Exceptional quality delivered every time
Our purpose is to feed the nation with authentically made, sustainably produced food that is created with passion.

Our vertically integrated supply chain model provides customers with assurance over the integrity and traceability of our high quality, UK farm-assured pigs and chickens.

**What We Do**

We have significant control over our pork supply chain through ownership of our pig breeding and rearing activities. Our fresh chicken operation is fully integrated including feed mills, hatchery and broiler farms.

A further £12.7 million was invested during the year in our agricultural operations as we continue to strengthen our position as a higher welfare pork and poultry supplier and reinforce our vertically integrated structure. Expansion of our farming activities also maintains our self-sufficiency in UK pigs at over 30 per cent and 100 per cent of the chickens processed at our Fresh Poultry facility in Eye, Suffolk, come from our own farms.

**Our supply chain model**

![Diagram showing the supply chain model]

We produce a range of high quality, predominantly fresh food including fresh pork, poultry, convenience and gourmet products. We focus on premium products, technical integrity and the highest standards of animal welfare. Through our four primary processing and twelve added-value processing facilities we develop innovative, great tasting food products to the highest standards of food safety whilst prioritising traceability.

We supply most of the UK grocery retailers and have a strong presence in the 'food-to-go' sector and other food service outlets, as well as a substantial export business.

**Revenue by Customer Type**

- **Export**: 10%
- **Manufacturing**: 9%
- **Food Service**: 5%
- **UK Retail**: 79%

**Revenue by Product Category**

- **Fresh Pork**
  - Retail: 30%
  - Wholesale: 30%
- **Convenience**
  - Cooked Meats: 16%
  - Continental & Mediterranean Products: 16%
- **Gourmet Products**
  - Sausages: 16%
  - Bacon: 16%
  - Pastry: 16%
- **Poultry**
  - Fresh Chicken: 16%
  - Cooked Poultry: 16%

*Cooked Meats, Continental Products and Ingredients.
*Pastry, Sausage, Bacon and Gammon.
About Us
Cranswick is a leading UK food producer with revenue approaching £1.9 billion. We produce and supply premium food to UK grocery retailers, the food service sector and other UK and global food producers.

Chairman’s Statement
p2

A Performance Update
p4

Our Strategy in Action
p8

How we Create Value
p14

Our Sustainability Strategy
p24

Highlights
A resilient and sustainable business model

<table>
<thead>
<tr>
<th>Like-for-like revenue</th>
<th>Adjusted profit before tax</th>
<th>Adjusted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1,869.5m (+12.1%)</td>
<td>£129.7m (+26.8%)</td>
<td>199.3p (+27.4%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend per share</th>
<th>Free cash flow</th>
<th>Net (debt)/funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>67.3p</td>
<td>£180.9m (+65.1%)</td>
<td>£-92.4m (+54.5m)</td>
</tr>
</tbody>
</table>

Revenue
£1,898.4m (FY20: £1,667.2m)

Profit before tax
£114.8m (FY20: £104.0m)

Earnings per share
176.4p (FY20: 159.1p)

Capital expenditure
£71.9m

Growth in Fresh Poultry sales
+138.9%

Reduction in relative carbon footprint
-18.2%

* References to like-for-like throughout the Annual Report & Accounts exclude the current year contribution from prior year acquisitions prior to the anniversary of their purchase.
† Adjusted and like-for-like references throughout the Annual Report & Accounts refer to non-IFRS measures or Alternative Performance Measures (APMs). Definitions and reconciliations of the APMs to IFRS measures are provided in Note 32.
◊ Net (debt)/funds includes recognition of IFRS 16 Leases in 2021 and 2020. The 2019 comparative has not been restated.
Resolute performance delivers record results

Personal character comes to the fore at times of adversity. It was especially the case during this period when we all faced the challenges brought on by COVID-19. At Cranswick, colleague safety and wellbeing are a priority. Working practices were adapted, challenges were met and the business came through to deliver a record set of results. A remarkable performance from everyone associated with the business. On behalf of the Board I thank all our colleagues for their tremendous contribution.

Results

Total revenue for the year of £1.9 billion represented an increase of 13.9 per cent. Adjusting for acquisitions made during the previous year, but included for the full year this time, revenue on an like-for-like basis was 12.1 per cent higher. All product categories performed well and recorded growth in volumes.

Adjusted profit before tax was £129.7 million, an increase of 25.8 per cent. Adjusted earnings per share of 199.3 pence per share were ahead by 27.4 per cent year-on-year.

COVID-19 brought additional costs of working and a change in sales mix. This saw reduction in sales into food service, on the back of lockdown restrictions, and an increase in sales to food retail. Working closely with customers we were able to optimise service levels to meet this increased demand and the rising prominence of the online channel. Employment levels were maintained and there has been no call on the Government’s Coronavirus Job Retention Scheme or other Government-backed assistance.

A colleague “thank you” bonus was paid during the year and this, along with provision made for a further payment, totalled £9.8 million.

Progress has also been made in various other areas of the business to provide for future growth. Investments are included last month’s commissioning of Cranswick Gourmet Kitchen, the cooked bacon facility in Hull, commencement of work on the new site for the supply of breaded poultry products, expansion of farming activities, and further initiatives undertaken as part of the Second Nature sustainability strategy.

Cash flow and financial position

Net debt, including IFRS 16 lease liabilities, at the end of the year fell to £92.4 million (2020: £146.9 million) reflecting the strong operational performance of the Group. Net debt, excluding IFRS 16 lease liabilities, was £20.8 million compared to £83.0 million previously. The Group’s unsecured bank facilities, totalling £200 million, provide comfortable headroom for future growth.

Dividend

The Board is proposing a final dividend of 11.3 pence per share, an increase of 17.4 per cent on the 9.7 pence paid previously. Together with the interim dividend of 18.7 pence per share this is a total dividend for the year of 70.0 pence per share. That compares to 60.4 pence per share previously, an increase of 15.5 per cent, and extends the period of consecutive years of dividend growth to 31 years.

The final dividend, if approved by Shareholders, will be paid on 3 September 2021 to Shareholders on the register at the close of business on 23 July 2021. Shares will go ex-dividend on 22 July 2021. Shareholders will again have the option to receive the dividend by way of scrip issue.

Second Nature

Cranswick’s Second Nature is a sustainability strategy that reflects the ambition to be the world’s most sustainable meat business and is focused on key areas including food waste, plastics usage, greenhouse gases, deforestation, renewable energy, animal welfare and support for local communities.

Amongst the achievements during the year was the carbon neutral certification of many of our sites, remaining sites will be certified over the next few months; retention of the global Business Benchmark on Farm Animal Welfare (BBF AW) Tier One status – backed by Compassion in World Farming and World Animal Protection; and local community support through food donations and laptops for local schoolchildren.

Progress was made in all areas of the Second Nature strategy. Sustainability and community are integral to the Cranswick way of doing business.

Corporate Governance

The Board embraces the UK Corporate Governance Code as part of its culture. A statement relating to compliance with the Code is included within the Corporate Governance Report on page 79.

Culture

Cranswick’s activities are decentralised across product categories supported through collaboration in key areas. The human resource function is particularly important within this format and is a key element of the overall strategy.

All colleagues are viewed as critical stakeholders. There is commitment to attaining and development plan that delivers workforce capabilities, skills and competencies through apprenticeships, development programmes and training courses, internal promotions to meet the growing needs of the business underlines its value.

The Board is committed to this and recognises that Cranswick’s growth and continued success would not be possible without talented and motivated management teams supported by skilled and enthusiastic colleagues at each site.

Board

I am announcing separately today, I will be standing down as Chairman at this year’s AGM and will continue in an advisory capacity until May next year. It has been an absolute pleasure and privilege to have been part of the development of this fabulous company for over 36 years from its origins as a local farmer-owned feed milling business in East Yorkshire into the FTSE 250 food producer that it is today.

The Board engaged external advisers to assist in the recruitment of an new Chairman. Potential external candidates were identified and considered alongside an internal candidate, Tim Smith. Tim, who has served as an independent Non-Executive Director for the past three years, was the preferred candidate and will take over the role following the AGM.

Liz Barber was recently appointed as an Chartered Accountant and CEO of Kelka Group plc, provides appropriate cover for NED succession planning on the Audit Committee. Mark Reckitt, current chair of that committee, is into his final three year term.

I wish Tim and Liz every success in their roles and in contributing to the ongoing growth and success of Cranswick.

Outlook

The start to the current year has been particularly positive and the outlook for the Group is very encouraging.

The business has a strong balance sheet and comfortable financial headroom to support plans for growth that include further broadening of the range of products, increasing capacity and maintaining the asset base as the most modern and efficient in the sector. The Board is confident in its strategy and looks forward to the continuation of the successful long-term development of the business.

Martin Davey
Chairman
18 May 2021

Adjusted profit before tax

+26.8%

31 consecutive years of growth

+15.9%

Full year dividend increase in FY21

Chairman’s Statement

At times of adversity, spirit and character come to the fore and we have seen this in abundance from all at Cranswick during the year.

Strategic Report

Governance

The Board embraces the UK Corporate Governance Code as part of its culture. A statement relating to compliance with the Code is included within the Corporate Governance Report on page 79.
A resilient and sustainable business model

We have delivered strong growth and made further strategic progress in a year of unparalleled challenge and complexity.

We have supported our colleagues throughout the COVID-19 pandemic by delivering excellent service levels, to ensure full availability of our products both in store and through the fast-growing online channel.

Our outstanding performance would not have been possible without the incredible support of our colleagues across the business and on behalf of the Board I thank them for their continued commitment and dedication. The safety and wellbeing of our colleagues remains our priority. Our thoughts are with the families of those colleagues we lost during the year and our priority. Our thoughts are with the families of those colleagues we lost during the year.

Importantly, the measures we put in place to protect our employees and our business have been extremely effective and have allowed us to turn our business safety and efficiency through periods of extremely challenging and unpredictable demand. Service levels to our customers have been exemplary throughout the pandemic, helping to keep shelves well stocked and the nation fed. Robust trading and our strong financial position have enabled us to operate well within banking covenants and without recourse to any Government assistance throughout the pandemic.

In June 2020, we paid a £500 bonus to each of our site-based colleagues to recognise their key worker status and outstanding contribution during the first phase of the pandemic. To further recognise the continued commitment of our teams over the last 12 months we announced in March that we will pay a further £400 bonus to all our colleagues at the end of June.

We have also provided ongoing support to frontline NHS staff, the elderly and vulnerable, and charities in our local communities. In March, we donated over 1,100 laptops to school children in East Hull. This gesture ensures that every primary school aged child in East Hull will have access to a laptop at home.

After the UK formally left the European Union (EU) on 31 January 2020, our Brexit Taskforce team worked tirelessly throughout the transition period to ensure the business was fully prepared for the new deal, which was finally agreed on 24 December 2020. We worked closely with suppliers and customers to proactively manage supply chain risks and we developed and successfully implemented mitigating action plans to minimise Brexit-related costs and supply chain disruption. We continue to provide support to colleagues in obtaining settled status and we are recruiting more permanent team members.

We have made further progress in strengthening our strategic pillars and delivering our long-term growth strategy. Adjusted profit before tax increased by 26.8 per cent to £128.7 million with reported revenue almost 15 per cent higher at £888.4 million. Our business model has proved to be extremely resilient and sustainable. We have continued to invest at pace across our operational asset base and into our farming operations. We have also expanded our product range through innovation and improvement.

We also continue to drive our ‘Second Nature’ sustainability strategy. Our Invest, Expand, Sustain philosophy drives our competitive advantage and a highly valued all our stakeholders.

We spent £71.9 million during the year across our asset base following on from the record £101 million we spent in FY20. Key outlays during the year include the performance of our Eye poultry facility which has performed ahead of expectations during its first full year of operation and where capacity has recently been lifted from 1.1 million towards 1.4 million birds per week. We also recently commissioned our new £20 million Hull cooked bacon facility. This site will initially serve a leading quick service restaurant chain with further retail and food service customers will be targeted when the site is commissioned in FY23. We also continue to invest across our farming operations. We have lifted capacity and capability in poultry to maintain our 100 per cent vertical integration and we continue to invest in our pig farming businesses to add capacity in both premium outdoor and commercial indoor infrastructure. Our self-sufficiency in British pig production remains at over 30 per cent of our total requirements.

We continue to set exacting standards in animal welfare and our leadership in this field has again been recognised as we recently retained our Tier One status in the Business Benchmark on Farm Animal Welfare (BBFAW) for the fifth consecutive year. We were one of only six companies globally to achieve the Tier One standard and the only meat processor to do so.

We will continue to invest in technical capability, sustainability initiatives and our farming infrastructure to ensure that we remain at the forefront of animal welfare developments and demonstrate continued industry leadership in this area.

We have made further progress in driving through our Group-wide ‘Second Nature’ sustainability strategy during the year. We are investing in a range of sustainability initiatives including upgrading to more energy efficient equipment, installing solar panels, self-generating electricity, heat and steam using combined heat and power (CHP) units, and sourcing all the Group’s grid electricity from renewable sources. On 18 November, our Milton Keynes site became the first Cranswick facility to be awarded carbon neutral (PAS 2060) certification. Since then, eight more Cranswick sites have achieved the same status, as we continue to forge ahead with our climate change agenda.

Martin Davy announced his intention to stand down as Chairman at this year’s AGM. He will though stay with the business in an advisory capacity until May 2022. Martin joined Cranswick 36 years ago and has been Chairman since 2004. Much of what Cranswick is today in terms of its culture and ethos reflects Martin’s character and personality. He has been a driving force in our innovation, mentor, wise counsel and friend to me in equal measure and on behalf of all at Cranswick I would like to thank Martin for his inestimable contribution over the last 36 years and wish him, his wife Linda and their family all the very best for the future.

As I stated in the introduction to my review, it is to the credit of all our colleagues, that we have navigated such choppy waters so successfully and firmly believe that, as we emerge from what we all hope will be the final nationwide lockdown, Cranswick is a better business and in a stronger position than at the outset of the COVID-19 pandemic.

We have made a positive start to the new financial year and whilst there is still a degree of uncertainty about how the future will unfold, I am confident that the strength of our business, which includes its diverse and long-standing customer base, breadth and quality of products and channels, robust financial position and industry-leading infrastructure will support the further development of Cranswick in the current financial year and over the longer term.
Our COVID-19 Response

A comprehensive response to COVID-19

Throughout the pandemic we have prioritised the health, safety and wellbeing of our colleagues while keeping our sites running as efficiently as possible. The measures we took enabled us to help feed the nation, supporting key workers and the most vulnerable in our communities, during these unprecedented times.

Keeping colleagues safe

Our colleagues worked around the clock to ensure we could continue to produce and deliver great food during the pandemic. It is thanks to their selflessness and tireless efforts that we helped to keep supermarket shelves stocked and the nation fed.

Their actions have made, and continue to make, a huge difference to society. The Group would like to extend its gratitude and thanks to each and every colleague for their contribution. Quite simply, we could not have done this without them.

The safety of our colleagues has always been of the highest importance. Prior to COVID-19, our sites were typically subject to rigorous cleaning and the compulsory wearing of PPE (Personal Protective Equipment). Since February 2020, we have strengthened these measures and invested in additional equipment to enable social distancing and enhanced hygiene regimes throughout our sites.

These measures included the installation of screens and hand sanitising stations, staggered start and end times, the provision of additional PPE including visors, reorganising canteen and locker facilities, reducing the number of visitors allows on site and enabling colleagues to work from home where they are able to do so. We also introduced ‘COVID Marshalls’ in each of our sites to ensure colleagues understood the rules and followed correct procedure.

As official guidance changed, we evolved our processes and policies to ensure we not only met, but went above and beyond the requirements recommended by Public Health England and the World Health Organisation. We have maintained social distancing guidelines of 2 metres throughout this period and continue to do so.

Where possible, we have removed face-to-face working on production lines and the wearing of face masks is compulsory across most communal areas, including office spaces. We have stopped travel between sites and replaced on site audits with remote auditing. Rotas have been introduced for our site management teams enabling them to form ‘bubbles’, keeping contact to a minimum.

To keep the business running efficiently, Board and site directors participate in daily management calls to review progress. All colleagues across the Group are kept up-to-date with developments through multilingual communication channels. These include on-site signage and canteen screens as well as regular briefings.

To date we have spent £18.6m on implementing additional COVID-19 related safety measures and this includes a £500 bonus for each of our site-based colleagues in recognition of their outstanding contribution, along with a provision for a further payment of £400 to be made to all colleagues.

We continue to support our colleagues during these difficult times, and our thoughts are with the families of those colleagues we lost during the year.

Feeding the nation

There has been unprecedented demand for the ongoing supply of food in the retail environment with record sales in the industry. The resilience and commitment of our teams, coupled with our underlying site contingency plans, meant we were able to keep all of our retail customer supply channels open. To meet spikes in demand at some of our factories, we also redeployed colleagues to different sites in a COVID-secure way and introduced weekend shift working. Our service levels have remained exceptional, despite a temporary shutdown at our Ballymena plant and reduced capacity at our Norfolk site due to COVID-19 community outbreaks.

Our Account Managers worked closely with our retail customers to support their requirements and to ensure we could react swiftly to urgent requests for increased volumes.

These working relationships, which have been built over a number of years, were an important part of managing these spikes in demand and planning production schedules as efficiently as possible.

Alongside this, we were still able to innovate and develop new products across the business, and as consumers switched to in-home eating, our development teams worked tirelessly to ensure we could cater for inspirational food choices to prepare in the home. This has included the development of a new ‘Slow Cook’ range, added-value pork products suitable for the warm barbecue weather, a ‘Gourmet Deli’ range of anti-pack products and the introduction of snacking products in our Bodega brand.

We have been able to deliver 539 new product launches whilst meeting the additional demand for existing retail lines.

Supporting communities

All of our sites are major employers in the communities in which they operate, and we believe we have a responsibility to provide assistance to those in need.

Throughout this crisis, our sites have continued to support local charities and organisations with funding and food donations. Through our partnership with food charity FareShare we donated more than 229,000 meals to UK communities in 2020/21. The food we shared has been put to good use by over 2,000 organisations through FareShare’s network of charities and community groups.

We supplied 800 sandwiches a day for three months to NHS workers at two hospitals in Hull and provided food donations to ambulance trusts and nursing homes across the city. We donated PPE to local care homes from our Valley Park cooked meats site and worked with Hull City Council to deliver 840 food packs to 100 people who were shielding or vulnerable.

We were also able to scale up our food redistribution efforts with the help of the FareShare ‘Surplus with Purpose’ fund. We used this funding to develop a solution to recover premium sausage meat left over at the end of the production run, so it could be incorporated into new product rather than sent for anaerobic digestion.

We have always been involved in food donations as a responsible food producer, but we wanted to broaden our support and address other community issues that were heightened by the pandemic. As part of this effort, we donated more than 1,100 laptops to East Hull schools to ensure home learning could continue during lockdown restrictions.

Colleague safety and wellbeing are priorities as new safer ways of working have evolved. We continue to support our customers by delivering exceptional service levels and we stepped up our community efforts during the pandemic.

New product launches through COVID-19

539

Implementation costs to ensure safer ways of working and colleague bonuses

£18.6m

Meals donated to FareShare during the year

229,000
Strategy in Action

Delivering our sustainability strategy

Our cooked meats facility in Milton Keynes became the Group’s first carbon neutral site, marking a key milestone in our net zero journey. We believe we are the first UK cooked meats manufacturer to achieve this landmark.

Since 2017, the site has more than halved carbon emissions to 6,888 tonnes through a combination of production efficiency, on-site energy generation using combined heat and power (CHP), and switching to 100 per cent renewable grid electricity. Any remaining carbon is offset by investing in carbon reduction and removal projects, which have been independently verified and validated.

In November 2020, the site was awarded carbon neutral certification (PAS 2060) in recognition of its efforts. The work undertaken at Milton Keynes, led by site director Sam Pearl, will now act as a template for our other sites as they work towards achieving carbon neutrality as a first key milestone in their net zero journey.

Going forward, the team at Milton Keynes has set even more ambitious targets, both to reduce emissions further and to improve the living standards of the local community as part of an integrated approach to sustainability, which very much reflects the spirit of our Second Nature strategy. In February 2021, the team launched a project to tackle the site’s indirect supply chain Scope 3 emissions, which forms an essential part of the Group’s Science-Based Target (SBT) and net zero commitment. The site is also targeting a 50 per cent reduction in edible food waste, having already achieved a 20 per cent reduction since 2018.

The team’s community engagement work is also game-changing with a focus on tackling the root causes of local food poverty. This year the site partnered with a homeless charity to offer gainful employment to the vulnerable and long-term unemployed. To date, three people have now been recruited into permanent positions through the charity and work is ongoing to increase this number further.

The team continues to provide weekly donations of food products, regular financial donations and volunteering hours at food banks, local food poverty charities and holiday hunger clubs for children. Since the pandemic, this support has been extended to a wider cross-section of people through initiatives like Kids Can Cook, which offers free packed lunches to school children during lockdown and weekly food hampers with cooking guides to help make meals go further.

We are excited to lead the way with carbon neutral sites. Getting our employees involved from the start has really helped drive a huge change within our business.
Strategy in Action continued

Furthering our vertical integration

For the first time, we can now offer a true end-to-end food service solution with the opening of Cranswick Gourmet Kitchen, our new £20 million cooked bacon facility in Hull.

Cranswick Gourmet Kitchen completes the vertical integration of our pork business and allows the Group to build on the out-of-home and business-to-business opportunity for cooked bacon. By doing this in-house, we can offer customers more visibility with a shorter supply chain and drive further efficiencies.

As part of our commitment to invest in and develop new talent, the management team has been created through a series of internal promotions and career development opportunities. The new management team is equipped with the necessary skills to uphold the exceptional standards expected from a Cranswick site and includes previous graduates and managers from other sites in the business.

The site started production in April 2021 and will initially supply cooked bacon products to a leading quick service restaurant chain, building on the strategic partnership we already have with the customer. Our British outdoor bred pork is already supplied to the restaurant operator and has been integral to the supply chain for many years.

Our ‘Second Nature’ work combined with the customer’s strong history of sustainability leadership will result in partnership synergies that will enable us to create further value to customers as we look to strengthen our presence in the food service sector.

We have implemented a number of sustainability initiatives already as part of the build, including an upgrade of the refrigeration system at our existing Gourmet Sausage site. This removes further F-Gas emissions and will help to reduce our carbon footprint, targeting carbon neutral certification by the end of 2021.

We have invested in the latest, most efficient cooking technology in Gourmet Kitchen. The facility, which features two production lines incorporating microwave and convection cooking, will also give us the capability to expand our cooked offering into new product areas that will enable us to further grow our product ranges.

Long-term growth strategy

1 Consolidation

Strategic pillars

- Operating Excellence
- High Quality Products
- Sustainability

Read more: Our business model, see page 14

The new management team is equipped with the necessary skills to uphold the exceptional standards expected from a Cranswick site and includes previous graduates and managers from other sites in the business.
Expanding our Poultry business

Our fresh chicken business is fully vertically integrated, with complete control of the milling, breeding, hatching and rearing stages managed through the Crown farming business.

We are excited to announce that work has started on a new £25 million premium breaded poultry facility in Hull. The site is expected to be commissioned in FY23. The facility will allow us to expand our offering of premium poultry products and will serve both retail and food service customers.

In our first full year of operation, and ahead of schedule, we have expanded fresh poultry processing at our state-of-the-art £78 million facility in Eye, Suffolk, increasing production from 1.1 million towards 1.4 million birds per week. This increase in production has been seamless, reflecting the high level of built-in automation and efficiency at Eye, which can process up to 15,000 birds an hour.

This additional volume has been created to meet the growing requirements of the site’s anchor customer. Due to our commitment to delivering consistently high quality products and achieving unparalleled service levels, we have also increased the retailer’s share of sales into this category.

As well as supplying whole chickens and portions into retail packs, the Eye team has developed a number of new products to further meet retail demand. This includes the development of convenient roast in the bag chickens, as well as added-value marinated ranges for the barbecue season.

Our commitment to progressive animal welfare and sustainability is demonstrated by the introduction of NestBorn hatching at all of our poultry farms. We have led the industry and adopted on-farm hatching for all of our chicks following two years of successful trials. This system offers clear health and welfare benefits, and also leads to a reduction in the use of antibiotics.

As part of our net zero ambition, Eye will also host the Group’s first major solar project as we look to increase the proportion of energy from renewable sources and become more self-sufficient in energy generation. For further details see page 28.

Building on the consumer demand for convenient and inspiring meal solutions, the site has developed a wide range of new products, including roast in the bag formats and marinated portions to provide simple dishes at home.
**Business Model**

Our purpose is to feed the nation with authentically made, sustainably produced food that is created with passion. Through our business model, we bring this purpose to life enabling us to make a positive impact in society and create value for our stakeholders.

- **Our resources**
  - **People**
    - **Colleagues** >12,600
      - It’s our people who make Cranswick successful. Their passion, expertise and dedication helps us differentiate our offering. We have experienced and talented operational management teams supported by a highly skilled and committed workforce.
    - **Natural Resources**
      - Increase in size of pig herd +10%
      - Increase in size of chicken flock +5%
      - We have invested a further £12.7 million in our agricultural supply chain to increase herd and flock sizes, support the future growth of the business and improve animal welfare.
    - **Operating Network**
      - **Production facilities** 16
        - The Group’s production facilities are some of the most efficient in the UK food sector. We continue to ramp up investment to increase capacity, add new capabilities and drive ever greater operating efficiencies.
  - **Guiding principles**
    - **Quality**
      - We are passionate about making great tasting food and we want to be recognised for our high quality products. Our aim is to preserve the heritage and integrity of our food by using authentic, artisan methods whenever possible to create premium quality products.
    - **Value**
      - We recognise the importance of investing in our agricultural operations and in our operating facilities. This ensures we can continue to deliver great value, high-quality food to our customers from some of the most efficient and well-invested food production facilities in the UK.
    - **Innovation**
      - Our specialist, dedicated teams research consumer trends and food innovation opportunities to help develop new recipes and culinary ideas. We pride ourselves on delivering creative food concepts that are both healthy and convenient for today’s consumer.
    - **People**
      - We know it’s our passionate and dedicated colleagues who drive our business. Our supportive and enterprising culture helps them develop and thrive while ensuring the business continues to grow.
  - **Strategic pillars**
    - **High Quality Produce**
      - We focus on premium quality products, innovation, technical integrity, food safety and animal welfare. Food provenance is a key priority and we are greatly about supply chain transparency and where ingredients come from. This is reflected by our vertically integrated processing facilities.
    - **Operating Excellence**
      - Ongoing capital investment delivers class-leading, highly efficient production facilities which helps us deliver our strategy and purpose. The Group demonstrates technical excellence through compliance with the highest food standards and through excellent external audit scores.
    - **Sustainability**
      - Our vision is to become the world’s most sustainable meat business. As an industry leader, we embrace many opportunities to make a difference and business decisions are made with an clear focus on our commitment to both environmental and social responsibility.
  - **Long-term growth strategy**
    - **1 Consolidation Driving the core**
      - We are committed to growing revenue from our core pork products by consolidating existing market positions. Investment in our infrastructure supports future growth.
    - **2 Diversification Expanding our offer**
      - We continue to expand our product range by diversifying and innovating. This enables us to enter new markets and channels in our core UK market.
    - **3 International Developing new opportunities**
      - We aim to grow our international operations and customer base. We continue to build on our established export business, maximising the value of our products.

- **The value we create for stakeholders**
  - **Our people**
    - Training courses completed on Cranswick Core 33,500
      - Training Development Monitoring
  - **Customers and consumers**
    - New product launches 539
      - Quality Provenance Choice
    - Supplier audits 241
      - Assurance Transparency Compliance
  - **Shareholders**
    - Years of dividend growth 31
      - Dividend Growth EPS Accreditation Value Creation
    - % of our colleagues who live within a 10 mile radius of their workplace 66%
      - Support Engagement Employment
    - NGO reduction in edible food waste since 2017 61%
      - Policy Shaping Awareness Commitment
Market trends
The disruption from the COVID-19 pandemic has been wide reaching with retail sales, the food service industry and export sales impacted.

A global perspective
COVID-19
While the impact of COVID-19 has challenged the global pork market, as plant closures and transport delays have impacted key trade routes, we have managed to continue to perform strongly both at home and abroad.

Despite the temporary self-suspension of the Group’s China export licences at our Ballymena and Norfolk pork processing facilities, we were able to increase export volumes by 7.8 per cent year-on-year. This was achieved through a combination of capturing existing markets, such as Japan and diversifying into new markets including Korea, the Philippines and South African countries such as Angola and Liberia.

We expect to shortly begin exporting to Mexico, which offers another market for our ‘fifth quarter’ products. We have also opened up new poultry export markets to the Caribbean and the Philippines. This diversification strategy has enabled us to distribute product away from our main pork export market, China, which has been subject to disruption during this pandemic. We are now in a strong position to capitalise on both existing and new markets as we look to build greater resilience into our export portfolio going forward.

African Swine Fever
The Far East continues to be heavily reliant on pork imports due to the ongoing effects of African Swine Fever (ASF). We anticipate demand from this area to continue, especially as China faces continuing challenges with restocking which has been impacted by new ASF variants. The ongoing demand for fifth quarter products, as well as prime cuts, continues to support the efficient carcass balance of the pigs we process.

Our dedicated Shanghai office provides us with an excellent base from which to develop and build on customer relationships in the region. This, combined with continued investment at our primary processing facilities, provides the necessary capacity to meet demand requirements.

With the threat of ASF still remaining in Europe, an outbreak in the wild boar population in Germany and the subsequent export ban has resulted in an oversupply of pig meat in the EU. As a result, pig prices have been subdued, albeit they have started to strengthen since the year end.

Brexit
In 2019 we set up a dedicated Brexit taskforce and appointed a broker to help facilitate planning and operations, which included EU trading trials ahead of the UK exiting the bloc. Following our extensive preparation, the transition to the new trading arrangements has been relatively smooth for the Group, although the burden of increased paperwork, relating to both imports and exports, adds a degree of manageable complexity to our key supply chains. Whilst the volumes are very low, products have continued to flow into our customers in Northern Ireland.

We remain optimistic over future EU export opportunities despite short-term post-Brexit logistical challenges, which mainly relate to import risk. We are confident the level of preparation will serve us well as we look to take advantage of future trade deals.

With the surging demand for food through the retail channel and our commitment to feeding the nation, the resilience of the business has been tested at every stage from farm-to-fork.

Our Markets
Macro trends
The disruption from the COVID-19 pandemic has been wide reaching with retail sales, the food service industry and export sales impacted.
With a significant shift to eating in-home, consumers’ relationship with shopping and preparing meals has changed markedly since the start of the pandemic.

**Shopping for food**
Over the past 12 months there has been a seismic shift in consumer eating habits with more meals prepared at home. This led to record sales of food and drink in the retail grocery channel. As a significant proportion of Group sales stem from the retail grocery channel, we have benefited from this increased demand.

As the pandemic took hold, there was an immediate and unprecedented change to consumers’ shopping behaviours. As the media reported food shortages, product range and availability came into sharp focus. Large format retailers were quick to respond and digitised their online platforms, saving shoppers from leaving their homes during lockdown restrictions.

As the year progressed, significant investment in infrastructure almost doubled the share of online grocery sales from 7.6 per cent to 12.7 per cent* as COVID-19 restrictions ease, these online food shopping habits are likely to remain.

Digital spend has also increased in direct-to-consumer food models such as recipe box services, which have seen significant growth. We have developed a broader range of products including joints, sausage and charcuterie meats to fulfil consumer demand and continue to perform at levels close to those achieved before the disruption.

**Changing food choices**
Consumers have reverted back to scratch cooking, creating high demand for both staple foods and premium products, two areas well-served by the Group. This has led to increased popularity of certain meal choices such as cooked breakfasts and roast dinners, both of which represent key growth occasions during the past 12 months.

We continue to focus on four key consumer trends: premium products, convenient solutions, healthy eating and sustainability. Addressing these areas will help underpin our future growth by ensuring our products remain relevant and different for consumers.

**Premium products**
Our premium categories were one of the success stories this year as consumers sought out more indulgent eating experiences in the home and were prepared to pay more for quality. Our premium sausage and bacon ranges with retail own-label accounts for much of this growth, further fuelled by the significant uptick in cooked breakfasts and a very strong barbecue season.

We developed a premium category for our added-value ranges with which we are seeing significant growth. The Christmas trading period saw record growth for our pork joints and chicken joints due to restrictions on household mealtimes during the festive period. Our premium retail own-label/packaging also achieved a record performance as shoppers looked for small treats at home.

**Convenience**
As more time spent at home, consumers have sought out more interesting meal choices that are easy to prepare as they seek to balance home working and schooling with feeding the family. As a result, we have seen increasing demand for convenient products that are not only nutritious and taste good, but deliver an element of creativity and inspiration on the plate whilst offering value for money.

Our marinated meats and ready to cook products have both performed very well, offering an easy and convenient solution for consumers looking to create interesting meals. We have also maintained strong growth in our ‘slow cook’ and ‘sous vide’ products.

These enable simple restaurant or gastro style experiences to be recreated at home with minimal preparation in the kitchen. The slow cook category remains one of the fastest growing categories we operate in.

This year we launched a new slow cook pork range and expanded our sous vide technology into premium categories including ready meals with two of our key retail customers. Going forward, we are well-placed to capitalise on this trend as customers look to drive further premiumisation within these convenient solutions.

**Balanced diets**
At the start of the pandemic, many consumers said they were health focused, enjoying eating in groups and cooking and preparing meals together. As the measures have continued, consumers have put healthy eating back on their list of priorities.

The impact of COVID-19 has seen rising concern about general health and wellbeing. Many consumers are taking the time to educate themselves more about nutrition and the benefits of a balanced diet. This has led to consumers returning to scratch cooking and a reflected by sales of fresh meat and joints which have risen sharply during the pandemic.

Health concerns around highly processed foods and premium products; two areas well-served by the Group. This has led to increased popularity of certain meal choices such as cooked breakfasts and roast dinners, both of which represent key growth occasions during the past 12 months.

We continue to focus on four key consumer trends: premium products, convenient solutions, healthy eating and sustainability.

**Sustainability**
Changing food waste behaviours as a result of lockdown resulted in better household food management as consumers gave greater consideration to food waste, availability and cost. Meanwhile the closing of in-store counters led to an increase in pre-packed food sales and single-use plastics. While this trend may be temporary, it underlines the need for more sustainable packaging solutions going forward.

As a food producer, we have a key role to play in educating people about where our products come from and how they are made so they can make informed purchasing decisions. Packaging plays an essential part in communicating sustainability to the consumer, and we are working with customers to optimise and refine messaging in this respect as part of our Second Nature campaign.

This year we invested in new on-pack redesigns for some of our premium ranges to better reflect our values around traditional farming and production methods. Going forward, we will be exploring how to optimise our messaging for e-commerce as online food sales continue to grow.

We are actively working to reduce or remove plastic from our packaging where possible and wherever it doesn’t compromise the quality or freshness of our products. Fresh meat presents one of our most challenging categories in this regard, but we have successfully introduced paper-based packaging alternatives for some of our uncooked product lines this year and plan to scale up this work.

As the climate impacts of meat continue to be scrutinised, we are taking an industry-leading position to address and mitigate the effects of our business and supply chain on the environment.

We are also working with strategic partners to create positive change on a wider level. This includes promoting best practice in regenerative farming and supporting initiatives such as WWF Livewell Plate.

### Our Markets

**Consumer trends**

With a significant shift to eating in-home, consumers’ relationship with shopping and preparing meals has changed markedly since the start of the pandemic. As lockdown restrictions ease, we expect dietary concerns to return to the fore. 42 per cent of consumers have said they intend to eat more healthily and exercise more when lockdown ends, and 86 per cent of consumers are looking to focus on at least one change to eating habits.*

With this in mind, it is imperative that the industry continues to promote the nutritional benefits of naturally sourced meat as part of a healthy, balanced diet. We actively support the Agriculture and Horticulture Development Board (AHDB) Eat Balanced industry campaign, which provides clear and simple guidance for consumers to enjoy meat as part of a healthy lifestyle.

### Strategic Report

Total grocery market growth* +11.5%

Consumers intending to eat more healthily* 42%

* Source: Kantar Worldpanel data 52 weeks ended 23 March 2021

**Source:** IGD March 2021
Our Strategy

Long-term growth strategy

Consolidation: Driving the core

Pork

As a core pork portfolio that caters for the diverse needs of today’s consumer, this consists of fresh and value-added products, a gourmet category including bacon, sausages and pastry, and a convenience range comprising cooked meats and continental products.

Across our portfolio we focus on the premium end of the markets in which we operate, where the Group is renowned for delivering high quality, great tasting food.

We aim to grow our portfolio revenue by working closely with customers to understand their needs and deliver added-value through product innovation. By constantly investing in our sites, infrastructure and people, we can continue to supply our customers with premium products at reasonable prices.

Diversification: Expanding our offer

Chicken

Our fresh poultry business in the UK has been successful over the last six years and has successfully expanded our product range and customer base by entering the premium, fresh and cooked poultry market. This fast-growing sector represents a huge growth opportunity for the Group as consumer demand for lean, affordable protein grows. Our vertically integrated poultry supply chain gives us a key advantage in this respect, enabling us to take a leading position in food integrity and animal welfare.

As part of our long-term growth strategy, we continue to broaden our portfolio through new product development and innovation as we work with customers to respond to changing consumer trends and diets. In particular, the acquisition of Katsouris Brothers last year has enabled us to diversify into the growing Mediterranean and international categories.

International: Developing new opportunities

Fifth quarter

As well as Second Nature ambition to become a zero waste food producer, we are constantly looking at ways we can maximise the value of our meat cuts and ensure all parts of the carcass are sold so nothing goes to waste. International markets represent one of the biggest opportunities to sell fifth quarter products that would otherwise go to waste. On a wider level, the international market was also affected by the pandemic with port closures and delays impacting supply chains.

We launched a new line of ‘Slow-Cook’ products and expanded our ‘Sous Vide’ range with two retail customers.

Our strategic pillars

Our long-term growth strategy is underpinned by three strategic pillars: Operating Excellence, High Quality Products and Sustainability.

Read more: Our business model, see page 14.

Our guiding principles

Our guiding principles set out the values that unite and inspire our people to deliver our purpose:

Quality, Value, Innovation, People.

Read more: Our business model, see page 14.

Performance during the year

Our fresh pork sales have increased year-on-year due to growing consumer demand in the retail market. Healthy, leaner products such as pork medallions have proved particularly popular, and we have expanded our ‘Ready to Cook’ range with new convenient meal solutions.

Cooked meats sales performed exceptionally well during the year, delivering growth that was once again ahead of the market. This performance was driven by new contract wins secured in the convenience sector as well as the trend for more lunches prepared and enjoyed at home.

We launched a new range of products that enabled us to offer a greater variety of cuts and sizes, enabling us to capitalise on the growing consumer trend for more lunch preparations.

Retail sales also grew within our gourmet category. Both our sausage and bacon categories benefitted from an increase in cooked breakfast meals at home. New contract wins with an online retailer cemented this growth with a further boost to sausage sales.

Our pastry category remained buoyant in the retail channel, and we secured further business with two national coffee shop chains. While food service sales were impacted by lockdown restrictions, we expect to maintain and build on our customer relationships in this sector as the market recovers.

Future opportunities

We have commissioned our new £20 million cooked bacon facility during the first quarter of FY22. This investment completes one of the five remaining gaps in the vertical integration of our pork business, enabling us to offer an end-to-end solution for customers. For more information see page 10.

Across the Group, we plan to invest further in our capacity and capabilities so we can continue to strike the right balance between demand, efficiency, quality and affordability for our customers base.

Work has started on our new £25 million premium breaded poultry facility in Hull which will enable us to continue expanding our poultry portfolio. See details on page 12.

We expect consumer trends around convenience and healthy eating will continue to dominate meal choices. Our ongoing focus on innovation means we can keep pace with, and respond to, these trends. In both our pork and poultry categories we plan to broaden our offering with added-value products while investing in customer technologies to deliver more authentic taste and flavour experiences using natural ingredients.

International: The African Swine Fever (ASF) continues to impact the global pork market. See page 16 for more details. As a result, Far East demand and prices for prime cuts, whole carcasses and fifth quarter products remained high throughout the year.

During the year, we voluntarily suspended our China export licenses on a temporary basis, first from our Ballymena site and then our Norfolk facility, where cases rose following COVID-19 outbreaks in the community. The license at our Ballymena site has since been reinstated. On a wider level, the international market was also affected by the pandemic with port closures and higher shipping costs. Despite this, we were able to increase our export sales by 7.8 per cent. Cranswick was, and continues to be, well-placed to respond to such disruption. We found alternative markets for products by utilising existing customer relationships and opening up new markets such as Kazakhstan and the Philippines. Our dedicated export team also worked hard to re-direct product to countries where we already had established trading links such as Japan. These developments helped us to take on new businesses, and we have continued to explore other avenues to expand our offering.

We expect strong export demand and pricing to continue while the global market recovers from ASF. The Group remains vigilant to the risk that ASF poses in terms of its potential spread. This is reflected in our risk register, see ‘Principal Risks and Uncertainties’ on page 60.

Together, we work hard to work forward, reducing reliance on China as an export market. We also increased pork production at sites less affected by the pandemic with additional processing at weekends.
Sales Growth

Like-for-like revenue growth increased 12.1 per cent compared to prior year. All four product categories delivered strong volume growth with a full year of poultry sales from Eye, new contract wins, annualisation of FY20 contract wins and a shift to in-home eating resulting from the COVID-19 pandemic.

