications is very straightforward and can be done via Shareview, at www.shareview.co.uk. Shareview is Equiniti's suite of online services that helps Shareholders manage their holdings and gives access to useful information.

There is no fee for using this service and you will automatically receive confirmation that a request has been registered. The facility allows Shareholders to view details of their holdings, submit a proxy vote for Shareholder meetings, complete a change of address and provide dividend mandates online, so that dividends can be paid into a mandated bank account.

Share price information

Information on the Company's share price is available on the Company's website at www.sannegroup.com.

Investor relations

info@sannegroup.com

Financial calendar

Year end results

19 March 2021

Dividend record date

30 April 2021

Annual General Meeting

19 May 2021 – 11.30am

Dividend payment date

26 May 2021

Registered office

IFC 5
St Helier
Jersey
JE1 1ST

Registered Company Number

Company number: 117625
LEI: 2138005UBLKEZRITH576
London Stock Exchange, Symbol: Lon: SNN
FTSE 250

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

T: 0371 384 2909 (UK)*
T: +44 121 415 0196 (outside UK)

* Lines are open from 8:30am to 5:30pm, Monday to Friday, excluding UK Bank Holidays

Location of register of members

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St Helier
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JE2 3RA
Channel Islands

Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT
United Kingdom

Joint Brokers

Jefferies International Limited

100 Bishopsgate
London
EC2N 4JL
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J.P. Morgan Cazenove

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