

GREENE KING ANNUAL COMPLIANCE REPORT

PUBS CODE ETC. REGULATIONS 2016 (ENGLAND AND WALES)

Reporting period | April 2018 – 31 March 2019



GREENE KING
BURY ST EDMUNDS



Section 1: Audit Committee Statement on Compliance

In accordance with Regulation 43 of the Pubs Code etc. Regulations 2016 (the Code), this Annual Compliance report covers the period of 1 April 2018 to 31 March 2019.

It has been reviewed and approved by the Chair of the Greene King plc Audit & Risk Committee in accordance with Regulation 43(5). As part of this approval, and as required by Regulation 43(7), other reports have been provided to the committee for consideration and understanding of Greene Kings' compliance with the Code. It is confirmed that a summary of this report will be included in the 2019 Greene King Annual Report, as required by Regulation 43(8).

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Section 2: Tied Estate Summary

<i>As of 31 March 2018, total number of Pubs Code Agreements</i>	948
Total acquisitions since 31 March 2018	13
The 13 acquisitions were internal transfers from Greene King's Pub Company (managed) division to its Tenanted and Leased division.	
Total disposals since 31 March 2018	62
<ul style="list-style-type: none"> Which were to another Pub Owning- Business (POB) (for use as a pub) 	4
The four disposals to another POB were internal transfers from Greene King's Tenanted and Leased Division to Greene King's Pub Company (managed).	
<ul style="list-style-type: none"> Where the title has been transferred to the ownership of a person who is not a landlord of 500 or more tied pubs (for use as a pub) 	45
<ul style="list-style-type: none"> Directly disposed for other use 	13
Greene King has complied with the requirements of Regulation 49. Any affected tied tenants were provided with the required information. An initial face-to-face meeting with the tenant will occur with the Business Development Manager, which is followed-up with discussion notes. Once the sale of the pub has exchanged, a letter is sent to the tenant from Greene King's solicitors confirming details of the purchaser.	
<i>As of 31 March 2019, total number of Pubs Code Agreements</i>	883
<p>The total number of tied pubs after acquisitions and disposals as of 31 March 2019 is 899. The balance between this total and that of the total number of tied agreements is 16 pubs, which are accounted for in the following way:-</p> <p>10 Scottish pubs misreported in Greene King's tied estate summary submitted to the PCA in January 2019. A notification was sent to the PCA's office to advise them of this error.</p> <p>6 pubs which are permanently closed for disposal.</p>	
Of total Pubs Code Agreements, how many are:	
<ul style="list-style-type: none"> Agreements contracted in to the Landlord and Tenant Act 1954 	401
<ul style="list-style-type: none"> Agreements not contracted in to the Landlord and Tenant Act 1954 	371
<ul style="list-style-type: none"> Short Agreements under Regulation 14 	111
<ul style="list-style-type: none"> Pub Franchise Agreements under Regulation 55 	0
<ul style="list-style-type: none"> Qualifying Investments under Regulation 56 	30

Types of Agreements

The principle Agreement types currently granted by Greene King include the following:

Standard Tenancy – A five year fixed-term tenancy which is contracted-out of the Landlord and Tenant Act (LTA) with tie variations. There is no periodic rent review however the rent is subject to RPI. The property repair obligations are limited to non-structural on a 'keep and maintain' basis. The agreement can be ended at any time through a six month rolling break provision and payment of a break sum. The deposit is 25% of the annual head rent.

Standard Lease – A 10 to 25 year lease protected by the LTA with five yearly open-market rent reviews and tie variations. This is a fully repairing and insuring lease with 'put and keep' provisions. The agreement can be assigned after two years. The deposit is 25% of the annual head rent.

Turnover Tenancy – A five year fixed-term tenancy agreement which follows the principle terms of the Standard Tenancy with tie variations. The rent is made up of a fixed and variable element, which is calculated as a percentage of the weekly net turnover sales, and is known as the Turnover Royalty.

Turnover Lease – A fully repairing and insuring Turnover Lease following the principle terms of the Standard Lease with tie variations. The fixed and variable rent element is calculated in the same way as the Turnover Tenancy.

Local Hero Tenancy – A five year fixed-term tenancy with principle terms based on the Standard Tenancy. Additional provisions include for a percentage of cask-ale supply as free-of-tie, discounts on Greene King's own-brewed products and wine, spirits and minerals.

Retail Ready Contract – A five year fixed-term management contract which includes a guaranteed Management Fee each year, a percentage of weekly sales known as a Variable Management Fee and a percentage of the profit for the business, which is paid every three months. An annual bonus is also available for meeting Compliance and Standards audits. All products supplied and owned by Greene King.