Sales from new products during the first six months following the launch were impacted by the closure of the food service market but still contributed £16.5 million of revenue in the current year. Our teams provided inspirational food choices as consumption switched to in-home eating.

Non-EU export sales includes sales made to non-EU markets through UK-based meat trading agents. These sales have continued to grow year-on-year, despite softer prices and temporary, voluntary suspensions of export licences following local COVID-19 outbreaks in the community, reflecting the increased volumes and continued overseas demand for Cranswick products.

High Quality Products

Number of BRC Grade As

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade A</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>15</td>
</tr>
<tr>
<td>2020</td>
<td>15</td>
</tr>
<tr>
<td>2019</td>
<td>14</td>
</tr>
</tbody>
</table>

Number of BRC Grade As has been commissioned and we anticipate a BRC audit in the coming year.

Operating Excellence

Adjusted operating margin increased compared to the prior year, reflecting volume-driven operational efficiencies and strong product mix with a step change improvement from poultry following the successful commissioning and subsequent ramp-up of the new Eye poultry facility.

The increase in free cash flow reflects higher EBITDA and a working capital inflow. The prior year debtor balance was higher as a result of the COVID-19 related surge in retail demand shortly before our FY21 year end compared to a normalised balance at the FY21 year end.

Return on capital employed increased reflecting the full-year contribution from the Eye poultry facility. Our ongoing commitment to improving the asset base ensures our facilities are class-leading.

* Adjusted operating profit defined as the sum of average opening and closing net assets, net debt/(funds), pension surplus/(deficit) and deferred tax.

Sustainability

Relative carbon footprint (tonnes of CO2e per tonne sales) 0.09

Edible food waste (percentage of tonnes sold) 0.5%

RIDDOR frequency rate (per 100,000 hours worked) 0.29

We are committed to eliminating edible food waste by 2030. We have invested in innovative processing techniques and staff training in order to reduce edible food waste. We have surpassed our Champions 12.5 target, reducing our edible food waste by 61 per cent since our 2017 baseline year.

Injuries fell following increased automation, the installation of screens and additional equipment training. The accident rate reportable to the Health & Safety Executive reduced as we continue to follow our enhanced five year Health & Safety strategy.
Our Sustainability Strategy

Second Nature: Inspiring positive change

As one of the world’s most responsible food producers, the choice is simple for us. We don’t want to be part of the problem – we want to be part of the solution.

Our vision is to become the world’s most sustainable meat business. This means responsibly managing our operations from farm-to-fork and acting transparently to produce food to the highest standards of integrity and quality.

Our Second Nature strategy

Our Group wide sustainability strategy, Second Nature, addresses five interconnected pillars – Thinking, Farming, Sourcing, Producing and Living – which reflect how we operate as a business from farm-to-fork.

Through these pillars, we are addressing the key sustainability issues facing us as a food producer while aligning our commitments to global frameworks. These include the UN Sustainable Development Goals (SDGs), the Science-Based Targets initiative (SBTi), and Champions 12.3.

Our commitment to reducing our carbon footprint is a key aspect of our sustainability efforts, and we are aligning our reporting with the SASB framework for the first time. This will increase our resilience against the challenges of climate change and help us understand where our emissions come from.

We are continually investing in reducing our carbon emissions through a variety of means within our existing operations, but we are also looking outside of the business to tackle some of the biggest issues our planet is facing. This means working with others through platforms like The Climate Pledge and the Soyax Transparency Coalition, to find issues, identify them, understand them, and then solve them.

Q&A with Jim Brisby

“Second Nature has given us the focus to find issues, identify them, understand them, and then solve them.”

Q: How would you sum up 2020?

The challenges certainly didn’t dampen our enthusiasm nor dull our resolve, and we think we made fantastic progress despite all that we faced. And that is a reality testament to how deeply Second Nature is embedded into the business now, not just to mention the dedication of our colleagues. They have been amazing throughout this.

Q: What were some of the highlights?

There were quite a few! We announced our net zero goal in 2020, and we have already achieved our first carbon neutral sites. We also eclipsed the Champions 12.3 target, reducing our edible food waste by 65 per cent since our 2017 baseline year. To achieve both goals in such a short space of time was just incredible and we did all this while keeping our factories running, the nation fed and stepping up our community support efforts during the pandemic.

Q: What about behind the scenes, beyond those big shout outs?

We have strengthened our governance and disclosure mechanisms, which is really important because it gives us that extra level of transparency. This year we were reporting against the SASB Framework for the first time and we are more deeply assessing climate-related risks so we can gather more granular data as we work towards TCFD reporting. This will increase our resilience and ability to respond to the fast-changing world we now operate in.

Q: What’s next for Second Nature?

As well as keeping the focus on our short-term delivery, we are continuing to look more long term and are looking outside of the business to tackle some of the biggest issues our planet is facing. That means working with others through platforms like The Climate Pledge and the Soyax Transparency Coalition.

Q: Another key issue is the meat debate. How are you responding to that?

At Cranswick, we’ve always said that we don’t want to be part of the problem – we want to be part of the solution. The meat debate has become polarised, but we feel the way forwards is constructive discussion. That means talking about the benefits of meat as part of a balanced diet, and finding solutions to producing meat in a climate-friendly and ethical way through continued investment in our farming and agricultural operations. Second Nature has definitely given us that head start.

Q: Deforestation is a huge issue for the meat industry, isn’t it?

It’s massive, and it’s not just the meat industry. For Cranswick it’s first about Soya reduction and removal, where possible, and we are investing in replacements so we can become more self-sufficient in this respect. Where we continue to use Soya, we want to make our supply chain more transparent and sustainable. But we also need to work with others to build more visibility and sustainability into the supply chain globally, so everyone can benefit. It’s one of the issues we want to lead on.

Second Nature launched back in 2018. What’s been your proudest moment?

Simply, the level of progress we have made. It’s been astonishing. Second Nature has given us the focus to find issues, identify them, understand them, and then solve them. The more complex and difficult these issues are, the longer it will take, but that doesn’t mean we are not going after them. We now have proof of progress, and are continuously investing in that commitment and delivery.

Cranswick plc | Annual Report & Accounts 2021

Cranswick plc | Annual Report & Accounts 2021
Carbon neutrality achievement
9 sites

This year we hit a key milestone under our Second Nature goal to reach net zero greenhouse gas (GHG) emissions across our operations by 2050 with three of our sites achieving carbon neutral certification under the PAS 2060 standard before the financial year end. Six further sites have gained the accreditation since the end of the year with a target of all production facilities achieving this status by the end of 2021.

Our Milton Keynes cooked meat facility was awarded PAS 2060 certification in November 2020, followed by our Riverside pork packing facility and Gourmet Pastry sites in early 2021. Each site is working to a third-party approved 1.5°C aligned carbon management plan as part of our 2040 net zero strategy. This will be reviewed annually and is supported by site leadership teams who have completed a COP26 certified climate literacy programme to help uplift colleagues.

We acknowledge that carbon offsetting is not the long-term solution, but we cannot become net zero business overnight. Carbon offsetting is therefore a key part of our journey, but not the end destination. We are working in parallel on a decarbonisation plan through our Second Nature strategy.

As a Group, we have committed to setting a Science-Based Target (SBT) in line with efforts to limit global warming to 1.5°C under the Paris Agreement, and are in the process of verification.

We recognise that we also need to work with others, beyond our own operations and supply chain. In February 2021, we joined the Climate Pledge, a commitment co-founded by Amazon and Global Optimism to meet the goals of the Paris Agreement 10 years early. As part of this, we will be committing to measure and report our GHG emissions on a regular basis.

Achievements 2020-2021

Sustainable packaging
We have reduced paper plastic packaging use by 1,519 tonnes since 2017, removing an additional 481 tonnes in 2020/21 compared to the previous year. Across most of our sites we have shifted to using just one type of material for our packs and are exploring PaperLife (a recyclable paper plastic laminated alternative) to reduce our plastic use further.

Across the Group, we have already replaced PVC films with PET and removed black plastic trays. We continue to work with our suppliers and customers to trial innovative solutions. We remain mindful that packaging is a complex area, and that whole lifecycle considerations must be taken into account in order to achieve the best overall outcomes.

For example, we are working with suppliers on a more circular packaging solution for our inbound UK and Irish beef deliveries, encouraging them to switch from our current cardboard to returnable and reusable trays and pallets. This has resulted in the removal of 460 tonnes annually of cardboard from our supply chain.

Climate-smart farming
We were one of the first outdoor pig producers to measure our carbon footprint back in 2017, and continue to monitor farm-level decarbonisation across all of our farms, which aim to be carbon neutral by 2030.

To date, we have measured the carbon footprint of 20 per cent of our own pig farming sites to provide a 2019 data baseline and are working towards carbon mapping 100 per cent of our farms by 2024. In conjunction with an independent company, we have supported the development of a specialist, accurate, carbon footprint tool to measure our carbon emissions. The average of our Wayland, Wold and White Rose farms for the calendar year ending 30th September 2021 is 3.4kg CO₂e/ha/gW, against the industry average of 3.34kg CO₂e/ha/gW.

The increase to a level above the industry average follows the acquisition of the remaining 50 per cent of our Joint Venture, White Rose Farms, in the prior year. We are running ongoing trials to reduce the use of soybean feed at White Rose Farms to a level more in line with our Wayland farms which in turn will reduce our carbon footprint.

Soya forms a significant part of the carbon emissions. During the current year all our farms used FTRs (Round Table on Responsible Soya Association) certified Area Mass Balance soya credits. This ensures zero deforestation and zero conversion soya production from the regions its soya originates from.

The average carbon footprint of our farms, quoted above does not currently incorporate the soya credits. Once these soya credits are incorporated in the carbon footprint, our carbon performance per finished pig at Wayland drops to 1.63kg CO₂e/kgWL for example, which is then well below the industry average.

We are also starting to measure the carbon footprint of our pork business, and are developing an online portal for our farm managers to submit their carbon footprint data remotely. In time this will give us a valuable dataset, especially as it will increase the visibility of our emissions in order to achieve our SBT.

Promoting biodiversity
We continuously strive to improve soil health and land management while protecting vital resources. We undertake detailed soil testing for our outdoor pig breeding units and have increased soil organic matter by an average of 10 per cent over two years, enabling us to sequester carbon and cycle CO₂ by an additional eight tonnes per hectare.

Around 80 per cent of our outdoor breeding units now incorporate six metre pollen and nectar strips around field boundaries to encourage biodiversity, and support wildlife and insect populations. We use technology and water management plans to carefully monitor water flow rates on our farms in order to highlight any leaks and minimise water waste, while ensuring our animals have access to clean drinking water. Our sites are also fed in troughs to reduce food waste.

We have started to gather a deeper level of biodiversity data via desktop surveys from our farms and production facilities to help monitor our performance better, and on a wider level we work with other food producers to explore new solutions that can drive regenerative farming at scale.

Cranswick has shown that with innovation, collaboration, behavioural advocacy plus their desire to address food inequality, the food industry can play a crucial role in making a positive impact on the environment and in the community.

Liz Goodwin, Champions 12.3 spokesperson and Senior Fellow and Director of Food Loss and Waste at the World Resources Institute

We have representation on various soil and water stewardship boards to improve soil health and promote the protection of water resources.

More information about our agricultural partnership work can be found in ‘Farming with integrity’ on page 46.

Supplier engagement
All of our direct suppliers have received a sustainability survey to complete. This will enable us to gather data on various touchpoints such as supplier sustainability-related policies and commitments, and the level of progress being made against them.

We are also engaging closely with our suppliers and other stakeholders on responsible soya sourcing as part of our Second Nature commitment to source from verified zero deforestation areas by 2025. Read more about our Second Nature commitment on page 7.

Climate risk and disclosure
We are now reporting against the Sustainability Accounting Standards Board (SASB) framework and are working to report in line with the Task Force on Climate-related Financial Disclosures (TCFD). This will strengthen our governance as well as our commitment to disclosing our climate-related risks in a more transparent way.

The data we obtain from our Second Nature supplier engagement exercise mentioned above will also help inform our risk management work on climate change.

Risks from climate change are incorporated into the Group’s corporate risk management strategy. This allows the Group to consider and act upon any current and future climate risks, both within our own operations and our wider supply chain.
**Environmental performance**

We have already taken the first steps towards becoming carbon neutral, and will continue to use natural resources as efficiently as possible to put more back into the environment than we take out.

**Carbon**

In line with our proposed Science-Based Target (SBT) we have refined how we calculate our carbon footprint profile, including Scope 1 non-mechanical agricultural emissions for the first time this year. Without these additional emissions our Scope 1 emissions would have been 61,871 tonnes CO₂e.

The Group’s relative carbon footprint continues to decrease in keeping with our net zero ambitions. Actions we have taken to date to reduce our carbon footprint include switching to 100 per cent renewable grid electricity and LED lighting for all our production facilities and coldstores, and converting more of our refrigeration systems to use ammonia or CO₂ rather than F-Gas. As we move towards 2040 we will continue our programme of replacing F-Gas within our refrigeration in order to continue to reduce our carbon footprint.

As we begin to measure our Scope 3 non-mechanical agricultural and full Scope 3 emissions, livestock will account for a significant amount of our emissions. As well as scaling up our farm carbon footprint assessments, in conjunction with an independent company we have supported the development of a tool to capture the data needed to give us greater visibility of our emissions. This tool surpasses the current PAS2050 standards. More information on the carbon footprint assessments of our farms can be found on page 27.

Both compensation and neutralisation of offsets have been used during the year. These offsets have been verified and validated by three different registries that all require very high levels of quality before acceptance of a project.

To help accelerate our low carbon transition, we continue to disclose to Carbon Disclosure Project (CDP) and this year we were awarded Grade C. We will be expanding our CDP disclosure to include water and forestry as from the next reporting year.

**Energy**

Our overall energy intensity increased during the year by 1.2 per cent. The purchase of our new biomass boiler in Soode and the construction of our new Gourmet Kitchen facility have added new energy intensity this year. Our farms used more gas through the winter months and we heated additional, temporary canteen facilities across our sites to enable social distancing. On a wider level, we also have taken action to improve our data collection processes which have resulted in more energy captured across our sites.

Going forward, in order to improve our energy intensity, we plan to move away from fossil fuels and increase our use of renewable fuels such as Biogas and green gas. We will also have a particular focus on on-site power generation. We will continue to review the latest technology advancements in the storage and generation of renewable electricity so that we can become less reliant on mains grid electricity.

We will shortly be investing £0.8 million in our first major solar project at Eye with the installation of 4,000 roof-top solar panels. The project will mean 20 per cent of the site’s electricity requirements will be self-generated onsite.

We already use renewable energy across some of our farming operations including solar power at our hatchery and wind power generation on some of our farms.

This year our ISO50001 accreditation work continues and most of sites have remade or updated their new energy intensity targets. We have signed up to the Water Stewardship Board and have already achieved ISO14001 accreditation for three sites – Valley Park, Norfolk and Milton Keynes – achieved ISO14001 accreditation. Our target is for all sites to gain ISO14001 accreditation in the year to 2021.

**Waste**

We already operate as a zero waste to landfill business and have committed to making further reductions in food waste, plastics and other packaging materials across our value chain. We have pledged zero edible food waste by 2030 and are making fantastic progress against this goal.

Since 2017, we have reduced food waste by 61 per cent, surpassing the Champions 12.3 target which seeks to halve food loss and waste by 2030, see ‘Eclipsing global food waste target’. In 2020/21, edible food waste accounted for just 0.5 per cent of tonnes sold.

We have removed 1,519 tonnes of plastic across our operations since 2017 inline with our plastic commitments, including a further 481 tonnes during 2020 compared to the previous year. In 2020 we also took 540 tonnes of cardboard out of our supply chain by switching to reusable pallets for our incoming beef deliveries.

**Water**

Our water usage has increased year on year reflecting additional volumes processed and the increased hygiene measures in response to the pandemic. Our water intensity has reduced by 3 per cent year on year.

This year we introduced new water targets and continue to invest in initiatives to help conserve and reuse water across our operations. This includes our Eye site, which features an aramark harvesting system and an efficient treatment plant for water waste recycling. We have also installed a reverse osmosis system at Eye to generate potable water.

On a wider level, we are taking collective action to improve water efficiency in key sourcing areas through our work with the Courtauld 2025 Water Ambition partnership and the Cam and Ely Ouse Catchment Partnership Water Stewardship Board.

We are investing big to leave a smaller footprint and we have the opportunity to make a real difference.

In less than three years, we have reduced our edible food waste by 61 per cent, surpassing our signatory Champions 12.3 target which seeks to halve food loss and waste by 2030.

Through this process, we are continuing to focus on reducing our edible food waste, with this waste now accounting for just 0.5 per cent of total tonnes sold across the Group.

This incredible achievement is testament to our Changemakers, our passionate and dedicated team of volunteers who were instrumental in facilitating the level of action needed to engage colleagues, creativity problem solve and deliver solutions.

The prioritisation of prevention strategies was key, as waste finding ways to move product up the waste hierarchy. Weinstalled catch-trays to prevent meat from falling onto the floor, found new markets for surplus product such as our ham tempacks, and worked with our supply chain to develop packaging to increase shelf life.

Our Changemakers also forged close relationships with food charities, enabling us to redistribute edible surplus meat from a number of our sites. In Hull, our community work through the pandemic saw 687 food boxes and 840 meat hamper donations.

**Eclipsing global food waste target**

Through this challenging year, our partnerships with Environmental & Management Solutions (EMS) and other charities such as Trussell Trust, Plan Zeros, local food banks and community fridge projects has helped us divert enough food from waste to create over 50,000 donated meals for vulnerable people. Through our partnership with FareShare we donated more than 229,000 meals.

Our next goal is to become a zero edible food waste business by 2030, which will see us go above and beyond current industry targets.

**Link to Second Nature pillars**

Through this challenging year, our partnerships with Environmental & Management Solutions (EMS) and other charities such as Trussell Trust, Plan Zeros, local food banks and community fridge projects has helped us divert enough food from waste to create over 50,000 donated meals for vulnerable people. Through our partnership with FareShare we donated more than 229,000 meals.

Our next goal is to become a zero edible food waste business by 2030, which will see us go above and beyond current industry targets.
TCFD Disclosure

There is growing concern about climate change and as the world transitions to a lower-carbon future we want to further develop our sustainability strategy in order to reduce our environmental footprint. In support of this we have aligned our efforts to the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD).

Strategic Report

Metrics and Targets

Progress to date 2020/21
- Our Milton Keynes cooked meats facility was the first site awarded carbon neutral PAS 2060 certification, shortly followed by our Pastry and Riverside facilities, marking key milestones in our Net Zero journey.
- Our relative carbon footprint reduced by 18 per cent following the actions taken to date and the increased focus on reducing our impact.
- We improved and redefined our bespoke data collection system, and also included non-mechanical agricultural emissions for the first time this year.

Plans and focus areas for 2021/22
- We plan to have our SBT verified in 2021/22 in line with efforts to limit global warming to 1.5°C.
- We have plans for all production facilities to achieve carbon neutral status by the end of 2021. A further six sites have achieved this since our year end date.
- Historically the Group has completed the climate questionnaire for CFD reporting and in the next reporting cycle we will also complete CDP reporting for Water and Forests.
- We will continue to measure and monitor our progress against our targets.

Risk Management

Progress to date 2020/21
- The Board reviewed progress against targets and considered plans for the reduction of emissions. This included reviewing Science-Based Target (SBT) presentations and approving the removal of F Gases from the business by 2030.
- The Board reviewed Cranswick’s current sustainability reporting against future requirements.
- Capital projects relating to sustainability were reviewed and approved by the Board, including solar panels for our new poultry processing facility in Eye, Suffolk. Capital project proposal forms include detail on expected carbon savings.
- The Group also implemented a verification process resulting in reviews of the environmental data involving the Group Compliance and Internal Audit teams.

Plans and focus areas for 2021/22
- We will undertake a more detailed and granular analysis of risk in order to strengthen the existing climate change risk assessment to encompass both physical and transitional risks.
- As part of this analysis we will perform an assessment of each risk and assign a likelihood to inform a materiality assessment of risks.
- Continue to monitor emerging climate change risks and develop related risk management practices.

Governance

Progress to date 2020/21
- The Board reviewed progress against targets and considered plans for the reduction of emissions. This included reviewing Science-Based Target (SBT) presentations and approving the removal of F Gases from the business by 2030.
- The Board reviewed Cranswick’s current sustainability reporting against future requirements.
- Capital projects relating to sustainability were reviewed and approved by the Board, including solar panels for our new poultry processing facility in Eye, Suffolk. Capital project proposal forms include detail on expected carbon savings.
- The Group also implemented a verification process resulting in reviews of the environmental data involving the Group Compliance and Internal Audit teams.

Plans and focus areas for 2021/22
- The Board aims to strengthen climate change oversight and dialogue.
- The Board will continue to engage with and develop Cranswick’s Second Nature sustainability strategy.
- Capital projects relating to sustainability will continue to be reviewed.

Strategy

Progress to date 2020/21
- We launched our Second Nature sustainability strategy in 2018 and have worked hard to embed its ethos into decision-making across the business.
- Our Second Nature committee consists of a variety of colleagues from across Cranswick and continues to meet quarterly to monitor progress and address key issues within the business.

Plans and focus areas for 2021/22
- We plan to undertake climate scenario analysis to understand the potential impacts of climate change risks and opportunities and assess the resilience of both our Second Nature and overall business strategies.
- We will continue to embed our Second Nature strategy across the business.
- The Group will also continue collaborating with coalitions, steering committees and industry bodies such as Champions 12.3, WRAP (Waste and Resource Actions Programme), LEAF (Linking Environment and Farming) to take collective action on climate change.
# Measuring Environmental Performance

In our FY20 Annual Report & Accounts we committed to moving towards reporting our environmental performance against the Meat, Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB). The table below lists the topics under this standard and the accounting metrics applicable and material to us that we have disclosed against for the financial year.

<table>
<thead>
<tr>
<th>SASB Standard</th>
<th>Our accounting metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Greenhouse Gas Emissions</strong></td>
<td></td>
</tr>
<tr>
<td>Gross global Scope 1 emissions</td>
<td>2020/21: 186,643 tonnes CO&lt;sub&gt;2&lt;/sub&gt;e excluding non-mechanical agricultural emissions. Further disclosures on greenhouse gas emissions can be found on page 28.</td>
</tr>
<tr>
<td>Long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Management</strong></td>
<td></td>
</tr>
<tr>
<td>(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable</td>
<td>2020/21: Absolute energy use: 385 million kWh. 34 per cent of this was supplied from grid electricity, 36 per cent of the absolute energy use was renewable energy.</td>
</tr>
<tr>
<td><strong>Water Management</strong></td>
<td></td>
</tr>
<tr>
<td>(1) Total water withdrawn, (2) total water consumed, percentage of each region, percentage renewable</td>
<td>Total water withdrawn: 2.07 million m&lt;sup&gt;3&lt;/sup&gt;. 3.7 per cent of this was from an area of high baseline water stress. Total water consumed: 1.08 million m&lt;sup&gt;3&lt;/sup&gt;. 0.2 per cent of this was from an area of high baseline water stress.</td>
</tr>
<tr>
<td>Description of water management risks and discussion of strategies and practices to mitigate those risks</td>
<td>Water is vital to our production processes, agricultural operations and our supply chain. During the coming year we intend to further explore risks associated with water management as part of our analysis of our climate change risk. This will enable us to understand the risks at a more granular level. Our production facilities have been set a target to reduce water intensity by 20 per cent by 2020/21 against 2019/20 baseline. We have set new Water Policy during the year which pursues a number of objectives in relation to water. This can be found at <a href="http://www.cranswick.plc.uk">www.cranswick.plc.uk</a>.</td>
</tr>
<tr>
<td>Number of incidents of non-compliance with water quality permits, standards, and regulations</td>
<td>During FY21 there were zero incidents of non-compliance with water quality permits, standards and regulations.</td>
</tr>
<tr>
<td><strong>Land Use &amp; Ecological Impacts</strong></td>
<td></td>
</tr>
<tr>
<td>Amount of animal litter and manure generated, percentage managed according to a nutrient management plan</td>
<td>All our animal litter and manure generated from our pigs is managed according to a nutrient management plan. ‘Straw for muck’ arrangements are used which ensures manure is utilised by local arable farmers for their crops.</td>
</tr>
<tr>
<td>Animal protein production from concentrated animal feeding operations (CAFOs)</td>
<td>82 per cent of pork produced on Cranswick-owned farms is certified to RSPCA standards, and 100 per cent of pork produced in line with Red Tractor standards. Both of the above welfare standards have a stocking density which is an requirement rather than a recommendation. We operate line in the required stocking densities as all our farms are accredited to either RSPCA or Red Tractor standards.</td>
</tr>
<tr>
<td>Percentage of supplier facilities certified to a GFSI food safety certification program</td>
<td></td>
</tr>
<tr>
<td>Number of recalls issued and percentage of total weight of products recalled</td>
<td>During FY21 there were zero food safety-related recalls issued.</td>
</tr>
<tr>
<td><strong>Antibiotic Use in Animal Production</strong></td>
<td></td>
</tr>
<tr>
<td>Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type</td>
<td>We are working with the industry to ensure that best practice is used on all species from all our suppliers and that antibiotics are only prescribed when absolutely necessary. Our objective is the reduction and avoidance of antibiotics for prophylactic use across all our supply base. The latest figures show that average sales of antibiotics in countries where our pork suppliers are based have reduced by over 30 per cent between 2010 and 2018. We are also monitoring the use of antibiotics in our own herds and flocks with a view to reducing the amount administered without compromising animal welfare. The average antibiotic use across our three pig farming businesses in 2020 was 189mg/pig and across our poultry farms was 12mg/poultry. These averages are both well below the industry standard of 99mg/pig for pigs and 21mg/poultry for poultry.</td>
</tr>
<tr>
<td><strong>Workforce Health &amp; Safety</strong></td>
<td></td>
</tr>
<tr>
<td>(1) Total recordable incident rate, (2) fatality rate</td>
<td>During FY21: Total recordable incident rate: 1.91. 2020/21: Fatality rate: 0.00. Rates have been calculated in line with SASB guidance. For more information on our accident data, see health &amp; safety on page 41.</td>
</tr>
<tr>
<td>Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions</td>
<td>Our efforts to assess, monitor and mitigate acute and chronic respiratory health conditions are wide ranging. We have invested in dust extraction systems for welding and for flour and other ingredients which are also monitored through third-party inspections. We also have dust extraction tables for engineering workshops. Where extraction is not possible, filter masks and respirator masks are used. Our standard operating procedures instruct our colleagues and site audits are undertaken to ensure effective systems are in place for respiratory health. Spirometry testing through third-party occupational health services is also undertaken. Further information on wider health &amp; safety practices can be found on page 41.</td>
</tr>
</tbody>
</table>
### Animal Care & Welfare

<table>
<thead>
<tr>
<th>SASB Standard</th>
<th>Our accounting metrics</th>
</tr>
</thead>
</table>
| Percentage of pork produced without the use of gestation crates (FB-MP-410a.1) | 100 per cent of the pork that originated from Cranswick-owned farms is produced without the use of gestation crates.  
95 per cent of total pork produced was without the use of gestation crates. This scope covers our EU third-party suppliers. We work closely with all our suppliers in order to improve welfare standards. |
| Percentage of production certified to a third-party animal welfare standard (FB-MP-410a.3) | Cranswick-owned farms  
81.8 per cent of pork produced is certified to RSPCA standards and 100.0 per cent to Red Tractor standards.  
100.0 per cent of poultry produced in line with Red Tractor standards.  
**Wider supply chain**  
38.2 per cent of pork produced is certified to RSPCA standards, 52.4 per cent to Red Tractor standards and 6.5 per cent to other recognised EU welfare schemes.  
0.4 per cent of poultry produced is certified to RSPCA standards, 47.8 per cent to Red Tractor standards and 46.5 per cent to other recognised EU welfare schemes.  
Any suppliers that do not meet the three categories above are visited by Cranswick to check the welfare standards. |

### Environmental & Social Impacts of Animal Supply Chain

<table>
<thead>
<tr>
<th>SASB Standard</th>
<th>Our accounting metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of supplier and contract production facilities verified to meet animal welfare standards (FB-MP-430a.2)</td>
<td>100 per cent of our meat, fish and egg suppliers are accredited to a national recognised farm assurance scheme or their welfare standards have been verified by a trained animal welfare officer against a recognised scheme or an in-house scheme.</td>
</tr>
<tr>
<td>Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress (FB-MP-140a.1)</td>
<td>We are working with industry bodies such as the Soy Transparency Coalition to overcome transparency challenges in the production of soya. With more visibility in the supply chain we can ensure the supply of animal feed is more sustainable.</td>
</tr>
<tr>
<td>Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress (FB-MP-140a.2)</td>
<td>Less than 1 per cent of contracts are with producers that are located in regions with high or extremely higher water stress.</td>
</tr>
</tbody>
</table>

### Animal & Feed Sourcing

<table>
<thead>
<tr>
<th>SASB Standard</th>
<th>Our accounting metrics</th>
</tr>
</thead>
</table>
| Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change (FB-MP-140a.3) | Our focus area for the upcoming year under the ‘Risk Management’ pillar of TCFD is to undertake a more granular analysis of risk, which will cover feed sourcing and livestock supply.  
There are many actions we have already taken in order to manage the risks to livestock supply identified to date. We have invested in new buildings that are climate controlled across our indoor farms and new sow huts that are thermally insulated which reduces the temperature range within them. Automatic vents have been incorporated that operate when the temperature rises above a certain point.  
We are also working hard to reduce our reliance on imported soya and lower the risks associated with feed sourcing. This includes reducing the inclusion rate of soya in our feeds and investing in replacements to become more self-sufficient in this area. For more information see ‘From Soya to self-sufficiency’ on page 45. |

---

**Cranswick plc** | **Annual Report & Accounts 2021**
Our Stakeholders
Section 172(1) Statement

Section 172(1) Statement
As a Board we continue to uphold the highest standards of conduct and make decisions for the long-term success of the business.

We understand that our long-term performance and success are dependent on engagement with stakeholders.

We value regular interaction with stakeholders to ensure that we consider their views and interests when making decisions. We continually explore how to make our decision-making process more inclusive in order to involve our key stakeholders.

Our decision-making process through the recent pandemic is one of many examples where we consider all stakeholders. The impact of COVID-19 has been widespread and we have consulted all our stakeholders and have continued to feed the nation.

Engagement with our main stakeholder groups is summarised on this page. We explore further how we engage with our main stakeholders on pages 58 to 59.

Board activities
Thematic activities of our Board are set out in the Corporate Governance Report which includes a summary of the key decisions made and the considerations.

Read more: see page 38

Our People
It’s our dedicated colleagues who drive our business so it’s important to understand what matters to them.

We want our colleagues to feel valued so we can achieve our purpose together.

- Staff surveys
- ‘Flavour’ intranet site
- Appraisal process
- Works councils
- Dedicated Non-Executive Director

Our updated HR strategy consists of four pillars which are central to addressing what matters most to our colleagues.

- Reward & recognition
- Benefits
- Development
- Health & Wellbeing

Our colleagues appreciate the opportunity to have their say and share ideas. They also care about workplace diversity and we aim to ensure meaningful conversations between colleagues.

Read more: see page 42

Customers and Consumers
We need to understand consumer demands in order to create innovative products and respond to new trends.

We can assess consumer satisfaction through regular engagement, thus ensuring our products are of the highest quality.

By engaging and sharing ideas with customers we can identify new ways of working together.

- Key factors such as product development, technical, agricultural and sales will all engage with customers to ensure communications are cross-functional
- Online surveys
- In-store interviews
- Focus groups
- Digital platforms and social media

Consumer trends research highlights that choices continue to be dominated by health-conscious options, convenience and premium products.

Sustainability is also an important consideration as consumers focus on the impact of their food choices on the environment.

Our customers want quality products and high, consistent service levels. This was especially important during the peaks in demand experienced through the last year.

Another matter of significant importance during the last year was Brexit.

Read more: see page 44

Producers and Suppliers
By working closely with suppliers who share our values and beliefs, we can focus on food safety, technical integrity, provenance and ultimately produce high-quality products.

- Supplier surveys
- Supplier contracts
- Industry events and forums
- Audits and visits
- Supplier policies

Suppliers want continual improvement with suppliers that innovate, grow their business and develop our relationship.

Early forecasting is key and we need to reassure suppliers, ingredient suppliers and packaging are supplied at the right time, to the right place and that the supply chain is transparent and sustainable.

Another matter of significant importance during the last year was Brexit.

Read more: see page 46

NGOs and Partnerships
We work with various non-governmental organisations (NGOs) including Agricultural and Horticultural Development Board (AHDB), British Poultry Council (BPC), WRAP (Waste and Resource Action Programme), Red Tractor and the RSPO. This allows us to help set policies and improve industry standards.

- Cranwold Directors and Manages all steering committees, industry groups and boards
- Industry events
- Digital platforms and social media to share important information

AHDB encourages pork consumption and helps shape standards, particularly for the poultry industry. WRAP is focused on sustainable packaging initiatives such as the Plastics Pact. Red Tractor provides assurance that products are traceable, safe and cared for and the RSPO certifies higher welfare farming systems.

Read more: see page 48

Communities
We produce from 16 facilities across the UK cover, making multiple towns and cities. We want to be responsible for our local communities and give back where possible.

- Foodbank donations
- Working with local schools and universities
- Employment opportunities
- Involvement in local projects
- Charity fundraising

Local communities have a justifiable expectation that businesses operate safely and sustainably. This is especially the case with food producers where there is a need to reduce edible food waste and increase the amount of food that can be shared through the community.

Read more: see page 49

Shareholders
Our reporting should be fair, balanced and understandable.

We want shareholders to understand our vision and strategy so we can communicate how we create value.

- AGM
- Annual report
- Regular announcements and press releases
- Website
- Presentations
- One-to-one meetings
- Visits to facilities

Shareholders want to be kept up to date with current issues and are increasingly concerned with environmental, social and corporate governance (ESG) matters.

During the year, further key matters discussed included COVID-19, financial performance and our new Remuneration Policy.

Read more: see page 50

Our updated ESG strategy focuses on four pillars which are central to addressing what matters most to our stakeholders.

- Risk & recognition
- Benefits
- Development
- Health & Wellbeing

Our new enhanced benefits package is hosted through a centralised online hub and includes a variety of different benefits available to all our people.

The Group continues to focus on new product development to address emerging consumer trends. Learnt products have been expanded for health-conscious consumers.

We aim to meet sustainability expectations through our Second Nature efforts. We launched the microsite, thisissecondnature.co.uk to increase communication in this area.

We took part in the Advantage Survey this year in order to understand and address our customer feedback.

We also engaged with our customers regarding Brexit; to ensure mitigations and contingencies were in place to minimise disruption.

Read more: see page 51

- Remote support to avoid face-to-face meetings
- Relocating employees to avoid furlough
- Staggered start times and working from home
- Employee bonuses
- Social distancing
- Additional PPE
- Optimising production to maximise output
- Support where needed
- Rationalisation of ranges
- Additional food donations
- Meals for NHS workers
- Laptops for schools
- Conservative cash management
- Maintaining dividend policy
- Individual Shareholders
- Regular dialogue
- Conservatoire and performance and our new Remuneration Policy.
Our People

We have always been proud of our colleagues. This year they have shown extraordinary commitment and professionalism to ensure our business remained resilient in the face of adversity. Their expertise and passion for making a difference is key to our continued success and none of our achievements this year would have been possible without their incredible support and dedication.

HR strategy

Across the Group we have over 12,600 valued colleagues and we continuously endeavour to ensure their needs are met. This year we launched our updated HR strategy which builds on our sector-leading position regarding pay, working conditions, professional development, health and safety, inclusivity and wellbeing. The Strategy consists of four pillars:

- **Reward & Recognition** - Create an environment where all our people feel appreciated and valued.
- **Benefits** - Offer benefits that are meaningful, worthwhile, and make a difference to all colleagues.
- **Development** - Provide an opportunity for all of our people to grow and develop both personally and within the business.
- **Health & Wellbeing** - Encourage all colleagues to improve and maintain their physical health, mental health & wellbeing.

The strategy will help position us as an employer of choice and enable us to strengthen our recruitment and retention drive as we seek to deliver what’s required in terms of workforce planning, skills, competencies and professional development. Despite COVID-19 restrictions, we have already made fantastic progress in each of the four pillars.

**Reward & recognition**

We have introduced a colleague recognition scheme across the Group which includes an annual awards ceremony and prize giving event – the ‘Go for the Extra Mile’ (GEM) Awards – to recognise and celebrate those people who have gone above and beyond their job description to contribute to the Company’s success. Despite the GEM Awards being a virtual event this year due to ongoing social distancing requirements, participation levels have been high with nearly all of our sites nominating candidates.

Our annual performance appraisals are now fully electronic and have been updated to become a user-friendly process, enabling both the appraiser and appraisee to give constructive feedback. This will help facilitate a continuous approach to performance management and development, driving more meaningful conversations between colleagues, fostering better working relationships and aiding our succession plan by enabling a clear view of our talent pipeline and relevant timescales.

Our colleagues’ successes are recognised and celebrated through our intranet site Flavour. Individual achievements this year include Georgina Corbett, who won the Training & Education category of the Women in Meat Industry Awards 2020, and Sam Pearl, who was shortlisted for The Grocer’s Factory Manager of the Year Awards.

Benefits

We have introduced an enhanced colleague benefits package hosted through a centralised online hub called Feed Your Wellbeing. This enables all benefits to be accessed in one place, either through our website, or dedicated app.

The benefits we have selected are relevant to all of our colleagues, not just the few, and are flexible to best suit an individual’s preferences.

The benefit’s packages include the ability to buy five extra days of holiday, enhanced maternity, and paternity pay for all colleagues with two years of service, retailer e-vouchers and discounts, an electric car salary sacrifice scheme, and financial services including access to preferential loans, a savings and insights portal, and a ShareSave scheme.

Offering these financial services will help improve people’s financial literacy and in turn, these range from compliance training courses, such as food safety and health and safety, to developmental soft skills training such as management skills, customer service, coaching and mentoring.

We are also utilising the platform to share bespoke training courses created in-house such as butchery skills and Second Nature training. These can be uploaded onto the Core system to enable learning on a more practical basis. More than 33,500 courses, equating to around 50,000 training hours, have been completed through the platform since its launch in April 2020.

To date, 199 colleagues have enrolled onto the three-month programme. Based on their feedback, the programme has proved to be both beneficial to them in their roles and to Cranswick as a whole. They all agreed that the training has given them a desire to continue their development and learning through the Core system, aiding their professional development.

Stepping up the ladder

We have invested in developing an Introduction to Management course specific to the unique activities and culture of our business. Launching this course through our online Cranswick Core learning and development system meant we could fast-track the development of all colleagues that required management training. This will help ensure we can build our talent pipeline more effectively, creating future leaders for our sector.
Throughout the pandemic, we have worked hard to ensure colleagues are able to access developmental training remotely. Many groups have hosted numerous online workshops and training sessions focused on key relevant topics such as resilience, wellbeing and how to communicate more effectively.

We are also encouraging colleagues to develop their skills through academic qualifications by utilizing funding through the apprenticeship levy. We currently have 188 colleagues undertaking apprentice level qualifications while working across different areas of the business.

Health and wellbeing
The health and wellbeing of our colleagues has always been a key priority for us. Many of our health and wellbeing initiatives were launched prior to COVID-19, enabling us to respond quickly and effectively to mitigate any effects on colleagues. This year, 33 trained Mental Health First Aiders and 89 mental health champions across each of our sites.

We continue to build on these efforts through our Feed Your Wellbeing hub, which covers five pillars – mental health, physical health, finance, environment and community. By taking a multi-faceted approach to what can often be a complex topic, we hope to positively change the way people think about and act on these issues. We are a signatory of the Time to Change employer pledge and all of our sites are affiliated with gyms to encourage a healthy work-life balance.

To promote our health and wellbeing work more effectively, we are undertaking a training across the Group in different languages. This includes our partnerships with Groove.org, which offers a counselling support and crisis grants, and The Butchers & Drovers, Chartered Institute, which offers financial support to families in need.

We have also launched a wellbeing programme called Bant the Burnout and collaborated with a wellbeing expert to deliver this programme across the Group. It consists of four modules focused on improving behaviours, highlighting signs of physical burnout, understanding what to look out for and what can be done, and emotional distress, and the importance of support and connection within the Company and at home.

All colleagues have access to the programme via online self-study. As well as the four modules, the programme offers live sessions, pre-recorded videos, self-evaluations, workbooks and journal prompts for each new module.

We are incredibly proud of our colleagues’ engagement in this area, with 1,800 completing Mental Health Courses on Cranwick Core.

Employee engagement
Each year we undertake a Group-wide people survey and the latest survey in January achieved a 73 per cent completion rate with an engagement score of 71 per cent. Highlights included our role in contributing towards Cranwick’s loneliness objectives and values and the ability to carry out their job function despite English not being their first language.

In August 2020, we undertook a COVID-19 survey to make sure colleagues were satisfied with our response and level of communication, which also gave them the opportunity to provide feedback. This achieved a 78 per cent completion rate with an engagement score of 77 per cent. In addition, 40 per cent of our sites have carried out local surveys, with many achieving very high satisfaction and engagement scores upwards of 90 per cent.

We also launched an engagement drive to influence our colleagues on changes relating to Brexit that might impact on their job function or role. Our Brexit taskforce worked with a third-party company to create an online webinar which was rolled out across the Group. Our Group average employee turnover rate has marginally increased from 2.03 per cent in the previous year to 2.26 per cent.

