

**TENNESSEE TOPCO LIMITED**

**ANNUAL REPORT ADDENDUM  
FOR THE PERIOD ENDED 30 JUNE 2022**

**REGISTERED NUMBER 134098**

## **DIRECTORS**

Cedric Dubourdieu, Representative of BC Partners, Investment Partner

Daniel Saulter, Chief Executive Officer

Dr Nneka Abulokwe, Non-Executive Director

Mark Richards, Representative of BC Partners, Investment Partner

Michalis Frouzis, Representative of BC Partners, Investment Partner

Neil White, Representative of HGGC, Investment Partner

Pauline Spire, Representative of BC Partners, Investment Partner

## **KEY PERFORMANCE INDICATORS (NON-FINANCIAL)**

In addition to the financial KPIS, a number of non-financial KPIs are used to measure and monitor the progress of the Group against its strategic objectives on a quarterly basis. These KPIS include specific targets in respect of organic and acquisitive growth, technology growth, client retention, the cross-selling of services and the Group's revenue mix. These KPIs relate to the strategic objectives of:

- Enhancing the Group's go-to-market function and processes
  - A measure of annual organic growth and client retention for the existing customer base.
  - A measure of gross growth that is achieved from proactive cross sell initiatives.
  - An increase in the average number of services provided to the Group's Top 250 client base
- Widening the use of technology
  - A measure of technology and technology-enabled services as a proportion of Group revenue
  - A measure of benefit arising from Group automation projects
- Maturing and growing the North American business
  - A measure of organic growth within the North American business
  - A measure of North American revenue as a proportion of Group revenue
  - A measure of M&A activity
- Expanding the Global Solutions business
  - A measure of organic growth within the Global Solutions business
  - A measure of Global Solutions revenue as a proportion of Group revenue
  - A measure of M&A activity
- Maintaining and enhancing a leading M&A and integration capability
  - A measure of rolling actionable M&A EBITDA
  - A target of integration within a set period following acquisition
  - A measure of integrations delivered within budget and delivering the agreed synergies

## STRATEGY

The Group's strategic goal is to become the leading professional services partner, serving the Insurance, financial services and regulated markets environment.

To achieve this the Group's strategy is to focus on growing both organically and through M&A activity across three broad business areas to achieve Group revenues of over \$1.5bn by 2025.

- **Davies UK and Ireland.** A business that provides claims and legal services to the UK and Ireland encompassing claims TPA, adjusting, legal services, supply chain, technology, and ancillary services. Strategically the business focuses on the needs of the Insurance and self-retained market and specifically the B2B services required by Insurers, Brokers, MGAs, Lloyds Syndicates, Corporates and the Public Sector.
- **Davies North America.** A business that provides end-to-end claims TPA and adjusting services as well as risk, audit, inspections, and actuarial services across the U.S. and Canada, Strategically the business focuses on the needs of the Insurance and self-retained market and specifically the B2B services required by Insurers, Brokers, MGAs, Lloyds Syndicates, Corporates and the Public Sector.
- **Davies Global Solutions.** A global business with three constituent divisions:
  - *Consulting.* Assisting clients to accelerate business, technology and people performance across financial services, banking, asset & wealth management, insurance and highly regulated industries.
  - *Technology.* The provision of technology and automation development capability alongside a suite of SaaS products.
  - *Insurance Services.* A business that works with, creates, administers, and helps develop Lloyds syndicates specifically for MGAs, Brokers, Insurers, Re-insurers and international captive owners.

At the heart of the Group's strategy is a key focus on innovation and technology enablement. The objective is to provide services that enables clients to not only manage risk and operate their core business processes, but also transform and grow. This approach enables the Group to be a strategic partner with clients and offers a unique proposition to the market that drives the achievement of the strategic objectives accordingly.