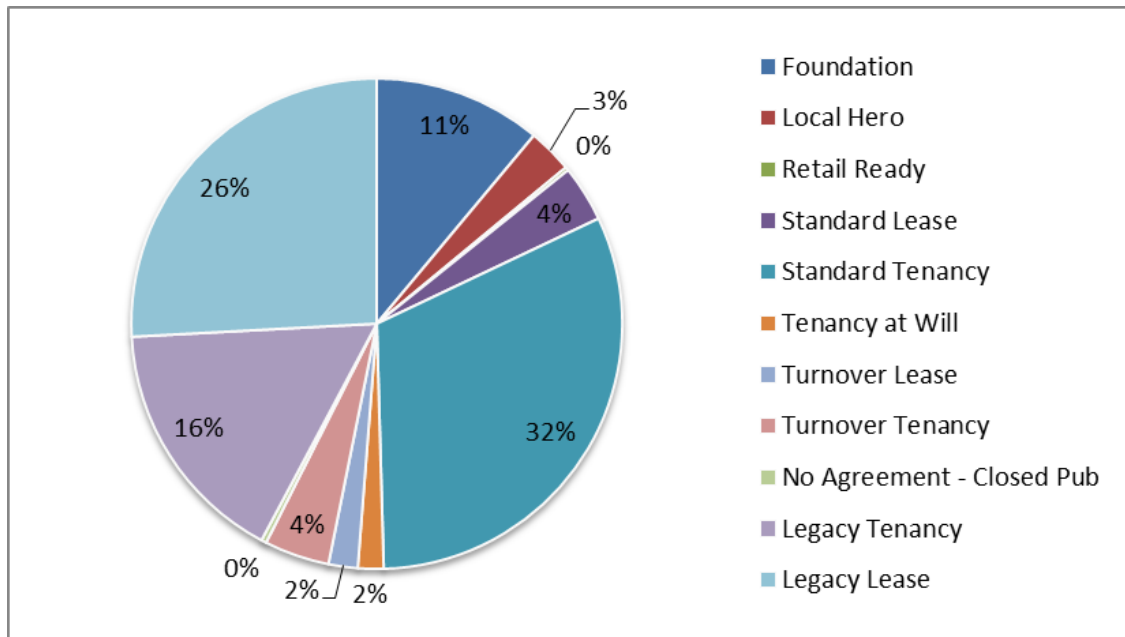
Joint Venture Agreement – A bespoke partnership agreement between a tenant and Greene King, underpinned by a 10 year lease which is contracted-out of the LTA.

Foundation Agreement – A one year fixed-term agreement contracted-out of the LTA with tie variations.

Tenancy at Will

It is noted that there are other legacy agreements within the Greene King estate some of which may be renewed in accordance with the provisions of the agreement, yet do not form part of the suite of Agreements currently available.

Agreement Type Breakdown



Section 3: Code Compliance

Part I: Investigations

N/A

Part II: Enforcement

N/A

Part III: Guidance and Advice

Greene King continues to ensure that any information supplied by the Pubs Code Adjudicator (the PCA) is reviewed and adopted, where applicable. Policies and procedures are updated for use in the ordinary course of day-to-day business. Greene King tenants continued to be signposted to the PCA's factsheets and flowcharts in all correspondence.

The Greene King website and tenant online portal, PubPartners.net, has been updated to include the Code Compliance Officer contact details. In addition, Greene King has introduced a new complaints procedure page on PubPartners.net, which sets out the process as detailed in the Greene King Running a Pub Information Guide, a document provided to all tenants.

Greene King has considered the content of the PCA's bulletins published during the year, alongside the Code Compliance Officer Forum discussion themes, and has taken the opportunity to review its policy around the management of dilapidations. This has resulted in the preparation of a new Guide to Lease Repairs and Maintenance, which will be published and circulated during the Summer, and the introduction of Property Surveyor visits with leaseholders to offer tips and hints around the management of dilapidations.

The PCA's MRO questionnaire has been adopted and is sent to tenants at the end of the MRO procedure, and follow-up correspondence has been recently introduced to encourage tenants to provide their feedback to the PCA.

Greene King participated in the Beer Duty and Waste consultation, published by the PCA in November 2018, and is currently implementing the changes required following the publication of the statutory guidance in April 2019, which comes into effect from 1 July 2019.