Attracting talent
We continue to recruit through our graduate and apprenticeship schemes, and have not paused this activity despite the ongoing uncertainties presented by COVID-19 and Brexit. Since 2013, we have recruited 39 graduates and found them permanent positions within the Group, and we have recently recruited another 1.5 graduates who will join the business in September 2021. Despite the pandemic, we have still progressed with our recruitment plans for graduates and apprenticeships as attracting new talent into the business plays a pivotal role in the succession of our teams. We are also working on our apprenticeship offering using the apprenticeships levy where we can recruit for key areas such as Engineering, Butchery, Operations, and IT.

This year we have been working closely with colleges and universities to ensure we maintain an online presence with students who are studying remotely or from home. This includes hosting online seminars, CV workshops, one-to-one chats and recorded presentations.

We are also working in partnership with Sheffield Hallam University, providing students with industry-related projects for them to work on under the guidance of our Technical and Marketing teams. This mentoring offers students an opportunity to see their academic knowledge brought to life through application in various contexts, and work on their employability skills and experience.

As part of our early careers strategy, we have partnered with a local school in Hull an Enterprise Advisor to support career leaders and prepare young people for the world of work. We have also launched a virtual work experience project in partnership with the Education Alliance organisation and created real-life working projects to engage with pupils, giving them a taste of working in the food industry. We plan to roll out these projects out to a wider network of schools going forward.

Labour availability
We continue to focus on labour availability, particularly as we continue to invest in new apprenticeships and recruiting new employees. We have also focused on increased safeguards and investment in new apprenticeships and we have also been invested in improved facilities such as canteen areas to make sure we are a ‘Destination Employer’.

During the year we have continued with our EU Settlement Scheme to support our colleagues who wish to continue to work in the UK. With a strong focus on planning we have also been more able to foresee any emerging labour availability issues. We have been able to redeploy colleagues to different sites in a COVID-secure way. This ensures any labour shortages at particular sites can be efficiently addressed.

Diversity and inclusion
We believe that diversity and inclusion are workplace in which we generate equal opportunities for everyone regardless of gender, age, race, disability or sexual orientation. Across the Group at every level through the structure for males and females performing the same or similar roles. Our latest Gender Pay Gap report can be found on the Group’s website: www.cranswick.plc.uk.

This year our female representation reached 39% as of production line automation was installed, we have also continued to invest in our support and to continue to invest in our support. We continue to focus on diversity and inclusion and are on point to complete all the remaining sites in September 2021.

It is our ambition to implement a ‘Target Zero’ culture across all sites targeting zero accidents as part of our risk management approach. Our Ballymena meat processing site reported its first accident-free month in December 2020, which was a fantastic achievement. On a wider level, we continue to work with the British Meat Processors Association to encourage more transparent accident data reporting across the industry to enable future benchmarking.

Skills and training
Under our new training standards, we are upskilling all of our colleagues to Graduate Members of the Institute of Occupational Safety and Health (IOSH), which they can then work towards Chartered IOSH status. H&S training for staff is now undertaken via Cranwick Core, our online learning management system, and covers a wide range of modules including risk assessment, accident investigations, risk and hazard prevention and workplace at height.

We are also introducing a new three-year manual handling training programme across all sites.

We strive to offer a diverse and inclusive workplace in which we generate equal opportunities for everyone regardless of gender, age, race, disability or sexual orientation. Across the Group at every level there are no differences in pay structure for males and females performing the same or similar roles.

PPF, while injuries from manual handling fall 51 per cent as production line automation was installed, we have also continued to invest in our support and to continue to invest in our support. We continue to focus on diversity and inclusion and are on point to complete all the remaining sites in September 2021.

It is our ambition to implement a ‘Target Zero’ culture across all sites targeting zero accidents as part of our risk management approach. Our Ballymena meat processing site reported its first accident-free month in December 2020, which was a fantastic achievement. On a wider level, we continue to work with the British Meat Processors Association to encourage more transparent accident data reporting across the industry to enable future benchmarking.

Skills and training
Under our new training standards, we are upskilling all of our colleagues to Graduate Members of the Institute of Occupational Safety and Health (IOSH), which they can then work towards Chartered IOSH status. H&S training for staff is now undertaken via Cranwick Core, our online learning management system, and covers a wide range of modules including risk assessment, accident investigations, risk and hazard prevention and workplace at height.

We are also introducing a new three-year manual handling training programme across all sites.

We strive to offer a diverse and inclusive workplace in which we generate equal opportunities for everyone regardless of gender, age, race, disability or sexual orientation. Across the Group at every level there are no differences in pay structure for males and females performing the same or similar roles.

PPF, while injuries from manual handling fall 51 per cent as production line automation was installed, we have also continued to invest in our support and to continue to invest in our support. We continue to focus on diversity and inclusion and are on point to complete all the remaining sites in September 2021.

It is our ambition to implement a ‘Target Zero’ culture across all sites targeting zero accidents as part of our risk management approach. Our Ballymena meat processing site reported its first accident-free month in December 2020, which was a fantastic achievement. On a wider level, we continue to work with the British Meat Processors Association to encourage more transparent accident data reporting across the industry to enable future benchmarking.

Skills and training
Under our new training standards, we are upskilling all of our colleagues to Graduate Members of the Institute of Occupational Safety and Health (IOSH), which they can then work towards Chartered IOSH status. H&S training for staff is now undertaken via Cranwick Core, our online learning management system, and covers a wide range of modules including risk assessment, accident investigations, risk and hazard prevention and workplace at height.

We are also introducing a new three-year manual handling training programme across all sites.

We strive to offer a diverse and inclusive workplace in which we generate equal opportunities for everyone regardless of gender, age, race, disability or sexual orientation. Across the Group at every level there are no differences in pay structure for males and females performing the same or similar roles.
Customers and Consumers

We work closely with our customers to create a portfolio of products that evolve with consumer needs, putting food integrity at the heart of everything we do. We pride ourselves on our ability to innovate, bringing new meal concepts and even more sustainable packaging solutions to market.

Who we serve
This year, 70 per cent of our revenue was generated from our retail customers, primarily through their own-label products. We have a broad retail customer base, selling products into each of the top four UK multiple grocers as well as the premium grocery and discount channels.

This year we experienced a surge in retail demand as the pandemic changed consumer eating habits with more people eating at home. This helped to offset a consequent scaling back in food service and hospitality. As only 5 per cent of our revenue was generated from these channels in the prior year, we were able to limit our risk and exposure to the impact of COVID-19 in this sector.

Our export sales continue to contribute to a significant proportion of our total revenue. Despite some COVID-19-related disruption to our export business, overall volumes increased through the broadening of our customer base in both existing and new markets.

Evolving partnerships
Our teams work with customers on a partnership basis across several areas including new product development, technical, agricultural and category development. This enables us to help keep customers abreast of consumer insights so we can all react quickly to society’s changing needs.

This year we changed how we work with customers and switched to collaborating remotely with our key contacts. This included replacing face-to-face meetings with virtual meetings and online taste panels to ensure we could continue to deliver the agreed business plans whilst remaining within the COVID-19 imposed restrictions.

This approach has not only saved on travel time and road miles, but enabled more frequent customer contact and alignment. Testament to this is the high level of positive feedback we have received during the past 12 months with many customers praising our teams for their commitment and dedication to building the business plan and delivering fantastic levels of service during these unprecedented times.

New solutions
Customer and consumer concerns around in–store hygiene and safety understandably increased this year, resulting in the closure of delicatessens and fresh meat counters. We reacted quickly to this, working with a key customer to expand our grab-and-go offerings for different products and pack sizes, and also creating a new eating occasion called ‘small plates’ to offer consumers more choice as demand for convenient at-home meal solutions grew.

We tapped into new opportunities for the lunchtime market as consumers sought more inspirational food choices to prepare at home. This included introducing more flavoured options for our ready-to-eat cooked poultry and ham products, and increasing our pack sizes for retail. We also supported the retailers as they adapted their offer to meet the additional demands created by the pandemic. For example, we have enhanced communication of our product benefits in the online shopping environment and also developed bespoke lines for a specific retail customer where themed food boxes were created.

Packaging developments
We continue to work with customers to remove plastics from our packaging, most notably through streamlining and materials innovation. Across most of our sites we have shifted to using just one type of material for our packs and we are exploring alternatives such as PaperPly (a recyclable paper-plastic laminate) to reduce our plastic use further. More information on our packaging work can be found on page 27.

Brexit planning
Through our Brexit taskforce, we worked closely with customers to proactively manage Brexit-related supply chain risks, implementing mitigation and contingency plans to minimise any costs and disruption. Against this backdrop, we have seen a desire from customers to build more resilience into their supply base and our vertically integrated supply chains offer us an key advantage in that respect.

Food integrity
To enable greater consistency in the work we do to assure the safety, traceability, quality and provenance of our raw ingredients and production processes, we have introduced a new Quality Management System (QMS). More information on the QMS can be found on page 44.

We are working on developing an automated food fraud incident system through our Foods Connected supplier performance management system, so we can react more quickly and efficiently to food security incidents. This year we also joined the Food Industry Intelligence Network (FIIN), an intelligence sharing platform for issues relating to food authenticity.

We are pleased to report that we had no product recalls or market bans during the year which further demonstrates our commitment to food safety.

Online food shopping
In September 2020, the UK’s dedicated online grocery retailer, Ocado, changed their established retail supply partner and created a new supply partnership with one of the Group’s largest retail customers.

In order to ensure a full product range was available at the transition, we developed over 140 new products during a six-month window and launched the full range in September 2020. This project was managed and delivered on time through five of our sites and included new product formats and an increase in the requirement for free range pork products.

New products developed for launch

140


Our Stakeholders continued

Producers and Suppliers

We champion world-class standards when it comes to food quality, safety and sustainability. By partnering with others who share these values, we continue to raise the excellence across our supply chain and production operations.

Responsible sourcing
It is important that our broadband of suppliers share our passion for food authenticity so we can ensure greater visibility of where our ingredients come from and how they are made. We are focussed continually strengthening our raw material procurement processes to deliver this transparency.

We expect suppliers to have procedures in place to source and mitigate any negative environmental impacts, and encourage them to commit to publicly report on policies and goals to reduce these impacts. Our Group Sustainable Procurement Policy has been updated to reflect this.

In October 2020, we issued a supplier questionnaire in order to gather more meaningful data on key supplier actions or commitments across a range of environmental issues including water use, energy use, measurement, renewables and investment in innovation. This will be reported on in our next annual report.

We approve and control 881 raw material suppliers, and 7,525 products and associated materials we use. This figure is slightly down on last year due to COVID-19 restrictions. 817 internal audits were carried out to assure the safety, traceability, quality and provenance of these materials. This enables us to continually refine processes to deliver this transparency.

Supplier performance and risk
We monitor supplier performance and undertake vulnerability risk assessments for every supplier and incident through our supplier management system, Foods Connected. We rate risk suppliers on a points-based system and last year we developed new risk assessments for allergens, gluten-free and specialist.

Setting the standard
Our new Cranswick Manufacturing Standard (CMS) is industry-leading based on best practice across the food industry. All of our sites will be expected to put procedures in place to ensure they meet CMS criteria, and from April 2021, all sites will be audited against the CMS. Customer feedback on CMS has been very positive; by having our own standard that reflects the highest levels of due diligence, we hope in time this will reduce the number of external customer audits required.

Remote auditing is put in place this year due to COVID-19 restrictions. 817 internal audits have been carried out across the Group, with 100 per cent of planned audits completed. These audits cover technical, environmental, ethical and health & safety audits. The number of audits has increased year-on-year, despite restrictions, demonstrating the growth of the business and our commitment to exceptionally high standards. Multiple apps and reports have been developed to ensure any issues flagged are detailed later in this section.

During the past 12 months, 241 supply chain audits were carried out to assure the safety, traceability, quality and provenance of these materials. This is slightly down on last year due to COVID-19 restrictions.

Currently 800 of our 881 total suppliers are registered on Sedex, including all 556 direct suppliers. We also undertake our own ethical verification audits. Our expectations of our suppliers are laid out in our Technical Conditions of Supply and can be found at www.cranswick.plc.uk

Site compliance
This year we introduced a new Cranswick Manufacturing Standard (CMS) to enhance our internal auditing and ensure we can automatically meet, if not exceed, customer compliance requirements. The CMS will help streamline our auditing processes, ensuring a more consistent approach across all of our sites.

We have developed a new internal audit system to underpin the CMS, a Group support mechanism consisting of tools, templates and apps.

To ensure we maintain the highest standards of site compliance, reporting and analysis, we continue to invest in updating upholding our colleagues. Group Technical colleagues also sit on meat industry technical committees including the British Meat Processors Association and the British Poultry Council to help inform sector thinking on standards, legislation and food issues.

Animal welfare
Our exceptional animal welfare standards are vital to ensuring the integrity and quality of the meat we produce. We have retained our Tier One ranking in the 2020 Business Benchmark on Farm Animal Welfare (BFAW) for the fifth consecutive year, and are one of only four companies worldwide to have achieved a Tier One rating. More information can be found at www.bfaaw.com.

More information on our Animal Welfare policy can be found on our website: www.cranswick.plc.uk

Caring for our poultry
Our poultry welfare standards are fully integrated, giving us complete control over the health and welfare of our chickens, from hatching and rearing through to finishing and supply. All of our chickens are reared indoors in consistent, controlled conditions with or go beyond, Red Tractor welfare standards.

We continue working closely with Red Tractor and other assurance schemes to improve welfare outcomes and communication. More information about our partnership in a report.

This year, following successful trials, we have adopted the NestBorn system for all of our eggs, which we believe is a first for our sector. All of our poultry sheds provide environmental enrichments in the form of fresh hales, perches with toys and windows to allow natural light. LED blue lighting is installed as standard in both our poultry sheds and pig lairages to reduce stress levels.

We operate our own feedmill that supplies our poultry and pig farms, and have an in-house nutritionist. This enables us to continually refine and optimise diets, preventing ammonia emissions and lowering the risk of respiratory problems.

Caring for our pigs
Farm Animal Welfare (BBFAW) for the fifth consecutive year, and are one of only four companies worldwide to have achieved a Tier One rating. More information can be found at www.bfaaw.com.

This is reflected by our new guidance note that we have issued to all of our pig suppliers to encourage them to adopt welfare practices that go beyond industry standards, and the note raised awareness of the increasing requirements of transparency by our customers. We have more direct contracts with pig farmers and producers than third-party marketing groups, enabling us to build shorter, more transparent supply chain.

At our indoor farming operations, we have invested in new farrowing systems to allow 35 per cent more space for breeding sows.

Our pig lairages are designed to accommodate the pig’s natural anatomy and behaviour. We believe that and extremely peaceful and quiet areas overseen by a full-time vet. We also have also installed 3D cameras into one of our finishing trial sites to enable us to monitor pig performance, behaviour and quality in real-time.

In recognition of the holistic approach we take when it comes to ensuring the health and welfare of our herds while promoting climate-smart husbandry, our Wayland Farms division won three accolades at the National Pig Awards 2020. These included Outdoor Pig Producer of the Year for the second year running, and Pig Producer of the Year.

Antibiotic usage
We advocate the responsible use of antibiotics and have an alternative approach to medication through improvements in gut health, for example. We recognise the Responsible Use of Medicines in Agriculture (RUAMA) target and continue to achieve levels well beyond the 2020 target. The average antibiotic use across our three farming businesses in 2020 was 46.7mg/pcu, well below the industry target of 99.9mg/pcu.

We are board members of FIAB (Food Industry Initiative on Antibiotics) and continue to work with FIAB to promote and support responsible antimicrobial use, and to develop industry best practice in this field.

Our pig procurement team has built strong working relationships with our supply base. This is reflected by our new guidance note which we have issued to all of our pig suppliers to encourage them to adopt welfare practices that go beyond industry standards, and the note raised awareness of the increasing requirements of transparency by our customers. We have more direct contracts with pig farmers and producers than third-party marketing groups, enabling us to build shorter, more transparent supply chain.

Our goal is to source from verified zero deforestation areas by 2025. That means becoming less reliant on imported soy and trailing insect protein and UK grown crops, which are rich in protein. All soya we purchase for our own farms is certified. For further details see Climate Smart ‘From Soya to self-sufficiency’ on page 27. We have also significantly lowered the percentage inclusion of soya within pig diets with levels as low as 10 per cent achieved regularly. This is substantially lower than the average within the industry. More information on our soya policy can be found at www.cranswick.plc.uk

Innovation in rapid blood diagnostics
Our approach to tackling disease in our pig herds focuses on stabilising the health from breeding sows right through to finishing pigs, and supports the development of disease management strategies. Speeding up blood test results from five weeks to less than 24 hours will improve pig health significantly and deliver vital information on the efficacy of existing vaccines and the strain of the virus in circulation.

From Soya to self-sufficiency

Our approach to tackling disease in our pig herds focuses on stabilising the health from breeding sows right through to finishing pigs, and supports the development of disease management strategies. Speeding up blood test results from five weeks to less than 24 hours will improve pig health significantly and deliver vital information on the efficacy of existing vaccines and the strain of the virus in circulation.

This is reflected by our new guidance note which we have issued to all of our pig suppliers to encourage them to adopt welfare practices that go beyond industry standards, and the note raised awareness of the increasing requirements of transparency by our customers. We have more direct contracts with pig farmers and producers than third-party marketing groups, enabling us to build shorter, more transparent supply chain.

Our pig procurement team has built strong working relationships with our supply base. This is reflected by our new guidance note which we have issued to all of our pig suppliers to encourage them to adopt welfare practices that go beyond industry standards, and the note raised awareness of the increasing requirements of transparency by our customers. We have more direct contracts with pig farmers and producers than third-party marketing groups, enabling us to build shorter, more transparent supply chain.

Our goal is to source from verified zero deforestation areas by 2025. That means becoming less reliant on imported soy and trailing insect protein and UK grown crops, which are rich in protein. All soya we purchase for our own farms is certified. For further details see Climate Smart ‘From Soya to self-sufficiency’ on page 27. We have also significantly lowered the percentage inclusion of soya within pig diets with levels as low as 10 per cent achieved regularly. This is substantially lower than the average within the industry. More information on our soya policy can be found at www.cranswick.plc.uk

Innovation in rapid blood diagnostics
Our approach to tackling disease in our pig herds focuses on stabilising the health from breeding sows right through to finishing pigs, and supports the development of disease management strategies. Speeding up blood test results from five weeks to less than 24 hours will improve pig health significantly and deliver vital information on the efficacy of existing vaccines and the strain of the virus in circulation.
We have surpassed the Champions 12.3 target of plastic waste at scale.

Sustainable Soya and the Soya Transparency Initiative

We continue to support global efforts (SBTi) and we are working with them to get a commitment co-founded by Amazon and Climate action urgently needed.

Collaborating for the greater good

Our work with Courtauld also focuses on water stewardship, which is critical to sustainable food production. Our Chief Commercial Officer sits on the Courtauld 2025 steering committee, and both Cranswick Plc and Wayland Farms are represented on the Cam, Ely & Ouse Catchment soil and water stewardship board, a collective group aligned to Courtauld 2025, advocating a catchment-based approach to river management in East Anglia.

Wayland Farms also works with The Norfolk Rivers Trust (NRT) to apply science-based management plans to its pig breeding units. This helps better manage water quality and promote biodiversity. Through its membership of LEAP (Linking Environment and Farming) since 2018, Wayland Farms also helps to promote the value of sustainable farming practices.

Our Head of Agricultural Strategy is running a long-term supply chain pilot in partnership with Defra, Natural England and WWT to integrate and shape future government agricultural policy. We are working collaboratively to assess, devise output and place the optimum crop rotation around outdoor pigs. This will deliver ongoing improvement in soil health whilst mitigating the risk of soil and water run-off.

COVID-19

This year in particular our communities have faced some incredibly hard times, and much of our community work has been focused on supporting them through this period with funding and food donations.

We are also working with FIIA (Food Industry Initiative on Antimicrobials) which brings together retailers, manufacturers, processors and food service companies to promote and support responsible antimicrobial use. Their policy is formulated to reduce antibiotic use without compromising standards of animal welfare.

Corporate citizenship

We continue to make positive social impact through our community outreach and charitable work, which encompasses a broad spectrum of activities. This includes our long-established partnership with FareShare to tackle food poverty, which donated over 229,000 meals to UK communities in 2020/21.

One of our senior directors is a national advisor of Environmental & Management Solutions (EMS), a full-board food and fuel poverty charity that works with families living in poverty to provide affordable food. During 2020, we joined forces with several organisations in Hull to strengthen our support for the EMS drive, particularly during the COVID-19 pandemic. This included delivering over 1,000 food parcels for people in need.

For all our work, we report on a Taskforce ‘charitable giving’ framework, which measures and reports our impact on our stakeholders.

Charitable giving

Our Stakeholders continued

Collaborating for the greater good

Our work with Courtald also focuses on water stewardship, which is critical to sustainable food production. Our Chief Commercial Officer sits on the Courtauld 2025 steering committee, and both Cranswick Plc and Wayland Farms are represented on the Cam, Ely & Ouse Catchment soil and water stewardship board, a collective group aligned to Courtauld 2025, advocating a catchment-based approach to river management in East Anglia.

Wayland Farms also works with The Norfolk Rivers Trust (NRT) to apply science-based management plans to its pig breeding units. This helps better manage water quality and promote biodiversity. Through its membership of LEAP (Linking Environment and Farming) since 2018, Wayland Farms also helps to promote the value of sustainable farming practices.

Our Head of Agricultural Strategy is running a long-term supply chain pilot in partnership with Defra, Natural England and WWT to integrate and shape future government agricultural policy. We are working collaboratively to assess, devise output and place the optimum crop rotation around outdoor pigs. This will deliver ongoing improvement in soil health whilst mitigating the risk of soil and water run-off.

Raising meat standards

We work with several industry bodies and assurance schemes to help set policies and improve standards around meat integrity and animal welfare. These include the Agricultural and Horticultural Development Board (AHDB), British Poultry Council (BPC), British Meat Processors Association (BMPA), Red Tractor and RSPCA Assured. We also have representation on the National Pig Association (NPA) Pig Industry Group.

Our Chief Operating Officer sits on the AHDB Pork Board, helping to inform future policy-making for the pork sector, and is also a member of the Butchers’ and Drovers’ Charitable Institution. Cranswick is represented on the BPC technical committee.

where our pioneering approach to on-farm hatching is setting an industry benchmark for higher welfare poultry. We also have representation on the BMPA Animal Welfare Committee.

Local employer

Given the scale of our operations, we aspire to be an employer of choice for the local communities we serve. Due to our emphasis on local recruitment across the Group, 66 per cent of colleagues live within a 10 mile radius of their workplace. Employing locally means we can help boost the local economy, improve our recruitment and retention sales and deliver a better quality service. We are now starting to make a bigger impact by helping disadvantaged and marginalised groups back into work. This includes working with a homelessness charity at our Milton Keynes site where we have recently undertaken a successful recruitment drive.

Our Hull sites produced meat parcels for local soup kitchens providing a lifeline for residents facing poverty and also provided meat hampers to Hull Women’s Aid for distribution to women and children fleeing domestic abuse.

Our Riverside and Preston sites partnered with Hull 4 Heroes and raised nearly £900 for the charity’s Christmas food hampers appeal, which is raising funds to build a lodge where veterans can begin to adjust back into civilian life. We also donated £60,000 to The Deep, Hull’s aquarium and popular tourist attraction, to help cover running costs for this valuable local educational landmark.

In East Anglia, our Norfolk site produced and packed/packed joint of pork joints and sausages for community foodboxes to help vulnerable people while our gourmet pastry site in Milton, North Yorkshire, donated more than 240 items to local food charities.

Our ongoing support of Grocer yed sausies receive a GroceryAid Gold supporter award in recognition of our efforts, and two of our management teams sit on the Grocer yul initiative, enabling us to increase awareness of its work.

Charitable trust

This year the launch of Cranswick Charitable Trust (CCT) will take our charitable work to the next level. CCT will act as an independent grant-making body, helping to raise money for good causes. Several of our sites run local initiatives tailored to the communities they serve.

In Milton Keynes we stepped up our support work with MK Food Bank, providing weekly emergency food and further funding for three local charities. Under our Make Lunch initiative, we also provided donations to support hampers for 30 families for three weeks, the equivalent of 550 meals.

Our Riverside and Preston sites partnered with Hull 4 Heroes and raised nearly £900 for the charity’s Christmas food hampers appeal, which is raising funds to build a lodge where veterans can begin to adjust back into civilian life. We also donated £60,000 to The Deep, Hull’s aquarium and popular tourist attraction, to help cover running costs for this valuable local educational landmark.

In East Anglia, our Norfolk site produced and packed/packed joint of pork joints and sausages for community foodboxes to help vulnerable people while our gourmet pastry site in Milton, North Yorkshire, donated more than 240 items to local food charities.

Our ongoing support of Grocer yed sausies receive a GroceryAid Gold supporter award in recognition of our efforts, and two of our management teams sit on the Grocer yul initiative, enabling us to increase awareness of its work.

Charitable trust

This year the launch of Cranswick Charitable Trust (CCT) will take our charitable work to the next level. CCT will act as an independent grant-making body, helping to raise money for good causes. Several of our sites run local initiatives tailored to the communities they serve.

In Milton Keynes we stepped up our support work with MK Food Bank, providing weekly emergency food and further funding for three local charities. Under our Make Lunch initiative, we also provided donations to support hampers for 30 families for three weeks, the equivalent of 550 meals.

Our Riverside and Preston sites partnered with Hull 4 Heroes and raised nearly £900 for the charity’s Christmas food hampers appeal, which is raising funds to build a lodge where veterans can begin to adjust back into civilian life. We also donated £60,000 to The Deep, Hull’s aquarium and popular tourist attraction, to help cover running costs for this valuable local educational landmark.

In East Anglia, our Norfolk site produced and packed/packed joint of pork joints and sausages for community foodboxes to help vulnerable people while our gourmet pastry site in Milton, North Yorkshire, donated more than 240 items to local food charities.

Our ongoing support of Grocer yed sausies receive a GroceryAid Gold supporter award in recognition of our efforts, and two of our management teams sit on the Grocer yul initiative, enabling us to increase awareness of its work.

Charitable trust

This year the launch of Cranswick Charitable Trust (CCT) will take our charitable work to the next level. CCT will act as an independent grant-making body, helping to raise money for good causes. Several of our sites run local initiatives tailored to the communities they serve.

In Milton Keynes we stepped up our support work with MK Food Bank, providing weekly emergency food and further funding for three local charities. Under our Make Lunch initiative, we also provided donations to support hampers for 30 families for three weeks, the equivalent of 550 meals.
Our Stakeholders continued

Shareholders

Shareholder engagement on a regular basis is important to us to capture and embrace feedback and ensure the Group responds to developing themes.

Individual Shareholders
The Group engages with individual Shareholders through regular meetings. Presentations are made by the Chief Executive, the Chief Financial Officer and the Chief Commercial Officer to analysts and institutional Shareholders on the half year and full year results and on Company strategy. The Chairman, Chief Executive and Chief Financial Officer also discuss governance and strategy with major Shareholders from time to time. The Senior Independent Director and Committee Chairs are also available for direct meetings with Shareholders where required. Significant matters relating to the trading or development of the business are disseminated to the market by way of Stock Exchange Announcements.

Institutional Shareholders
The Group engages with institutional Shareholders through regular meetings. Presentations are made by the Chief Executive, the Chief Financial Officer and the Chief Commercial Officer to analysts and institutional Shareholders on the half year and full year results and on Company strategy. The Chairman, Chief Executive and Chief Financial Officer also discuss governance and strategy with major Shareholders from time to time. The Senior Independent Director and Committee Chairs are also available for direct meetings with Shareholders where required. Significant matters relating to the trading or development of the business are disseminated to the market by way of Stock Exchange Announcements.

Ways we engage with Shareholders

AGM
The AGM will take place on Monday 26 July 2021 at the Mercure Hull Grange Park Hotel, Grange Park Lane, Wgelby, Hull, HU10 6EA at 10.30 am. As at the date of printing, restrictions in place relating to large gatherings in connection with COVID-19 mean that Shareholders are currently prohibited from attending in person. We are keeping the arrangements relating to the AGM under review as health guidance evolves and, as anticipated by the Government’s Roadmap out of Lockdown, it becomes possible to attend in person, Shareholders will be notified by the Company beforehand of revised arrangements via its website and by a Company announcement.

Given the continued unpredictability of UK Government guidance due to the COVID-19 pandemic, this year Shareholders will also be able to view the AGM presentations on-line via a live video cast and to ask questions in real time. This can be done by accessing the online AGM platform, details of which are set out in the notice of meeting accompanying the Report and Accounts. There will not be an online voting facility at the AGM and we therefore encourage all Shareholders to vote by proxy on all resolutions proposed.

Annual Report
We publish our Annual Report & Accounts each year which contains a Strategic Report, corporate governance section, financial statements and shareholder information. The report is available in paper format and online. We encourage Shareholders to opt for our online format to help reduce the amount of paper we use.

Press releases
We issue press releases for all substantive news relating to the Group’s financial and operational performance, which can be found on our website at www.cranswick.plc.uk.

Results announcements
We release full financial and operational results at the interim and full year stage in November and May respectively. The Group also releases a trading update at the first and third quarter with reduced disclosure. The interim and full year results are accompanied by presentations by the Executive Directors, which are also available on our website.

Website
Our website (www.cranswick.plc.uk) is regularly updated and contains a wide range of information relating to the Group. The Investor section includes our investor calendar, financial results, presentations, Stock Exchange Announcements and contact details. Shareholders can make enquiries through our website which the Company responds to promptly.

Shareholder engagement themes

COVID-19
We received queries from Shareholders relating to the steps the Group has been taking to mitigate the impact of COVID-19 and protect our workforce along with the financial implications of the pandemic for our workers. Details of actions taken by the Group in relation to COVID-19 are set out on pages 6 and 7.

Climate and sustainability
During the year the Group received a significant number of enquiries from institutional shareholders and various environmental interest groups relating to its environmental performance and initiatives. In particular, Shareholders encouraged greater public disclosure of environmental statistics. Environmental performance is reported on at pages 28 to 29 and further disclosure of performance under the Meat, Poultry & Dairy Sustainability Accounting Standard is set out on pages 32 to 34.

Financial performance
The Group discussed its financial performance in meetings with institutional Shareholders and analysts. Matters focused on the impact of COVID-19 and Brexit on the Group, developments in export markets, the expansion of the Group’s poultry business at Eye and the development of the Gourmet Kitchen cooked bacon facility in Hull, which are covered in further detail in the Strategic Report on page 20.

Diversity
The Group has engaged with Shareholders on a number of topics in relation to diversity at all levels. In particular, the Group has engaged with the Hampton-Alexander Review in relation to gender diversity and a number of its institutional Shareholders in relation to broader diversity measures. Further details of the Group’s policy and performance relating to diversity is included in the Nomination Committee Report on pages 87 to 88.

Employee engagement
Shareholders raised queries relating to how management engage with the Group’s workforce and, in particular, the development of the role of the Group’s designated Non-Executive Director. Further information on workforce engagement and the development of the designated Non-Executive Director’s role is set out on page 78.

Directors’ Remuneration
The Group has undertaken its triennial review of its Remuneration Policy this year in connection with which it has consulted with institutional Shareholders and Shareholder representative bodies. Areas of particular focus included Executive Directors’ pension contributions and post-employment shareholding requirements. A full report on the review and new Remuneration Policy (which is to be approved at the AGM) is included in the report of the Remuneration Committee on pages 90 to 100.
A strong performance in a challenging environment

Operating and Finance Review

Adjusted Group Operating Margin* 7.0% 6.3% +68bps

50 51

colleague bonuses.
related costs which included £9.8 million of
contribution from the Eye poultry facility and
at 7.0 per cent reflecting a stronger product
26.1 per cent to £132.5 million, with adjusted
Adjusted Group operating profit increased by
and the benefit of lower pig prices being passed
demand, resulting from the COVID-19
coronavirus. A robust retail demand comfortably
consumption resulting from the COVID-19
pandemic. Robust retail demand comfortably
ahead of the prior year with continued growth
Colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.
Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

Breaks update
Following extensive preparation and planning,
disruption caused by the UK’s departure from
the EU has been extremely limited. Investment
in our people, our processes and our procedures
designed to ensure we are well placed to
perform with our customers and suppliers resulted in
minimal disruption to both inbound and outbound
supply chains. The group’s Brexit Taskforce,
formed in 2019, ensured that all addressable risks
were identified and mitigated and that extensive
procedures were put in place to manage the increased
supply chain complexity and the associated administrative burden. A specialist
customers team was recruited, training rolled out and
broker capacity secured. Extensive testing of
new systems was performed in partnership
with our customers and suppliers to ensure that
supply chain disruption was minimised.

The measures we put in place to protect
our employees and our business have been
extremely effective and have enabled us
to continue to operate through periods of
extremely challenging and unpredictable
demand. Service levels to our customers have been
exemplary throughout the pandemic, helping to keep shelves well stocked and the
nation fed.

Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

Capital expenditure
Despite the challenges created by COVID-19
we have continued to invest at pace across our
asset base, spending £71.9 million during the
year to add further capacity, extend capability,
improve operational efficiency and to drive
our Second Nature sustainability strategy.

We have also spent £20.2 million to improve
facility as well as extending the site’s capabilities.
Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

We spent £25.9 million on projects to broaden
our product portfolio and unlock new sales
channels, including the construction of anew
£20 million added-value cooked bacon facility
in Hull which was completed in Q4. This facility,
which has been developed to serve a leading
quick service restaurant chain as its anchor
customer, will also serve other retail and food
service customers. The facility will benefit from
the full vertical integration we offer across our
pork supply chain. The site is adjacent to our

Short term challenges relating to the supply of
products to Northern Ireland and in securing
Export Health Certificates continue, but the
Taskforce team continues to work with all
stakeholders to ensure these legislative
challenges are effectively managed and
mitigated and we are confident that they will be
resolved successfully in the coming months.

Also, we have tirelessly supported our EU
national colleagues in claiming their right to
sell products in the UK and we have moved a
significant number of our colleagues from
agency to permanent contracts to provide them
with greater job security and continuity.

Despite the disruption caused by the
COVID-19 pandemic we have further
strengthened our three strategic pillars
enabling us to make positive progress in
delivering our long-term growth strategy.

Despite the disruption caused by the
COVID-19 pandemic we have further
strengthened our three strategic pillars
enabling us to make positive progress in
delivering our long-term growth strategy.

Sustainability
Our ‘Second Nature’ sustainability strategy
reflects Cranswick’s ambition to be the world’s
most sustainable meat business and includes
ambitious targets which focus on food waste,
plastic usage, energy efficiency, water usage
and reducing our carbon footprint. Second
Nature is firmly embedded in our business
and is a key determinant in all strategic or
investment related decisions.

As part of our journey to achieve net zero
emissions by 2040 we have committed to
setting Science-Based Targets and we have
made considerable progress in this area during
the year. Three of our production facilities
achieved carbon neutral certification PAS2060
during FY21 with a further six sites having
achieved the same accreditation during the early
part of FY22.

We have surpassed the Champions 12 target
we set in January 2018, achieving a 61 per cent
reduction in edible food waste by removing over
4,200 tonnes of food waste against the 2017
baseline position. During the pandemic we have
donated more than 229,000 meals for vulnerable
people through our partnership with the food
charity FareShare and we have continued to support
several local community initiatives.

We also recently retained our ‘Tier One’ status
in the global Business Benchmark on Farm
Animals (BBF) for the fifth consecutive year.
We are one of only four companies globally,
and the only meat processor to be ranked in
‘Tier One’.

Further details of our Second Nature strategy
are set out on page 24.

Operating Revenue
Reported revenue increased by 13.9 per cent to £1,898.4 million, up 26.1 per cent to £1,32.5 million, with adjusted
Adjusted Group operating profit increased by 26.1 per cent to £132.5 million, with adjusted
Adjusted Group operating margin increased by 6.3% to 7.0%, with corresponding volumes actually decreasing
by 8.7 per cent. All four product categories delivered strong like-for-like growth reflecting a full year of sales from
the new Eye poultry facility, annualisation of FY20 contract wins, new FY21 contract wins and a shift in in-home
consumption resulting from the COVID-19 pandemic. Robust retail demand comfortably
ahead of the prior year with continued growth
Colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.
Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

Breaks update
Following extensive preparation and planning,
disruption caused by the UK’s departure from
the EU has been extremely limited. Investment
in our people, our processes and our procedures
designed to ensure we are well placed to
perform with our customers and suppliers resulted in
minimal disruption to both inbound and outbound
supply chains. The group’s Brexit Taskforce,
formed in 2019, ensured that all addressable risks
were identified and mitigated and that extensive
procedures were put in place to manage the increased
supply chain complexity and the associated administrative burden. A specialist
customers team was recruited, training rolled out and
broker capacity secured. Extensive testing of
new systems was performed in partnership
with our customers and suppliers to ensure that
supply chain disruption was minimised.

The measures we put in place to protect
our employees and our business have been
extremely effective and have enabled us
to continue to operate through periods of
extremely challenging and unpredictable
demand. Service levels to our customers have been
exemplary throughout the pandemic, helping to keep shelves well stocked and the
nation fed.

Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

Capital expenditure
Despite the challenges created by COVID-19
we have continued to invest at pace across our
asset base, spending £71.9 million during the
year to add further capacity, extend capability,
improve operational efficiency and to drive
our Second Nature sustainability strategy.

We have also spent £20.2 million to improve
facility as well as extending the site’s capabilities.
Further details of the enhanced policies,
procedures and other mitigation strategies
which have been implemented to safeguard
our colleagues and the business against the threat
posed by COVID-19 are set out on pages 6 and 7.

We spent £25.9 million on projects to broaden
our product portfolio and unlock new sales
channels, including the construction of anew
£20 million added-value cooked bacon facility
in Hull which was completed in Q4. This facility,
which has been developed to serve a leading
quick service restaurant chain as its anchor
customer, will also serve other retail and food
service customers. The facility will benefit from
the full vertical integration we offer across our
pork supply chain. The site is adjacent to our

Short term challenges relating to the supply of
products to Northern Ireland and in securing
Export Health Certificates continue, but the
Taskforce team continues to work with all
stakeholders to ensure these legislative
challenges are effectively managed and
mitigated and we are confident that they will be
resolved successfully in the coming months.

Also, we have tirelessly supported our EU
national colleagues in claiming their right to
sell products in the UK and we have moved a
significant number of our colleagues from
agency to permanent contracts to provide them
with greater job security and continuity.

Despite the disruption caused by the
COVID-19 pandemic we have further
strengthened our three strategic pillars
enabling us to make positive progress in
delivering our long-term growth strategy.

Sustainability
Our ‘Second Nature’ sustainability strategy
reflects Cranswick’s ambition to be the world’s
most sustainable meat business and includes
ambitious targets which focus on food waste,
plastic usage, energy efficiency, water usage
and reducing our carbon footprint. Second
Nature is firmly embedded in our business
and is a key determinant in all strategic or
investment related decisions.

As part of our journey to achieve net zero
emissions by 2040 we have committed to
setting Science-Based Targets and we have
made considerable progress in this area during
the year. Three of our production facilities
achieved carbon neutral certification PAS2060
during FY21 with a further six sites having
achieved the same accreditation during the early
part of FY22.

We have surpassed the Champions 12 target
we set in January 2018, achieving a 61 per cent
reduction in edible food waste by removing over
4,200 tonnes of food waste against the 2017
baseline position. During the pandemic we have
donated more than 229,000 meals for vulnerable
people through our partnership with the food charity FareShare and we have continued to support
several local community initiatives.

We also recently retained our ‘Tier One’ status
in the global Business Benchmark on Farm
Animals (BBF) for the fifth consecutive year.
We are one of only four companies globally,
and the only meat processor to be ranked in
‘Tier One’.

Further details of our Second Nature strategy
are set out on page 24.
We continue to make progress in growing export sales to recover strongly during the final potential from the two which remain China primary processing facilities to optimise export flexing production levels between our three voluntary suspension of our Ballymena and first half of the year were strongly ahead, but of the prior year. Exports to China during the farming operations enabled us to maintain our strategy in our core pork business. Despite cold store and our farming infrastructure to primary processing facilities, the new Goole category, long-term supply agreements with products developed for the fast-growing online and a strong barbecue season. This demand from consumers regaining their appetite for retail and export demand.

61,400, peaking at over 66,600 pigs per week in during the year increased by 1.9 per cent to 0.1 per cent reflecting strong retail and export demand. Like-for-like Fresh Pork revenue increased by 14.1 per cent reflecting strong growth in both Cooked Meats and Continental increased by 38 per cent of Group revenue. Like-for-like Convenience revenue, excluding the impact of the Katsouris Brothers acquisition in July 2019, represented 16 per cent of Group revenue. The new Goole facility has now safely integrated and is delivering revenue growth in both Cooked Meats and Continental growth in the Group's profits has been matched that shareholder income streams are strongly but is balanced against the need to invest of tax laws. Our tax strategy can be found on our website:

0.1 per cent reflecting lost sales due to deli counter closures during lockdown. Sales of ambivalent, olives, Mediterranean cheeses and nuts and pulses have also been strong with growth across the site’s retail customer base. Innovation led to several new product launches and further growth came from the site’s retail customer ensured sales remained resilient with new pre-packaged, ‘grab and go’ products offsetting lost sales due to deli counter closures during lockdown. Sales of ambivalent, olives, Mediterranean cheeses and nuts and pulses have also been strong with growth across the site’s retail customer base.

Growth in Bacon reflected increased consumer demand and new retail business which comfortably offset the COVID-19 driven reduction in production. Our new retail contracts were secured during the year as well as adding new businesses to business customer. Underlying retail revenue again increased as a result of more cooked bacon being consumed at home and due to strong demand for traditional ham products over the Christmas trading period.