## MARKET TRENDS

Within the Group's chosen markets and client base, there are a number of common trends and themes:

- **Technology and Automation.** There is a clear market trend for the Group's clients to move more digitally, taking advantage of automation and AI-based solutions to either reduce operating cost or offer new products and services for their consumers. This trend brings opportunity (through the diverse Consulting and Technology offering) and challenge for the Group to continually evolve its service offering to adapt to this market dynamic.
- **Reacting to Inflationary Pressures.** In recent post-COVID times, high inflation has been a macro-economic challenge for all industries. The cost pressure has led to increased costs of doing business and created inflationary pressure on pricing models. The market continues to adapt to this pressure and this in turn can be a major driving influence behind a number of market trends (such as offshoring, automating or instigating transformational change).
- **Operating Model Transformation.** Whilst not entirely driven by inflationary pressure, the market, in sectors, has seen an uptick in instigating transformational change. Business models that have served the insurance and regulated markets industries have become challenged with the onset of AI, automation and spiralling inflationary wage cost. This has sparked transformational change projects on one hand – albeit certain industries have seen the higher interest rates dampen investment in 'big-ticket projects'.

## MARKET TRENDS (continued)

- **Outsourcing and Offshoring.** Almost as a direct response to spiralling wage inflation, workforce shortage and increased interest rates, organisations have looked to leverage offshoring and outsourcing as a mitigant.

85%+ of the Group's revenue is derived from the Insurance industry in some form. The insurance industry, whilst highly resilient to change, does have cycles of both a 'hard' and 'soft' market. This leads to varying challenges that arise from time to time (higher premiums, lower capacity, new entrants, notable capacity/market exits) that the Group navigates. The diverse nature of the Group's services (ranging from assisting a startup entity through to assisting a market exit) offers a counter-cyclical resilience at a strategic level.

## ENVIRONMENTAL REVIEW

The Group has an ambition to minimise its environmental impact, through the pursuit of net zero, a reduction in resource consumption, and by influencing positive change throughout its value chain.

Through the year, the Group published its first Carbon Reduction Plans (CRPs) covering all UK operations for the prior year, showing a 39% year-on-year reduction in greenhouse gas (GHG) emissions for Davies UK and an 18% reduction for Keoghs LLP. The CRPs also highlighted Davies' long-term reduction targets and its commitment to achieve approval from the Science-Based Targets initiative (SBTi) for its net zero planning.

FY22 also marked the first year that emissions measurement was externally assured to ISO 14064-1 standards. Together with ISO 14064-3 verification for Davies' robust net zero planning, carbon reduction initiatives and environmental policies, Davies was awarded the 'Toitū Carbon Reduce Certified Organisation' mark.

Davies has taken steps to enhance its environmental governance, recruiting a head of procurement with a performance target in place to enhance sustainable procurement practices across the business, and recruiting a dedicated head of environment, social and governance (ESG) to spearhead the development of the global environmental strategy and net zero ambition.

## HUMAN RIGHTS

The Group has a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all its business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in its supply chain.

The Group's full statement under section 54 of the Modern Slavery Act 2015 is published on its website: <https://davies-group.com>.

## GENDER DIVERSITY REVIEW

We welcome different perspectives, support each other's ambitions, and grow together. We work to build an inclusive culture where everyone can succeed. We value the differences and benefits that a diverse workforce brings to the business. We do not discriminate on the grounds of any differentiating factor and embrace the differences which make people unique.

Our approach to driving DEI is to focus on developing an inclusive culture focused on creating an inclusive working environment and increasing representation through:

- Enabling a culture where everyone feels welcome
- Living our Values
- Engaging our people
- Changing the leadership conversation

As part of changing the leadership conversation, we have mandated that any external hire process into a senior leadership role must include interviewing at least two genders.

At 30 June 2022 the gender split for the business is detailed below. Please note that this data set is gender information held for payroll purposes and is not self-identified data.

<b>Cohort</b>	<b>Female</b>	<b>Male</b>
Company Directors	2	6
Global Senior Leadership Team	71	144
Employees	3,299	2,369

The Directors consider the Consolidated Annual Report and Financial Statements for the period ended 30 June 2022 and this addendum to the Annual Report to comply with the Guidelines for Disclosure and Transparency in Private Equity.



**Dan Saulter**  
Chief Executive  
Tennessee Topco Group Limited  
Date: 7 December 2023