Part IV: Unfair Business Practices
N/A

Section 4: Tied Agreements

Part I: Code Tied Agreements	
<i>During the reporting period, numbers of:</i>	
New Agreements	349
<p>Greene King has a well-established recruitment process, which supports the Pubs Code pre-entry requirements, and is managed by a tenanted and leased recruitment team. A process management system is used, Connect, which tracks the process, records key milestones and provides an audit trail of actions taken.</p> <p>Where an applicant has shown interest in a specific pub, the Schedule 1 information is sent to them by the recruitment team via email, with a covering letter setting out advice to inspect the premises, complete pre-entry training, obtain independent professional advice and prepare a sustainable business plan. In addition it also includes other Greene King resources such as the Greene King Running a Pub Information Guide, Guide to Charges etc.</p> <p>Greene King recognises the British Institute of Inn-keeping Pre-Entry Awareness Training (PEAT) as appropriate pre-entry training, although Greene King also conducts its own induction training. Where a tied pub tenant is changing agreement, the completion of PEAT is strongly recommended as a refresher due to the new statutory regime. Where an applicant or tenant meets one of the pre-entry training conditions, an exemption agreement is produced as part of the agreement documentation pack.</p> <p>The applicant is required to submit their sustainable business plan, along with evidence of independent professional advice, to the recruitment team before any further meetings are held.</p> <p>The recruitment processes are adapted for lease assignments and short agreements, to ensure compliance with the relevant regulations relating to these specific agreement transactions.</p>	
Assignments	13
Forfeitures	3
<ul style="list-style-type: none"> • Of pre-Pubs Code tenancies 	2
<ul style="list-style-type: none"> • Of tenancies granted since the Pubs Code came into force 	1
<p>At Greene King, forfeiture is used as a last resort, and will follow various interventions and attempts to reach amicable resolutions.</p> <p>Two of the three forfeitures were in relation to the same tenant, who had liquidated their company on the agreement and had significant debt therefore Greene King was left with no alternative option but to proceed with forfeiture.</p> <p>The third forfeiture was in relation to an illegal assignment and trespass of Greene King property, along with significant debt.</p> <p>The length of agreements included:</p> <p>1 agreement - 6 years and older</p> <p>1 agreement - 3 to 5 years</p> <p>1 agreement - just over 2 years</p>	

Section 146 notices issued	15
<p>Section 146 notices are used as the remedy for a breach relating to a Greene King agreement, and are mainly used where a tenant has accrued debt, despite efforts to intervene with support, such as changing payment terms, setting up payment plans etc, or where the obligations of the tie have been breached.</p> <p>Greene King's approach is to seek amicable solutions wherever possible without the need for legal interventions however this is not always possible and therefore Greene King will rely on Section 146 notices to place focus on the breach. If the breach is remedied, the Section 146 will be withdrawn.</p> <p>Of the 15 Section 146 notices issued, 11 matters resulted in a managed exit, three matters were resolved and the tenants remain in-situ, and one matter remains ongoing.</p>	
Legal Surrenders (<i>where the tenant has surrendered their agreement and left the pub and <u>not</u> instances of 'surrender and regrant</i>).	7
<p>Of the seven Legal Surrenders, four were undertaken on agreed terms as the tenant wanted to leave the pub, and in a couple of those instances, legal surrenders were facilitated due to the financial position of the tenant; and, three of the surrenders were undertaken due to the disposal of the pub, where terms were agreed to enable vacant possession of the pub.</p>	
Abandonments	2
Renewals	13
<p>The provision of Section 25 notices and renewal documentation is sent via Greene King's solicitors, TLT LLP. On confirmation that this has been sent, Greene King will send an email to the tenant containing the required statutory information.</p>	
<p>A dilapidations inspection is undertaken by externally appointed building surveyors. This is arranged shortly after issue of an initial letter reminding the tenant about the expiry of their agreement. The surveyor will also gather sufficient information to prepare a Schedule of Condition (SOC) required under the Regulations. The letter advises them about this. The Schedule of Dilapidations (SOD) and Schedule of Condition (SOC) are issued with the Schedule 1 information. This is issued by email at the same time as Greene King's solicitors issue a Section 25 notice. The dilapidations then form part of the negotiation for the agreement renewal.</p> <p>Works are prioritised and generally, where they are not of an urgent or statutory nature, agreement is reached for the tenant to take the liability forward to their new tied agreement and complete the work within a pre-agreed timetable. This timetable will depend on the nature of the work required and time of year.</p> <p>As part of the renewal process, Greene King requires that the tenant provides it with all valid statutory certification, which is their responsibility under the terms of their agreement. This is checked by Greene King's externally instructed statutory compliance consultants. It is required that any identified remedial works are completed within a pre-agreed timetable.</p> <p>Where a tenant decides not to renew their agreement and leave the pub, Greene King will give them the option to either complete the works listed in the SOD or negotiate a financial settlement. Most dilapidations claims are settled amicably. In complex cases, externally appointed surveyors who prepared the SOD will be instructed to act on Greene King's</p>	