Pastry volumes grew strongly as successful new product development led to significant growth in both Cooked Meats and Continental growth in the Group’s profits has been matched by the Group’s dividend growth which has been forecast for by an increasing share of its profit before tax.

The Group’s core banking facility is unsecured, runs to November 2023 and comprises a revolving credit facility of £160 million (falling to £140 million from November 2022), including a committed overdraft of £20 million. It also includes a further £40 million on the same terms at any point during the term of the agreement.

During the year the Group extended the term of the additional €40 million of short-term unsecured borrowings, providing the business with over £70 million of headroom at 27 March 2021. The adequacy of this facility has been considered as part of robust scenario testing performed over the three year viability period for the Group.
Operating and Finance Review continued

Statutory profit measures
Statutory profit before tax was £144.8 million (2020: £140.0 million), with statutory Group operating profit at £117.6 million (2020: £106.8 million) and statutory earnings per share of 176.4 pence (2020: 159.1 pence). Statutory gross profit was £257.8 million (2020: £226.7 million).

Cash flow and net debt
The net cash inflow from operating activities in the year was £181.4 million (2020: £117.0 million). This 55.0 per cent uplift primarily reflected the 26.7 per cent increase in EBITDA and a working capital inflow of £3.9 million (2020: outflow of £1.2 million) partly offset by the full year depreciation charge increasing to £64.2 million (2020: £50.2 million). The prior year working capital outflow reflected higher year-end receivables resulting from the COVID-19 related surge in retail demand shortly before the FY20 year end. The current year inflow included a £25.8 million increase in trade and other payables reflecting the increased scale of the business, particularly in Fresh Poultry, and accrued colleague bonus payments. Net debt, at the end of the year was £52.4 million (2020: £146.9 million) with the inflow from operating activities offset by the payment of £10.7 million of deferred consideration on acquisitions, £11.7 million of IFRS 16 lease charges, £71.1 million invested in the Group’s asset base, net of disposal proceeds and £27.9 million of dividends paid to the Group’s Shareholders.

Risk Report
How we manage risk
As a leading UK food manufacturer in a competitive environment, the Group recognises the importance of identifying, assessing and prioritising its risks to help manage and mitigate the probability and impact of these risks materialising.

Our approach
The Group faces a variety of risks and uncertainties and effective management of these risks is critical to the delivery of our strategic objectives. Risk management is based on an assessment of risk and reward. This balance is established through an assessment of the likelihood and impact, as well as consideration of the Group’s risk appetite.

The Group has a mature and effective risk management framework in place to identify, assess, mitigate and monitor risks facing the business. The risk management framework incorporates both a top-down approach to identifying our principal risks, and a bottom-up approach to identifying our operational risks.

During the year the Board receives regular risk updates. These include the emerging risks facing the Group, an understanding of risk trends and the status of mitigating actions adopted. The Board also performs an annual review of the principal risks facing the Group and risks in the intervening periods are reviewed by the Group Risk Committee.

The Audit Committee gains assurance over the effectiveness of the Group’s risk management framework, governance and internal control procedures through the established in-house Internal Audit team. During the year, the Internal Audit team reported to no significant failings or weaknesses in the systems of risk management or internal control.

An overview of the Group’s risk management framework is shown below:

- **Top Down Approach**
  - Risk appetite
  - Business strategy
  - Major strategic risks
- **Bottom Up Approach**
  - Site business continuity plans
  - Individual site business continuity plans

Risk appetite
The UK Corporate Governance Code requires companies to determine their level of risk appetite. This is an expression of the amount and type of risk that the business accepts in order to achieve its objectives. The Board established a framework for managing risk during the year. The Board has continued this during the year.

The delivery of the Group’s strategy requires an appropriate balance between risk and reward, especially when considering business acquisitions or capital expenditure. A higher level of risk may be accepted in these instances to achieve strategic growth. The Board’s overall approach, summarised by the defined level of risk appetite, is to manage significant risks that may impact the Group’s reputation, product quality, health & safety standards or compliance with laws and regulations.

As a leading UK food manufacturer in a competitive environment, the Group recognises the importance of identifying, assessing and prioritising its risks to help manage and mitigate the probability and impact of these risks materialising.
Risk Report continued

Emerging risks
The Group considers emerging risks throughout the year in line with its risk management framework and supporting risk processes. Emerging risks can be newly identified risks on known risks and/or threats to the business. These risks are under constant review and are discussed with both the Group Risk Committee and the Board. During the year emerging risks included climate change and sustainability, changes within consumer demand and economic changes following the COVID-19 outbreak as well as the ongoing threat of increased animal rights campaign activities.

The Group’s principal risks and uncertainties are summarised in the risk profile tables as shown in pages 60 to 63.

Key areas of focus this year
Risk Management Framework
The Group continues to enhance its risk management framework. This ensures ongoing improvements to the quality and integrity of reported information. As a result, the Group is more able to respond promptly to emerging risks. During the year, all individual site risk registers were refreshed. We continue to progress the recommendations from the independent review in the prior year by Aon plc, of the maturity and effectiveness of the Group’s risk management framework. In accordance with the requirements of the UK Corporate Governance Code the Audit Committee, on behalf of the Board, regularly reviewed reports on the risks facing the Group and internal controls. The reviews concluded that key internal controls were appropriate and that risks are adequately identified and managed.

COVID-19
As initially reported last year, the COVID-19 outbreak presented many significant challenges to the Group. The impact of COVID-19 has continued to be a key area of focus for the business during the year. We have developed a robust COVID-19 ways of working and a set of flexible site continuity plans which have been applied as required. This has been helped by the knowledge acquired from the initial COVID-19 outbreak in March 2020, coupled with further Government lockdowns and guidance issued.

We had neither planned for nor recognised a global pandemic as a principal risk. However, the Group promptly responded to this unprecedented event by establishing a COVID-19 crisis team. This team remains in place and meets on a regular basis led by the Chief Operating Officer and includes a number of other Board Directors, Senior Managers and key internal stakeholders. The COVID-19 crisis team manages all emerging risks and issues and are adequately identified and addressed. These include focusing on the health and general wellbeing of all our employees, working with our suppliers to ensure a continued supply of key materials and ensuring, where possible, all sites remain fully operational and continue to meet customer demands.

Following Government guidance, food manufacturing was recognised as a key industry. This meant our colleagues were key workers and all our sites remained operational. Over the year, a significant number of previously office-based colleagues worked remotely from home which inherently increased in the principal risk of IT Systems & Cyber Security due to a potential rise in the amount of phishing and cyber-attack attempts. This risk was however, effectively managed by our Group IT department who closely monitored the risk using automatic patch updates. During the year there have unfortunately been COVID-19 outbreaks at specific sites. Colleague safety was at the forefront of the decisions made during the year and these outbreaks were promptly and effectively managed. This ensured minimal disruption to the overall operations of the Group. Actions taken by the Board and COVID-19 crisis team included robust on-site safety measures, additional communal areas to aid with social distancing, new hygiene protocols, introduction of further personal protective clothing and additional sanitisation stations. Our colleagues were committed to following all new guidelines which allowed us to continue to run our business effectively and efficiently.

Looking ahead the Group will continue to monitor the challenges and issues associated with COVID-19 and further enhance existing site ways of working and site continuity plans as needed.

African Swine Fever
During the year the Group continued to closely monitor the risk of African Swine Fever (ASF) which is endemic in China, Germany and Eastern Europe. If ASF arrives in the UK this could have significant implications for the Group’s operations. ASF is a contagious disease within pigs which is transferred directly from animal to animal through infected feed, clothing, equipment, and vehicles. This year the Group has further enhanced existing farm bio-security procedures to include new visitor protocols and preventive infection procedures. We have also worked alongside industry bodies to highlight the risks surrounding African Swine Fever to a wider audience.

While ASF is still prevalent in Germany and Eastern Europe, the Government travel restrictions imposed following the COVID-19 outbreak have helped reduce the risk of the virus coming into the UK. Looking ahead the Group recognises the risk of discovering ASF within the UK and this continues to be closely monitored.

Brexit
As noted last year, there were a number of risks and issues associated with the UK leaving the EU. During the “transition period” the Group continued to plan for the UK’s departure from the EU, giving specific consideration to the new arrangements and regulations that would take effect from 1 January 2021. Regular updates on Brexit risks and issues were provided to both the Board and Audit Committee. The Board appointed Emi & Young LLP in 2020 to help develop the Brexit Project Plan and address associated risks and issues. Dedicated internal resources were allocated to help ensure the Group was fully prepared for the imposition of raw trade arrangements.

The Group’s Brexit Task Force is led by the Chief Financial Officer, the Group General Manager and key internal stakeholders. The Task Force routinely met to review the risks associated with Brexit and develop mitigating actions. Specific areas of focus included labour availability, sourcing of EU key materials, understanding the new customs processes and importantly the issues facing the Group’s Ballymena site, in the context of the Northern Ireland Protocol. The Brexit Task Force also undertook live talks with key EU suppliers to identify potential issues with the flow of materials.

The Group appointed a leading international logistics business to manage the complexities of importing and exporting EU products and completing the associated customs declarations. We also recruited an experienced ex-HMRC officers to enhance the level of customs knowledge within the Group.

In December 2020, the Group welcomed the signed UK EU Trade & Co-operation Agreement which provided clarity on a number of issues. This importantly negated the potentially significant costs of tariffs. The Brexit Task Force remains in place and continues to assess outstanding Brexit risks. Specific areas of focus include documenting the rules of origin, formulating customs valuation procedures for EU products and monitoring developments within the Northern Ireland Protocol. Importantly, the Task Force continues to engage with all key suppliers for the introduction of EU export health certificates and Import of Products, Animals, Food & Feed System (IPASS) submissions from October 2021.

The Group also continues to focus on labour availability and cost associated with Brexit. This includes managing the risk associated with the UK Government imposing COVID-19 travel restrictions on employees returning to families and friends in home countries.

Principal risk trends
As the Group has seen trends within six of its principal risks which can be seen in the risk assessment map below.

Increases have been seen in “Climate Change” following the action the Group will require to undertake to limit further adverse changes to our climate. There was also increased external focus on this important topic as the Group embraces the Task Force on Climate-related Financial Disclosures (TCFD) framework.

The “Relevance on Key Customer & Exporters” risk has risen following the temporary, voluntary suspension of the export licence at Norfolk which resulted from a localised COVID-19 outbreak. This trend also reflected potential changes in Chinese Government trading policy.

Finally, the risk relating to Brexit & Changes to EU Operations increased since specific site activities were, on occasion, impacted by the COVID-19 outbreak.

Risks have decreased in “Consumer Demand” as a shift to greater in-home consumption following the COVID-19 outbreak resulted in record sales from the retail channel. The risk relating to “Food Scans & Product Contamination” is lower following enhanced on-site quality checks and new ways of working. Finally, the risks associated with “Brexit” have also reduced following the signing of the UK’s EU Trade & Co-operation Agreement and various mitigating actions progressively by the Group.

Task Force on Climate-related Financial Disclosures
Last year the Board introduced a new principal risk to the portfolio in relation to climate change. The risk in this area has increased during the year and work is ongoing to address this important topic. Specifically, the Group’s Second Nature programme has progressed a number of actions which include reducing plastic packaging across the Group, reducing our edible food waste and planting new woodland at various farm locations. A new process has been embedded at all sites to accurately collect and report environmental data. Importantly, three sites have secured carbon neutral status during the year and further six sites since year-end.

Going forward action needs to be taken to address climate change and the associated potential risks. Aligning the Group to the TCFD Framework and disclosing both physical and transition risks and opportunities will enable the Group to establish the financial impacts of climate-related risks.

The Board understands the benefits of disclosing climate-related risks and opportunities in line with the TCFD Framework. A cross-functional project team has been established which consists of key internal stakeholders. The Group also plans to engage with a third-party expert to help assess the requirements of the TCFD Framework. A robust plan to address how the Group can report more meaningfully against the TCFD Framework is being developed.

Overall, the Board expects to report in more detail against TCFD Framework requirements within the 2021/22 Annual Report & Accounts.

Risks have decreased in “Consumer Demand” as a shift to greater in-home consumption following the COVID-19 outbreak resulted in record sales from the retail channel. The risk relating to “Food Scans & Product Contamination” is lower following enhanced on-site quality checks and new ways of working. Finally, the risks associated with “Brexit” have also reduced following the signing of the UK’s EU Trade & Co-operation Agreement and various mitigating actions progressively by the Group.

Task Force on Climate-related Financial Disclosures
Last year the Board introduced a new principal risk to the portfolio in relation to climate change. The risk in this area has increased during the year and work is ongoing to address this important topic. Specifically, the Group’s Second Nature programme has progressed a number of actions which include reducing plastic packaging across the Group, reducing our edible food waste and planting new woodland at various farm locations. A new process has been embedded at all sites to accurately collect and report environmental data. Importantly, three sites have secured carbon neutral status during the year and further six sites since year-end.

Going forward action needs to be taken to address climate change and the associated potential risks. Aligning the Group to the TCFD Framework and disclosing both physical and transition risks and opportunities will enable the Group to establish the financial impacts of climate-related risks.

The Board understands the benefits of disclosing climate-related risks and opportunities in line with the TCFD Framework. A cross-functional project team has been established which consists of key internal stakeholders. The Group also plans to engage with a third-party expert to help assess the requirements of the TCFD Framework. A robust plan to address how the Group can report more meaningfully against the TCFD Framework is being developed.

Overall, the Board expects to report in more detail against TCFD Framework requirements within the 2021/22 Annual Report & Accounts.

Principal Risks
1. Reliance on Key Customer & Exports
2. Labour Availability & Cost
3. Disease & Infection
4. COVID-19 Pandemic
5. Consumer Demand
6. Brexit Disruption
7. Recruitment & Retention of Senior Management
8. Competition Activity
9. Climate Change
10. Health & Safety
11. Food Scans & Product Contamination
12. Interest Rate, Currency, Liquidity & Credit Risk
13. Disruption to Group Operations
14. IT Systems & Cyber Security
15. General
16. Pig Meat Availability & Price
In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the viability of the Group over an appropriate period, taking into account the current position, future prospects and the potential impact of the principal risks outlined on pages 60 to 63 of the Annual Report.

The Board have determined that a three-year period to March 2024 is an appropriate period over which to provide its Viability Statement. This timeframe has been specifically chosen due to the current financial and operational planning cycles of the Group.

In making this assessment of viability, the Board carried out a robust assessment of the principal risks and uncertainties facing the Group as well as considering both the current and potential future impact of COVID-19 on the business.

Principal risks which were assessed to have the highest likelihood of occurrence or the severest impact, crystallising both individually and in combination, as well as a subset of risks associated specifically with COVID-19, were considered. These risks included: reliance on key customers and exports; significant decline in consumer demand; Brexit disruption; Labour availability and cost; an outbreak of African Swine Fever (ASF) in the UK and Europe; and the further potential impact of COVID-19.

Having considered the magnitude of the risks, the linkage between them and potential mitigation, as well as the level of uncertainty surrounding the risk, extensive modelling was performed focusing on both the impact of COVID-19 and the risk of an outbreak of ASF in the UK and Europe.

In establishing relevant severe but plausible downside scenarios, the Board has considered the impact of COVID-19 on the business over the past 12 months and the expected impact on the business in the future as well as consulting extensively with internal experts on the risk and impact of an outbreak of ASF.

Modelled COVID-19 scenarios include:
- Potential factory disruption and short-term closures of the magnitude seen during the year
- The sustained loss of a Chinese export licence following factory disruption
- The operational impact on facilities as a result of continued outbreaks including enhanced PPE and additional labour costs, offset by the increase in retail demand during lockdown periods

In respect of the specific COVID-19 scenarios, the Board has been able to utilise the benefit of the experience of the business over the past 14 months, which has demonstrated significant financial resilience due to its focus on the retail sector to be able to model these scenarios with sufficient certainty to draw a reasonable conclusion.

In respect of ASF, the most severe but plausible downside scenario to identify was the inability to sell pork products in the UK for a sustained period of time. This scenario also included the loss of export licence and the resulting temporary closures of our fresh pork and farming operations whilst also considering the mitigation expected as a result of increased sales of other proteins and actions which would be taken to manage discretionary expenditure.

The sensitivity analysis utilised the Group’s robust three-year budget and forecasting process to quantify the financial impact on the strategic plan and on the Group’s viability against specific measures including liquidity, credit rating and bank covenants.

Given the strong liquidity of the Group, the committed banking facilities in place for which sufficient assurance exists over the ability to refinance these facilities within the viability period; the diversity of operations; and the resilience shown to the impact of COVID-19 during the year, the results of the sensitivity analysis highlighted that the Group would, over the three-year period, be able to withstand the impact of the most severe combination of the risks modelled by making adjustments to its strategic plan and discretionary expenditure, with strong headroom against current available facilities and full covenant compliance in all modelled scenarios.

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024.
Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are summarised below:

**Reliex on Key Customer & Exports**

**DESCRIPTION OF RISK**
A significant proportion of the Group’s results are generated from a small number of major customers and export sales. Loss of all or part of the Group’s business, with one or more of these customers or loss of a significant export licence for a period of time, could adversely impact the Group’s financial performance.

**MITIGATION**
The Group continually pursues opportunities to expand its customer base across all product categories and works closely with UK and export customers to ensure service quality, food safety and product developments are of the highest standard.

**DEVELOPMENTS IN 2020/21**
- We have proactively engaged with both existing and potential new customers to assess the suitability of new product offerings.
- We have further strengthened our Chinese Shanghai office with the recruitment of additional employees.

**Labour Availability & Cost**

**DESCRIPTION OF RISK**
Due to political and economic pressures, there is a risk that the Group’s operations could be adversely impacted by either the lack of labour or specialist skills, and the associated increased cost.

**DEVELOPMENTS IN 2020/21**
- We have completed the recruitment of a new Senior Human Resources Officer, which will help manage the increased levels of recruitment and the associated cost.
- We have continued to offer attractive benefits packages to retain key employees.

**Disease & Infection within Livestock**

**DESCRIPTION OF RISK**
A significant infection or disease outbreak such as African Swine Fever (ASF) or Avian Influenza could result in the loss of supply of pig or poultry meat or affect the free movement of livestock, which may impact supply into the Group’s sites.

**MITIGATION**
The Group’s pig farming activities, and other farms from which the poultry meat is sourced, have a diverse geographical spread to avoid reliance on a single production area. The Group’s poultry flock is housed indoors therefore reducing the risk of disease. In addition, robust vaccination and bio-security procedures mitigate the risk of disease and infections within the Group’s pig and poultry farms.

**DEVELOPMENTS IN 2020/21**
- We have developed a rapid blood diagnostic tool for improved disease surveillance to improve health, welfare, and performance of our pig herds.
- We have worked with the Department for Environment, Food & Rural Affairs on how to potentially further mitigate the risk of ASF coming into the UK.

**COVID-19 Pandemic**

**DESCRIPTION OF RISK**
The COVID-19 outbreak has led to unprecedented challenges and issues. Whilst COVID-19 vaccines are being rolled out across the UK, there remains the risk of changing variants disrupting the effectiveness of the vaccine programme which could adversely impact Group operations.

**MITIGATION**
The introduction of site COVID-19 procedures, new ways of working and additional safety measures have helped reduce the potential for a COVID-19 outbreak at a site. (For more information see page 6).

**DEVELOPMENTS IN 2020/21**
- We have put in place a number of new site arrangements to include social distancing measures, new cleaning procedures and making available additional personal protective equipment as needed.
- We have updated our business continuity plans to reflect the specific impacts of COVID-19.

**Consumer Demand**

**DESCRIPTION OF RISK**
A significant deterioration in the UK economy, or a change in food consumption patterns, or prolonged adverse media attention, for either the business or industry, could result in disruption to Group operations and impact our ability to supply customers.

**MITIGATION**
The Group continues to identify trends in consumer eating habits and regularly reviews changing consumer requirements and constantly reviews its product ranges across premium, standard and value tiers.

**DEVELOPMENTS IN 2020/21**
- We have proactively engaged with our anchor customers to adapt to emerging trends in consumer eating habits.
- We have worked on the continued focus on product development and innovation.

**Brexit Disruption**

**DESCRIPTION OF RISK**
Failure to prepare for the UK’s departure from the EU and its associated regulatory changes, some of which are currently planned to come into effect from October 2021, could result in disruption to Group operations and impact our ability to supply customers.

**MITIGATION**
The Group has a longstanding Brexit Taskforce in place which enables Brexit risks and issues are identified and addressed. We have worked with our customers to ensure that they are prepared for changes in relation to Brexit.

**DEVELOPMENTS IN 2020/21**
- We have developed a range of new customs processes and procedures which have been rolled out across the Group.
- We have established a Group Customs Team within the business to provide specialist advice to sites and to deal with the additional administration from Brexit.

**Recruitment & Retention of Senior Management**

**DESCRIPTION OF RISK**
As the Group continues to pursue its growth strategy, the success of the business is dependent on attracting and retaining quality, skilled and experienced Senior Management talent.

**MITIGATION**
Across the Group robust recruitment processes, competitive remuneration packages and ongoing training and development plans are in place, with formalised succession planning in place for Senior Management.

**DEVELOPMENTS IN 2020/21**
- We have invested in an industry leading online learning tool that covers a wide range of training and compliance modules.
- We have implemented an electronic annual appraisal process which helps to facilitate a continuous approach to performance management and drives succession planning.

**Competitor Activity**

**DESCRIPTION OF RISK**
The Group operates in highly competitive markets. Product innovation and changing consumer trends provide an challenging environment for the future success of the Group and to be competitive in these markets.

**MITIGATION**
The Group maintains and develops strong working relationships with its customers, which are underpinned by delivering high levels of service, quality product supply and continued focus on product development and innovation. Emerging trends and risks associated with competitor activity are regularly discussed by the Board with appropriate actions being developed.

**DEVELOPMENTS IN 2020/21**
- We have renewed in the last 12 months a number of key customer contracts, providing long-term security of supply, and protecting Group revenues.
- We have commissioned the Cranwicks Gourmet Kitchen site which has been underpinned with an anchor customer, providing a solid base to deliver future growth opportunities.
Risk Report continued

**Climate Change**

**DESCRIPTION OF RISK**

The Group operates within the context of having to evaluate the effects that both climate change and sustainability issues, from its operations and regulatory requirements, will have on both its financial performance and operational activities to include; supply chain, farming and manufacturing operations, communities and customers.

**MITIGATION**

The Group has enhanced its Second Nature programme with a focus on improving production efficiency, reducing carbon emissions, reducing weight of packaging and identifying alternative options to decrease reliance on imported key feed.

**DEVELOPMENTS IN 2020/21**

- We have, during the year, signed up to the Climate Pledge which commits to achieve zero carbon emission by 2040.
- We have updated our energy data capture systems at all sites with internal verification processes also being put in place to enhance the quality and timeliness of environmental data reporting.

**Health & Safety**

**DESCRIPTION OF RISK**

A significant breach of health & safety legislation could lead to reputation damage and regulatory penalties, including restrictions on operations, fines, or personal litigation claims.

**MITIGATION**

The Group has robust health & safety processes and procedures in place which are periodically independently reviewed and conform to all relevant standards and regulations, as well as embracing industry best practices. All risks are subject to frequent audits by internal teams, external change such as regulatory changes, and operational staff.

**DEVELOPMENTS IN 2020/21**

- We have since achieved ISO45001 (Occupational Health & Safety) certification at 6 of our sites and are on course to have remaining sites certified by October 2021.
- We have introduced new ways of working in specific areas to include accidental drive off on loading bays and lane working within confined spaces.

**Food Scares & Product Contamination**

**DESCRIPTION OF RISK**

The Group is subject to the risks of product or raw material contamination, and potential health related industry-wide food scares. Such incidents could lead to product recall costs, reputational damage, and regulatory penalties.

**MITIGATION**

The Group ensures that all raw materials are traceable to original source and site manufacturing, storage and distribution systems and our suppliers are continually monitored and regularly audited by experienced and appropriately trained internal teams. In addition, the Group has an established risk management procedure in place to reduce potential impacts and improve communication to key stakeholders.

**DEVELOPMENTS IN 2020/21**

- We joined the Food Industry Intelligence Network in June 2020 to help enhance the integrity of food supply chains and protect the interests of consumers.
- We have implemented a new internal food management standard to ensure the highest standards of food safety are being adhered to.
- We have set up internal control and the ability to download and install software across all devices.

**Interest Rate, Currency, Liquidity & Credit Risk**

**DESCRIPTION OF RISK**

The Group is exposed to interest rate risk on borrowings and, in specific areas, foreign currency fluctuations. In addition, the Group needs continued access to funding for current business activities, future growth and acquisitions.

**MITIGATION**

The Group uses currency hedging arrangements to mitigate risks associated with foreign currency movements. Sites have access to the Group’s overdraft facility and bank balances are monitored on a daily basis by the Group Finance Team. All bank debts are arranged centrally, and appropriate headroom is always maintained.

**DEVELOPMENTS IN 2020/21**

- We have in December 2020 extended the period of the additional £40m bank funding, which was agreed in the prior year, providing further headroom to the end of 2021.
- We have continued to focus on liquidity risk and customer credit risk through the COVID-19 outbreak.

**Disruption to Group Operations**

**DESCRIPTION OF RISK**

The Group faces the risk of significant incidents such as fire, flood or loss of key utilities, together with the risk of disruption to day-to-day operations from issues such as the breakdown of key equipment or significant campaign by animal rights activists. Such issues could result in the prolonged disruption to supply processes.

**MITIGATION**

Robust site continuity plans are in place across the Group and routine insurance arrangements exist to mitigate financial loss. Potential business disruption is minimised through multi-site operations across many of the Group’s core product lines.

**DEVELOPMENTS IN 2020/21**

- We have in light of the COVID-19 outbreak tested and reviewed disaster recovery plans and elements of the Group’s crisis manual.
- We have continued to fund preventative maintenance and stored key items of plant and machinery to minimise breakdowns.

**IT Systems & Cyber Security**

**DESCRIPTION OF RISK**

The Group relies heavily on conformation technology and key systems to support the operations of the business. The Group’s IT system is susceptible to cyber-attacks resulting in the risk of a financial loss and threat to the overall confidentiality and integrity of systems data. Whilst no material cyber security breaches have occurred over the course of the year, the Board is mindful of the ongoing risks in this area given the increasing sophistication and evolving nature of the threat.

**MITIGATION**

The Group has robust IT control framework in place which is reviewed and tested on a frequent basis by Internal and external change requirements are appropriately considered to ensure operational excellence and compliance, with performance being monitored by Senior Management and operational staff.

**DEVELOPMENTS IN 2020/21**

- We have increased user awareness, especially for those employees working from home, with regular communication on best practices around cyber security.
- We have in light of the COVID-19 outbreak enhanced our policies surrounding security, user access, change control and the ability to download and install software across all devices.

**Growth & Change**

**DESCRIPTION OF RISK**

The Group continues to pursue growth strategies through securing contracts with new customers, obtaining additional contracts with existing customers and through reviewing acquisition opportunities. In addition, the Group has developed a new advanced finishing unit which provides specialist technical and legal support in the event of a significant cyber incident.

**MITIGATION**

The Board receives regular updates on the contractual position of all key customers and where required, implements necessary actions. Regardless of acquisitions, rigorous pre-acquisition due diligence reviews are carried out. Internal and external change requirements are appropriately considered to ensure operational excellence and compliance, with performance being monitored by Senior Management and operational staff.

**DEVELOPMENTS IN 2020/21**

- We have despite the economic uncertainty associated with COVID-19, undertaken a significant level of capital investment to drive future growth which includes the commissioning of the Cranwick Gourmet Kitchen site.
- We have continued to take an appropriate approach to balance sheet management and change projects.

**Pig Meat Availability & Price**

**DESCRIPTION OF RISK**

The Group is exposed to issues associated with the pricing and availability of pig meat. An increase in prices or lack of availability of pig meat could adversely impact the Group’s operations and the ability to supply customer orders.

**MITIGATION**

The Group has a number of long-standing farming supply contracts to mitigate the risk associated with pig price volatility and the availability of supply.

**DEVELOPMENTS IN 2020/21**

- We have expanded our pig capacity with both piglets at Wildfords and White Rose Farms, and at Wayland Farms we have developed a new advanced finishing unit which incorporates a new efficient pig feeding model.
- We have developed our relationship with specific farmers to buy pigs on short term agreements.

**Strategy Report**
Non-Financial Information Statement

The table below is intended to set out where stakeholders can find information on key areas in accordance with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

<table>
<thead>
<tr>
<th>Reporting requirement</th>
<th>Policies</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental matters</td>
<td>Group Environmental &amp; Energy Policy</td>
<td>A description of the Group’s work on their sustainability strategy. Second Nature can be found on pages 24 to 34.</td>
</tr>
<tr>
<td></td>
<td>Group Water Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Deforestation Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Soya Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Sustainability Procurement Policy</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>Health and Safety Policy</td>
<td>A description of the Group’s activities in relation to employees, including their Health &amp; Safety activities can be found on pages 38 to 41.</td>
</tr>
<tr>
<td></td>
<td>Group Equal Opportunities, Harassment and Dignity at Work</td>
<td></td>
</tr>
<tr>
<td>Human Rights</td>
<td>Group Human Rights Policy</td>
<td>We remain vigilant when it comes to excluding modern slavery and human trafficking from our supply chains. For further information see page 41.</td>
</tr>
<tr>
<td></td>
<td>Anti-Slavery and Human Trafficking Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Equal Opportunities, Harassment and Dignity at Work</td>
<td></td>
</tr>
<tr>
<td>Social Matters</td>
<td>Group Ethical Trading Policy</td>
<td>Cranswick is committed to doing business in an ethical way and our policies apply to all operations. For more details see pages 36 to 49.</td>
</tr>
<tr>
<td></td>
<td>Group Corporate Responsibility Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Sustainability Procurement Policy</td>
<td></td>
</tr>
<tr>
<td>Anti-corruption and anti-bribery</td>
<td>Anti-Bribery Policy</td>
<td>The Group’s policies set out the high standards expected when it comes to doing business fairly and interacting with stakeholders. See below for further information.</td>
</tr>
<tr>
<td></td>
<td>Group Ethical Trading Policy</td>
<td></td>
</tr>
<tr>
<td>Description of principal risks and impact of business activity</td>
<td>See pages 55 to 63</td>
<td></td>
</tr>
<tr>
<td>Description of the business model</td>
<td>See pages 14 and 15</td>
<td></td>
</tr>
<tr>
<td>Non-financial KPIs</td>
<td>See pages 22 and 23</td>
<td></td>
</tr>
</tbody>
</table>

Human Rights

Respect for Human Rights is fundamental to the sustainability of our business. We have a responsibility to ensure that our colleagues, our customers, the communities we operate in and the people who work throughout our supply chains are treated with dignity and respect. We are committed to creating a safe, equal and diverse workplace with fair terms and conditions for all our employees. We provide our employees with information, guidance, training and equipment to carry out their duties safely, and the mental wellbeing of our people is just as important as their physical safety. We are also a member of SEDEX which helps us manage supplier performance on business ethics. This helps us make informed business decisions and drive continuous improvement across the supply chain.

Anti-Slavery and Human Trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and in full compliance with all our business relationships. We have implemented and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. We monitor ethical standards across the business on a regular basis both internally and via external third-party audits. Robust technical and traceability systems ensure that our products are responsibly sourced from suppliers whose values are aligned with our own. We provide training to our staff and all our HR teams and our Group Technical team have attended workshops and awareness sessions.

Anti-Bribery

It is Cranswick’s policy to conduct business in an open and honest way, without the use of corrupt practice or acts of bribery. Cranswick has a zero-tolerance attitude towards acts of bribery. We expect all customers, suppliers and business associates to support us in this policy. The policy is mandatory to all individuals working for, or on behalf of the Group, regardless of where they are based and whether they are directly employed by the Group.

Whistleblowing Policy

Cranswick also has a Whistleblowing Policy and a confidential, independently operated hotline for employees to voice any concerns that they have, and this can be run alongside our Grievance policies. The Whistleblowing Policy and hotline number is displayed at all sites to ensure that all employees and temporary workers have access to it. Whistleblowing is regularly monitored by the Board.

Our Strategic Report for the 52 weeks ending 27 March 2021, from the inside front cover to page 64, has been reviewed and approved by the Board and is signed by order of the Board.

Steven Glover
Company Secretary
18 May 2021
The Board is committed to delivering its long-term strategy reflecting the interests of the Group’s stakeholders, whilst applying high standards of corporate governance.

The Board is responsible for corporate governance and this report describes how we have applied the principles of the 2018 UK Corporate Governance Code (the Code) throughout the year. Our detailed compliance statement is set out on page 79 which explains those areas where we have deviated from the Code and, where appropriate, actions being taken to address these.

In particular, in relation to the requirement that the Chairman should not remain in post beyond nine years from appointment, I shall be retiring as a Director at the forthcoming Annual General Meeting (AGM) and, as further explained below, will be succeeded as Chairman by Tim Smith whose appointment will be compliant with the Code.

COVID-19

In my overview last year I commented on the impact of the COVID-19 pandemic and the Group’s responsibility to keep the country supplied with food whilst ensuring the safety of its workers and their families. Also highlighted in the year was the Group’s ongoing financial performance.

Throughout the year, the Board and its Committees adapted to new ways of working and most regularly using video conferencing technology. Whilst, over this unprecedented period, technology cannot be a complete substitute for ‘in person’ meetings overall this enabled us to maintain effective governance and the delivery of the Group’s strategy. Topics considered by the Board during the year are set out on pages 72 and 73 of the Governance Report. The Board continues to consider the interests of all of its stakeholders when making its decisions and further explanation identifying the Group’s various stakeholders and how their interests have been taken into account, along with our sections 172(1) Statement, is set out on pages 36 and 37 of the Strategic Report. Whilst the Board’s deliberations inevitably focused on the impact of COVID-19 on the Group, the Board and its Committees also considered a wide range of other matters arising during the year, including the annual review of our Directors’ Remuneration Policy, which are set out in this report and in the following Committee reports.

As you would expect, the environmental impact of our operations is an important factor across the board’s deliberations and has driven significant investment in the business to support our vision. More detailed explanation of how the Board has taken into account sustainability and the environmental impact of our decisions is set out in the case study on page 76 of the Governance Report.

I am pleased that this year we have reported (on page 32) on the Group’s performance against the Meat Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board, which is a widely recognised international standard adopted by many global companies. This is an important step in collecting and publishing objective environmental data against which our year-on-year performance can be assessed. In the Group’s revised Director’s Remuneration Policy, which will be considered by Shareholders at the forthcoming AGM, we have also included a provision to introduce such non-financial metrics as part of assessing performance under the Group’s Long Term Incentive Plan, which is described in more detail in our Remuneration Committee Report on page 92.

The Board is keen to ensure that you are able to participate in the meeting and to vote notwithstanding any restrictions on attendance in person. There will not be an online voting facility at the AGM, therefore, if you wish to participate in voting at the AGM, you are encouraged to appoint the Chairman of the meeting as your proxy and give your instructions on how you wish the Chairman to vote on the proposed resolutions. All proposed resolutions will be put to a vote on a poll, which will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised.

Chairman’s Governance Overview

As explained in my Chairman’s Statement, I have decided to retire at this year’s AGM and will be succeeded as Chairman by Tim Smith who has been an Executive Director of the Company for the last three years. Tim has significant experience in the food and retail sector and related government regulation and has developed an in-depth understanding of our business over the last three years and is sure he will make an excellent Chairman. When considering the appointment of my successor, the Board undertook a benchmarking exercise using independent consultants, which is described in more detail in the Nomination Committee Report on page 88 of the Governance Report.

We were also delighted to welcome Liz Barber to the Board on 1 May 2021. Liz is the Group Chief Executive of Kelda Group (the holding company of Yorkshire Water). She was previously with Ernst & Young, where she was a partner in 2001 and was the senior partner for audit for the north of England. Whilst at Ernst & Young, Liz was the Company’s audit partner between 2003 and 2007. Liz has also been appointed a member of the Company’s Audit, Remuneration and Nomination Committees. With her background at Yorkshire Water and Ernst & Young, she brings significant additional financial expertise and management experience. This complements the Board, enhances its independence and diversity and provides appropriate succession planning for the Audit Committee when Mark Reckitt retires in 2023, when he will have completed nine years as a Non-Executive Director. The process undertaken in relation to the appointment of Liz as an additional independent Non-Executive Director is explained in the Nomination Committee Report on page 87.

Sustainability

As a business and a world, we are very conscious of the need to promote sustainability in the Group’s business. The expectations of investors and other stakeholders in this area have noticeably increased over the last year and our Sustainability Report pages 24 to 34 of the Strategic Report explains in detail the steps the Group is taking to tackle climate change and sustainability challenges in our business to achieve our vision of becoming the world’s most sustainable meat business.

As you would expect, the environmental impact of our operations is an important factor across the board’s deliberations and has driven significant investment in the business to support our vision. More detailed explanation of how the Board has taken into account sustainability and the environmental impact of our decisions is set out in the case study on page 76 of the Governance Report.

The Board therefore recommends that you check the Company’s website regularly and monitor Company announcements for any updates.

The Board considers the AGM to be an important opportunity to engage with our Shareholders. This year, Shareholders will also be able to view the AGM presentations by myself, our CEO and CFO online via a live videocast and to ask questions in real time (all other Directors will attend electronically). This can be done by accessing the online AGM platform, details of which are set out in the notice of meeting accompanying the Report and Accounts. If it becomes possible to attend the AGM, the Board and I strongly encourage you to nevertheless make use of the electronic meeting facilities available to you, rather than attending in person.
Executive Directors

Martin Davey
Chairman

Adam Couch
Chief Executive

Mark Bottomley
Chief Financial Officer

Jim Brisby
Chief Commercial Officer

Mark Reckitt
Senior Independent Non-Executive Director

Kate Alum
Non-Executive Director

Pam Powell
Non-Executive Director

Tim Smith
Non-Executive Director

Liz Barber
Non-Executive Director

Non-Executive Directors

Committee Membership

Audit Committee
Nominations Committee
Remuneration Committee

External Appointments and Commitments

Mark Reckitt
None

Kate Alum
None

Pam Powell
None

Tim Smith
None

Liz Barber
None

External Appointments and Commitments

External Appointments and Commitments

Mark Reckitt
Non-Executive Director of Thomas Broadbent & Sons Limited. Member of the UK Government’s Agri-Food Trade Advisory Group.

Kate Alum
Non-Executive Director of Hill & Smith Holdings plc. Non-Executive Director of JD Wetherspoon plc between 2012 and 2016 and Mike Group plc between 2015 and 2018.

Pam Powell
Non-Executive Director of Orin Grenier Developments plc, Stock Spirits Group PLC and Anpario plc. Non-Executive Director of SIG Group between 2019 and 2020.

Tim Smith
Non-Executive Director of Premier Foods plc and A.G. Barr plc.

Liz Barber
Non-Executive Director of Kelka Group Limited. Non-Executive Director of KCOM PLC between 2003 and 2007. Liz is a Charteried Accountant.

Term of Office

Martin was appointed to the Board in 1985 as Finance Director and became Chairman in 2004.

Adam was appointed to the Board in 2003 as Managing Director of Fresh Pork and became Chief Executive in 2012.

Mark was appointed to the Board in 2009 as Finance Director.

Jim was appointed to the Board in 2010 as Sales and Marketing Director and became Commercial Director in 2014.

Mark was appointed as an independent Non-Executive Director in 2014.

Kate was appointed as an independent Non-Executive Director in 2013.

Pam was appointed as an independent Non-Executive Director in 2018.

Liz was appointed as an independent Non-Executive Director in 2021.

Committee Membership

Chair
Independent

Skills and Experience

Mark joined Cranwick in 1983. As Finance Director he led the Company’s listing on the London Stock Exchange and was subsequently appointed Chief Executive in 1988. Through Martin’s guidance over the last 36 years the Group has expanded both organically and through acquisition and entered the FTSE 250 in 2008. He became Executive Chairman in 2004 and since 2013 has fulfilled the role on a part-time basis. Martin is a Chartered Accountant.

Mark joined Cranwick in 1983 as Group Financial Controller and was appointed to the Board as Finance Director in 2009. Before joining the Company, Mark had a number of senior finance roles in the food sector. Mark is responsible for overseeing the financial operation of the Group and setting financial strategy. Mark is a Chartered Accountant.

Mark has experience across a number of sectors. He was Group Strategy Director of Smiths Group plc between 2011 and 2014. Prior to joining Smiths, Mark was interim Managing Director of Green & Black’s Chocolate and before that he held a number of finance and strategy roles at Cadbury plc. Mark is a Chartered Accountant.

Mark has experience of the food sector both within the UK and Europe. Previous roles have included Group Finance Director of CadDo Ltd and First Milk Limited and prior to that Head of the European supply chain for McDonald’s.

Kate has experience of the food sector and has held a number of senior finance and strategy roles in the food sector both within the UK and Europe. Previous roles have included Chief Executive of CadDo Ltd and First Milk Limited and prior to that Head of the European supply chain for McDonald’s.

Pam has international experience in strategy, marketing and innovation in fast moving consumer goods, including food and beverages. Pam spent nine years at SABMiller plc holding the position of Group Director of Strategy and Innovation, and prior to this, worked at Coty Europe in France, Unilever plc in London, and Lever Brothers in New York.

Tim has experience in the UK food sector having worked in food manufacturing, government regulation and supermarket retail. Tim was the Group Quality Director at Tesco plc between 2012 and 2017. Prior to joining Tesco plc, Tim was the Chief Executive of the Food Standards Agency (FSA) during which time he led a strategic review of the agency. Before joining the FSA, Tim held a number of businesses including Express Dairies plc and Felix Foods plc.

Liz is Group Chief Executive of Kelka Group, having joined Kelka in 2001. She was previously with Ernst & Young where she was made a partner in 2001 and was the senior partner for audit for the north of England. Whilst at Ernst & Young, Liz was the Company’s audit partner between 2003 and 2007. Liz is a Chartered Accountant.

Board of Directors
How we are Governed

Cranswick plc Board

The Board is responsible for the long-term success and stewardship of the Company, overseeing its conduct and affairs to create sustainable value for the benefit of its Shareholders and other stakeholders, including customers, suppliers, employees and the communities in which the business operates.

The Board is ultimately responsible for the business strategy and the financial robustness of the Group, for monitoring performance and for establishing a governance structure and practices which facilitates effective decision making and good governance.

Board Committees

- Nomination Committee
- Audit & Risk Committee
- Remuneration Committee

The Board delegates certain roles and responsibilities to its various committees and to Senior Management. The committees ensure that there is independent oversight of internal controls and risk management and that the Board is informed of matters requiring the Board’s attention.

The terms of reference for each Board Committee are available on the Company’s website at www.cranswick.plc.uk.

The key responsibilities of the Nomination Committee, Audit Committee and Remuneration Committees are set out on pages 80, 86 and 89 respectively.

CEO and Executive Committee

An Executive Committee, consisting of the Executive Directors and Senior Executives from the business, meets occasionally to discuss strategic, operational and commercial matters affecting the business. The feedback from this committee is shared with the Board.

During the COVID-19 outbreak, a separate Operational Executive Committee was formed consisting of the Executive Directors, the Chief Operating Officer and Divisional Managing Directors which held daily conference calls to address operational and commercial challenges resulting from the outbreak.

Operating Boards

Operating boards (or sub-boards) consisting of Group Directors and other Senior Executives from each of the relevant businesses meet regularly to discuss operational and commercial matters affecting such businesses.

Cranswick plc

SUBSIDIARY DIRECTORS BY TENURE

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 years</td>
<td>21%</td>
</tr>
<tr>
<td>4-6 years</td>
<td>36%</td>
</tr>
<tr>
<td>7-9 years</td>
<td>21%</td>
</tr>
<tr>
<td>10 years+</td>
<td>12%</td>
</tr>
</tbody>
</table>

SUBSIDIARY DIRECTORS BY AGE

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9 years</td>
<td>10%</td>
</tr>
<tr>
<td>10-19 years</td>
<td>23%</td>
</tr>
<tr>
<td>20-29 years</td>
<td>23%</td>
</tr>
<tr>
<td>30-39 years</td>
<td>19%</td>
</tr>
<tr>
<td>40-49 years</td>
<td>12%</td>
</tr>
<tr>
<td>50-59 years</td>
<td>10%</td>
</tr>
<tr>
<td>60-69 years</td>
<td>10%</td>
</tr>
<tr>
<td>70 years+</td>
<td>10%</td>
</tr>
</tbody>
</table>

SUBSIDIARY DIRECTORS BY GENDER

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48%</td>
</tr>
<tr>
<td>Female</td>
<td>52%</td>
</tr>
</tbody>
</table>

Roles and Responsibilities

Chairman: Martin Davie

- Primarily responsible for the leadership of the Board, ensuring that it is effective and promoting critical discussion.
- Chairs the Nomination Committee and the AGM.
- Sets the Board meeting agendas in consultation with the Chief Executive and Company Secretary, ensuring they are aligned to the business strategy.
- Leads the performance evaluation of the Board and ensures its effectiveness and sustainability.

Chief Executive (CEO): Adam Couch

- Develops and implements the Group’s strategy with input from the rest of the Board and its advisers.
- Responsible for the overall operational activity of the Group.
- Manages the day-to-day business of the Group, leads its direction and promotes its culture and values.
- Brings matters of particular significance or risk to the Chairman for discussion and consideration by the Board where appropriate.
- Responsible for overseeing the delivery of the sustainability agenda within the Group.

Executive Directors: Mark Bottomley and Jim Brisby

- Provide specialist knowledge and experience to the Board.
- Support the CEO in the implementation of the Group’s strategic policies.
- Responsible for the budgeting process and reporting of the financial performance of the Group.
- Responsible for the commercial affairs of the Group.
- Responsible for the successful leadership and management of commercial, risk, treasury, tax and finance functions across the Group.

Senior Independent Director (SID): Mark Reckitt

- Provides a sounding board for the Chairman and supports him in his leadership of the Board.
- Is available if Shareholders want to raise concerns which normal channels have failed to resolve.

Non-Executive Directors: Kate Allum, Pam Powell, Tim Smith and Liz Barber

- Brings complementary skills and experience to the Board.
- Constructively challenges the Executive Directors on matters affecting the Group.
- Chairs the Remuneration Committee (Kate Allum).
- Satisfy themselves as to the accuracy of the financial performance of the Group and the robustness and effectiveness of financial controls and risk management processes.
- Help develop strategy with an independent outlook.
- Together with the SID, review management’s performance.
- Engage with employees through the designated Non-Executive Director (Tim Smith).

Company Secretary: Steven Glover

- Responsible to the Board.
- Acts as secretary to the Board and each of its Committees ensuring compliance with procedures.
- Responsible, under the direction of the Chairman, for ensuring the Board receives timely and accurate information.
- Provides support to the Non-Executive Directors.
- Responsible for advising the Board on all governance matters.
Strategic Oversight

Board activities during 2020/21

The Board’s activities during 2020/21 necessarily focused on dealing with the impact of the COVID-19 pandemic and related operational and commercial challenges, whilst considering the implementation and development of the Group’s strategy in light of the changing market conditions resulting from the effect of the COVID-19 pandemic and Brexit and ensuring that the Group’s strategic priorities continue to align with the best interests of Cranswick’s stakeholders.

Framework

Cranswick is committed to feeding the nation with authentically made, sustainably produced food that is created with passion. This is our purpose which underlies everything that we do and guides our strategy.

We have adopted our four guiding principles: Quality, Value, Innovation and People to fulfil our purpose and deliver our long-term strategy.

We aim to deliver our strategy by generating a culture that supports our purpose, with values shared across our business with a common understanding and application of our guiding principles. Further details of how our culture underpins Cranswick’s strategy and how this is monitored by the Board are set out on page 77.

Details of activities undertaken by the Board in 2020/21 to further the Group’s strategy are set out below:

Strategy

- Regularly discussing strategy at Board meetings throughout the year.
- Receiving presentations from operational management on future strategic opportunities.
- Considering potential acquisition opportunities and other strategic initiatives.
- Reviewing the Group’s participation in M&A processes.
- Reviewing the commissioning of the Group’s new £20 million cooked bacon facility in Hull.
- Reviewing the Group’s substantial investment programme in upstream agricultural operations in both pork and poultry.
- Considering the UK’s exit from the EU and related contingency planning.
- Considering the Group’s response to the COVID-19 outbreak.

Sustainability

- Considering the Group’s sustainability strategy, Second Nature.
- Adopting and reviewing the implementation of reporting against the Meat, Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board.
- Adopting and reviewing the Group’s Science-Based Targets and Net Zero 2040 commitment.
- Introducing quarterly Board reviews of environmental and sustainability performance by site.
- Reviewing and approving additional investment in effluent treatment and water recycling, CHP power and solar power generation at the Group’s facilities.

Governance and Risk

- Reviewing the three year forecasts and other factors in support of the Viability Statement. (Viability is considered in detail on page 58).
- Considering the Group’s Risk Appetite Statement.
- Reviewing Board and Committees’ effectiveness and Directors’ conflicts of interest.
- Reviewing terms of reference for all Committees.
- Reviewing quarterly Health & Safety, Risk and Technical updates.
- Reviewing the principal financial and non-financial risks, including COVID-19, Brexit and African Swine Fever, to which the Group is exposed (supported by the Audit Committee).
- Oversight of the Group’s whistleblowing arrangements and reports.

Performance Monitoring

- Approving the Group’s tax strategy.
- Approving the Company’s dividend strategy.
- Recommending the 2019/20 final dividend and the 2020/21 interim dividend.
- Reviewing and approving the Group’s annual budget, interim results and Annual Report.
- Considering whether the Annual Report & Accounts are fair, balanced and understandable.
- Considering monthly operational reporting from the Chief Executive, Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer.
- Reviewing reports from the Chairs of the Audit, Nomination and Remuneration Committees.
- Reviewing behaviours to ensure these are in line with the Group’s culture.
- Approving capital expenditure proposals and leases in excess of £2 million.

People and Succession

- Approving the appointment of a successor to the Chairman and appointment of a new Non-Executive Director.
- Approving the promotion of new Senior Executives to the subsidiary boards.
- Reviewing proposals on Senior Executive succession planning.
- Considering the talent management programme and the need to develop the managers and executives of the future.
- Reviewing the structure, size, composition and diversity of both the Board and its Committees (supported by the Nomination Committee).
- Reviewing reports from the designated Non-Executive Director (Tim Smith) relating to workforce engagement.
How we make our decisions

The Board considers its purpose, culture and strategy to ensure all decisions have a clear and consistent rationale. This involves balancing the interests of all of its stakeholders, including any competing stakeholder interests. Details of our key stakeholders, how we engage with them, how we foster relationships and factors considered when the Board discharges its duty as set out in section 172(1) of the Companies Act 2006 can be found on pages 36 to 49 of the Strategic Report. In addition to these factors, the Board also considers the interests and views of other stakeholders, including our pensioners, regulators and government bodies. Details of our key stakeholders, including how the Directors have discharged their Section 172(1) duty and how this influenced certain decisions taken by them in 2020/21.

Strategic Oversight continued

Board activities during 2020/21 continued

The Board’s response to COVID-19

During the course of 2020/21, the Board of Cranswick had to consider a range of decisions required in connection with dealing with the impact of the COVID-19 pandemic. In particular, the Board temporarily closed its pork primary processing facility at Ballymena, in Northern Ireland and significantly reduced its operations at Norfolk as a result of the high incidence of COVID-19 amongst its workforce.

The Board also self-suspended its China export licence at both facilities (now reinstated at Ballymena) to demonstrate that a responsible approach was being taken, which the Board concluded would be in the long-term interests of the Group given the importance of the Group’s high standards and reputation in its export markets.

Throughout the COVID-19 pandemic, the Board prioritised the health, safety and wellbeing of the Group’s workforce whilst keeping its facilities running as efficiently as possible. Whilst various actions taken by the Board had an adverse effect on operations in the short term, the Board concluded that employee health, safety and wellbeing were the priority and that in the longer term the responsibility approach taken by the Board would promote the reputation and success of the Company for its members. Decisions also involved taking into account the advice of various government and regulatory bodies involved in dealing with the pandemic and discussions with the Group’s retail customers to agree temporary product range rationalisation to ensure continued supply from the Group’s other facilities.

The Board considered carefully the impact of closure on the communities in which its facilities are located and decided to continue to pay full contractual rates of pay to all employees and agency staff where facilities had been temporarily closed and/or employees had been requested by the Group to self-isolate. Whilst the Company was not legally obliged to make such payments, the Board considered that the approach taken was appropriate and would ensure continued financial support to local communities and encourage compliance with self-isolation requirements by employees and agency staff. The Board also supported charities in the Group’s local communities with funding and food donations.

The Board took into account animal welfare concerns resulting from a back-up of animals at farms caused by the closure and reduction in processing capacity and the related impact on its suppliers, in relation to which the Group also consulted with DEFRA. Once production had been restarted, additional costs were absorbed by the Group at its pork primary processing facilities at Ballymena and Norfolk to quickly scale up capacity and deal with the processing backlogs to avoid an animal welfare issue and unnecessary supplier hardship.

Whilst actions taken by the Board in relation to the COVID-19 pandemic have resulted in a negative impact on operations at affected facilities with additional costs being incurred beyond those necessary to comply with the Group’s legal requirements, the Board concluded that overall the interests of the Group’s workforce and its local communities were the priority and that the Group’s reputation and relationship with its customers and consumers would be enhanced by the actions taken, which would be in the long-term interest of the Group and its members.

The Board is committed to the Group’s sustainability agenda and delivery of this through its Second Nature strategy. Environmental factors and sustainability are a key consideration in the Board’s decision-making process and underpin many of the initiatives sponsored by the Board.

During the year, the Board has considered a number of matters which are focused on delivering the Group’s Second Nature strategy and has agreed further financial commitments to help deliver this. In particular, the Group’s processing and manufacturing activities consume significant amounts of power and water and the Board has approved a number of related projects that will help address the environmental impact of its activities.

The Board has approved expenditure on the upgrade of its wastewater and efficient treatment facilities at its pork primary processing facility at Norfolk and at its poultry processing facility at Eye. The Board considered that these investments would have a beneficial impact on the local environment and would therefore have a positive impact on the local communities in the vicinity of our facilities (in Norfolk, effluent that was sprayed to land will now be treated and recycled). The Board were also of the view that the upgrades underlined the Group’s commitment to its Second Nature strategy and willingness to invest in the expansion and long-term future of the facilities, which would be positively received. The Board also took into account the increased regulation and cost of dealing with waste-water and effluent and increased efficiencies and scope for expansion that would result from the investment and concluded that the actions taken would also promote the long-term financial success of the Company for its members. The Group has also consulted with environmental regulators in relation to the proposed upgrades.

The Board has also approved the installation of CHP plants at a number of our facilities (with plants at the Group’s facilities at Hull and Valley Park (farms in Norfolk) and at its Eye poultry plant in Suffolk being commissioned by the end of the year). The Board concluded that the investment in CHP was therefore consistent with delivering the Group’s Second Nature commitments, provided greater security for our operations and would be financially beneficial to the Group over the medium to long term and therefore concluded the investment would promote the success of the Company. The Board has also approved the investment by the Group in a solar project at Eye (described in more detail on page 10 of the Strategic Report) which it is anticipated will provide similar benefits.

This year, the Board has approved reporting the Company’s environmental performance against the Meat, Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board which is set out on pages 32 to 34 of the Annual Report & Accounts. The Board considered that it was important that data relating to the Group’s performance is recorded and published to enable year-on-year comparisons to ensure accountability and underpin its commitment to its environmental and sustainability agenda.

The Board has also reviewed and approved the development of the Group’s Science-Based Target relating to emissions, the net zero 2040 commitment, along with the commitment for all of the Group’s farms to be carbon neutral by 2030 (further details of which are set out in the Strategic Report on pages 24 to 27).

Throughout its deliberations the Board was mindful that climate change and sustainability are increasingly important to our employees, customers and consumers and that taking a responsible approach and positive action related to climate change and sustainability is an important part of maintaining the Group’s reputation and position as a leading UK food producer and that, consequently, the actions described above are in the long-term interest of the Company and its members.

Sustainability

The Board has also reviewed and approved the development of the Group’s Science-Based Target relating to emissions, the net zero 2040 commitment, along with the commitment for all of the Group’s farms to be carbon neutral by 2030 (further details of which are set out in the Strategic Report on pages 24 to 27).

Throughout its deliberations the Board was mindful that climate change and sustainability are increasingly important to our employees, customers and consumers and that taking a responsible approach and positive action related to climate change and sustainability is an important part of maintaining the Group’s reputation and position as a leading UK food producer and that, consequently, the actions described above are in the long-term interest of the Company and its members.

The Board has also reviewed and approved the development of the Group’s Science-Based Target relating to emissions, the net zero 2040 commitment, along with the commitment for all of the Group’s farms to be carbon neutral by 2030 (further details of which are set out in the Strategic Report on pages 24 to 27).

Throughout its deliberations the Board was mindful that climate change and sustainability are increasingly important to our employees, customers and consumers and that taking a responsible approach and positive action related to climate change and sustainability is an important part of maintaining the Group’s reputation and position as a leading UK food producer and that, consequently, the actions described above are in the long-term interest of the Company and its members.

The Board has also reviewed and approved the development of the Group’s Science-Based Target relating to emissions, the net zero 2040 commitment, along with the commitment for all of the Group’s farms to be carbon neutral by 2030 (further details of which are set out in the Strategic Report on pages 24 to 27).

Throughout its deliberations the Board was mindful that climate change and sustainability are increasingly important to our employees, customers and consumers and that taking a responsible approach and positive action related to climate change and sustainability is an important part of maintaining the Group’s reputation and position as a leading UK food producer and that, consequently, the actions described above are in the long-term interest of the Company and its members.

The Board has also reviewed and approved the development of the Group’s Science-Based Target relating to emissions, the net zero 2040 commitment, along with the commitment for all of the Group’s farms to be carbon neutral by 2030 (further details of which are set out in the Strategic Report on pages 24 to 27).

Throughout its deliberations the Board was mindful that climate change and sustainability are increasingly important to our employees, customers and consumers and that taking a responsible approach and positive action related to climate change and sustainability is an important part of maintaining the Group’s reputation and position as a leading UK food producer and that, consequently, the actions described above are in the long-term interest of the Company and its members.
Leadership and Purpose

Board Effectiveness

Board operation and attendance

There were ten scheduled Board meetings and one Board dinner held during the year and an average of eight other meetings and conferences were convened for specific business matters. Board agendas are set by the Chairman in consultation with the Chief Executive and with the assistance of the Company Secretary. All Directors are expected to attend the scheduled Board meetings and relevant Committee meetings in addition to the AGM unless they are prevented from doing so by prior work or commitments. Details of Board membership and attendance at scheduled Board meetings are set out below:

<table>
<thead>
<tr>
<th>Meetings held during the year</th>
<th>Board attended</th>
<th>Audit Committee attended</th>
<th>Nomination Committee attended</th>
<th>Remuneration Committee attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Davey</td>
<td>9/10</td>
<td>N/A</td>
<td>2/2</td>
<td>N/A</td>
</tr>
<tr>
<td>Adam Coulter</td>
<td>10/10</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>9/10*</td>
<td>N/A</td>
<td>2/2</td>
<td>N/A</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jim Brisby</td>
<td>10/10</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Pam Powell</td>
<td>10/10</td>
<td>4/4</td>
<td>2/2</td>
<td>4/4</td>
</tr>
<tr>
<td>Mark Reckitt</td>
<td>10/10</td>
<td>4/4</td>
<td>2/2</td>
<td>4/4</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>8/10*</td>
<td>N/A</td>
<td>2/2</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| * Martin Davey was unable to attend one Board meeting due to extenuating personal commitments. 

Professional development

All Directors are provided with the opportunity for ongoing training to keep up to date with relevant legislative changes, including covering their duties and responsibilities as Directors and the general business environment. Directors can obtain independent advice at the expense of the Company.

In the past year, the Board received updates on a number of topics including climate change and sustainability, bio-security and disease risk, IT and cyber risk and with other market perspectives from management. The Company Secretary also provides briefings during the year on material developments in legal, governance and compliance matters.

During the year, Non-Executive Directors attended an average of 11 meetings of the Board. Executive Directors attended an average of 28 meetings. Each meeting is fully recorded and minutes are circulated to all Directors. The Board also meets separately with the Chairman, Chief Executive, Group Finance Director and the Company Secretary to discuss the Group’s performance. Directors also receive regular briefings from the Group’s legal advisors and its external auditors. In addition to the Board meetings, Group Executive Directors attend most of these meetings and Group Finance Directors/Heads of Finance provide regular briefings.

Conflicts of interest

The Board has established its conflict of interest policy and has approved a range of measures to ensure that all Directors act in the best interests of the business.

Risk management and internal control

It is the Board’s role to protect the business from operational and financial risks and it has established a system of internal control which safeguards the Shareholders’ investment and the Group’s assets. Such a system provides reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board is responsible for reviewing the effectiveness of internal controls. The Audit Committee supports the Board in this process by reviewing the principal risks, and the reports on pages 55 to 57 outline further this process.

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to develop, plan, execute, monitor and control the Group’s objectives effectively and to ensure that internal control is embedded within the operations.

The Board confirms that the key ongoing processes and features of the Group’s internal control system have been fully operative throughout the year and up to the date of approval of the Annual Report.

Financial reporting

The culture of the business extends to the provision of financial information. Operational management provide weekly reviews, monthly trading reports, and annual budgets and these are forwarded to Group management and are discussed at monthly site operating board meetings. Group Executive Directors attend most of these meetings and the information is consolidated and reported at Group board meetings. The Group prepares an annual budget and half-yearly forecasts that are agreed by the Board, with the budget including a three-year forecast for consideration to support the Viability Statement. The use of standard reporting software by all Group entities ensures that information is presented in a consistent manner which facilitates the preparation of the consolidated financial statements. Site directors and finance heads are responsible for changes which are subject to Shareholder approval at the AGM, and are included in the Remuneration Committee Report.

Cul​tura​e

Our purpose is to feed the nation with authentically made, sustainably produced food that is created with passion. This is supported by Cranwix’s guiding principles of Quality, Value, Innovation and People which set out the values and define our culture.

Quality

We focus on producing high quality food without compromising the quality of our integrity of our products. We review this in the following ways:

• Each facility’s food safety standards are assessed each year by the British Retail Consortium (BRC) and if a site fails to achieve a Grade A we work with local management on an improvement plan which is communicated to the workforce. Details of the number of BRC Grade As awarded over the last three years are set out on page 22 of the Strategic Report.

• We are committed to producing high quality products and the number of complaints we receive. Where issues are identified these are investigated and working practices reviewed and where necessary further investment and training undertaken. Complaints per million units sold over the last three years are set out on page 22 of the Strategic Report.

Innovation

Cranwix is constantly looking to develop new recipes and culinary ideas to develop our products relevant to the modern consumer. This is reflected in our investment in dedicated development teams working with our customers and also more broadly in our workforce taking an interest and pride in the products they help to produce. We measure this in the following ways:

• The number of new products developed and launched during the year, which is set out on page 15 of the Strategic Report.

• The revenue earned from new product launches during the year compared to the previous two years which is set out on page 22 of the Strategic Report.

Value

We appreciate that our colleagues’ support is critical to the delivery of Cranwix’s purpose and as a way of supporting this we are looking at ways to embed a safe and supportive environment where colleagues are given the opportunity to develop and fully participate in our business.

We actively monitor health and safety performance at our sites and where any issues are identified we take steps to address these immediately to promote a health and safety culture to ensure colleagues safety. RIDDOR frequency rates are monitored and reviewed quarterly and are disclosed for the last three years on page 23 of the Strategic Report.

We promote ongoing dialogue with our colleagues through a number of channels including workshops and committees and our designated office-based colleagues have the opportunity to feedback on how we operate our business and its leadership. This year we have operated a number of surveys to ensure employees are able to express their views and also operate an annual Group-wide staff survey for which we review and monitor response rates which are disclosed for this year and the prior year in ‘Our People’ on page 40 of the Strategic Report.

Remuneration

The Remuneration Committee monitors the executive/management packages and incentive schemes and believes these incentives provide an attractive alignment between Shareholders and the Executive Directors and the wider Senior Executive Management team. The Remuneration Policy was agreed at the AGM in 2018. Details of the policy are included in the Remuneration Committee Report on pages 96 to 102 which provides further details on Directors’ remuneration, together with the activities of the Remuneration Committee during the year. The Group’s Remuneration Policy has been reviewed this year and details of proposed changes which are subject to Shareholder approval at the AGM, are included in the Remuneration Committee Report.

Relations with Shareholders

Regular engagement with investors provides the Group with the opportunity to discuss certain areas of interest and to assist in any areas of concern. Further details of steps taken by the Group to engage with its Shareholders are set out on pages 48 to 49. Details of the Company’s major Shareholders are set out on page 111.
Q&A with Tim Smith

Engaging our workforce

The Board appointed Tim Smith as the Group’s designated Non-Executive Director to enhance existing engagement. Here, Tim gives an insight into his role.

Q: Can you explain the background to your role? 

Cranswick has excellent arrangements for communicating with its people including works committees, briefing groups and other legacy methods. The Board appointed me to enhance its existing site-based engagements and to comply with the 2018 Corporate Governance Code. The main purpose of the role is to ensure the voice of the workforce is heard and considered by the Board so the workforce can contribute to the success of the Group and delivery of its strategy.

Q: What are your impressions having now performed the role for two years?

It’s unfortunate that COVID-19 has had a significant impact on our business. Nonetheless, we have been able to enhance the level of employee engagement and empower colleagues, rather than prescribed by Senior Management. More information on our specific engagement activities undertaken with the workforce and other stakeholders is set out on pages 36 to 49.

Q: How has COVID-19 impacted the workforce?

As Adam indicated in his review, our colleagues have performed fantastically over the last 12 months in adapting to new ways of working. COVID-19 has highlighted the importance of our purpose to fix the nation, which is widely appreciated across the Group. We have introduced an extensive range of measures to safeguard our colleagues and have regularly consulted on these and whether colleagues feel they are working in a safe environment to which the responses which are fed back to and reviewed by the Board have been overwhelmingly positive. It’s also great that we have been able to recognise contributions across the Group by paying a further bonus this year to our workforce. Matters raised with me are again overwhelmingly site focused and reflect a genuine site character to be part of the Cranswick family.

Q: How has the role developed over the last two years?

It’s unfortunate that COVID-19 has had a significant impact on our business. Nonetheless, we have been able to enhance the level of employee engagement and empower colleagues, rather than prescribed by Senior Management. More information on our specific engagement activities undertaken with the workforce and other stakeholders is set out on pages 36 to 49.

Q: How will the role be performed following your appointment as Chairman?

The Board has discussed how best to continue with its employee engagement, and we have agreed that it will continue to include the Non-Executives in our bi-monthly site visits. It is crucial we take continuous steps to engage actively with our workforce on a regular basis to keep in touch.

Q: What are your impressions having now performed the role for two years?

Cranswick has excellent arrangements for communicating with its people including works committees, briefing groups and other legacy methods. The Board appointed me to enhance its existing site-based engagements and to comply with the 2018 Corporate Governance Code. The main purpose of the role is to ensure the voice of the workforce is heard and considered by the Board so the workforce can contribute to the success of the Group and delivery of its strategy.

Q: What are your impressions having now performed the role for two years?

It’s unfortunate that COVID-19 has had a significant impact on our business. Nonetheless, we have been able to enhance the level of employee engagement and empower colleagues, rather than prescribed by Senior Management. More information on our specific engagement activities undertaken with the workforce and other stakeholders is set out on pages 36 to 49.

Q: How has COVID-19 impacted the workforce?

As Adam indicated in his review, our colleagues have performed fantastically over the last 12 months in adapting to new ways of working. COVID-19 has highlighted the importance of our purpose to fix the nation, which is widely appreciated across the Group. We have introduced an extensive range of measures to safeguard our colleagues and have regularly consulted on these and whether colleagues feel they are working in a safe environment to which the responses which are fed back to and reviewed by the Board have been overwhelmingly positive. It’s also great that we have been able to recognise contributions across the Group by paying a further bonus this year to our workforce. Matters raised with me are again overwhelmingly site focused and reflect a genuine site character to be part of the Cranswick family.

Q: How will the role be performed following your appointment as Chairman?

The Board has discussed how best to continue with its employee engagement, and we have agreed that it will continue to include the Non-Executives in our bi-monthly site visits. It is crucial we take continuous steps to engage actively with our workforce on a regular basis to keep in touch.

Compliance Statement

This report, together with the Audit Committee Report on pages 80 to 85, the Nomination Committee Report on pages 86 to 88, and the Remuneration Committee Report on pages 89 to 109, describes how the Board approaches the principles of good governance and best practice as set out in the 2018 UK Corporate Governance Code (the ‘Code’) which can be found on the Financial Reporting Council’s website: www.frc.org.uk

The Board is pleased to report that it has complied with the requirements of the Code during the 53 weeks ended 27 March 2021, with the following exceptions:

Chairman remaining in post beyond nine years from appointment

(Code Provision 19) The Company has not complied with the requirement that the Chairman should not remain in post beyond 9 years from appointment. However, the Board was of the view that Martin Davey’s knowledge and experience of the sector remained valuable and that his continuing as Chairman remained appropriate. As indicated in the Nomination Committee Report on pages 86 and 87, Martin Davey will retire as a director of the Company with effect from the Company’s Forthcoming AGM and will be succeeded as Chairman by Tim Smith who is an independent Non-Executive Director appointed in 2018 and who will therefore satisfy the requirements of the Code.

Executive Director pension contributions alignment with the Group’s workforce

(Code Provision 38) Whilst the Group is not compliant with the Code relating to the alignment of Executive Directors’ pension contributions, going forward, existing contractual pension entitlements will be frozen at their current monetary value for two years, then reduced to 10% of salary (in line with other senior executives of the Group). It is intended that pension entitlements will then be reduced to 5% of salary (in line with the wider workforce rate) over the course of the next tri-annual policy review in 2024. Further details of proposals in relation to Executive Director pension contributions are set out in the Remuneration Committee Report on page 91.

Workforce engagement relating to alignment of executive remuneration with wider Company pay policy

(Code Provision 40 and 41) The Remuneration Committee does not directly consult with employees regarding the remuneration of the Executive Directors. However, when considering remuneration levels to apply, the Committee takes into account base pay increases, bonus payments and share awards made to the Company’s employees generally. Details of how Executive Director pay is considered in the context of the broader workforce are set out on page 102 of the Remuneration Committee Report.

Post-employment shareholding requirement for Directors

(CODE Provision 36) The Group has not had a formal policy regarding post-employment shareholding requirements for Directors (given existing ‘good leaver’ provisions in incentive arrangements which do not result in accelerated vesting of shares on leaving employment with the Group, which it was considered provided appropriate continuing alignment with Shareholders’ interests post-employment. However, the opportunity has been taken to review the position in connection with the Company’s review of its Directors’ Remuneration Policy and appropriate provisions have been included in the new policy to satisfy the requirements of the Code. Details of the proposed policy are set out in the Remuneration Committee Report on page 92.
The Audit Committee

I am pleased to report on the activities of the Audit Committee during the 52 weeks ended 27 March 2021.

During the year, the Committee has continued to focus on its core responsibilities of supporting the Board and protecting the interests of Shareholders in relation to financial reporting and internal control. This has been achieved by ensuring that the Group has in place a robust risk management process and an effective internal control framework to manage its risks, in support of going concern and viability confirmations. This year has seen the unprecedented challenges of a global pandemic and the Committee focused its attention on challenging and supporting management’s response to COVID-19 by ensuring that the on-going risk and impact of mitigating actions have been appropriately modelled and managed. The Committee has also monitored other key risks, including the impact of Brexit and of a potential outbreak of African Swine Fever in the UK. In addition, the Committee worked to ensure that the internal controls framework as well as both internal and external audit activity remained effective during the period of the COVID-19 pandemic, whilst a number of key employees and external audit staff worked remotely. Finally, the Committee has continued to focus on ensuring the integrity, quality and compliance of the Group’s external financial reporting.

This report sets out:
• the role, composition, activities and responsibilities of the Audit Committee;
• a summary of the meetings of the Audit Committee during the year;
• the significant financial reporting issues debated by the Committee;
• the Committee’s annual review of external auditor independence; and

The Committee reviewed the appropriateness of the financial results and narrative reporting for the full year and half year and the first and third quarters for the years ended 28 March 2021 and 2020. The Committee has continued to focus on the Group’s risk management processes, internal control frameworks and external financial reporting. The Committee has also monitored other key risks, including the impact of Brexit and of a potential outbreak of African Swine Fever in the UK.

The impact of COVID-19 has continued to place a significant additional burden on all those involved in financial processes and management at Cranswick as well as those carrying out internal and external audit functions. On behalf of the Committee I would like to thank them for their work and commitment during this difficult period.

In the coming year, the Committee will continue to focus on the Group’s risk management processes, internal control frameworks and external financial reporting to ensure that they remain effective and robust to support the future successful growth and development of the business. In addition, the Committee will support and challenge the Group’s response to the forthcoming Whitepaper from the Department for Business, Energy and Industrial Strategy (BEIS) which will seek to reform the obligations of companies and their auditors in relation to internal controls over financial reporting, as well as the future requirements of the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

Mark Reckitt
Chair of the Audit Committee
18 May 2021

Composition of the Audit Committee

The Audit Committee comprises the following non-executive Directors:

Committee Members Meetings attended

Mark Reckitt – Chair 4/4
Kate Allum 4/4
Tim Smit 4/4
Pam Powell 4/4

Committee attendees

The Chairman, Chief Executive, Chief Financial Officer, Group Financial Controller, Head of Risk & Internal Audit, External Audit Partner and External Audit Director attended meetings as secretary to the Committee.

Key Activities in 2020/21

Integrity of Financial Statements
• Reviewed and challenged the key financial reporting judgements and estimates and concluded that accounting treatments were appropriate.
• Reviewed and concluded that the Group’s budget and forecasts are appropriate.
• Reviewed and approved the Internal Audit Charter.
• Reviewed and approved the Internal Audit plan for the coming year.
• Monitored the independence of the external auditor and concluded that PricewaterhouseCoopers LLP (PwC) is independent.

External audit
• Approved the terms of engagement and remuneration of the external auditor.
• Reviewed and was satisfied with the quality and effectiveness of the external audit process.
• Reviewed and approved the Group’s anti-bribery policy.

Whistleblowing and anti-bribery
• Reviewed and approved the Group’s whistleblowing policy.
• Reviewed and approved the Group’s anti-bribery policy.
• Reviewed, on behalf of the Board, whistleblowing reports and their resolution.

Financial reporting
• Reviewed and concluded that a three-year time horizon for the Group’s Viability Statement remained appropriate.
• Reviewed the Group’s budget, forecasts and downside sensitivity analysis, including the impact of COVID-19 and the potential outbreak of African Swine Fever in the UK pig herd, and concluded that the Group is viable over the three-year time horizon.
• Reviewed and approved the Viability Statement disclosures in the Financial Statements.

Internal controls and risk management
• Reviewed the Group’s internal controls and risk management systems including those for assessing emerging risks and concluded that they are operating effectively.
• Reviewed and challenged the work, and associated reporting, of the Group Risk Committee including its response to COVID-19.
• Reviewed and challenged the work of the Group’s Brexit Taskforce with regard to both its readiness planning and its post-Brexit response.
• Reviewed and updated, where necessary, the Committee’s terms of reference.

Other regular attendees

Other than the Committee’s core attendance as described above, the Committee also met privately with the Head of Risk & Internal Audit and the External Auditor.

Independence

All Members of the Committee are independent.

Accounting policies
• Reviewed the Group’s accounting policies to ensure they remain appropriate and have been consistently applied.
• Reviewed the impact of new and forthcoming accounting standards and concluded that disclosures in this year’s Financial Statements are appropriate.
• Reviewed the disclosure of Alternative Performance Measures (APMs) and concluded that they are appropriate for monitoring the Group’s underlying performance.

Annual Report & Accounts 2021
Audit Committee Report continued

Role of the Committee
The Committee’s primary role is to assist the Board in providing effective governance over the appropriateness of the Group’s financial and related narrative reporting, risk management and internal control systems. It is also responsible for reviewing the financial statements and other communications and announcements to the market, and for considering whether accounting policies are appropriate. It reviews the effectiveness of the Group’s internal control management framework and, in consultation with the Board, develops and monitors the Group’s financial and reporting policies and internal control framework.

The Audit Committee consists of five independent Directors, who have an understanding of the relevant legal and accounting framework.

The Committee meets at least three times a year and at such other times as it considers necessary. It is supported by the Committee’s Secretariat and the Group’s in-house legal, tax, and audit teams.

The Committee’s terms of reference, which are reviewed and approved by the Board annually, are available on the Company’s website and at the Annual General Meeting.

At the request of the Board, the Audit Committee has reviewed the Group’s financial and accounting policies, and has discussed with the Board annually, the effectiveness, scope, cost and independence of the Group’s internal control and risk management systems.

In so doing, it has assessed whether the Group’s financial, internal control and risk management systems are in line with the UK Corporate Governance Code and are effective.

In order to provide this report, the Audit Committee carried out a number of additional procedures including:

- reviewing the financial statements and the explanatory notes and the relevant paragraphs of the report and accounts;
- reviewing the effectiveness of the internal control system;
- reviewing the adequacy of the Company’s risk management policies and arrangements;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the Group’s key risk management processes and procedures;
- reviewing the adequacy of the Group’s financial and internal control systems and processes;
- reviewing the Group’s financial, internal control and risk management systems and its support in the Board;
- reviewing the adequacy of the Group’s risk management policies and accounting standards;
- reviewing the effectiveness of the Group’s financial reporting, internal control and risk management systems in support of the Board;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the effectiveness, scope, cost and independence of the Group’s external auditor;
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures;
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing and discussing a report from the Group’s financial and internal control systems in support of the Board.

In order to provide this report, the Audit Committee carried out a number of additional procedures including:

- reviewing the financial statements and the explanatory notes and the relevant paragraphs of the report and accounts;
- reviewing the effectiveness of the internal control system;
- reviewing the adequacy of the Company’s risk management policies and arrangements;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the Group’s key risk management processes and procedures;
- reviewing the adequacy of the Group’s financial and internal control systems and processes;
- reviewing the effectiveness of the Group’s financial reporting, internal control and risk management systems in support of the Board;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the effectiveness, scope, cost and independence of the Group’s external auditor;
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing and discussing a report from the Group’s financial and internal control systems in support of the Board.

In order to provide this report, the Audit Committee carried out a number of additional procedures including:

- reviewing the financial statements and the explanatory notes and the relevant paragraphs of the report and accounts;
- reviewing the effectiveness of the internal control system;
- reviewing the adequacy of the Company’s risk management policies and arrangements;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the Group’s key risk management processes and procedures;
- reviewing the adequacy of the Group’s financial and internal control systems and processes;
- reviewing the effectiveness of the Group’s financial reporting, internal control and risk management systems in support of the Board;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the effectiveness, scope, cost and independence of the Group’s external auditor;
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing and discussing a report from the Group’s financial and internal control systems in support of the Board.

In order to provide this report, the Audit Committee carried out a number of additional procedures including:

- reviewing the financial statements and the explanatory notes and the relevant paragraphs of the report and accounts;
- reviewing the effectiveness of the internal control system;
- reviewing the adequacy of the Company’s risk management policies and arrangements;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the Group’s key risk management processes and procedures;
- reviewing the adequacy of the Group’s financial and internal control systems and processes;
- reviewing the effectiveness of the Group’s financial reporting, internal control and risk management systems in support of the Board;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the effectiveness, scope, cost and independence of the Group’s external auditor;
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing the Group’s whistleblowing and anti-bribery policies and procedures; and
- reviewing and discussing a report from the Group’s financial and internal control systems in support of the Board.

In order to provide this report, the Audit Committee carried out a number of additional procedures including:

- reviewing the financial statements and the explanatory notes and the relevant paragraphs of the report and accounts;
- reviewing the effectiveness of the internal control system;
- reviewing the adequacy of the Company’s risk management policies and arrangements;
- reviewing the effectiveness of the internal control function in the context of the Group’s overall control environment;
- reviewing the Group’s key risk management processes and procedures;
- reviewing the adequacy of the Group’s financial and internal control systems and processes;
- reviewing the effectiveness of the Group’s financial reporting, internal control and risk management systems in support of the Board;
Audit Committee Report continued

During the year, the Committee supported the Board in their assessment of risk appetite and preparation of the disclosures provided in the Group Risk Appetite Statement. The Committee encouraged the Group to maintain a strong framework to inform the assessment, which is facilitated by the Group Risk Committee.

The Committee is working to ensure that the Group’s strategic approach to risk is effectively translated into risk management plans at specific sites to strengthen existing processes and controls. The Committee is also reviewing specific Group non-financial risk areas. Overall, no control failings or weaknesses were identified that would have a significant impact on the Group. The Committee concluded that, in spite of the curtailment of the Internal Audit function due to COVID-19 restrictions limiting available resource) and travel restrictions, the 2020/21 Internal Audit review was able to deliver audit reviews in all business segments across the Group and a substantive interactive virtual fraud workshop with a number of key internal stakeholders. Overall, the report highlighted those key issues identified in the 2019 annual audit.

The Audit Committee concluded that, in spite of the curtailment of the Internal Audit process as a result of COVID-19 restrictions, a high proportion of the plan had been completed in order to provide the necessary assurance framework to the Group’s internal control framework. The Committee was satisfied that significant progress was made by the Group to implement the internal control framework and that the Group had a strong framework in place to ensure that agreed corrective actions were being taken. The Committee also reviewed specific Group non-financial risk areas. Overall, no control failings or weaknesses were identified that would have a significant impact on the Group.

In light of ongoing COVID-19 situation, the Internal Audit team continued to face unique challenges due to Government imposed and Group specific travel restrictions. To address this issue and ensure the 2020/21 Internal Audit Plan was met, the Committee requested the Group’s strategy and processes to be reviewed with a view to delivering audit reviews.

The Internal Audit team also worked closely with other assurance providers such as EY and PwC, to ensure that functions to reduce disruption to the business whilst ensuring that key risks and issues continued to be appropriately addressed.

The Group operates a decentralised structure where significant accountability is devolved to site operational and financial management. Control weaknesses identified at site level are taken seriously in the understanding of fraud and a low tolerance towards existing fraud policies and procedures. The report raised several recommendations to further strengthen and enhance existing fraud risk arrangements, and these recommendations will be addressed over the coming months.

The Committee reviewed the key conclusions from work performed by the Group Risk Committee during the year to gain assurance over the Risk Management Framework in place across the Group which is designed to identify, evaluate, monitor and mitigate potential risk. Significant emphasis was placed on reviewing and challenging the work of the Risk Committee in respect of Brexit readiness planning and post-Brexit responses, plus the Group’s response to the COVID-19 crisis.

The Committee was satisfied that any such risks that had been identified, had been monitored, and the management and the Committee seek to ensure that their cause is understood, and mitigating actions are taken in a timely and appropriate manner. In view of the work of internal audit, external audit and Group management, it is considered unlikely that a weakness at an individual site would have a significant impact on the Group.