<p>behalf. This is unusual within the Greene King estate.</p> <p>As with all aspects of agreement renewal negotiations Greene King lessees are strongly advised to take independent professional advice from a suitably qualified advisor.</p>	
<p>Investment Exceptions agreed under Regulation 56 (<i>the data requested here is for the number of investment exceptions agreed during the reporting period. The data requested in Section 2 is for the total number of current investment exceptions</i>).</p>	14
<p>Part II: Code Rent Proposals & Rent Assessment Proposals</p> <p><i>During the reporting period, numbers of:</i></p>	
Total number of Rent Proposals and Rent Assessment Proposals in connection with a contractual review.	51
Total number of Rent Assessment Proposals requested by tenant	5
<ul style="list-style-type: none"> • Reason of no rent review concluded in last 5 years 	5
<ul style="list-style-type: none"> • Reason of a significant increase in price 	0
<ul style="list-style-type: none"> • Reason of a trigger event 	0
<p>Greene King uses email as the primary method of sending rent assessment proposals. Emails are marked with the comment, 'This is an important email please read.' All statutory information as specified in Schedule 2 is included in this email, along with the PCA's own leaflet and references to the PCA's factsheets and flowcharts. In addition a hard copy of the rent assessment proposal is sent via Royal Mail Recorded Delivery and marked 'Important Documents Enclosed'. After these have been sent, follow-up is made with the tenants to arrange a meeting to discuss the rent assessment proposal.</p>	
<p>Greene King's management information system, Connect, is used to support the tracking of the rent review process and key dates. The Greene King's Estate Managers are responsible for managing the rent review deadlines and are required to complete a rent review record in Connect, which records the date of inspection, the date the rent assessment proposal was sent and the date the rent review was concluded. Regular reporting is produced to monitor compliance with the statutory deadlines.</p>	
Total number of requests for Rent Assessment Proposals rejected	0

Part III: Renewals under the Landlord and Tenant Act 1954 (LTA)	
<i>During the reporting period, numbers of:</i>	
Section 25 Notices issued opposing a new tenancy	1
Section 25 Notices issued proposing a variation of the terms	3
Section 26 Notices opposed	0
Section 26 Notices unopposed	0
Where Greene King issued a Section 25 notice to oppose a new tenancy, it relied upon grounds b and c in Section 30 of the LTA, which in summary were persistent delay in payment of rent and settling the trade account, and substantial breaches of obligations under the agreement. This notice was uncontested, and the tenant agreed to a managed exit from the pub. The Section 25 notices issued proposing a variation of the terms were uncontested.	
LTA court proceedings where the POB relied in whole or in part on an intention to take the pub back into occupation	0
<ul style="list-style-type: none"> Of which, the number of objections to a new tenancy that were upheld 	0
<ul style="list-style-type: none"> Of which, the number of objections to a new tenancy that were dismissed 	0
Greene King has the right to operate its estate in a way that maximises its profits and returns for its shareholders, while taking into account the wider stakeholder interest. This will mean that, in certain circumstances, decisions will be made to take back pubs from its Tenanted and Leased division for its own use in its Pub Company. These decisions are not taken lightly and will involve a cross-group party of representatives made up of Property personnel, Pub Company (managed) division personnel, Tenanted and Leased division personnel, and Finance personnel who come together for regular Property Governance meetings. Transfer approval packs are produced which contain all relevant and appropriate justification to support Greene King's decision. The final approval process is provided by the Chief Executive Officer and the Chief Financial Officer.	

Part IV: Other contractual renewals (where applicable)	
<i>During the reporting period, numbers of:</i>	
Tenants who exercised a contractual right to renew their tenancy	16
<ul style="list-style-type: none"> Of which, the number of these to which the POB consented 	16
<ul style="list-style-type: none"> Of which, the number of these that were opposed by the POB 	0
Total number of contractual renewals	16

Section 5: MRO

Part I: MRO Notices	
<i>During the reporting period, numbers of:</i>	
Total number of MRO Notices received and acknowledged	23
<ul style="list-style-type: none"> • Following receipt by a TPT of a Rent Assessment Proposal 	13
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	9
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	1
<p>Where an MRO Notice was received in relation to a Trigger Event, it contained a number of circumstances that the tenant was looking to rely upon. These were in relation to proposed plans for an investment at a competitor venue; a possible opening of a sports bar in the area; a refurbishment that occurred at a competitor venue in 2014; and the closure of a local bank in June 2018. The criterion of Regulation 7 was not met nor that of Regulation 25, and therefore the MRO Notice was rejected.</p>	
Total number of MRO Notices accepted	18
Total number of MRO Notices rejected	5
<ul style="list-style-type: none"> • Following receipt by a tenant of a Rent Assessment Proposal 	0
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	4
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	1
<p>MRO Notices were rejected on the basis that an MRO trigger event had not occurred. Four of the notices received followed the proposal of a new agreement by Greene King, and therefore did not constitute a valid MRO event as per Regulations 24, 25, 26 or 27. The notice in relation to a trigger event was rejected on the basis that a trigger event had not occurred in accordance with Regulation 7 and 25.</p>	
Total number of MRO Notices not rejected and withdrawn by the tenant	0
Total number of MRO Proposals issued	17
<p>Due to timing, an MRO Proposal was issued in the next reporting period, and so only 17 MRO Proposals were issued during the reporting period of this report.</p> <p>Following the service of a valid MRO Notice, Greene King's Estates Managers are responsible for managing the MRO procedure and key deadlines. They are supported by the Code Compliance Manager and CCO, who have regular contact with the Estates Managers to ensure deadlines are being met. Monthly compliance reporting is produced to monitor compliance with the statutory deadlines.</p>	

The length of an MRO-compliant agreement offered is considered on a pub-by-pub basis and will be dependent on whether the MRO option has been requested following the service of a LTA Section 25 notice or a rent assessment proposal for a contractual periodic rent review.

Where the MRO proposal follows the issue of a LTA Section 25 notice, the length of the MRO-compliant agreement will usually be the same term specified in the Section 25 notice. For a rent review it will usually be for the remainder of the contractual term of the tied agreement in accordance with Regulation 30(2).

Part II: MRO Negotiations

During the reporting period, numbers of:

MRO Negotiations undertaken with tenants	17
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The terms and conditions of the MRO-compliant agreements Greene King has proposed have remained the same.

Times that each of the regularly challenged terms above has ultimately appeared in a completed MRO agreement (please list and enumerate)	0
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MRO tenancies agreed

• Of which number of free of tie arrangements agreed by new agreement	0
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• Of which number of new free of tie arrangements agreed by deed of variation	0
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Total number of tied settlements connected with MRO negotiations	9
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• Of which number of new tied arrangements agreed by new lease	1
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• Of which number of other new tied arrangements agreed (rent or other terms)	8
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• Of which number of tied tenant departures from the pub	0
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• Other outcomes – withdrawn after receiving MRO response	1
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• Ongoing – yet to be concluded	7
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Of the seven 'Ongoing – yet to be completed', three are pending MRO agreement completion, one is on a PCA referral 'stay', and three where the MRO procedure has lapsed, however all those which have lapsed are pending the conclusion of tied settlements.

Part III: MRO Independent Assessment*During the reporting period, numbers of:*

Total Independent Assessor appointments	4
• Of which number that were appointed jointly in agreement with the tenant	4
• Of which number that were appointed by the PCA	0

The Independent Assessors jointly appointed during the reporting period included:

- Eddisons Taylors – 2 appointments
- Savills – 2 appointments

Of the four Independent Assessments requested, only two assessments reached the determination point. The remaining two were concluded through tied negotiations and the Independent Assessment process was withdrawn.

Of the two Independent Assessments determined, one was accepted by the tenant and an MRO-compliant agreement is pending completion, and the other reached a tied settlement.

The assessment of the MRO rent is conducted in the same way as a tied rent, in accordance with RICS guidance using the Profits Method of Valuation. Greene King makes reference to industry benchmarking reports such as the BBPA Guidance. In every case an attempt to source comparable evidence is made, where it is available and relevant. All Greene King rent assessments, either tied rent or MRO, are reviewed by Greene King's Rent Panel which authorises the rent proposal before it is issued to a tenant.

Pub	MRO Full Response Rent	Tenant Advisor MRO Proposal	Independent Assessor Rent
1	£80,000	N/A	£64,400
2	£95,000	£65,651	£77,350

Independent Assessments challenged	0
Any second challenges to Independent Assessments	0

Section 6: Other Code Reporting

Code Part 10 Provisions

For the reporting period, reports on compliance with:

Regulation 46 – Insurance provisions

Greene King purchases a group block-policy that covers all its assets, its own fixtures and fittings, its loss of rent, its loss of profit and any other loss of income. The insurance broker used by Greene King is Willis Towers Watson and the insurance cover is provided by Aviva Insurance Ltd. The insurance amount allocated to an individual tenanted and leased property is calculated by property and recharged to the tenant. The tenant excess on any claim is £1,000. Greene King does not receive any commission or rebate in connection with the group block-policy, and the renewal process is completed in accordance with Regulation 46.

Greene King provides its tenants with a price-match policy, details of which are included in the Guide to Insurance and Running a Pub Information Guide. These guides are provided to new and existing tenants as part of the Schedule 1 information, and they are also available to download by existing tenants from the online portal www.PubPartners.net.

In the reporting period, 27 pubs requested information about the Greene King price-match policy. Of the 27 pubs, 11 pubs responded to proceed with a price-match of which 10 pubs were successfully price-matched. Added to this, Greene King has a further three pubs who have continued to receive the price-match benefits from previous years, and so Greene King has a total of 13 pubs who currently benefit from an insurance price-match.

Greene King tenants are advised to obtain their own insurance to cover items such as loss of income through business interruption, their own fixtures and fittings and contents, stock, employers liability, public and products liability, money and goods in transit, money held in gaming machines etc. They are able to purchase this from wherever they choose.