The Committee keeps the performance and effectiveness of the Internal Audit function under review and in doing so also assesses the quality, experience and expertise within the department. Overall, in common with prior years, in all material areas the Internal Audit function is compliant with Institute of Internal Audit (IIA) standards and as per the Committee is appropriately resourced; has clarity of purpose, has term limits for key audit personnel, has no conflicts of interest, and is independent in their understanding of fraud and a low awareness of existing fraud policies and procedures. The report raised several recommendations to further strengthen and enhance existing fraud risk arrangements, and these recommendations will be addressed over the coming months.

Internal audit

The Committee is responsible for monitoring the performance and effectiveness of the Company’s Internal Audit activities. The Audit Committee reviewed and approved the annual Internal Audit plan, which was aligned to the principal risks of the business and received regular progress updates on delivery of the plan objectives at each of its meetings during the year. On an annual basis, the Committee reviews and approves the Internal Audit Charter which sets out the role and mandate of the Internal Audit function.

The Internal Audit approach takes into account the overall Group risk framework as well as risks specific to individual operations and is regularly updated to take into account changing audit, accounting, reporting and reporting and emerging risks, is operating effectively and is appropriate to support the Group’s strategy for continued growth.

During the year, the following publications of the revised Internal Audit Charter, which provides guidance on effective internal audit and aims to standardise across the profession, a self-assessment overview of non-compliance or areas of compliance and the key process areas. The Head of Risk & Internal Audit & the outcome were reported to the Audit Committee. It was noted that areas of potential non-conformance were highly limited and it was agreed that given the open working relationship between Internal Audit and members of the Committee and the level of independence and objectivity exhibited by Internal Audit it was not necessary to review the reporting lines, scope of function or Group’s Audit Charter. It was also noted that the Internal Audit Team’s remit should remain the responsibility of the Chief Financial Officer rather than the Remuneration Committee.

Quality and effectiveness of the External Audit Process

PricewaterhouseCoopers LLP (PwC) has been the Group’s auditor since the Group’s first year of trading in 2015. The Committee reviews annually the audit plan, including the timing of the year-end audit, and its impact on the Group’s internal control framework. The Committee is satisfied that the 2020/21 year-end audit will be completed in line with the Group’s internal control framework.

During the year, following the publication of the revised Internal Audit Charter, an audit of the performance of the external auditors, the auditor’s independence, and the level of professional scepticism displayed throughout the audit process.

In assessing the auditor’s professional scepticism, the Committee noted, in the current year that PwC had independently challenged management’s assumptions and judgements on commercial and financial judgements, trade receivables and inventory provisions and financial reporting on assumptions. The Committee also challenged management in these areas and concluded that the relevant accounting treatments were properly recorded.

The Audit Committee also approves the terms of engagement and agreement of audit fees and approval of non-audit services.

Audit Partner Independence

The Committee meets its obligations for maintaining an appropriate relationship with the external auditor through the Audit Committee, whose terms of reference include an agreement to oversee the commissioning, and monitoring of the level, of non-audit work performed by the external auditor, to ensure objectivity and independence is safeguarded.

The Committee does not encourage the external auditor to carry out any non-audit work, with the exception of their review of the interim financial statements, which is permitted service. There is an established policy to avoid compromising the external auditor’s independence that the auditor should not provide any non-audit services to the Group in the year prior to the audit.

The Committee is satisfied that PwC had and continues to maintain in line with the Group’s policy. The non-audit work undertaken by the external auditor during the year included the review of the Group’s interim results which has been approved by audit committee. Given the nature of the non-audit work, the Committee considers it would provide a threat to PwC’s independence. In addition, “other non-audit services” is not provided to PwC in line with the Committee’s policy. The Committee is satisfied that the non-audit work performed by PwC provides no threat to the independence of the external auditor.

The Committee is satisfied that PwC had reviewed and assessed the Group in line with the requirements set out in the Code of Conduct for External Auditors. The Committee is satisfied that PwC had and continues to maintain independence from the Group.

Mark Reckitt
Chair of the Audit Committee
18 May 2021

Details of the non-audit work and fees paid during the year are set out below:

Non-audit fees £’000

Audit fee for 52 weeks ended 27 March 2021 714
Audit fee related to 52 weeks ended 28 March 2020 78
Total Audit Fees 792

Non-Audit Fees £’000

Details of the non-audit work and fees paid during the year are set out below:

Non-audit fees £’000

Audit fee for 52 weeks ended 27 March 2021 714
Audit fee related to 52 weeks ended 28 March 2020 78
Total Audit Fees 792

Ratio of Non-Audit Fees to Audit Fees* 0.05.1

* The average ratio of non-audit fees to audit fees over the three years is 0.061.

The ratio of non-audit fees to audit fees on average for the last three years has been 5 per cent, well below the 10 per cent limit set out in the Group’s policy. The non-audit work undertaken by the external auditor during the year included the review of the Group’s interim results which has been approved by audit committee. Given the nature of the non-audit work, the Committee considers it would provide a threat to PwC’s independence. In addition, “other non-audit services” is not provided to PwC in line with the Committee’s policy. The Committee is satisfied that the non-audit work performed by PwC provides no threat to the independence of the external auditor.

A copy of the Committee terms of reference is available on the Company’s website at www.cranwicks.plc.uk.

Following consideration of the performance and independence of the external auditor at its meeting in May 2021, the Audit Committee recommended to the Board that the reappointment of PwC as the Company’s external auditor should be proposed to Shareholders at the 2021 Annual General Meeting.

The Committee reviewed and considered the following factors to assess the objectivity and independence of PwC:

• The auditor’s rotation policy and the nature of the audit performed by the external auditor, including those to ensure that the partners and staff have no personal relationship with the Group, other than those in the normal course of business permitted by UK ethical guidance.

• The degree of challenge to management and the level of professional scepticism displayed during the audit.

• Whether the partnervisão was underwritten during the year and its approval in accordance with the Audit Committee’s guidelines for external audit.

• Adherence to the Group’s internal policy that, other than in exceptional circumstances, the fees paid to the external auditor for non-audit work in any one year should not exceed the lower of £50,000 and 50 per cent of the external audit fee on average over the last three years.

• A report from PwC confirming that they have appropriate policies and safeguards in place to ensure that auditor objectivity and independence is maintained.

The ratio of non-audit fees to audit fees on average for the last three years has been 5 per cent, well below the 10 per cent limit set out in the Group’s policy. The non-audit work undertaken by the external auditor during the year included the review of the Group’s interim results which has been approved by audit committee. Given the nature of the non-audit work, the Committee considers it would provide a threat to PwC’s independence. In addition, “other non-audit services” is not provided to PwC in line with the Committee’s policy. The Committee is satisfied that the non-audit work performed by PwC provides no threat to the independence of the external auditor.

A copy of the Committee terms of reference is available on the Company’s website at www.cranwicks.plc.uk.

Following consideration of the performance and independence of the external auditor at its meeting in May 2021, the Audit Committee recommended to the Board that the reappointment of PwC as the Company’s external auditor should be proposed to Shareholders at the 2021 Annual General Meeting.

The Committee reviewed and considered the following factors to assess the objectivity and independence of PwC:

• The auditor’s rotation policy and the nature of the audit performed by the external auditor, including those to ensure that the partners and staff have no personal relationship with the Group, other than those in the normal course of business permitted by UK ethical guidance.

• The degree of challenge to management and the level of professional scepticism displayed during the audit.

• Whether the partner visión was underwritten during the year and its approval in accordance with the Audit Committee’s guidelines for external audit.

• Adherence to the Group’s internal policy that, other than in exceptional circumstances, the fees paid to the external auditor for non-audit work in any one year should not exceed the lower of £50,000 and 50 per cent of the external audit fee on average over the last three years.

• A report from PwC confirming that they have appropriate policies and safeguards in place to ensure that auditor objectivity and independence is maintained.
Nomination Committee Report

The Nomination Committee

The Nomination Committee reviews the structure, size and composition of the Board and is responsible for considering and making recommendations to the Board on new appointments of Executive and Non-Executive Directors. As Chair of the Nomination Committee I am pleased to introduce its report for the 52 weeks ended 27 March 2021.

Composition of the Nomination Committee
Committee Members
- Martin Davey – Chair
- Kate Allum
- Mark Reckitt
- Pam Powell
- Tim Smith

Meetings attended
- 2/2

Kate’s other commitments, she will continue to have sufficient capacity to properly fulfil her role as a Non-Executive Director of the Company.

Non-Executive Directors
- Reviewed the continued independence of the Non-Executive Directors.
- Reviewed Non-Executive Director time commitments and overboarding.
- Reviewed ongoing training requirements for Non-Executive Directors.

Diversity
- Reviewed the Group’s diversity policy.
- Reviewed compliance with the 2018 UK Corporate Governance Code for the Group.

Governance and evaluation
- Reviewed the Governance Section of the 2021 Annual Report and Management Discussion and Analysis, as recommended to the Board for approval.
- Reviewed the Committee’s terms of reference.
- Reviewed implementation of 2019 external Board Evaluation recommendations.

Board appointments
- Board appointments are confirmed in compliance with the requirements of the 2018 UK Corporate Governance Code at least half of the Board are independent Non-Executive Directors.

During the Autumn of 2020, having served as a Director of the Company for 36 years, I indicated to the Board that I was considering my own retirement planning and succession, which resulted in the Company commencing a search for my replacement as Chairman. The Committee, in consultation with other Board members, agreed the key experience and skills required in November 2020 and engaged Independent Search Partners to conduct an independent search. The search involved a number of external consultants, who are required to have adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Group does not advertise Non-Executive positions, but keeps development in mind in practice in relation to this under review.

Non-Executive Directors
Consideration was given by the Committee to the continued independence of the Non-Executive Directors, including their principle term of office, the time commitment required from each of them taking into account the number of meetings and preparation and attendance at those meetings. It was concluded that all Non-Executive Directors remained independent and devoted an appropriate amount of time to fulfilling their responsibilities.

The Committee has considered Director’s overboarding and is pleased to note that there are no issues at the current time. It believes that the Non-Executive Directors have sufficient time and energy to be effective representatives of the Company’s interests. During the Autumn of 2020, the Committee recommended the appointment of Liz Barber as an independent Non-Executive Director, which the Board decided to renew in each case for a further three year term. In deciding to reappoint Mark Reckitt, Tim Smith and Pam Powell as Non-Executive Directors, the Committee took into account the key skills and experience each brings to the benefit of the Company. The Committee has agreed the key experience and skills required in September 2020 and engaged Independent Search Partners to assist with the search. The Committee carefully considered the key experience and skills required in May 2021 and has also considered arrangements relating to the Board’s decision-making. At the end of his new three year term, Mark Reckitt will have served for nine years as a Non-Executive Director and will then retire in accordance with the principles of corporate governance. The Committee also agreed that Pam Powell will provide succession for the Chair of the Remuneration Committee when Kate Allum retires in 2022 having served 9 years as a Non-Executive Director.

All Directors (other than myself) will stand for re-election at the AGM. The Board has set out in the Notice of the Meeting its reasons for supporting the re-election of the Directors and their biographical details, on pages 68 and 69 demonstrate the range of experience and skills which each brings to the benefit of the Company.

Succession
The Committee reviewed the Group’s succession plan which relates to key members of the Board and key management throughout the Group. The Committee’s review included arrangements relating to contingency planning for sudden and unforeseen departures together with longer term planning focused on identifying potential candidates within the Group for progression and areas where external recruitment may be required.

During the time the Committee has overseen the promotion of a number of candidates from within the Group to Senior Executive positions as part of ensuring an orderly succession. The Committee has also overseen the transition arrangements for a number of retiring Senior Executives to ensure that their expertise and experience remains available to the Group.

In relation to the reappointment of any new Non-Executive Directors or Chairman, the Group’s policy is to engage independent external search firms work on gender diversity and best practice. The Group does not advertise Non-Executive positions, but keeps development in mind in practice in relation to this under review.

Diversity policy
The Group recognises the potential benefits of bringing together a wider variety of backgrounds and experiences and is pursuing the development of a diverse workforce that is representative of all sections of society.

All appointments, including recruitment and internal promotions, are based on merit, qualification and abilities, and are not influenced by age, race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability or age.

The Nomination Committee considers that diversity can strengthen the Board and that it is important that the Board is not made exclusively of like-minded individuals with similar backgrounds. Whilst management appointments will continue to be made on the basis of merit, without the adoption of specific diversity targets, the Group recognises the potential benefits of more diverse management and has a policy of increasing diversity at all levels. Following the appointment of Liz Barber, the Board is in compliance with the Hampton-Alexander Review target that at least 33 per cent of Board members are women and remains mindful of the target as it enters its third year in office. In addition, the Board is committed to externally recruiting candidates to the Senior Management Team.

The Board also mindful of the Parker Review and need to promote wider forms of diversity when considering future appointments to the Board and Senior Management.

Gender breakdown

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>41%</td>
</tr>
<tr>
<td>27%</td>
<td>43%</td>
</tr>
<tr>
<td>25%</td>
<td>48%</td>
</tr>
<tr>
<td>25%</td>
<td>45%</td>
</tr>
<tr>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>
**Nomination Committee Report: continued**

Successful delivery of the Group’s strategy and planned growth depends on the recruitment and retention of a motivated and skilled workforce in an increasingly competitive and mobile labour market. The Board recognises that broadening diversity to ensure that our workforce is more reflective of society maximises our available talent pool and the attractiveness of a career with the Group both at a senior level and more generally.

The gender breakdown of the workforce is set out on page 87. I am pleased to report that in relation to both senior managers and executives and graduates and apprentices the proportion of females has increased from last year.

**Board performance evaluation**

The performance evaluation process was undertaken in early 2021 based on a questionnaire which included questions about Board administration, the role of the Chair, strategic risk oversight, succession planning and the Board Committee structure. The Company’s auditors and remuneration consultants were also consulted in relation to the operation of the Audit Committee and Remuneration Committee respectively.

The review was facilitated by the Company Secretary who considered a suitable and independent person to conduct this process.

The questionnaire was completed by all Board members and the Chief Operating Officer. A report on the outcome of the evaluation exercise was prepared by the Company Secretary and was presented to the Board at its March 2021 meeting. The report concluded from the feedback that Cranwix operated an extremely unified, highly functional Board but recognised the need for continued focus on executive succession planning, Board assessments and greater exposure to the Board by executives in the Group. Whilst Directors appreciated the necessity for limitations on ‘in person’ meetings as a result of government restrictions and social distancing measures introduced as a result of the COVID-19 pandemic, prolonged reliance on virtual meetings and remote communication was also recognised as having limitations on interaction between Board members.

The Chairmen has evaluated the performance of individual Directors through informal discussions and observations. The Senior Independent Non-Executive Director and the other Non-Executive Directors have, without the Chairman present, to appraise his performance. Overall, the Board considered the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and went the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead.

As well as considering the results of this year’s performance evaluation, the Board also reviewed performance against the areas identified in the 2019 independent evaluation undertaken by Clare Chalmers and related recommendations which is summarised below:

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater focus by the Board as a whole on succession planning and broader talent management.</td>
<td>During the year the Board focussed on succession planning for the Chairman and Non-Executive Directors (described in more detail above). Further consideration will be given during the coming year to succession planning for Executive Directors. Talent management programmes were reviewed by the Group HR Director. However, in view of the limitations imposed by the COVID-19 pandemic no material changes were made to existing programmes.</td>
</tr>
<tr>
<td>Consideration of enhancing governance best practice by reviewing board structure and operation.</td>
<td>A management committee consisting of the Executive Directors, Chief Operating Officer, Divisional Managing Directors and other key stakeholders was established to deal with daily operational and commercial issues arising as a result of the COVID-19 pandemic. However, at the annual review of the board structure and operation was postponed until after the COVID-19 pandemic.</td>
</tr>
<tr>
<td>Board to conduct a review of Board skills.</td>
<td>A review of Board skills was undertaken which established that the Board possessed a broad range of experience and skills relevant to the Group’s businesses including strategic development, food and retail, operational and regulatory experience. The review identified that the Board had limited liquidity expertise and environmental/sustainability experience to which other Senior Executives were brought to the Board. The review has resulted in a strategic framework which prioritises additional training to be provided to Directors.</td>
</tr>
<tr>
<td>Greater focus by the Board as a whole on strategic matters and avoiding unnecessary operational detail.</td>
<td>The Board has given greater consideration to strategic matters, in particular, focusing on identifying strategies and products and services to the Group extending existing businesses which offer significant growth opportunities.</td>
</tr>
<tr>
<td>Further consideration of stakeholder engagement framework and dialogue with pressure groups.</td>
<td>Whilst the Group’s engagement with the Government, regulatory authorities and certain stakeholder groups increased significantly in relation to the COVID-19 pandemic and Brexit, a full review of its engagement with stakeholders and pressure groups was postponed until after the COVID-19 pandemic.</td>
</tr>
<tr>
<td>Improvements to the content and presentation of Board packs.</td>
<td>The Board adopted an enhanced online portal and content of Board packs has been improved in relation to the reporting of operational and commercial matters to facilitate greater focus by the Board on strategic matters.</td>
</tr>
</tbody>
</table>

**Goverance**

The Committee’s terms of reference were reviewed by the Committee and updated during the year. A copy of the Committee’s terms of reference is available on the Company’s website at www.cranwix plc.uk.

On behalf of the Committee

Mark Davey
Chairman
18 May 2021

**Remuneration Committee Report**

The Remuneration Committee establishes the remuneration policy for Executive Directors’ remuneration and determines the appropriate performance conditions for the annual cash bonus and long-term incentive awards. The Remuneration Committee also sets remuneration for the Chair, Executive Directors and Senior Management (including the Company Secretary). The Remuneration Committee is mindful of consistency and fairness in Executive Directors’ remuneration, taking into account the performance of the Company and experience of shareholders and the wider workforce.

**Recommendation Actions**

- Reviewed the Senior Management annual bonus structure.
- Reviewed Executive Directors’ and other Senior Executives’ base salaries.
- Reviewed the Senior Management annual bonus structure.
- Approved LTIP awards granted in 2020.
- Reviewed the outcome of performance conditions for the LTIP awards which were granted in 2018.

**Key activities in 2020/21**

- Review of Remuneration Policy
  - Appointed independent remuneration consultants to advise the Committee.
  - Reviewed the existing Remuneration Policy and proposed amendments.
- Executive Director and Senior Executive remuneration
  - Reviewed Executive Directors’ and other Senior Executives’ base salaries.
  - Reviewed the Senior Management annual bonus structure.

**Approval of bonuses**

- Set objectives for the annual bonus arrangements for 2021 for Executive Directors and Senior Executives.
- Reviewed the achievement of the Executive Directors’ bonus arrangements against 2020 target.
- Reviewed the outcome of performance conditions for the LTI awards which were granted in 2018.
- Approved LTI awards granted in 2020.

**Committee meetings during the year**

The Committee held five meetings as follows:

<table>
<thead>
<tr>
<th>Committee members</th>
<th>Meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Allum – Chair</td>
<td>5/5</td>
</tr>
<tr>
<td>Mark Biddick</td>
<td>5/5</td>
</tr>
<tr>
<td>Pam Powell</td>
<td>5/5</td>
</tr>
<tr>
<td>Tim Smith</td>
<td>5/5</td>
</tr>
</tbody>
</table>

**Other regular attendees**

- The Chairmen, Chief Executive, Chief Financial Officer and Group HR Director, attend by invitation as required (the individual is involved in decisions relating to their own remuneration). The Company Secretary attends meetings as secretary to the Committee.
- The Committee meets as necessary and at least twice a year.

**Independence**

All members of the Committee are independent.
Remuneration Committee Report

Shareholder engagement
- Engaged with major stakeholders in relation to proposed new Remuneration Policy.

Statement by the Chair of the Remuneration Committee

On behalf of the Remuneration Committee and the Board, I am pleased to present the Remuneration Committee Report for the 52 weeks ended 27 March 2021.

This year we continued to apply the Remuneration Policy that was adopted in 2018, but which is due to expire in July 2021. Consequently, we have also reviewed our existing policy with the help of independent executive compensation consultants and will be asking Shareholders to approve the revised Remuneration Policy at the Company's AGM on 26 July 2021. A detailed explanation of the key changes proposed is set out on pages 91 and 92 with the full Remuneration Policy set out in Part 3.

If the new Remuneration Policy is approved by Shareholders, it will become effective immediately for three years until the Company's Annual General Meeting in 2024. In advance of Shareholder approval, the Committee will also be asking to approve a revised Remuneration Policy at the Company's AGM on 26 July 2021. A detailed explanation of the key changes proposed is set out on pages 91 and 92 with the full Remuneration Policy set out in Part 3.

Corporate governance

In 2018 the Group has built on its strong performance in 2019/20 with strong organic growth, the expansion of the Group's fresh poultry facility at Eye and opening of a new cooked bacon facility in Hull with adjusted profit increasing by 26.8 per cent and adjusted earnings per share increasing by 27.4 per cent. The Remuneration Committee believes it is important that the Executive Directors' interests are aligned with the Company's strategic vision and the interests of Shareholders and that the incentive outcomes reported in the Remuneration Report reflect these aligned interests.

The Remuneration Committee has carefully considered the impact of the COVID-19 outbreak when reviewing remuneration outcomes. The Group has continued to perform well notwithstanding the challenges faced and has not furloughed any employees or accessed any other Government financial assistance and has continued to operate well within banking covenants. In response to COVID-19, we prioritised the wellbeing and safety of our colleagues. We implemented a proactive, comprehensive and well embedded COVID-19 action plan centred on keeping our colleagues safe, feeding the nation and supporting our local communities. We worked closely with our customers, the UK Government and regulatory bodies to ensure the continued supply of essentials and products. The Group has also provided ongoing support to frontline NHS staff, the elderly and vulnerable and charities in our local communities.

In addition, the Committee is proposing an increased dividend payment to shareholders for FY22, to the tune of 100 per cent of base salary (excluding the Executive Chairman, who has waived his contractual pension entitlements that will be frozen at their current level for three years until the new Remuneration Policy becomes effective following Shareholder approval). There will also be four bonus profit target triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salary (in line with other Senior Executives) depending on the performance of the Group. Shareholders will be asked to re-elect the Independent Directors and give approval to the revised Remuneration Policy, which has been designed to align the interests of the Committee was clear that it should align the interests of the current Remuneration Policy and overall remuneration framework continues to be fit for purpose. The proposed changes provide further alignment to best practice, taking into account the revised UK Corporate Governance Code (the ‘Code’), wider social context and to ensure that we continue to reward the delivery of our long term strategic goals and maintain the alignment of Director remuneration and Shareholder interests.

As part of our review, the Committee consulted with the Company’s major Shareholders and various investor bodies to obtain their views on the proposal for the new Remuneration Policy, which has been designed to align the interests of the Group and Shareholders.

As part of our culture, in determining the proposed Remuneration Policy, the Committee considers the current Remuneration Policy and overall remuneration framework continues to be fit for purpose. The proposed changes provide further alignment to best practice, taking into account the revised UK Corporate Governance Code (the ‘Code’), wider social context and to ensure that we continue to reward the delivery of our long term strategic goals and maintain the alignment of Director remuneration and Shareholder interests.

The proposed changes to the current Remuneration Policy (and how we propose to operate the new Remuneration Policy in 2021/22) are set out below on pages 70 and 71 with the full Remuneration Policy set out in Part 3.

The proposed changes to the current Remuneration Policy (and how we propose to operate the new Remuneration Policy in 2021/22) are set out below on pages 70 and 71 with the full Remuneration Policy set out in Part 3.

New Remuneration Policy

The new Remuneration Policy proposed is in the context of the Group having been given significantly through a combination of acquisitions and organic and strategic growth and having become a more complex business. When our Remuneration Policy last approved market capitalisation was £1.1 billion; it is now £1.32 billion, representing an increase of c.2 per cent. Our number of workers across the Group has increased from 9,192 last year to 9,912 in March 2021 (reflecting the Group’s increased scale of operations). The Committee’s view on our existing Remuneration Policy (reflected during our consultation with major Shareholders) is that it is easily understood and appropriate to our Executive Directors for an impressive performance, both in the Company’s underlying performance and growth in Shareholder value and is aligned with the interests of all stakeholders. The application of recovery provisions (malus and clawback) enables the Committee to keep appropriate and well-considered in consideration of the interests of Shareholders and the wellbeing and safety of our colleagues. We implemented a proactive, comprehensive and well embedded COVID-19 action plan centred on keeping our colleagues safe, feeding the nation and supporting our local communities. We worked closely with our customers, the UK Government and regulatory bodies to ensure the continued supply of essentials and products. The Group has also provided ongoing support to frontline NHS staff, the elderly and vulnerable and charities in our local communities.

In addition, the Committee is proposing an increased dividend payment to shareholders for FY22, to the tune of 100 per cent of base salary (excluding the Executive Chairman, who has waived his contractual pension entitlements that will be frozen at their current level for three years until the new Remuneration Policy becomes effective following Shareholder approval). There will also be four bonus profit target triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salary (in line with other Senior Executives) depending on the performance of the Group. Shareholders will be asked to re-elect the Independent Directors and give approval to the revised Remuneration Policy, which has been designed to align the interests of the

Part 1

- Remuneration at a glance on pages 94 and 95.

Part 2

- Full details of our new Remuneration Policy and, subject to approval by Shareholders, the Committee recommends these be adopted at the forthcoming AGM.

Part 3

- The proposed changes to the current Remuneration Policy (and how we propose to operate the new Remuneration Policy in 2021/22) are set out below on pages 70 and 71 with the full Remuneration Policy set out in Part 3.

2021 bonuses

Bonus awards for 2021 reflect the performance delivered in the year outlined below. A bonus of 150 per cent of maximum (i.e. 150 per cent of base salary) has been awarded to each of the Executive Directors. Bonus awards for 2020 were also 150 per cent of base salary for each of the Executive Directors reflecting a very strong year. Further details are shown on page 103. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

LTIP awards vesting in respect of the period ended 27 March 2021

The LTIP Awards granted in 2018 were based on the three-year performance period from April 2018 to March 2021 and were subject to Remuneration Policy, with 50 per cent of the award vesting at 25 per cent of the maximum annual award in August 2021 (i.e. 15 per cent of salary) for each Executive Director, versus 99 per cent of the maximum award which vested in July 2020. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

LTIP awards granted during the period ended 27 March 2021

The awards granted in respect of the existing LTIP scheme to Senior Executives, including the Executive Directors, during the year. The number of shares awarded to each Executive Director was equivalent to 200 per cent of base salary based on the market value of the Company’s shares at the date of award (1 July 2020). These awards are reflected in the table on page 104.

Other activities

- Reviewed the Annual Remuneration Report for 2020, recommended employee benefit structures and approved the issue of the SAYE share scheme for 2020.

- Approved the Committee’s terms of reference.

This report contains the following separate sections:

Part 1 - The Chair’s annual statement on pages 90 to 93.

Part 2 - Remuneration on a glance on pages 94 and 95.

Part 3 - Full details of our new Remuneration Policy and, subject to Shareholder approval, how this will apply in the year ended 2022.

Part 4 - The Annual Report on Remuneration on pages 103 to 104 which discusses how the existing Remuneration Policy has been applied during the year. Those elements of part 4 subject to external audit are clearly identified.

2021 bonuses

Bonus awards for 2021 reflect the performance delivered in the year outlined below. A bonus of 150 per cent of maximum (i.e. 150 per cent of base salary) has been awarded to each of the Executive Directors. Bonus awards for 2020 were also 150 per cent of base salary for each of the Executive Directors reflecting a very strong year. Further details are shown on page 103. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

The LTIP Awards granted in 2018 were based on the three-year performance period from April 2018 to March 2021 and were subject to Remuneration Policy, with 50 per cent of the award vesting at 25 per cent of the maximum annual award in August 2021 (i.e. 15 per cent of salary) for each Executive Director, versus 99 per cent of the maximum award which vested in July 2020. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

LTIP awards granted during the period ended 27 March 2021

The awards granted in respect of the existing LTIP scheme to Senior Executives, including the Executive Directors, during the year. The number of shares awarded to each Executive Director was equivalent to 200 per cent of base salary based on the market value of the Company’s shares at the date of award (1 July 2020). These awards are reflected in the table on page 104.
Remuneration Committee Report continued

- LTIP: Awards equivalent to 200 per cent of basic salary, will be made in August 2021 and vesting will be after a three year performance period for both TSR and EPS. 50 per cent of the award will be based on the target for TSR and 50 per cent on the target for EPS as detailed on page 98. Threshold vesting for the LTIP award is intended to be 25 per cent of maximum in line with the proposed Remuneration Policy. Awards are subject to a two year holding period.

- As part of the planned transition of Martin Davey’s executive responsibilities we did not participate in any new LTIP awards in 2020 or in the Group’s 2021 bonus awards. Martin will be retiring as a Director of the Company at its forthcoming AGM and will not be receiving atopic or LTIP awards in any case (i.e. 2021/22).

- Post-employment shareholding requirement: This will be introduced under the new Remuneration Policy. For the first 12 months following cessation of employment, an Executive Director must retain shares equal to 100 per cent of the in-employment guideline (i.e. 200 per cent of salary) and following the remaining 12 months, retain shares equal to 50 per cent of the in-employment guideline (i.e. 100 per cent of salary). The requirement does not apply to purchased shares or legacy awards (i.e. awards granted before 1 April 2021). As stated on page 91, the current shareholdings of the Executive Directors are in excess of 750 per cent of salary and, as a result, the Committee believes implementing the Investment Association approach of 100 per cent guideline for two years is unwarrented. Our view is that a tapered post-employment shareholding guideline provides sufficient alignment between Executive Director and shareholder interests in the long-term.

- Other minor changes to the Remuneration Policy will address developments since the current Remuneration Policy was approved and enahnce previous decisions made by the Committee in light of the revised Corporate Governance Code. These include:
  - Including additional flexibility within the Policy to allow the LTIP to be measured against non-financial performance measures. At least 80 per cent of the opportunity will continue to be based on financial measures and we do not intend to use this flexibility for 2021/22. However, recognising our increased focus on environmental, social and governance matters, we may consider including such measures in the LTIP over the course of the next three years.
  - We are conscious that non-financial measures are increasingly important to stakeholders which why we have included discretion to introduce these as part of the LTIP. In particular, as a major food producer, Cranswick’s environmental and sustainability performance is under focus and we will be reporting the Group’s performance under SASB this year. Following the establishment of such measures, which are based on data and can be objectively assessed year-on-year, we anticipate introducing appropriate non-financial metrics during the next three year Remuneration Policy period based on environmental and sustainability performance. We would anticipate consulting further with Shareholders before introducing these.
  - Including flexibility within the Policy for the threshold level of vesting under the LTIP to be up to 25 per cent of the maximum (i.e. 50 per cent of salary) in line with typical market practice. Under the current policy, threshold vesting under the LTIP is set at 20.625 per cent of maximum (i.e. 41.25 per cent of salary).
  - The current Remuneration Policy gives the Committee discretion to amend any formulaic bonus outcome which does not reflect the Committee’s assessment of overall business performance. Reflecting the updated Code, this will be expanded to permit the exercise of discretion in a set of wider circumstances, including where the formulaic outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant (or any other reasons at the discretion of the Committee). A similar discretion will be added for the LTIP.
  - Confirming that LTIP awards (including dividend equivalents) will be fully settled in shares, with cash settlement only to be applied where the circumstances make that appropriate – for example where there is a regulatory restriction on the delivery of shares, or in respect of the tax liability arising in relation to the award.
  - The malus and clawback ‘triggers’ will be extended to include corporate failure, serious reputational damage and material failure of risk management, which in practice has been applied since 2019.
  - Including additional flexibility to pay tax on benefits for the Non-Executive Directors.
  - Increasing the maximum variable remuneration on recruitment from 400 per cent of salary to 415 per cent of salary to reflect the increase in annual bonus maximum and existing exceptional LTIP limit of 250 per cent of salary.

We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience.

The Committee considers the approach to wider workforce pay and policies when determining the Directors’ Remuneration Policy to ensure that it is appropriate in this context.

In determining the Remuneration Policy, the Committee was clear that this should drive the behaviour of the Executive Directors consistent with Company purpose, values and strategy.

Alignment to Culture: creative schemes should drive behaviour consistent with Company purpose, values and strategy.

Executive Director pay and the broader workforce

The Committee recognises that an understanding of broader workforce pay and conditions can be crucial in relation to considering executive pay along with other relevant factors. The Committee receives information on the annual salary review across the Group, gender pay and CEO pay ratios together with the principles that are applied in relation to broader incentive schemes operated in the Group. The Committee also considers outcomes in relation to the wider Senior Management team when considering outcomes for the Executive Directors. The Group also operates works committees and employee surveys to obtain employee feedback on work on the Group’s business and has appointed Tim Smith as its designated Non-Executive Director to enhance existing engagement methods.

CEO pay ratios

The Company aims to provide a competitive remuneration package which is appropriate to promote the long-term success of the Company and applies this policy fairly and consistently to attract and motivate staff. The Company considers the CEO median pay ratio is consistent with the Company’s wider policies on employee pay, reward and progression and is reflective of the sector that the Company operates in. Further information is given on page 106.

Ongoing engagement by the Chairman, Chief Executive and Chief Financial Officer has ensured that key Shareholders have been regularly updated on progress and performance throughout the year. On behalf of the Board, I would like to thank Shareholders for their continued support. Should you have any questions on, or would like to discuss any further aspect of, our remuneration strategy I can be contacted at kate.allum@cranswick.co.uk.

Kate Allum
Chair of the Remuneration Committee
18 May 2021

Alignment of the Remuneration Policy with the Code

In determining the new Remuneration Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Code.

Principle

Clarity:
remuneration arrangements should be transparent and provide effective engagement with Shareholders and the workforce.

Commentary

We operate simple variable pay arrangements, which are subject to clear performance measures aligned with the Group’s strategy and the interests of all stakeholders.

Predictability:
the range of possible values of rewards to individual Directors and other limits or discretions should be easily understood.

Details of our remuneration arrangements are disclosed clearly and concisely.

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.

We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience.

Alignment to Culture: creative schemes should drive behaviour consistent with Company purpose, values and strategy.

The Committee considers the approach to wider workforce pay and policies when determining the Directors’ Remuneration Policy to ensure that it is appropriate in this context.

In determining the Remuneration Policy, the Committee was clear that this should drive the behaviour of the Executive Directors consistent with Company purpose, values and strategy.

The Committee will review the remuneration framework regularly so that it continues to support our strategy.

Executive Director pay and the broader workforce

The Committee recognises that an understanding of broader workforce pay and conditions can be crucial in relation to considering executive pay along with other relevant factors. The Committee receives information on the annual salary review across the Group, gender pay and CEO pay ratios together with the principles that are applied in relation to broader incentive schemes operated in the Group. The Committee also considers outcomes in relation to the wider Senior Management team when considering outcomes for the Executive Directors. The Group also operates works committees and employee surveys to obtain employee feedback on work on the Group’s business and has appointed Tim Smith as its designated Non-Executive Director to enhance existing engagement methods.

CEO pay ratios

The Company aims to provide a competitive remuneration package which is appropriate to promote the long-term success of the Company and applies this policy fairly and consistently to attract and motivate staff.

The Company considers the CEO median pay ratio is consistent with the Company’s wider policies on employee pay, reward and progression and is reflective of the sector that the Company operates in. Further information is given on page 106.

Ongoing engagement by the Chairman, Chief Executive and Chief Financial Officer has ensured that key Shareholders have been regularly updated on progress and performance throughout the year. On behalf of the Board, I would like to thank Shareholders for their continued support. Should you have any questions on, or would like to discuss any further aspect of, our remuneration strategy I can be contacted at kate.allum@cranswick.co.uk.

Kate Allum
Chair of the Remuneration Committee
18 May 2021

*2021 bonuses

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold</th>
<th>Maximum</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Group profit before tax</td>
<td>£104.2m</td>
<td>£116.6m</td>
<td>£134.4m</td>
</tr>
<tr>
<td>Bonus payable (% of salary)</td>
<td>20%</td>
<td>150%</td>
<td>150%</td>
</tr>
</tbody>
</table>

Note: Adjusted Group profit before tax targets are stated before deduction of bonuses paid to Executive Directors and the Chief Operating Officer, associated employers NI and non-trading items.
Remuneration Committee Report continued

Remuneration at a Glance

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted profit before tax (£m)</th>
<th>Adjusted earnings per share (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>£129.7</td>
<td>199.3</td>
</tr>
<tr>
<td>2020</td>
<td>109</td>
<td>160</td>
</tr>
<tr>
<td>2019</td>
<td>102</td>
<td>137</td>
</tr>
<tr>
<td>Total share return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>2,870</td>
<td>1,907</td>
</tr>
<tr>
<td>2020</td>
<td>1,031</td>
<td>682</td>
</tr>
<tr>
<td>2019</td>
<td>1,031</td>
<td>682</td>
</tr>
<tr>
<td>2018</td>
<td>888</td>
<td>510</td>
</tr>
<tr>
<td>Total</td>
<td>624</td>
<td>510</td>
</tr>
</tbody>
</table>

Our performance during the year

+12.1% Like-for-like revenue increase to £1,869.5m.

+3.5% Share price increase to 3,600p at 27 March 2021.

Remuneration in 2021

The Committee ensures that executive remuneration targets are stretching, aligned to business strategy to drive long-term Shareholder value and reflect the performance of the business during the period under review. Executive Directors’ rewards (excluding base salary and benefits) are two-fold: short term by way of a cash bonus; and longer term by way of share awards under the Company’s Long Term Incentive Plan (LTIP).

Remuneration targets

- **100%** Adjusted profit before tax
- **50%** EPS
- **50%** Relative TSR

Over 93% of total votes cast in favour of the Remuneration Committee’s Report at last year’s AGM.

Illustration of Application of Remuneration Policy for 2021/22

The following chart illustrates the potential pay opportunities for the Executive Directors under three different performance scenarios for the year ending 26 March 2023. The chart has also been amended to illustrate potential pay opportunities reflecting an assumed 50% per cent increase in the share price across the performance period.
Remuneration Committee Report continued

Remuneration Policy

This part of the Directors’ Remuneration Report sets out the Directors’ Remuneration Policy (the ‘Policy’), which, subject to Shareholder approval at the 2021 AGM, shall take binding effect from the close of that meeting. A summary of the proposed changes to the Policy is set in the Remuneration Committee Chair’s statement on page 91 to 93.

Link between Policy, strategy and structure

Our remuneration policy is principally designed to align the interests of Executive Directors and Senior Executives with the Company’s strategic vision and the creation of sustainable long-term value for our stakeholders without encouraging excessive levels of risk-taking. The Policy is intended to remunerate our Executive Directors competitively and appropriately for effective delivery of this and allows them to share in this success and the value delivered to shareholders. The principles and values that underpin the remuneration strategy are applied on a consistent basis for all Group employees. It is the Group’s policy to reward all employees fairly, responsibly and by reference to local market practices, by providing an appropriate balance between fixed and variable remuneration.

The remuneration package is in two parts, to provide competitive total remuneration:

• a non-performance part represented by fixed remuneration (basic salary, pension and benefits); and
• a significant performance-related element in the form of an annual bonus and long-term share-based awards.

The details of individual components of the remuneration package are set out below.

<table>
<thead>
<tr>
<th>Purpose and link to strategy</th>
<th>Operation</th>
<th>Performance metrics</th>
<th>Maximum entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide a market</td>
<td>Base salaries are ordinarily reviewed annually</td>
<td>* No formal performance conditions apply.</td>
<td>* No formal maximum salary increases will normally be within the range of salary increases awarded (in percentage of salary terms) to other employees in the Group. However, higher increases may be awarded in appropriate circumstances, such as:</td>
</tr>
<tr>
<td>competitive base</td>
<td>taking into account a number of factors (including, but not limited to):</td>
<td>* the individual’s skills, experience and responsibilities;</td>
<td>* an increase in scope of the role or the individual’s responsibilities;</td>
</tr>
<tr>
<td>remuneration for</td>
<td>Any changes will typically take effect from 1 May</td>
<td></td>
<td>Any changes will typically take effect from 1 May</td>
</tr>
<tr>
<td>Executive Directors and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Executives for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>performance in the year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>against targets linked to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the delivery of the Company’s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strategic priorities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where deferral applies, this</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>provides an incentive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>element and direct alignment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to Shareholders’ interests.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td>Executive Directors are entitled to non-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>To provide a framework to</td>
<td>contributory membership of the Group’s defined contribution pension scheme.</td>
<td>For Executive Directors appointed after 1 April 2021, a company contribution and/or cash payment into a nil excessing the contribution available to the majority of the Group’s wider workforce.</td>
<td>For Executive Directors appointed after 1 April 2021, a company contribution and/or cash payment into a nil excessing the contribution available to the majority of the Group’s wider workforce.</td>
</tr>
<tr>
<td>save for retirement.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternatively, at their option,</td>
<td>Executive Directors may receive a cash payment into a pension, subject to the normal statutory deductions (or accumulation thereof).</td>
<td>Pensions contributions may also be made into a salary.</td>
<td>Pensions contributions may also be made into a salary.</td>
</tr>
</tbody>
</table>
Share-based awards

A SAYE (Save As You Earn) scheme is available to all eligible employees.

Subject to approval by the Board, SAYE options are made available to eligible staff, including Executive Directors, in accordance with the scheme rules which reflect the applicable legislation with an option exercise price which may be set at a discount of up to 20 per cent to the share price when the option is offered.

The limit on monthly savings and maximum discount that may be applied in setting the exercise price will be determined in accordance with the applicable tax legislation from time to time and will be the same for the Executive Directors as for other eligible employees. At the date of approval of this Policy the maximum saving is £600 per month and the maximum discount is 20 per cent.