Regulation 47 – Gaming Machines

Number of new Pubs Code tied agreements in which:

The tenant has accepted a machine tie within the tied agreement itself	0
The tenant has accepted a machine tie in a side agreement	37
The tenant has sourced a free of tie machine agreement with a third party supplier	Not known
The tenant has chosen not to have machines	Not known

Greene King has issued 37 machine supply agreements alongside a tied agreement.

A tenant is under no obligation to notify Greene King if they choose to source machines from a third party supplier and therefore the information requested is not known.

Regulation 48 – Requests for blank profit and loss templates

Greene King provides blank profit and loss templates as part of the Schedule 1 information supplied to new and existing tenants. These templates are also available online under the business planning section of www.greenekingpubs.co.uk.

Regulation 49 – Sale of freehold or long leasehold (including numbers)

Greene King has complied with the requirements of Regulation 49. Any affected tied tenants were provided with the required information. The Business Development Manager will hold an initial face-to-face meeting with the tenant to advise on the position, which is followed-up with discussion notes. Once the sale of the pub has exchanged, a letter is sent to the tenant from Greene King's solicitors confirming details of the purchaser.

Regulation 50 – No tenant detriment from exercising Code rights (including action in response to any finding of detriment)

Greene King does not subject its tied tenants to any detriment on the grounds they have exercised, or attempted to exercise, any right under the Regulations. It is also noted that the PCA has not found any detriment in referrals determined during the reporting period.

Regulation 51 – Flow Monitoring Devices

Greene King does not subject its tied tenants to any detriment, or impose any liabilities on them as a result of any reading taken from a flow monitoring device, without additional evidence in connection with the purchase and stock of alcohol at the tied pub.

Section 7: Reporting on Tenant Complaints, Code Breaches and Arbitration

Part I: Breaches of the Code identified by tied pub tenants

In the reporting period, Greene King received one Code-related complaint in reference to Regulation 41(4), Business Development Manager discussion notes. The Business Development Manager involved was subject to Greene King's internal disciplinary procedures. Although not directly related to this incident, the Business Development Manager involved is no longer employed by Greene King.

Part II: Steps taken in relation to Code complaints

Greene King has an established complaints procedure documented in its Running a Pub Information Guide (section 10), which is also published on its online portal, www.PubPartners.net. The complaints procedure was followed when handling the Code-related complaint as reported, which resulted in the complaint being escalated to the Managing Director due to its nature.

An investigation into the complaint was undertaken, and a breach of Regulation 41(4) was upheld. This resulted in disciplinary action with the individual Business Development Manager involved. A mutually agreeable settlement was reached with the tenant. No referral was made to the PCA.

Part III: Self-notification of breaches

None

Part IV: Referrals for arbitration

During the reporting period, numbers of:

Total MRO cases referred to the PCA	4
• Referrals of MRO terms on grounds that they are not MRO-compliant	3
• Referral in connection with an independent assessor	1
• Referrals of void or unenforceable terms under Regulation 57(2)	0
• Referrals of all other non-MRO Code matters	0

Three of the matters referred to the PCA were withdrawn prior to the submission of a Statement of Case, following agreeable negotiations and resolutions between the parties.

One matter remains open and an arbitrator has been appointed. Negotiations remain ongoing and it is likely that the referral will be withdrawn.

Part V: Other complaints made by tenants

Greene King handled 10 complaints not considered related to the Pubs Code. These were handled in accordance with the established complaint procedure documented in the Greene King Running a Pub Information Guide (section 10).

The nature of the complaints were varied and included matters such as property repairs, Schedule of Dilapidation contents, charges requiring crediting, business support, cost of products and debt. All complaints were concluded with agreeable resolutions. The average time taken to resolve the complaints was 16 calendar days.

Section 8: Corporate Compliance Structures

Part I: Compliance Officer

Greene King confirms that it has appointed and empowered a Code Compliance Officer (CCO) as required under Regulation 42, who is reasonably available to tied pub tenants and their advisors. The governance structure associated to Greene King's Code compliance can be seen in Annexure One of this report.

The CCO maintains written records of training through the Greene King leased and tenanted training and development team. Greene King's Code training records are attached to this report in Annexure Two.

The following is a summary of the Code communication schedule for the reporting period as maintained by the CCO. This excludes the daily contact the CCO had with Business Development Managers and tenants in the ordinary course of day-to-day business.

Date	Format	Description
Jun 2018	Code Bulletin	A Code update bulletin sent to all relevant personnel including head office teams.
10 Jul 2018	Office Briefing	A general Code update.
25 Jul 2018	Estates Team Meeting	A general Code update with reminders on process.
26 Jul 2018	Annual Refresher Training email	An email about the new online training modules sent to all relevant personnel.
Jul/ Aug 2018	Annual Refresher Training	All relevant personnel completed the Code refresher training online.
Jul/ Aug 2018	Regional Meetings	A general Code update with reminders on process.
Sep 2018	Innsight Magazine	Inclusion of a Pubs Code article reminding tenants of the Code, including signposts to the PCA website and CCO.
Sep 2018	Code Bulletin	A Code update bulletin sent to all relevant personnel including head office teams.
Sep 2018	Regional Meetings	A general Code update with reminders on process.
Sep 2018	Operations Meeting	PCA attended the National Operations meeting and presented on details of the Business Development Manager role and the Code.
Sep 2018	Estates Team Meeting	A general Code update with reminders on process.
Nov 2018	Property Surveyors Meeting	A general Code update with reminders on process.
Nov 2018	Estates Team Meeting	A general Code update with reminders on process.
Nov 2018	Email	A process reminder email to all relevant personnel on meeting notes.
Nov 2018	Email	A process reminder email to all relevant personnel on the ending of an MRO procedure.
Jan 2019	Rent Assessment Training	A refresher training session attended by all relevant personnel including statutory guidance information.
Feb 2019	Email	An email to all relevant personnel about newly updated PCA leaflet.
Mar 2019	Estates Team Meeting	A general Code update with reminders on process.
Mar 2019	Regional Meetings	A briefing session on beer duty and operational waste statutory guidance.

Part II: Business Development Managers (BDMs) - Training

Greene King confirms that it has published its commitment to continuous professional development and improvement of its Business Development Managers (BDMs) through the Running a Pub Information Guide (section 7.1 and 7.2).

Greene King is committed to ensuring all its BDMs who have contact with tenants are properly trained. All BDMs are trained on the Regulations and receive annual refresher training, which is delivered through online training modules. This is further supplemented by the CCO attending BDM Regional and Operational meetings to update on the latest information relating to the Pubs Code and enhancements to Greene King's own processes and procedures to strengthen compliance. The CCO also produces Code Bulletins offering advice and reminders on processes and procedures, which are circulated on email. The Regulations, Code Bulletins and other Greene King resources are made available to the BDM on Greene King's own internal intranet portal, The Vault. A summary of the communication schedule can be seen in Section 8 of this report.

All new BDMs undertake a four week induction programme, which will include training on the Regulations, as well as attendance at a 3-day induction course, which contains topics such as cellar management training.

The ongoing training and development of BDMs is tailored to meet their specific needs and ranges from buddying with experienced BDMs to formal training courses delivered through Greene King's own Learning and Development Programme, such as Management to Leadership and Business Influencing. This is further supplemented by workshops held in Regional and Operational meetings on different topics, where required. A key focus of this year has been about developing the BDMs to provide a more consultative approach in order to help them coach Greene King's tenants on achieving their business and life goals.

BDMs are also supported with academic qualifications, such as the Postgraduate Diploma in Hospitality Business Management (also known as multi-unit leadership), operated by Birmingham City University Business School. The current cohort consists of three BDMs. Of the current Greene King BDM population 11 have completed the Postgraduate Diploma. Additional support may also be provided if any BDM wishes to go on and study for a Master's Degree.

Greene King confirms that all BDMs in post at the commencement of The Pubs Code etc Regulations 2016 received a copy of them. New BDMs joining Greene King receive a copy of the Pubs Code as part of their induction training.

Part III: Business Development Managers - Conduct

Greene King is committed to ensuring its BDMs act in a manner that is consistent with the core Pubs Code principle of fair and lawful dealing and is at the core of how Greene King does business with its tenants. Any misconduct is subject to Greene King's disciplinary policy.

Greene King BDMs record their discussion notes through an online application called the Pub Communications App. This application is linked to Greene King's process management system, Connect. The BDM has the ability to input notes, which when submitted, are then automatically emailed through the system to the tied pub tenant in a pre-formatted form. The pre-formatted form includes a standard message about responding within 7 days if they disagree with any aspect of the discussion notes. Periodic sample checks of the discussion notes are made by the BDM line managers and CCO to review quality and content.