The LTIP awards may take the form of nil (for nominal) cost share options or conditional awards.

The Committee may at its discretion structure awards as qualifying LTIP awards, consisting of a tax qualifying CSOP option with an exercise price equal to the market value of a share at the date of grant and an ordinary nil-cost LTIP award, with the ordinary award scaled back at exercise to take account of any gain made on exercise of the CSOP option.

Awards will usually vest following the assessment of the applicable performance measures. Awards held by Executive Directors are then subject to a two year holding period which may be structured as either: (1) the Executive Director being entitled to acquire the shares once vested, but, other than as regards sales to cover tax, being prevented from selling shares until the end of the holding period; or (2) the Executive Director being prevented from acquiring shares until the end of the holding period.

If a qualifying LTIP award is granted, the value of shares subject to the CSOP option will not count towards the limits referred to above, reflecting the provisions for scale back of the ordinary LTIP award.

The LTIP in respect of any financial year is 200 per cent of base salary. In exceptional circumstances this can be increased to 250 per cent of base salary.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

Malus and clawback provisions may be applied in the event of misstatement, performance error and misconduct by a participant, material risk management failure, serious reputational damage or material corporate failure.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

Shareholding requirement during employment

Executive Directors are required to hold shares acquired through the LTIP and any deferred bonus award made after sales to cover tax and costs until the value of their total shareholding is equal to 200 per cent of their annual base salary.

Where an LTIP is subject to a holding period on the basis that the Executive Director is prevented from acquiring shares until the end of the holding period, the vested shares count towards the shareholding requirement, on a net of assumed tax basis.

Shares subject to a deferral bonus award count towards the shareholding requirement, on a net of assumed tax basis.

Shareholding requirement post-employment

Shares are subject to this requirement only if they are acquired from LTIP or deferred bonus awards granted after 1 April 2021. Shares purchased by an Executive Director are not subject to this requirement.

For the first 12 months after cessation of employment, such of their relevant shares as have a value at cessation equal to 200 per cent of salary (or less if all of their relevant shares) in the following 12 months, retain such of their relevant shares as have a value at cessation equal to 100 per cent of salary (or less if all of their relevant shares).
Annual bonus performance targets
The structure of the performance targets applicable to annual bonus awards to be made in a particular year will ordinarily be set out in the implementation section of the Annual Remuneration Report which precedes this corporate governance report. The actual targets will be disclosed in advance as they are considered to be commercially sensitive information; however, the details will be disclosed in advance only provided they are not considered commercially sensitive at that time.

Historically, Group profit after tax (PBT), as adjusted for acquisitions, disposals and other non-trading items, was the sole metric against which the annual bonus was assessed. However, we are currently considering the introduction of environmental, social and governance (ESG) performance measures, and the Committee will consider the merits of including such measures in future annual bonus targets.

Recruitment remuneration policy
Where appointing a new Executive Director, the Committee will typically align the remuneration package with the above policy.

Remuneration Committee Report continued
When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate in the circumstances. Our current use of EPS and relative TSR, weighted equally, ensures an appropriate link to our financial KPIs along with a link to our performance relative to that of peer companies. The Policy provides flexibility to include strategic/individual performance measures (which may include ESG measures). At least 80 per cent of the award will be subject to performance measures based on financial measures.

The Committee may vary or substitute any performance measure or target where it considers it would be appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the material matters less demanding. The Committee will assess performance on a fair and consistent basis from year to year. If the Committee was to make such a variation or substitution, an explanation would be given in the next Directors’ Remuneration Report.

LTIP performance targets
Performance-based LTIP awards will be based on financial measures, with the chosen measures determined by the Committee taking into account a strategy of enhancing our current use of EPS and relative TSR, weighted equally, ensures an appropriate link to our financial KPIs along with a link to our performance relative to that of peer companies. The Policy provides flexibility to include strategic/individual performance measures (which may include ESG measures). At least 80 per cent of the award will be subject to performance measures based on financial measures.

The Committee may vary or substitute any performance measure or target where it considers it would be appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the material matters less demanding. The Committee will assess performance on a fair and consistent basis from year to year. If the Committee was to make such a variation or substitution, an explanation would be given in the next Directors’ Remuneration Report.

Operation of share plans
The Committee retains discretion to operate the Company’s share plans in a manner that would be in the best interests of shareholders, including the ability to adjust the number of shares subject to awards in the event of a variation in share capital, or other relevant event and will settle awards in cash or to grant awards as rights to cash payments calculated by reference to anotinal number of shares. Although the Committee would only settle an Executive Director’s LTIP award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares or as regards the tax liability arising in respect of the award.

Recruitment remuneration policy
Where appointing a new Executive Director, the Committee will typically align the remuneration package with the above Policy.

Policy on payment for loss of office
Individual Directors’ eligibility for the various elements of remuneration is set out below.

Position
Annual bonus
remuneration
Salary. This benefits and pension contribution/salary supplement will be paid to the date of termination. The Company may make a payment in lieu of notice at any time after notice has been given by either the Company or the Director. This payment would include basic salary for the unexpired period of notice and may also include benefits (including pension contributions and applicable salary supplement or contribution in lieu of salary) for that period. Alternatively, benefits may continue to be provided for the duration of the notice period that would otherwise have applied.

Annual bonus
This will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will depend upon the Committee’s assessment of the circumstances of the departure and their contribution to the business during the bonus period in question. Any bonus payment would typically be pro-rated from time in service to termination and paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances) and to vary the application of (or dispense with) bonus-related provisions.

Any outstanding deferred bonus awards would typically continue (either in the event of early cessation where the entitlement would lapse) and vest at the originally anticipated date, although the Remuneration Committee retains discretion to release any such award at the date of cessation at an alternative date before the originally anticipated date.

Change of control
In the event of a change of control, unvested awards under the LTIP will be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, a pro-rata reduction to reflect the proportion of the vesting period that has elapsed at the date of cessation. The Committee retains discretion to vest awards early (and to assess performance conditions early where relevant) and to waive the time-based pro-rating reduction. The holding period would typically apply for the two-year period following vesting, although the Committee has discretion to vary the application of the holding period.

If an Executive Director ceases employment during the holding period relating to an LTIP award, the holding period will ordinarily continue to apply, unless cessation is due to the death of the Executive Director, although the Committee has discretion to bring it to an end earlier. In the event of death, the holding period would come to an end.

Other payments
In appropriate circumstances, payments may also be made in respect of accrued holiday pay, and outplacement and legal fees.

Change of control
In the event of a change of control, unvested awards under the LTIP will be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the vesting period that has elapsed. In the event of a change of control during the holding period relating to an award under the LTIP, that holding period shall come to an end.

Deferred bonus awards will vest in full on a change of control.

Change of control
Under the scheme, a Director will typically receive a payment in lieu of notice at any time after notice has been given by either the Company or the Director. Salary/fees, benefits and pension contributions/salary supplement will be paid to the date of termination. The Company may make a payment in lieu of notice at any time after notice has been given by either the Company or the Director. This payment would include basic salary for the unexpired period of notice and may also include benefits (including pension contributions and applicable salary supplement or contribution in lieu of salary) for that period. Alternatively, benefits may continue to be provided for the duration of the notice period that would otherwise have applied.

Where appropriate the Committee would have regard to the departing Executive Director’s loss of Mitigation. There are no express provisions within the Director’s service contracts for the payment of compensation or liquidated damages on termination of employment.

Where a ‘buyout’ or other award is made, the leaver provisions shall be determined at the time of the award.

Service contracts
The Committee’s current policy is not to enter into employment contracts with any element of notice period in excess of one year. Accordingly, each of the following Executive Directors has a one year rolling contract: Adam Couche commenced on 1 May 2006, revised 1 August 2012; Mark Bottomley from 1 June 2009 and Jim Birsay from 26 July 2010.

Non-Executive Directors
The Non-Executive Directors have an appointment letter – Kate Alkon for three years from 1 July 2019. Mark Reckitt for three years from 1 May 2010; Pam Powell and Tim Smith for three years from 1 April 2021 and Liz Barber for three years from 1 May 2022. The continuing appointments are subject to annual re-election at the Company’s AGM.

Copies of the service contracts and letters of appointment are held at the Company’s Registered Office and will be available for inspection at the AGM.
**Remuneration Committee Report continued**

**Legacy remuneration arrangements**
The Committee reserves the right to make any remuneration payments and/or payments for loss of office including exercising any discretions available to it in connection with such payments, notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out in this 2021 Annual Report & Accounts came into effect, provided that the term of payment was consistent with the Shareholder-approved Directors’ Remuneration Policy in force at the time they were agreed, or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes ‘payments’ includes the Committee satisfying awards of variable remuneration and, in relation to any award over shares, the terms of the payment are ‘agreed’ at the time the award is granted.

**Pay and conditions elsewhere in the Group**
The Committee does not directly consult with employees regarding the remuneration of the Executive Directors. However, when considering remuneration levels to apply, the Committee will take into account base pay increases, bonus payments and share awards made to the Company’s employees generally.

The following are the key aspects of how pay and employment conditions across the Group are taken into account when setting the remuneration of employees, including the Executive Directors:
- the Group operates within the UK food sector and has many employees who carry out demanding tasks within the business;
- all employees, including Directors, are paid reference to the market rate;
- performance is measured and rewarded through a number of performance-related bonus schemes across the Group including LTIP share options for Executive Directors and Senior Executives;
- performance measures are cascaded down through the organisation to individual businesses;
- the Group offers employment conditions that are commensurate with a medium-sized quoted company, including high standards of health and safety and equal opportunities; and
- the Group operates Save As You Earn share schemes which are open to all eligible employees including Executive Directors. (Approximately 20 per cent of the workforce participate in the SAYE scheme).

**Consideration of Shareholders’ views**
The Committee believes that ongoing dialogue with major Shareholders in relation to Executive Director remuneration is of key importance, and consulted with major Shareholders and investor agencies in relation to the new Remuneration Policy. Finalising the proposals having regard to feedback received, the Committee will consider Shareholder feedback on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with Shareholders. The Committee will seek to engage directly with major Shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy or in the way the Remuneration Policy is implemented.

**Annual Report on Directors’ Remuneration**

The table below sets out the single figure remuneration details for the Directors for the year:

<table>
<thead>
<tr>
<th>Directors’ Remuneration (audited)</th>
<th>Salary before bonus</th>
<th>Benefits</th>
<th>Bonus</th>
<th>LTIP**</th>
<th>Pension</th>
<th>SAYE</th>
<th>Total 2021</th>
<th>Total 2020</th>
<th>Total Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Bottomley</td>
<td>£443,400</td>
<td>2.8%</td>
<td>In line with wider workforce</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jim Bristy</td>
<td>£443,400</td>
<td>2.8%</td>
<td>In line with wider workforce</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adam Couch</td>
<td>£670,650</td>
<td>3.8%</td>
<td>In line with wider workforce</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martin Davey</td>
<td>£314,250</td>
<td>0%</td>
<td>No change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Executive Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kate Allum</td>
<td>50 50 – – – – – – – – – –</td>
<td>50 50 50 50 – – – – – –</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Ractall</td>
<td>50 50 – – – – – – – – – –</td>
<td>50 50 50 50 – – – – – –</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pam Powell</td>
<td>51 51 – – – – – – – – – –</td>
<td>51 51 51 51 – – – – – –</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Smith</td>
<td>1,901 1,901 – – – – – – – –</td>
<td>1,901 1,901 1,901 1,901 – – – –</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,095 2,052 128 132 2,332 2,271 2,905 3,168 373 365 37 76 7,642 8,737 2,358 2,322 5,274 5,515</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The values of the LTIP awards which vested in July 2020 have been updated for the actual share price on the date of vesting. In line with the regulations, the values for 2021 are based on the average share price over the three-month period to 27 March 2021 as these awards will not vest until August 2021 (see tables on page 104).

As reported last year, the Executive Directors had pay awards in the year effective from 1 May 2020 of:

- The bonus scheme in operation is based on the achievement of adjusted Group profit before tax targets which are set with regard to the Company’s budget, historical performance and market outlook for the year. There are four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salary with a straight line, pro-rata award for profits falling between the targets. The bonus scheme is subject to a floor of 0 per cent.
- The performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £134.4 million. This resulted in an above median award of 150 per cent of salary as shown below. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

<table>
<thead>
<tr>
<th>Group profit targets</th>
<th>Bonus payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold</td>
<td>£104.2m</td>
</tr>
<tr>
<td>On Target</td>
<td>£130m</td>
</tr>
<tr>
<td>Maximum</td>
<td>£113.4m</td>
</tr>
<tr>
<td>Actual</td>
<td>£116.6m</td>
</tr>
</tbody>
</table>

This award is reflected in the table above.

Benefits principally comprise health insurance, personal tax advice, pension advice and Company car allowance.

Pension consists of contributions of up to 20 per cent of base salary which are either paid into a defined contribution pension scheme or are received as a cash allowance in lieu of the pension contribution or, as a combination of both. No Director has any entitlement or prospective entitlement under any defined benefit pension scheme.

The number of Directors who were active members of the money purchase pension scheme in the year was two (2020: two).

Non-Executive Directors are paid a basic fee with additional fees paid for chairing Committees and for the role of Senior Independent Director, which are reviewed triennially. The basic fee for Non-Executive Directors is £51,000. Additional fees of £8,000 are paid for chairing Committees, for the role of Senior Independent Director and Non-Executive Director designated to undertake workforce engagement. Where a Non-Executive Director undertakes more than one additional role a single fee of £8,000 is paid in respect of such roles.

**Annual bonus arrangement (audited)**
The bonus scheme is based on the achievement of adjusted Group profit before tax targets which are set with regard to the Company’s budget, historical performance and market outlook for the year. There are four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salary with a straight line, pro-rata award for profits falling between the targets.

No adjustment was made to bonus targets during the year.

The performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £134.4 million. This resulted in an above median award of 150 per cent of salary as shown below. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.
The Remuneration Committee decides whether performance conditions have been met and considers EPS and TSR to be the most appropriate measures of the long-term-performance of the Group.

The value of the LTIP for the year ended 27 March 2021 relates to awards made in August 2018 with a performance criteria based on the three years ended 27 March 2021 that will vest in August 2021, calculated at the average price for the three months ended on 27 March 2021 of 3,482 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gives an outperformance of 10.25 per cent over the average increase in EPS of achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business achieved an increase of 34.2 per cent and put the Company fifth in its comparative group which was at the 67th percentile of companies, the business achieved an increase of 34.2 per cent and put the Company fifth in its comparative group which was at the 67th percentile.

The LTIP for the year ended 27 March 2021 is calculated at the average price for the three months ended on 27 March 2021 of 3,482 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gives an outperformance of 10.25 per cent over the average increase in EPS of achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business achieved an increase of 34.2 per cent and put the Company fifth in its comparative group which was at the 67th percentile.

The Committee considers the level of pay-out is reflective of the overall performance of the Group over the three-year performance period ended 27 March 2021 and is appropriate.

The value of the LTIP for the 52 weeks ended 28 March 2020 relates to awards made in 2017, with a performance criteria based on the three years ended 28 March 2020 that will vest in August 2021, calculated at the average price for the three months ended on 27 March 2021 of 3,482 pence. The EPS element of the award achieved an outperformance of 20.25 per cent over the average increase in EPS of achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business achieved an increase of 52.6 per cent and put the Company fifth in its comparative group which was at the 96th percentile.

The value of the LTIP for the year ended 27 March 2021 relates to awards made in August 2018 with a performance criteria based on the three years ended 27 March 2021 that will vest in August 2021, calculated at the average price for the three months ended on 27 March 2021 of 3,482 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gives an outperformance of 10.25 per cent over the average increase in EPS of achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business achieved an increase of 34.2 per cent and put the Company fifth in its comparative group which was at the 67th percentile.

The Committee considers the level of pay-out is reflective of the overall performance of the Group over the three-year performance period ended 27 March 2021 and is appropriate.

LTIP awards granted during the year ended 27 March 2021 (audited)

Details of the performance targets for the LTIP granted during the year ended 2021 are as follows:

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Basis of award</th>
<th>Number of shares</th>
<th>Share price</th>
<th>Face value of share</th>
<th>Vesting minimum performance</th>
<th>End of performance period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>1 July 2020</td>
<td>200% of salary</td>
<td>24,000</td>
<td>3,565p</td>
<td>£887,187</td>
<td>20.6%</td>
</tr>
<tr>
<td>Jim Brisby</td>
<td>1 July 2020</td>
<td>200% of salary</td>
<td>24,000</td>
<td>3,565p</td>
<td>£887,187</td>
<td>20.6%</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>1 July 2020</td>
<td>200% of salary</td>
<td>37,700</td>
<td>3,565p</td>
<td>£1,341,251</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

* Based on the average of the mean high/low share price for the three days preceding the grant date of the options.

The Company has discretion to reduce the extent of vesting in the event that it considers that performance against either measure is inconsistent with the overall financial or non-financial performance of the Group over the performance period.

SAYE (audited)

The value of the SAYE options relates to awards granted three, five or seven years ago that have had their full contribution paid by the Executive Director and have been exercised in the year. The awards exercised in 2021 are Martin Davey and Jim Brisby who exercised an average price of 2,556 pence and 1,187 pence and a market value of 3,412 pence and 3,826 respectively. The notional gains are shown in the 2021 column of the table on page 107.

Payments to past Directors (audited)

There have been no payments made to past Directors or payments made for loss of office in the year.

Performance graph - Total Shareholder Return (unaudited)

The graph below shows the percentage change (from a base of 100 in March 2011) in the TSR (with dividends reinvested) for each of the last ten years on holding of the Company’s shares against the corresponding change in a hypothetical holding in the shares of the FTSE 350 Food Producers and Processors Price Index (FTSE FPP) and the FTSE All Share Index (FTSE All Share). The FTSE FPP and the FTSE All Share were chosen as representative benchmarks of the sector and the market as a whole for the business.

Total Shareholder return

<table>
<thead>
<tr>
<th>Year</th>
<th>FTSE All Share</th>
<th>FTSE 350 Food Producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>15.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2020</td>
<td>15.0%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2019</td>
<td>17.2%</td>
<td>14.8%</td>
</tr>
<tr>
<td>2018</td>
<td>17.0%</td>
<td>14.6%</td>
</tr>
<tr>
<td>2017</td>
<td>15.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2016</td>
<td>16.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>2015</td>
<td>14.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>2014</td>
<td>13.6%</td>
<td>16.3%</td>
</tr>
<tr>
<td>2013</td>
<td>16.8%</td>
<td>13.3%</td>
</tr>
<tr>
<td>2012</td>
<td>15.6%</td>
<td>15.5%</td>
</tr>
<tr>
<td>2011</td>
<td>13.3%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

The table below illustrates the change in the total CEO remuneration over a period of ten years, with the bonus awards in those years and the LTIP vesting awards set against a percentage of the maximum available.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>508</td>
<td>505</td>
<td>542</td>
<td>562</td>
<td>588</td>
<td>599</td>
<td>616</td>
<td>635</td>
<td>651</td>
<td>669</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>28</td>
<td>28</td>
<td>31</td>
<td>29</td>
<td>29</td>
<td>31</td>
<td>32</td>
<td>33</td>
<td>34</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td>102</td>
<td>86</td>
<td>118</td>
<td>118</td>
<td>112</td>
<td>120</td>
<td>123</td>
<td>127</td>
<td>130</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>453</td>
<td>639</td>
<td>252</td>
<td>843</td>
<td>882</td>
<td>898</td>
<td>925</td>
<td>940</td>
<td>979</td>
<td>1,004</td>
<td></td>
</tr>
<tr>
<td>LTIP</td>
<td>243</td>
<td>271</td>
<td>219</td>
<td>825</td>
<td>1,148</td>
<td>1,793</td>
<td>840</td>
<td>1,188</td>
<td>1,031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAYE</td>
<td>6</td>
<td>7</td>
<td>38</td>
<td>38</td>
<td>39</td>
<td>40</td>
<td>41</td>
<td>42</td>
<td>43</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>CEO total remuneration</td>
<td>1,140</td>
<td>1,436</td>
<td>1,082</td>
<td>2,371</td>
<td>2,805</td>
<td>2,889</td>
<td>3,489</td>
<td>3,192</td>
<td>3,061</td>
<td>3,070</td>
<td></td>
</tr>
<tr>
<td>Bonus award against maximum</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>LTIP vesting against maximum</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>
| Bernard Hoggarth was the Chief Executive up to August 2012 and from that date Adam Couch has fulfilled that role. The 2013 figures are the sum of the remuneration received by both Directors in that year.
Annual percentage change in remuneration of Directors and employees (unaudited)

The table below shows the percentage change in each Director's salary, fees, and bonus between the year ended 28 March 2020 and the year ended 27 March 2021, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full-time equivalent basis.

The average percentage change has been calculated by reference to the mean of employee pay.

Average employee*  
Mark Bottomley  
Jim Brisby  
Adam Couch  
Martin Davey  
Kate Alum  
Mark Resist  
Pan Powell  
Tim Smith  
Salary/fees  +6.6%  +2.8%  +2.8%  +2.8%  –  –  –  +1.1%  
Benefits  -2.5%  -3.7%  -0.7%  -5.7%  +2.6%  n/a  n/a  n/a  
Bonus  +12.1%  +2.8%  +2.8%  +2.6%  –  n/a  n/a  n/a  
* Includes the impact of pay awards and growth in employee numbers.

Chief Executive pay ratio (unaudited)

The table below shows the pay ratio based on total remuneration and salary of the Chief Executive to the 25th, 50th and 75th percentile of all permanent UK employees of the business.

<table>
<thead>
<tr>
<th>Year</th>
<th>Method*</th>
<th>25th percentile pay ratio</th>
<th>Median pay ratio</th>
<th>75th percentile pay ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Option A</td>
<td>120.1</td>
<td>101.1</td>
<td>79.1</td>
</tr>
<tr>
<td>2021</td>
<td>Option A</td>
<td>121.3</td>
<td>103.1</td>
<td>77.1</td>
</tr>
</tbody>
</table>

Chief Executive pay ratio (unaudited)

Year | Salary | 25th percentile | Median | 75th percentile | Total Remuneration |
2021 | 669    | 20               | 24     | 31             | 2,870              |

* The Company uses Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as the calculation methodology for the ratios was considered to be the most accurate.

The table below shows the pay ratio based on total remuneration and salary of the Chief Executive to the 25th, 50th and 75th percentile of all permanent UK employees of the business.

The workforce comparison is based on the payroll data for the financial year for all employees (including the Chief Executive but excluding Non-Executive Directors) as at 27 March 2021. The workforce comparison has not excluded any component of total pay and benefits.

The Chief Executive remuneration for the year ended 28 March 2020 is the total single figure remuneration figure as disclosed on page 103, which has been adjusted to reflect the actual LTIP vesting further information on page 104. This adjustment has not affected the CEO pay ratios for the year ended 28 March 2020 in respect of the 25th, 50th and 75th percentile.

The workforce comparison is based on the payroll data for the financial year for all employees (including the Chief Executive but excluding Non-Executive Directors) as at 27 March 2021. The workforce comparison has not excluded any component of total pay and benefits.

The performance periods run for three years from the commencement of each financial year and conclude at the end of the financial year three years later and are exercisable on the attainment of certain performance criteria detailed on page 104. The range of exercise dates are 1 April 2021 to 1 July 2030.

The LTIP is designed to provide remuneration in respect of the Board that is subject to performance conditions.

The Executive Directors are eligible, as are other employees of the Group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The following Executive Directors exercised SAYE share options during the year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price</th>
<th>Market price</th>
<th>Gain on exercise (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Jim Brisby</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>1,187</td>
</tr>
<tr>
<td>2018</td>
<td>Adam Couch</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>2,239</td>
</tr>
<tr>
<td>2019</td>
<td>Martin Davey</td>
<td>314</td>
<td>–</td>
<td>–</td>
<td>314</td>
<td>2,960</td>
</tr>
</tbody>
</table>

The following Executive Directors exercised SAYE share options during the year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price</th>
<th>Market price</th>
<th>Gain on exercise (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Jim Brisby</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>1,187</td>
</tr>
<tr>
<td>2018</td>
<td>Adam Couch</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>2,239</td>
</tr>
<tr>
<td>2019</td>
<td>Martin Davey</td>
<td>314</td>
<td>–</td>
<td>–</td>
<td>314</td>
<td>2,960</td>
</tr>
</tbody>
</table>

Outstanding share awards (audited)

The interests of the Executive Directors in the LTIP and SAYE schemes are as follows:

Long Term Incentive Plan (audited)

The interests of the Executive Directors in the LTIP and SAYE schemes are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price</th>
<th>Market price</th>
<th>Gain on exercise (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Jim Brisby</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>1,187</td>
</tr>
<tr>
<td>2018</td>
<td>Martin Davey</td>
<td>314</td>
<td>–</td>
<td>–</td>
<td>314</td>
<td>2,960</td>
</tr>
</tbody>
</table>

The Executive Directors are eligible, as are other employees of the Group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The following Executive Directors exercised SAYE share options during the year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price</th>
<th>Market price</th>
<th>Gain on exercise (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Jim Brisby</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>1,187</td>
</tr>
<tr>
<td>2018</td>
<td>Martin Davey</td>
<td>314</td>
<td>–</td>
<td>–</td>
<td>314</td>
<td>2,960</td>
</tr>
</tbody>
</table>

The Executive Directors are eligible, as are other employees of the Group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The following Executive Directors exercised SAYE share options during the year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price</th>
<th>Market price</th>
<th>Gain on exercise (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Jim Brisby</td>
<td>667</td>
<td>–</td>
<td>–</td>
<td>667</td>
<td>1,187</td>
</tr>
<tr>
<td>2018</td>
<td>Martin Davey</td>
<td>314</td>
<td>–</td>
<td>–</td>
<td>314</td>
<td>2,960</td>
</tr>
</tbody>
</table>

The Executive Directors are eligible, as are other employees of the Group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The following Executive Directors exercised SAYE share options during the year:
Annual Report on Directors’ Remuneration

Minimum Shareholding
The Remuneration Committee has recommended that the Executive Directors hold shares in the Company with at least 200 per cent of base salary. The Directors’ current holdings and value are now all in excess of the 200 per cent target and are shown below.

Directors’ Interests (audited)

<table>
<thead>
<tr>
<th>Director</th>
<th>LTI (Awarded, subject to performance)**</th>
<th>LTI (Vested unvested)**</th>
<th>SAYE (Non-performance related)**</th>
<th>Number of shares held at 27 March 2021</th>
<th>Value of shares held as a % of base salary</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>56,700</td>
<td>19,571</td>
<td>722</td>
<td>95,668</td>
<td>776</td>
<td>200</td>
</tr>
<tr>
<td>Jim Briscoy</td>
<td>56,700</td>
<td>19,571</td>
<td>1,204</td>
<td>108,399</td>
<td>880</td>
<td>200</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>85,800</td>
<td>29,626</td>
<td>1,810</td>
<td>178,884</td>
<td>960</td>
<td>200</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>–</td>
<td>14,659</td>
<td>722</td>
<td>176,737</td>
<td>2,025</td>
<td>200</td>
</tr>
<tr>
<td>Mark Reckitt</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,100</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tim Smith</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,100</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Pam Powell</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,100</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

** Not including tax qualifying options granted to each of the Executive Directors.

The share price at 27 March 2021 of 3,600 pence was used in calculating the percentage figures shown above. Kate Allum has no interests in the Company at the present time. There have been no further changes to the above interests in the period from 27 March 2021 to 18 May 2021.

Remuneration for the year ending 26 March 2022 (unaudited)

Salaries
Taking into account the material change in the scale and complexity of the business combined with our continued growth and ambitions in the future, the salaries of the current Executive Directors (excluding the Executive Chairman, who has waives his contractual entitlement to an increased salary) have increased by 8 per cent effective from 1 May 2021. Our experienced Executive Directors have all significantly contributed to the success and growth of Cranswick.

The Group’s business has not only increased significantly in scale and profitability, but has also increased in complexity and it is this which underlies the salary review. The development of the Group’s Poultry business has been achieved over a relatively short period time when the Group has developed Europe’s most efficient poultry processing facility, repositioned its Poultry business in the market place and also developed a new long term relationship with WM Morrisons Supermarkets plc (which had previously not been a significant customer of the Group), which we believe merits a review of the salaries. The Group has also significantly developed its Continental Foods business over the period by relocating it to a new purpose built facility to accommodate further expansion and by increasing the focus on imported charcuterie and plant-based products such as olives to reflect consumer trends. All of this has been achieved by the existing Executive Directors supported by their management teams.

The Remuneration Committee believes it is appropriate to recognise the increase in the size and scope of the Executive Directors’ role with a base salary increase above the rate of increase for the wider workforce this year (following which increases will now be aligned to the level of the wider workforce increases for future years).

For FY22, the proposed base salary increase for the wider workforce is expected to be 2-3 per cent. Furthermore, as Cranswick has grown, the remuneration of various members of the Senior Management team has been significantly revised in recent years to reflect increased responsibilities and the development of the business which has reduced internal relativities. (Nine executive have received increases over the last three years of 10-30 per cent to reflect increased responsibilities).

Following the increase in pay, which will be applicable from 1 May 2021, the Executive Directors’ base salaries will be:

<table>
<thead>
<tr>
<th>Director</th>
<th>New salary</th>
<th>Board tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>£478,900</td>
<td>12 years</td>
</tr>
<tr>
<td>Jim Briscoy</td>
<td>£478,900</td>
<td>11 years</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>£724,450</td>
<td>18 years</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>£314,250</td>
<td>35 years</td>
</tr>
</tbody>
</table>

Pension
Pension entitlements will be progressively aligned to other employees of the Group (currently 5 per cent of salary). Incumbent Executive Directors have existing contractual pension entitlements that will be frozen at their current monetary value for two years then reduced to 10 per cent of salary (in line with other Senior Executives) with effect from 1 April 2023. It is intended that pension entitlements will be reduced to 5 per cent of salary (in line with the wider workforce) over the course of the next triannual Remuneration Policy review in 2024.

Future Bonus

Bonus
The 2022 bonus scheme in operation will be based on the achievement of Group profit targets which are set having regard to the Company’s budget, historical performance and market outlook for the year. The actual 2022 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2022 Annual Report & Accounts, provided they are not considered commercially sensitive at that time. Subject to Shareholders approval, there will be four bonus profit targets triggering awards of 10 per cent, 50 per cent, 100 per cent and 165 per cent of base salaries with a straight line pro-rata award for profits falling between the targets. Commencement with an increase in bonus opportunity is the stretch in performance targets.

LTIP

LTIP awards, equivalent to 200 per cent of basic salary, will be made in August 2021 and vesting will be after a three-year performance period for both TSR and EPS. 50 per cent of the award will be based on the target for TSR and 50 per cent on the target for EPS as detailed on page 94. Threshold vesting for the LTIP awards is intended to be 25 per cent of maximum in line with the proposed Remuneration Policy. Awards are subject to a two year holding period.

As part of the planned transition of Martin Davey’s executive responsibilities he did not participate in any new LTIP awards in 2020 or in the Group’s 2021 bonus awards. Martin will retire as a Director of the Company at its forthcoming AGM and will not be receiving a bonus or LTIP award in the current year (i.e. 2021/22).

Advisers to the Committee (unaudited)
The Committee keeps itself fully informed on the developments within the industry and in the field of remuneration and seeks advice from external advisers where appropriate. Deloitte LLP has continued to advise the Committee during 2021 and has provided general remuneration advice and shareholders’ advice to the Company. Deloitte is a member of the Remuneration Consultants Group and as such, voluntarily operated under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte’s fees for providing remuneration advice to the Committee were £25,800 for the year ended 27 March 2021. Deloitte also provides consultancy services to the Group. However, the Committee has reviewed any potential conflicts of interest and judged that Deloitte’s advice is both objective and independent. The Committee have also been provided advice during the year in relation to matters relating to Directors’ remuneration by the Chief Executive Officer, Chief Financial Officer and Company Secretary.

Statement of Shareholders voting (unaudited)
The resolution to approve the 2020 Remuneration Committee Report was passed on a poll at the Company’s last AGM held on 17 August 2020. The votes cast in respect of the resolution were:

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>37,077,895</td>
<td>93.55</td>
</tr>
<tr>
<td>Against</td>
<td>2,620,076</td>
<td>6.45</td>
</tr>
<tr>
<td>Withheld</td>
<td>176,526</td>
<td>–</td>
</tr>
</tbody>
</table>

The resolution to approve the remuneration policy was passed on a show of hands at the Company’s 2018 AGM held on 30 July 2018. The votes cast in respect of the resolution were:

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>37,339,458</td>
<td>98.07</td>
</tr>
<tr>
<td>Against</td>
<td>743,793</td>
<td>1.93</td>
</tr>
<tr>
<td>Withheld</td>
<td>19,066</td>
<td>–</td>
</tr>
</tbody>
</table>

Remuneration disclosures
This report complies with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013 (the Regulations), the Companies (Miscellaneous Reporting) Regulations 2018, the principles of the 2018 UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority.

Kate Allum
Chair of the Remuneration Committee
18 May 2021

Cranswick plc | Annual Report & Accounts 2021
Directors’ Report

The Directors’ Report required under the Companies Act 2006 comprises this Directors’ Report (pages 110 to 113), the Corporate Governance Report, the Sustainability Report set out in the Strategic Report (pages 24 to 34) and the Statement of Directors’ Responsibilities (page 114). The Group’s Remuneration Report, which comprises the Directors’ Report on Remuneration, is set out in the Strategic Report (pages 110 to 111) and this Directors’ Report. This Directors’ Report meets the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 4.1, which comprises the Strategic Report (pages 1 to 6) and this Directors’ Report. The Directors’ Report incorporates the requirements of the UK Corporate Governance Code.

Directors’ indemnities

The Group indemnifies the directors’ and officers’ liability insurance which gives appropriate cover against the costs of defending themselves in civil proceedings taken against them in their capacity as Director or officer of the Company arising from any action resulting from any unsuccessful defence of any proceedings.

Directors conflicts of interest

Procedures are in place to ensure compliance with the Directors’ conflict of interest duties set out in the Companies Act 2006. The Company has complied with these procedures during the year and the Board believes that these procedures operate effectively. During the year, details of any new conflicts or potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflict or potential conflict matters are reviewed by the Board at least on an annual basis.

Share capital

The Company has a single class of shares in the form of ordinary shares, with a nominal value of 10 pence per share, which have a Premium Listing on the London Stock Exchange and are part of the FTSE 250 Index under the symbol CWK. The Company has one class of shares, being ordinary shares of 10 pence each. There are no special rights pertaining to any of the shares in issue, each share carries the right to one vote at general meetings of the Company. The allotted and fully paid up share capital is shown in Note 25 as £156 million. During the year the share capital increased by 457,190 shares. The increased number of shares issued relates to the exercise of option schemes during the year and 342,112 of such shares were issued in respect of scrip dividends.

Disproportionate pre-emption rights

The Company was aware of agreements between holders of securities in the Company’s issued share capital, which may have been prejudicial to the interests of the Company and its shareholders. As at 27 March 2021 there have been no other notifications of any significant changes, a different whole percentage movement, to those shareholdings as at 18 May 2021.

Capital structure

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value and other stakeholders. The Group regards its Shareholders’ equity and debt as its capital and manages its capital structure and capital ratios to maintain or adjust those capital ratios in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No final decisions have been made to the objectives, policies or processes during the 52 weeks ended 28 March 2020 and 27 March 2021.

Powers of the Directors in relation to share capital

The powers of the Directors are determined by the Company’s Articles of Association, UK legislation including the Companies Act 2006 and any resolutions given by the Company in general meeting.

Appointment and removal of Directors

The Articles of Association of the Company, the UK Corporate Governance Code and the Companies Act 2006 govern the appointment and replacement of Directors. The Articles of Association are available on our website (www.cranswick.plc.uk). The Articles of Association include rules on the limitation on the number of Directors to 15. Directors may be appointed by an Ordinary Resolution of the Shareholders or by a resolution of the Directors. A Director appointed by the Board during the year must retire at the first AGM following their appointment and such Director is eligible to offer themselves for election by the Company’s Shareholders. Notwithstanding the retirement provisions in the Articles of Association, the Company’s current practice is that all Directors retire from office at each AGM in accordance with the requirements of the UK Corporate Governance Code.

Annual General Meeting

The AGM (or Cranwicke plc will be held at the Mercure Hotel Grange Park, Grange Park Lane, Welwyn HU10 0EA on Wednesday 27 July 2021. Notice convening the AGM can be found in the separate Notice of Annual General Meeting accompanying this Report & Accounts.

Details of the Special Business to be transacted at the AGM are contained in the separate letter from the Chairman which also accompanies this Report & Accounts, and covers the Directors’ authority to allot shares, the partial discharge of pre-emption rights and the authority for the Company to buy its own shares.

Results and dividends

The profit from continuing operations for the financial year, after tax, is £200.2 million, which comprises £110.8 million of revenue and £89.4 million of profit before tax and adjusting for capital items. The profit from continuing operations after tax for the financial year is shown in Note 1 to the Financial Statements as £199.3 million.

The profit for the financial year, after tax, is £200.2 million, which comprises £110.8 million of revenue and £89.4 million of profit before tax and adjusting for capital items. The profit for the financial year after tax is shown in Note 1 to the Financial Statements as £199.3 million.

The proposed final dividend for 2021 together with the interim paid during the year must retire at the first AGM following their appointment.

Disproportionate pre-emption rights

The Directors were empowered at the 2020 AGM to make pre-emptive issues for cash up to a maximum aggregate nominal amount of £261.5 million (being approximately 5 per cent of the issued share capital prior to that AGM). This power is also due to lapse at the 2021 AGM and shareholders will be asked to grant a similar power (Resolution 16 of the Notice of Annual General Meeting).

In addition, as provided by the Pre-Emption Group’s Statement of Principles, as updated in March 2015, the Directors were empowered at the 2020 AGM to allot shares for cash or sell shares out of treasury up to a further nominal amount of £261.5 million, representing approximately 5 per cent of the issued share capital at 26 June 2020 (the latest practicable date before the publication of the Notice of Annual General Meeting), other than to existing Shareholders without first having offered them to existing Shareholders in proportion to their holdings for the purposes of financing or refinancing a transaction which is not an acquisition or other capital investment. In respect of this the Board confirms that it will only allot share or sell shares out of treasury pursuant to this authority when the relevant acquisition or specified capital investment is announced contemporaneously with the allotment and, or has taken place in the preceding six months and is disclosed in the announcement of the allotment. The Directors have no current intention of using this authority and, if it is used, the Company will publish details of the placing in its next Annual Report & Accounts. This power will lapse at the 2021 AGM and shareholders will be asked to grant a similar power (Resolution 17 of the Notice of Annual General Meeting).

Own share purchases

The Directors were also authorised at the 2020 AGM under a Special Resolution to make market purchases of the Company’s own ordinary shares up to a maximum aggregate number of 5,229,000 shares (being approximately 5 per cent of the issued share capital prior to that AGM) at a price up to a maximum aggregate nominal amount of £1,734,000 (being approximately one-third of the issued share capital prior to that AGM) and a further maximum aggregate nominal amount of £1,734,000 (being approximately one-third of the issued share capital prior to that AGM). The Directors have no current intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the scrip dividend and the Company’s share option plans. This authority is due to lapse at the 2021 AGM. At the 2021 AGM, shareholders will be asked to renew the authority to make market purchases of the Company’s own ordinary shares covered by the renewed authority can be found in Resolution 15 of the Notice of Annual General Meeting.

The Directors’ Report required under the Companies Act 2006 comprises this Directors’ Report (pages 110 to 113), the Corporate Governance Report, the Sustainability Report set out in the Strategic Report (pages 24 to 34) and the Statement of Directors’ Responsibilities (page 114). The Group’s Remuneration Report, which comprises the Directors’ Report on Remuneration, is set out in the Strategic Report (pages 110 to 111) and this Directors’ Report. This Directors’ Report meets the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 4.1, which comprises the Strategic Report (pages 1 to 6) and this Directors’ Report. The Directors’ Report incorporates the requirements of the UK Corporate Governance Code.
Corporate Governance

Directors’ Report continued

Own shares held
The Company did not repurchase any shares during the year and at the year end the Group held no treasury shares.

Change of control
There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid other than the following:
• the Company is a party to a number of banking agreements which upon a change of control of the Company are terminable by the bank upon the occurrence of 30 working days’ notice;
• the Company is a party to an agreement with WM Morrison Supermarkets plc (‘WM Morrison’) for the supply of poultry products from its facility at Eye, Suffolk which upon a change of control of the Company is terminable by WM Morrison upon the notice of termination.

Directors’ Report continued

Financial instruments

• there are certain provisions in the Company’s Save As You Earn share awards that are capable of exercise will depend on the time in the three years in which the employee provides for compensation for loss of office or employment (whether through resignation, purported redundancy or early retirement).

Foreign currency risk
The main foreign exchange risk facing the Group is in the purchasing of share price awards and the foreign exchange risk in the invoicing of share price awards in US Dollars. The policy of the Group is to seek to mitigate the impact of this risk by taking forward contracts for up to 12 months ahead on certain foreign rates that are currently highest. The Directors continue to believe that due to the Group’s current policy to manage its foreign exchange rate risk, there is no opportunity for the Group to reduce its exposure to foreign exchange rate risk.

Interest rate risk
The Group’s current policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Whilst fixed rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to reduce its exposure to credit risk. In addition, the fair value interest rate on fixed rate borrowing means that the Group is exposed to changes in interest rates. In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group’s exposure is to cash flow costs as interest rates rise.