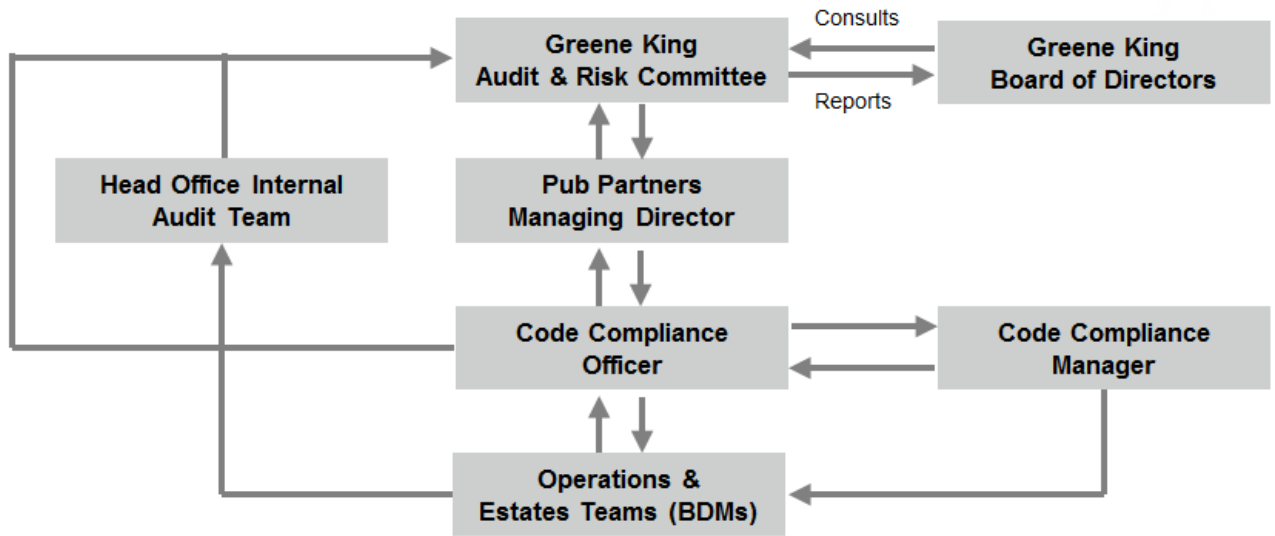
For the reporting period, the number of challenges by tenants about the non-provision or content of a BDM record.

7

Six challenges were made in reference to the content of the meeting notes, which were responded to on email by the BDM. In one instance a further meeting note was produced and sent to the tenant.

One challenge was made in regards to the non-provision of a meeting note, which resulted in a complaint by the tenant, as reported in Section 7 of this report. The Business Development Manager involved was subject to Greene King's internal disciplinary procedures.

Annexure One – Pubs Code Compliance Governance Structure



Annexure Two – Pubs Code Training and Rent Assessment Refresher Training

Pubs Code Training Completion	
Participant	Date Completed
Participant 1	31/07/2018
Participant 2	31/07/2018
Participant 3	05/08/2018
Participant 4	06/08/2018
Participant 5	10/08/2018
Participant 6	10/08/2018
Participant 7	10/08/2018
Participant 8	13/08/2018
Participant 9	13/08/2018
Participant 10	13/08/2018
Participant 11	13/08/2018
Participant 12	13/08/2018
Participant 13	15/08/2018
Participant 14	15/08/2018
Participant 15	17/08/2018
Participant 16	17/08/2018
Participant 17	18/08/2018
Participant 18	19/08/2018
Participant 19	19/08/2018
Participant 20	19/08/2018
Participant 21	19/08/2018
Participant 22	19/08/2018
Participant 23	20/08/2018
Participant 24	20/08/2018
Participant 25	20/08/2018
Participant 26	20/08/2018
Participant 27	21/08/2018
Participant 28	21/08/2018
Participant 29	23/08/2018
Participant 30	23/08/2018
Participant 31	24/08/2018
Participant 32	24/08/2018
Participant 33	26/08/2018
Participant 34	27/08/2018
Participant 35	28/08/2018
Participant 36	28/08/2018
Participant 37	28/08/2018
Participant 38	31/08/2018
Participant 39	27/09/2018
Participant 40	30/09/2018
Participant 41	05/10/2018
Participant 42	15/10/2018
Participant 43	09/11/2018
Participant 44	14/11/2018
Participant 45	25/11/2018
Participant 46	02/01/2019
Participant 47	14/02/2019
Participant 48	15/02/2019
Participant 49	28/02/2019
Participant 50	29/03/2019

Rent Assessment Refresher Training	
Participant	Date Completed
Participant 1	09/01/2019
Participant 2	09/01/2019
Participant 3	09/01/2019
Participant 4	09/01/2019
Participant 5	09/01/2019
Participant 6	09/01/2019
Participant 7	09/01/2019
Participant 8	09/01/2019
Participant 9	09/01/2019
Participant 10	09/01/2019
Participant 11	09/01/2019
Participant 12	09/01/2019
Participant 13	09/01/2019
Participant 14	09/01/2019
Participant 15	09/01/2019
Participant 16	09/01/2019
Participant 17	09/01/2019
Participant 18	09/01/2019
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Participant 21	09/01/2019
Participant 22	09/01/2019
Participant 23	09/01/2019
Participant 24	09/01/2019
Participant 25	09/01/2019
Participant 26	09/01/2019
Participant 27	09/01/2019
Participant 28	09/01/2019
Participant 29	09/01/2019
Participant 30	09/01/2019
Participant 31	06/02/2019
Participant 32	06/02/2019
Participant 33	06/02/2019
Participant 34	06/02/2019