The Group has reduced its borrowings over the past 12 months and at 27 March 2021 gearing was 13.5 per cent (2020: 23.9). Given this conservative debt structure and low marked interest rates the Group has not fixed the interest rate on any part of its current facility.

The Board will keep this situation under constant review and will fix the interest rate on a proportion of the Group’s borrowings at such time as it becomes appropriate to do so. The monitoring of interest rate risk is handled entirely at Head Office, based on the monthly consolidation of cash flow projections and the daily borrowings position.

Credit risk
Credit risk exposures are made on credit terms, the majority of which are to the major UK food retailers. Overdue accounts are reviewed at monthly management meetings. The historical incidence of bad debts is low. For all major customers, credit terms are agreed by negotiation and for all other customers, credit terms are set by reference to external credit agencies and/or commercial awareness. Every attempt is made to resist advance payments to suppliers for goods and services, where this proves commercially unworkable, arrangements are put in place, where practical, to guarantee the repayment of the monies in the event of default.

Liquidity risk
The Group has historically been very cash-generative. The bank position for the Group has consistently comfortably exceeded £160 million (falling to £120 million from November 2022), including commercial unworkable, arrangements are put in place, where practical, to guarantee the repayment of the monies in the event of default.

Corporate tax on profits, employer’s National Insurance on wages paid, direct contributions, being a cost to the Company which includes

Note 24: Financial instruments to the financial statements is incorporated into the Directors’ Report by reference.

Research and development
The Group remains at the forefront of new product development offering consumers a wide range of products. Through innovative use of existing technology, the Group has continued to successfully develop new products and processes for the Group.

Political donations
No contributions were made to political parties during the year ended 27 March 2021 (2020: £0).

Employee and other stakeholder considerations
Details regarding the Company’s arrangements for engaging with employees and actions taken during the year can be found on pages 39 to 40 of the Strategic Report and page 78 of the Corporate Governance Report.

Directors’ Report continued

Direct Tax

- Corporation tax £22.1m
- Employees’ National Insurance £25.9m
- Business rates £3.4m
- Apprenticeship levy £1.3m

Indirect Tax

- Income tax £39.1m
- Employees’ National Insurance £17.4m

Directors’ Report continued

Employment policies
The Group’s employment policies can be found on page 64. A description of actions the Group has taken to encourage greater employee involvement in the Group are set out on page 40. Such information is incorporated into this Directors’ Report by reference and is deemed to form part of this Directors’ Report.

As an employer, the Group takes reasonable steps to ensure that recruitment processes and terms of employment do not discriminate on the grounds of disability and that opportunities offered for promotion, training, transfer or other benefits are the same for all employees and that a disabled person is not put at a disadvantage because of their disability.

Environmental matters
Information on greenhouse gas emissions energy consumption and environmental matters is set out in the Sustainability Report on page 1 and is deemed to form part of this Directors’ Report. Further information on this is disclosed pursuant to section 414C(11) of the Companies Act 2006. The Strategic Report required by the Companies Act 2006 can be found on pages 1 to 64. The report sets out the business model (pages 14 and 15), strategy and likely future developments (pages 20 to 21). It contains a review of the business and describes the development and performance of the Group’s business during the financial year and the position at the end of the financial year. It also contains a Viability Statement and description of the principal risks and uncertainties facing the Group (pages 55 to 63). Such information is incorporated into this report by reference and is deemed to form part of this Directors’ Report.

Information required by LR 9.8.4R
The information required to be disclosed under LR 9.8.4R save for details of the Company’s Long Term Incentive Plan which can be found in the Remuneration Committee Report on pages 89 to 109.

Going concern
The UK Corporate Governance Code 2018 requires the Directors to assess and report on the prospects of the Group and whether the Group is a going concern. Management has produced forecasts that have been sensitised to reflect severe yet plausible downside scenarios which considers the principal risks faced by the Group, including but not limited to COVID-19 and a UK outbreak of ASF, as well as the Group’s considerable financial resources and strong trading relationships with its key customers and suppliers. These forecasts, which have been reviewed by the Directors, the Board believes that the Group is well placed to manage its business risk successfully. The assumptions supporting these sensitivities have been set out in more detail in the viability statement on page 18. After reviewing the available information, including business plans and downside scenario modelling and making informed judgements, the Directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

Independent auditors
A resolution to reappoint PricewaterhouseCoopers LLP as independent auditor will be proposed at the AGM, together with the authority for the Audit Committee to determine their remuneration. A statement on the independence of the external auditors is included in the report of the Audit Committee on page 85.

The Directors’ Report was approved by a duly authorised committee of the Board on 18 May 2021 and is signed by order of the Board.

Steven Glover
Company Secretary
18 May 2021
Company number: 1074383
Statement of Directors’ Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority’s Disclosure Guidance and Transparency Rules require the directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Company has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

• make judgements and accounting estimates that are reasonable and prudent, and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Annual Report on Directors’ Remuneration comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group and Company’s performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 68 and 69 confirm that, to the best of their knowledge:

• the group and company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group and profit of the company; and
• the Directors’ Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Martin Davey
Chairman

Mark Bottomley
Chief Financial Officer
18 May 2021

Independent auditors’ report to the members of Cranswick plc

Report on the audit of the financial statements

Opinion

In our opinion, Cranswick plc’s group financial statements and company financial statements (the “financial statements”):

• give a true and fair view of the state of the group’s and of the company’s affairs as at 27 March 2021 and of the group’s profit and the company’s cash flows for the 52 week period then ended;
• have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the “Annual Report”), which comprise: the group and company balance sheets as at 27 March 2021; the group income statement and group statement of comprehensive income, the group and company statements of cash flows, and the group and company statements of changes in equity for the period 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.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the group and company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group and company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 remain 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 public interest 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.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

• The group is organised into 22 reporting units, all within the UK. The group financial statements are a consolidation of these reporting units.
• Of the 22 reporting units, we identified 15 which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics.
• This covered £1,892 million (99.7 per cent) of the group’s external revenues and £122 million (94.1 per cent) of the group’s Adjusted profit before tax.
• Specific audit procedures over biological assets were performed for a further 4 reporting units due to their contribution towards the overall biological assets financial statement line item.
• Complex customer arrangements (group).
• IAS 41 – Biological assets (group).
• Impact of COVID-19 (group and company).
• Overall group maturity: £6.5 million (2020: £5.1 million) based on 9% of Adjusted profit before tax.
• Overall company maturity: £2.4 million (2020: £2.4 million) based on 1% of total assets capped due to group maturity allocation.
• Performance maturity: £4.9 million (group) and £1.8 million (company).

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.
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.

Acquisition accounting, which was a key audit matter last year, is no longer included because there have been no acquisitions during the period.

Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Impact of COVID-19 (group and company)

Refer to the Strategic Report for the impact of COVID-19 on the group’s and company’s financial performance during the year.

COVID-19 was declared a global pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the economy which has been considered as part of the audit. Whilst the group has experienced an impact from the pandemic, this has largely been positive as a result of increased demand from the retail sector. Management have considered the implications across the business, including the going concern assessment, the impact on asset impairment assessments, and appropriate disclosures in the Annual Report. In respect of the going concern assessment, management have prepared detailed analyses to assess the potential impact on revenue, profit and cash flows of a number of downside risk scenarios as described on page 115. These analyses have also included consideration of the group’s liquidity and loan covenants, which are based on the ratio of net debt to adjusted EBITDA and interest cover. In doing so, management have made assumptions that are critical to the outcome of these considerations.

In relation to the carrying value of assets, management have considered the impact of COVID-19 on their impairment assessments of each category of assets and made any adjustments that they considered to be required. As a result of the impact of COVID-19 on the wider financial markets, we have determined that management’s consideration of the potential impact of COVID-19 (including their associated assumptions) to be a key audit matter.

Key audit matter

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 and the company, the accounting processes and controls, and the industry in which they operate.

The group is organised into 22 reporting units all within the UK. The group’s financial statements are a consolidation of these reporting units and the centralised functions. The reporting units vary in size and a identified 15 components that required an audit of their complete financial information due to their individual size or risk characteristics.

Specific audit procedures over biological assets were performed for a further 4 reporting units due to their contribution towards the overall biological assets financial statement line item.

The components where we performed an audit of their complete financial information accounted for 94.1 per cent of the group’s Adjusted profit before tax and 99.7 per cent of the group’s revenue.

The work was performed by a component audit team on 6 of the 15 components. All other work was completed by the group audit team. All components were audited by PwC. The group audit team supervised the direction and execution of the audit procedures performed by the component teams.

Our involvement in their audit process, including attending component clearance meetings, review of their supporting working papers, together with the additional procedures performed at group level, gave us the evidence required for our opinion on the financial statements as a whole.

On the remaining 3 components we performed analytical procedures to respond to any potential risks of material misstatement to the group financial statements.

Based on our group scoping procedures we identified the parent entity, Cranswick plc, as a component and determined that it required an audit of its complete financial information due to its individual size and risk characteristics.

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.
Independent auditors’ report to the members of Cranswick plc continued

Based on our professional judgement, we determined materiality for the financial statements as follows:

<table>
<thead>
<tr>
<th>Financial statements – group</th>
<th>Financial statements – company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall materiality</td>
<td><strong>£6.5 million</strong> (2020: <strong>£5.1 million</strong>)</td>
</tr>
<tr>
<td>How we determined it</td>
<td><strong>£2.4 million</strong> (2020: <strong>£2.4 million</strong>)</td>
</tr>
<tr>
<td>5% of Adjusted profit before tax</td>
<td>1% of total assets capped due to group materiality allocation</td>
</tr>
</tbody>
</table>

**Rationale for benchmark applied**

Adjusted profit before tax excludes the net IAS 14 valuation movement on biological assets and amortisation of intangible assets. We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market, and an element of management remuneration is linked to this performance measure. Based on this, it is considered appropriate to use the Adjusted profit before tax figure for the period as an appropriate benchmark.

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 may cause significant misstatements on the financial statements to exceed £6.5 million and £2.4 million. 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. We set the performance materiality at 1% of total assets, capped due to group materiality, amounting to £4.9 million for the group financial statements and £1.8 million for the company 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 £0.3 million (group audit) (2020: £0.3 million) and £2.0 million (company audit) (2020: £2.0 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

Our conclusion that the group’s and the company’s ability to continue to adopt the going concern basis of accounting included:

- We obtained from management their latest assessments supporting their conclusions with respect to the going concern basis of preparation of the financial statements.
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data.
- We evaluated management’s base case forecast and downside scenarios, and challenged the adequacy and appropriateness of the underlying assumptions, including impact on revenue of an extended period of restrictions in the food service sector, the potential for site closures as a result of COVID-19, the sustained loss of an export licence and an outbreak of African Swine Fever (ASF) in the UK and Europe. Our evaluation also included incorporating further sensitivities to management’s downside scenarios.
- In conjunction with the above we have also reviewed management’s analysis of both liquidity and covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment.
- We reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management’s forecasts, and supported the key assumptions included in the assessment.

Based on the work we have performed, 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 and the company’s ability to continue as a going concern.

In relation to the directors’ 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.
Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors’ Responsibilities in Respect of the Financial Statements, 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 and the company’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 the company or 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.

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. We design procedures in line with our responsibilities, outlined above, 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 the Listing Rules, pensions legislation, tax legislation, employment regulation, health and safety legislation and other legislation specific to the industry in which the group operates (including food safety legislation), 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 financial statements, such as the Companies Act 2006. 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. 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 management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding and evaluation of the operating effectiveness of management’s entity level controls designed to prevent and detect irregularities;
- Testing over period end adjustments; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to complex customer accruals and biological assets (see related key audit matters above).

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.

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.
**Group Income Statement**
For the 52 weeks ended 27 March 2021

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 £'m</th>
<th>2020 £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3</td>
<td>1,698.4</td>
</tr>
<tr>
<td>Adjusted Group operating profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net IAS 41 valuation movement on biological assets</td>
<td>17</td>
<td>(11.4)</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>11</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Group operating profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of loss of joint venture</td>
<td>15</td>
<td>=</td>
</tr>
<tr>
<td>Profit on disposal of joint venture</td>
<td>15</td>
<td>=</td>
</tr>
<tr>
<td>Finance costs</td>
<td>6</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>114.8</td>
<td>104.0</td>
</tr>
<tr>
<td>Taxation</td>
<td>7</td>
<td>(22.3)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>92.5</td>
<td>82.7</td>
</tr>
</tbody>
</table>

**Earnings per share**
Basic 176.4p 159.1p
Diluted 175.6p 158.6p

An analysis of costs within Group operating profit is presented in Note 4.

**Group Statement of Comprehensive Income**
For the 52 weeks ended 27 March 2021

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 £'m</th>
<th>2020 £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>92.5</td>
<td>82.7</td>
</tr>
<tr>
<td>Other comprehensive (expenses)/income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive (expenses)/income to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>Gains arising in the year</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Reclassification adjustments for gains/losses included in the income statement</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Income tax effect</td>
<td>7</td>
</tr>
<tr>
<td>Net other comprehensive (expenses)/income to be reclassified to profit or loss in subsequent periods</td>
<td>(0.2)</td>
<td>0.5</td>
</tr>
<tr>
<td>Items not to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial/(losses)/gains on defined benefit pension scheme</td>
<td>27</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Income tax effect</td>
<td>7</td>
<td>0.6</td>
</tr>
<tr>
<td>Net other comprehensive (expenses)/income not to be reclassified to profit or loss in subsequent periods</td>
<td>(2.8)</td>
<td>9.7</td>
</tr>
<tr>
<td>Other comprehensive (expenses)/income, net of tax</td>
<td>(3.0)</td>
<td>10.2</td>
</tr>
<tr>
<td>Total comprehensive income, net of tax</td>
<td>89.5</td>
<td>92.9</td>
</tr>
</tbody>
</table>

Company profit for the 52 weeks ended 27 March 2021 of £30.9 million (2020: £29.2 million) was equal to total comprehensive income for the year attributable to owners of the parent in both years.
### Group Balance Sheet

**At 27 March 2021**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 £'m</th>
<th>2020 £'m</th>
</tr>
</thead>
</table>

#### Non-current assets

- Intangible assets 11  
  203.8  
  207.3

- Defined benefit pension scheme surplus 27  
  5.7  
  7.2

- Property, plant and equipment 12  
  376.7  
  327.7

- Right-of-use assets 13  
  68.8  
  64.8

- Biological assets 17  
  2.4  
  3.8

Total non-current assets 657.4  
  640.8

#### Current assets

- Biological assets 17  
  41.3  
  41.9

- Inventories 18  
  81.8  
  75.5

- Trade and other receivables 19  
  221.7  
  213.6

- Income tax receivable 20  
  0.9  
  0.7

- Financial assets 20  
  1.5

- Cash and short-term deposits 28  
  19.0  
  21.5

Total current assets 384.5  
  354.7

#### Total assets

1,041.9  
  995.5

#### Current liabilities

- Trade and other payables 21  
  (217.2)  
  (191.4)

- Financial liabilities 22  
  (1.0)  
  (12.0)

- Lease liabilities 13  
  (12.5)  
  (10.3)

- Provisions 23  
  (0.1)  
  (0.1)

- Income tax payable 21  
  (1.4)

Total current liabilities (232.2)  
  (213.8)

#### Total liabilities

1,274.1  
  1,209.3

#### Net assets

686.1  
  614.5

#### Equity

- Called-up share capital 25  
  5.3  
  5.2

- Share premium account 22  
  106.4  
  98.5

- Share-based payments 13  
  37.4  
  31.6

- Hedging reserve 7  
  (0.1)  
  0.1

- Retained earnings 23  
  537.1  
  479.1

Total equity attributable to owners of the parent 686.1  
  614.5

---

On behalf of the Board

Martin Davey  
Chief Executive  
18 May 2021

Mark Bottomley  
Chief Financial Officer  
18 May 2021

### Company Balance Sheet

**At 27 March 2021**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 £'m</th>
<th>2020 £'m</th>
</tr>
</thead>
</table>

#### Non-current assets

- Property, plant and equipment 12  
  0.7  
  0.7

- Investments in subsidiary undertakings 14  
  174.2  
  170.0

- Right-of-use assets 13  
  1.0  
  0.7

- Deferred tax assets 7  
  1.1  
  1.0

Total non-current assets 177.0  
  172.4

#### Current assets

- Trade and other receivables 19  
  133.7  
  137.9

- Cash and short-term deposits 28  
  –  
  3.1

Total current assets 133.7  
  141.0

#### Total assets

310.7  
  313.4

#### Current liabilities

- Trade and other payables 21  
  (58.9)  
  (35.9)

- Financial liabilities 22  
  (2.0)  
  –

- Lease liabilities 13  
  (0.2)  
  (0.1)

- Provisions 23  
  (0.1)  
  (0.1)

- Income tax payable 21  
  (4.4)  
  (2.0)

Total current liabilities (65.4)  
  (38.1)

#### Non-current liabilities

- Financial liabilities 22  
  (19.0)  
  (102.5)

- Lease liabilities 13  
  (0.8)  
  (0.6)

- Provisions 23  
  (0.7)  
  (0.7)

Total non-current liabilities (61.3)  
  (103.8)

#### Total non-current liabilities

126.9  
  141.9

#### Total liabilities

313.4  
  313.4

#### Net assets

183.8  
  171.5

#### Equity

- Called-up share capital 25  
  5.3  
  5.2

- Share premium account 106.4  
  98.5

- General reserve 4.0  
  4.0

- Merger reserve 1.8  
  1.8

- Share-based payments 37.4  
  31.6

- Retained earnings 28.9  
  30.4

Total equity attributable to owners of the parent 183.8  
  171.5

---

The Company’s profit for the 52 weeks ended 27 March 2021 was £30.9 million (2020: £29.2 million).

On behalf of the Board

Martin Davey  
Chief Executive  
18 May 2021

Mark Bottomley  
Chief Financial Officer  
18 May 2021
### Company Statement of Cash Flows
For the 52 weeks ended 27 March 2021

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 £'m</th>
<th>2020 £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>30.9</td>
<td>29.2</td>
</tr>
<tr>
<td>Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>2.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>5.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Decrease/(increase) in trade and other receivables</td>
<td>4.5</td>
<td>(59.7)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables</td>
<td>23.0</td>
<td>(32.1)</td>
</tr>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>40.0</td>
<td>(74.6)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends received</td>
<td>27.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Net cash generated from/(used in) operating activities</td>
<td>40.3</td>
<td>(75.2)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>0.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>27.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>27.9</td>
<td>22.6</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(3.3)</td>
<td>(6.7)</td>
</tr>
<tr>
<td>Proceeds from issue of share capital</td>
<td>3.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>88.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(43.0)</td>
<td>(22.6)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(27.9)</td>
<td>(22.6)</td>
</tr>
<tr>
<td>Net cash (used in)/received from financing activities</td>
<td>(73.3)</td>
<td>61.1</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(51.5)</td>
<td>(48.3)</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>28</td>
<td>28</td>
</tr>
</tbody>
</table>
### Financial Statements

#### Company Statement of Changes in Equity

*For the 52 weeks ended 27 March 2021*

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Share-based payments</th>
<th>General reserve</th>
<th>Merger reserve</th>
<th>Share-based payments</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>At 30 March 2019</td>
<td>5.2</td>
<td>89.1</td>
<td>4.0</td>
<td>1.8</td>
<td>25.8</td>
<td>30.4</td>
<td>156.3</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>–</td>
<td>6.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share options exercised</td>
<td>–</td>
<td>2.6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
<td>(2.0)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At 28 March 2020</td>
<td>5.2</td>
<td>98.5</td>
<td>31.6</td>
<td>0.1</td>
<td>479.1</td>
<td>614.5</td>
<td>925.8</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>–</td>
<td>4.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share options exercised</td>
<td>0.1</td>
<td>2.9</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share adjustment</td>
<td>–</td>
<td>0.2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
<td>(2.0)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>5.3</td>
<td>106.4</td>
<td>37.4</td>
<td>(0.1)</td>
<td>537.1</td>
<td>686.1</td>
<td>183.8</td>
</tr>
</tbody>
</table>

**Notes:**

a) Share capital
   - The balance classified as share capital represents the nominal value of ordinary 10pence shares issued.

b) Share premium
   - The balance classified as share premium includes the net proceeds in excess of nominal value on issue of the Company’s equity share capital, comprising 10pence ordinary shares.

c) General reserve
   - This reserve arises in 1999 when the High Court of Justice granted permission to reduce the Company’s share premium account by £4.0m which was credited to a separate reserve named the general reserve.

d) Merger reserve
   - Where shares have been issued as consideration for acquisitions, the value of shares issued in excess of nominal value has been credited to the merger reserve rather than to the share premium account.

e) Share-based payments reserve
   - This reserve records the fair value of share-based payments expensed in the income statement, and in the case of the Company in relation to share-based payments to employees of subsidiary companies, capital contributions to cost of investments (Note 26).

f) Hedging reserve
   - This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

#### Group Statement of Changes in Equity

*For the 52 weeks ended 27 March 2021*

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Share-based payments</th>
<th>General reserve</th>
<th>Merger reserve</th>
<th>Share-based payments</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>At 30 March 2019</td>
<td>5.2</td>
<td>89.1</td>
<td>4.0</td>
<td>1.8</td>
<td>25.8</td>
<td>30.4</td>
<td>156.3</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>–</td>
<td>6.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share options exercised</td>
<td>–</td>
<td>2.6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
<td>(2.0)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At 28 March 2020</td>
<td>5.2</td>
<td>98.5</td>
<td>31.6</td>
<td>0.1</td>
<td>479.1</td>
<td>614.5</td>
<td>925.8</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>–</td>
<td>4.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share options exercised</td>
<td>0.1</td>
<td>2.9</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share adjustment</td>
<td>–</td>
<td>0.2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
<td>(2.0)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current tax related to changes in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>5.3</td>
<td>106.4</td>
<td>37.4</td>
<td>(0.1)</td>
<td>537.1</td>
<td>686.1</td>
<td>183.8</td>
</tr>
</tbody>
</table>

**Notes:**

a) Share capital
   - The balance classified as share capital represents the nominal value of ordinary 10pence shares issued.

b) Share premium
   - The balance classified as share premium includes the net proceeds in excess of nominal value on issue of the Company’s equity share capital, comprising 10pence ordinary shares.

c) General reserve
   - This reserve arises in 1993 when the High Court of Justice granted permission to reduce the Company’s share premium account by £4.0m which was credited to a separate reserve named the general reserve.

d) Merger reserve
   - Where shares have been issued as consideration for acquisitions, the value of shares issued in excess of nominal value has been credited to the merger reserve rather than to the share premium account.

e) Share-based payments reserve
   - This reserve records the fair value of share-based payments expensed in the income statement, and in the case of the Company in relation to share-based payments to employees of subsidiary companies, capital contributions to cost of investments (Note 26).

f) Hedging reserve
   - This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.
Notes to the Accounts

1. Authorisation of Financial Statements and Statement of Compliance With IFRSs
   The Group and Company financial statements of Cranswick plc (the ‘Company’ for the 52 weeks ended 27 March 2021 were authorised for issue by the Board of Directors on 18 May 2021 and the balance sheets were signed on the Board’s behalf by Martin Davey and Mark Bottomley. Cranswick plc is a public limited company incorporated and domiciled in England, United Kingdom. Company number: 1074833; registered office: Crane Court, Hesslewood Country Office Park, Ferry Road, Hessle, East Yorkshire, HU13 0PA. The Company’s ordinary shares are traded on the London Stock Exchange.
   The Group and Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation No 1606/2002 as it applies in the European Union. The Group and Company’s financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Group and the Company are set out in Note 2.
   The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

2. Accounting Policies

Basis of preparation
   The financial statements of Cranswick plc, both consolidated and Company, have been prepared under the historical cost convention except where measurement of balances at fair value is required as explained in the accounting policies below. The Group and Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group and Company’s financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The UK Corporate Governance Code 2018 requires the Directors to assess and report on the prospects of the Group and whether the Group is a going concern. Management has produced forecasts that have been sensitised to reflect severe yet plausible downside scenarios which considers the principal risks faced by the Group, including but not limited to COVID-19, as well the Group’s considerable financial resources and strong trading relationships with its key customers and suppliers. These forecasts, which have been reviewed by the Directors, lead the Directors to believe that the Group is well placed to manage its business risk successfully. The assumptions supporting these sensitivities have been set out in more detail in the longer-term viability statement on page 58. After reviewing the available information, including business plans and downside scenario modelling and making judgements, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

The Financial Statements of the Group are prepared to the Saturday nearest to 31 March. Accordingly, these Financial Statements are prepared for the 52 weeks ended 27 March 2021. Comparatives are for the 52 weeks ended 28 March 2020. The Balance Sheets for 2021 and 2020 have been prepared as at 27 March and 28 March 2020 respectively.

A summary of the principal accounting policies, which have been consistently applied throughout the year and the preceding year, is below.

Basis of consolidation
   The Group financial statements consolidate the financial statements of Cranswick plc and its subsidiaries. The results of undertakings acquired or sold are consolidated for the periods from the date of acquisition or up to the date of disposal. Acquisitions are accounted for under the acquisition method of accounting.
   The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 27 March 2021. Control is achieved when the Group has exposed or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
   Specifically, the Group controls an investee if and only if the Group has:
   • power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
   • exposure, or right, to variable returns from its involvement with the investee; and
   • the ability to use its power over the investee to affect its returns.
   The Group assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.
   When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Judgements and key sources of estimation uncertainty
   The preparation of the Group financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

In the process of applying the Group’s accounting policies, management has made the following estimations, which will most likely have a significant effect on the amounts recognised in the financial statements in the next twelve months:

Significant estimates and assumptions:

Share-based payments
   Note 26 – measurement of share-based payments. The fair value of share-based payments is estimated using inputs including expected share price volatility, the expected life of the options and the number of shares that will ultimately vest. This estimate is not expected to have a material impact on the next twelve months.

Pensions
   Note 27 – pension scheme actuarial assumptions. The valuation of the defined benefit pension scheme is determined using assumptions including mortality, discount rates and inflation. The assumptions are not expected to have a material impact on the next twelve months.

Commercial accounts (Advertising and marketing contributions)
   Note 21 – trade and other payables. The level of commercial accounts is viewed by management as an area sensitive to a level of estimation in determining the timing and quantum of liabilities to be recognised. This estimate is not expected to have a material impact on the next twelve months.

Significant judgement:

Biological assets
   Note 17 – growth rate assumptions in the fair value model. The Group’s valuation model for finished pigs, sucklers and weaners utilises quoted (unadjusted) prices in an active market. The prices are then adjusted to reflect the growth of the pigs through interpolation between prices to provide a value for the pigs at a particular stage of growth. The valuation for broiler birds uses recent transaction prices at various stages of development. The prices are then adjusted to reflect the growth of the birds through interpolation between the transaction prices. Interpolation is used as an approximate growth rate and there is therefore a level of judgement as to whether this is Level 2 or Level 3 within the fair value hierarchy. Management have applied judgement that interpolation is a reasonable assessment for a animal at any particular point within the interpolation period and therefore concluded the input is Level 2. This judgement is not expected to have a material impact on the next twelve months.

Share-based payments
   Note 26 – measurement of share-based payments. The selection of valuation models requires the use of management’s judgement. The fair value of share-based payment is estimated as at the date of grant using a Black-Scholes option pricing model or a stochastic option pricing model. This judgement is not expected to have a material impact on the next twelve months.

Pensions
   Note 27 – defined benefit pension scheme. The Group has the right to recover any remaining surplus on the winding up of the pension scheme. The expected method of recovery of the recognised pension surplus is through reduction in future contributions. If the reduction in contributions is not sufficient to eliminate the surplus before the scheme is wound up, the Group has the right to recover any remaining surplus through a refund. Management have applied judgement on the scheme rules to conclude the Group has the right to a refund. The rules state that any surplus remaining in the hands of the Trustees may, at the discretion of the Trustees, be used to increase the pensions payable or contingently payable to Members and/or their Dependents. Any surplus remaining in the hands of the Trustees after making such provision (if any) shall be paid to the Employers. Management have formed the judgement, based on paragraph BC10 of FRCI 14, that the right to the surplus is not affected by future acts that could change the amount of surplus that could ultimately be recovered. The Trustees ability to use discretion and choose to grant benefit improvements (thus reducing the surplus) has therefore not been anticipated and does not remove the company’s unconditional right to the surplus.

Alternative measures
   Note 39 – alternative performance measures. Management apply judgement to identify the significant non-cash items to exclude when calculating adjusted performance measures. The Board believe alternative measures are useful as they exclude volatile, one-off and non-cash items.

Other estimates and judgements have been applied by management in producing the Annual Report & Accounts including, but not limited to, depreciation and amortisation rates. However, these are not considered to have a significant risk of material adjustment.
Financial Statements

Deferred income tax liabilities are recognised for all taxable temporary differences: date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Taxation revenue provides these same stakeholders with a clearer understanding of the organic sales growth of the business. (Reconciliations of alternative (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers of acquisitions in the current year. Return on capital employed is a key performance indicator for the Group and is defined as adjusted operating profit impairment charges. Free cash flow is defined as net cash from operating activities less interest paid and like-for-like revenue excludes the benefit certain non-cash items including the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets and goodwill

Alternative performance measures

Revenue is recognised as the performance obligation is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. The performance obligation is satisfied when control of the goods has passed to the buyer, which, depending on the contract, is either on despatch of goods or on delivery of goods. Revenue represents the value of sales to customers net of discounts, similar allowances and estimates of returns and excludes value added tax. The Group does not adjust any of the transaction prices for the time value of money due to the nature of the Group’s transactions being completed soon after the transaction is entered into.

For commercial accruals that must be earned, management make estimates related to customer performance, sales volume and agreed terms, to determine total amounts earned and be recorded in deductions from revenues. (See significant estimates above, and Note 21).

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides these same stakeholders with a clearer understanding of the organic sales growth of the business. (Reconciliations of alternative performance measures can be found in Note 12).

Taxes

Deferred income tax liabilities are recognised for all taxable temporary differences, (i) except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss, and

Notes to the Accounts continued

2. Accounting Policies

New standards and interpretations applied

The following accounting standards and interpretations have been applied for the current reporting period:

- International Accounting Standards (IAS)/IFRSs
- IFRS 9, IAS 39 and IFRS 7 (interest rate benchmark reform amendments) – 1 January 2021
- IFRS 3 Business combinations
- IAS 38 Intangibles
- IFRS 16 Leases
- IFRS 15 Revenue from contracts with customers
- IAS 1 Presentation of Financial Statements
- IFRS 17 Insurance contracts
- IFRS 16: Leases
- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial Instruments

The application of these standards has not had a material effect on the Group’s financial statements as of the reporting date.

New and revised standards and interpretations not applied

In these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 16 Leases
- IFRS 15 Revenue from contracts with customers
- IFRS 13 Fair value measurement
- IFRS 17 Insurance contracts
- IFRS 16: Leases
- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial Instruments

None of these are expected to have a significant effect on the financial statements of the Group.
2. Accounting Policies

Capitalised borrowing costs

Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the asset is substantially complete. Borrowing costs are calculated using the Group’s weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are expensed as incurred.

Investments

Investments in subsidiaries are shown at cost, less any provision for impairment.

Accounting for leases

The Group leases various offices, farming units, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 15 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 March 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from lease are initially measured at present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed lease payments (including in-substance fixed payments); any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group’s weighted average incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets and any impairment is provided for by writedown the asset value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT equipment.

Government grants and contributions

Grants and grants receivable from the European Union and DEFRA in respect of property, plant and equipment are credited to deferred income and released to the income statement over the relevant depreciation period.

Inventories

Inventories are stated at the lower of cost (on a first in, first out basis) and net realisable value after making allowance for any obsolete or slow-moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads, where applicable, based on a normal level of activity.

Biological assets

The Group’s biological assets consist of pigs in the form of breeding sires (classified as non-current asset) and their progeny for processing within the Group and externally (classified as current assets) and chickens in the form of breeder stocks (classified as non-current asset) and their progeny for processing within the Group and externally (classified as current assets). On initial recognition and at the balance sheet date biological assets have been measured at their fair value less costs to sell, in line with IAS 41. Gains and losses in relation to the fair value of biological assets are recognised in the income statement, within ‘cost of sales’, in the period in which they arise.

Financial instruments

Debt instruments, including bank borrowings

Debt instruments are initially recognised at the fair value of net proceeds received after the deduction of issue costs. Subsequently, debt instruments are recognised at amortised cost using the effective interest method. Issue costs are charged to the income statement over the term of the debt at a constant rate on the balance sheet carrying amount under the effective interest method.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its cash flow risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward contracts is calculated by reference to current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

Where derivatives meet the hedging criteria under IFRS 9 for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in the income statement. Gains or losses recognised in other comprehensive income are transferred to the income statement in the same period in which the hedged item affects the net profit or loss. If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement.

For derivatives that do not qualify for hedge accounting under IFRS 9, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds trade receivables with the objective of collecting the contractual cash flows so they are subsequently measured at amortised cost using the effective interest method, less loss allowance. Gains and losses are recognised in the income statement when receivables are derecognised or impaired.

Foreign currencies

In the accounts of each entity in the Group and within each transaction denominated in foreign currencies are translated into functional currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates ruling at the balance sheet date. Profits and losses on settlement of individual foreign currency transactions and movements on monetary assets and liabilities are dealt with in the income statement.

Employee benefits

Pensions

A subsidiary of the Group operates a defined benefit pension scheme for certain employees which requires contributions to be made to a separate trustee administered fund. The scheme was closed to new members on 30 June 2004.

The asset recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in Sterling. The discount rates used are also used to measure the assets of the plan and the plan is fully funded.

The amounts charged to operating profit are any gains and losses on settlements and curtailments, and these are included as part of staff costs. Past service costs are recognised as an expense at the earlier of when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The difference between the interest cost on plan liabilities and the expected return on plan assets is recognised in the income statement as other finance revenue or costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the period in which they arise.

The Group also operates defined contribution schemes for employees under which contributions are paid into schemes managed by major insurance companies. Contributions are calculated as a percentage of employees’ earnings and obligations for contributions to the schemes are recognised as cost of sales or operating expenses in the income statement in the period in which they arise.

Notes to the Accounts continued
Notes to the Accounts continued

3. Business and Geographical Segments continued

Customer concentration

The Group has three customers (2020: two) which individually account for more than 10 per cent of the Group’s total revenue. These customers account for 23 per cent, 17 per cent and 10 per cent respectively. In the prior year these same three customers accounted for 23 per cent, 18 per cent and 4 per cent respectively.

The Group’s non-current assets were all located within the UK during both 2021 and 2020.

4. Group Operating Profit

Group operating costs comprise:

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>1,640.6</td>
<td>1,448.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>237.8</td>
<td>226.7</td>
</tr>
<tr>
<td>Selling and distribution costs</td>
<td>69.0</td>
<td>65.8</td>
</tr>
<tr>
<td>Administrative expenses excluding amortisation of intangible assets</td>
<td>67.7</td>
<td>50.4</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>3.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>71.2</td>
<td>54.1</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>1,780.8</td>
<td>1,560.4</td>
</tr>
</tbody>
</table>

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

Group operating profit is stated after charging (creditng):

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>51.9</td>
<td>42.0</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>12.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>3.3</td>
<td>3.7</td>
</tr>
<tr>
<td>Release of government grants</td>
<td>(0.2)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Operating lease payments — minimum lease payments</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Net foreign currency differences</td>
<td>(1.2)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Cost of inventories recognised as an expense</td>
<td>1,010.9</td>
<td>929.5</td>
</tr>
<tr>
<td>(Decrease)/Increase in provision for inventories</td>
<td>(0.5)</td>
<td>4.5</td>
</tr>
<tr>
<td>(Decrease)/Increase in provision for impairment of receivables</td>
<td>(0.4)</td>
<td>3.6</td>
</tr>
<tr>
<td>Research and development expenditure</td>
<td>6.9</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Auditors’ remuneration

Fees payable to the Company’s auditors in respect of the audit of these financial statements:

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local statutory audits of subsidiaries</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Total audit remuneration</td>
<td>0.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Other services</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total non-audit related remuneration</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Further details of audit and non-audit fees can be found on page 85.

3.3. Business and Geographical Segments

Geographical segments

The following table sets out revenues by destination, regardless of where the goods were produced:

<table>
<thead>
<tr>
<th>Destination</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>1,803.3</td>
<td>1,556.8</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>47.0</td>
<td>47.4</td>
</tr>
<tr>
<td>Rest of world</td>
<td>46.1</td>
<td>63.0</td>
</tr>
<tr>
<td>Total</td>
<td>1,898.4</td>
<td>1,667.2</td>
</tr>
</tbody>
</table>

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based trading agents totaling £96.8 million (2020: £77.0 million). Including these sales, total sales to export markets were £189.9 million for the year (2020: £187.4 million).

2. Accounting Policies continued

Employee benefits

ii) Equity-settled share-based payments

The Group operates a savings-related share option scheme under which options have been granted to Group employees (SAYE scheme). In addition, the Group operates a Long Term Incentive Plan (LTI) for Senior Executives. Share option awards are exercisable subject to the attainment of certain market-based and non-market-based performance criteria.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using Black-Scholes or stochastic option pricing models. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied; provided that all other performance or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management’s best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified aftermarket, an award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including where a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

3. Business and Geographical Segments

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker (CODM). The Group’s CODM is deemed to be the Executive Directors on the Board, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance principally through adjusted profit measures consistent with those disclosed in the Annual Report and Accounts.

For the purposes of managing the business, the Group is organised into one reportable segment, being Food—manufacture and supply of food products to UK grocery retailers, the food service sector and other UK and global food producers.

The reportable segment ‘Food’ represents the aggregation of four operating segments which are aligned to the product categories of the Group: Fresh Pork, Convenience, Gourmet Products and Poultry, all of which manufacture and supply food products through the channels described above. These operating segments have been aggregated into one reportable segment as they share similar economic characteristics. The economic indicators which have been assessed in concluding that these operating segments should be aggregated include the similarity of long-term average margins; expected future financial performance; and operating and competitive risks. In addition, the operating segments are similar with regard to the nature of the products and production processes, the type and class of customer, the method of distribution and the regulatory environment.

In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied; provided that all other performance or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management’s best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified aftermarket, an award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including where a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

The CODM assesses profit performance principally through adjusted profit measures consistent with those disclosed in the Annual Report and Accounts.

For the purposes of managing the business, the Group is organised into one reportable segment, being Food—manufacture and supply of food products to UK grocery retailers, the food service sector and other UK and global food producers.

The reportable segment ‘Food’ represents the aggregation of four operating segments which are aligned to the product categories of the Group: Fresh Pork, Convenience, Gourmet Products and Poultry, all of which manufacture and supply food products through the channels described above. These operating segments have been aggregated into one reportable segment as they share similar economic characteristics. The economic indicators which have been assessed in concluding that these operating segments should be aggregated include the similarity of long-term average margins; expected future financial performance; and operating and competitive risks. In addition, the operating segments are similar with regard to the nature of the products and production processes, the type and class of customer, the method of distribution and the regulatory environment.

Geographical segments

The following table sets out revenues by destination, regardless of where the goods were produced:

<table>
<thead>
<tr>
<th>Destination</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>1,803.3</td>
<td>1,556.8</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>47.0</td>
<td>47.4</td>
</tr>
<tr>
<td>Rest of world</td>
<td>46.1</td>
<td>63.0</td>
</tr>
<tr>
<td>Total</td>
<td>1,898.4</td>
<td>1,667.2</td>
</tr>
</tbody>
</table>

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based trading agents totaling £96.8 million (2020: £77.0 million). Including these sales, total sales to export markets were £189.9 million for the year (2020: £187.4 million).
5. Employees

### Financial Statements

#### 2021

<table>
<thead>
<tr>
<th>Staff costs</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>264.4</td>
<td>208.7</td>
</tr>
<tr>
<td>Social security costs</td>
<td>24.6</td>
<td>20.2</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>6.3</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>295.3</strong></td>
<td><strong>234.7</strong></td>
</tr>
</tbody>
</table>

Included within wages and salaries is a total expense for share-based payments of £6.0 million (2020: £5.8 million) all of which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was:

<table>
<thead>
<tr>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Production</td>
<td>8,056</td>
</tr>
<tr>
<td>Selling and distribution</td>
<td>559</td>
</tr>
<tr>
<td>Administration</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,005</strong></td>
</tr>
</tbody>
</table>

The Group and Company consider the Directors to be the key management personnel. Details of each Director’s remuneration, pension contributions and share options are detailed in the Remuneration Committee Report on pages 89 to 109. The employee costs shown above include the following remuneration in respect of Directors of the Company:

#### 4.9

Number of Directors receiving pension contributions under money purchase schemes

#### 3.2

Aggregate gains made by Directors on exercise of share options

#### 2.3

Pension contribution

#### Tax

The interest relates to financial assets and liabilities carried at amortised cost.

### Notes to the Accounts continued

#### 6. Finance Costs

<table>
<thead>
<tr>
<th>Finance costs</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank interest paid and similar charges</td>
<td>0.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Interest capitalised</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Total interest expense for financial liabilities net of fair value through profit or loss</td>
<td>0.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Net finance income on defined benefit pension surplus (Note 27)</td>
<td>(0.2)</td>
<td>–</td>
</tr>
<tr>
<td>Lease interest</td>
<td>2.3</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total finance costs</strong></td>
<td><strong>2.8</strong></td>
<td><strong>2.8</strong></td>
</tr>
</tbody>
</table>

#### 7. Taxation

a) Analysis of tax charge in the year

<table>
<thead>
<tr>
<th>Tax charge based on the profit for the year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income tax</td>
<td>27.6</td>
<td>20.9</td>
</tr>
<tr>
<td>UK corporation tax on profit for the year</td>
<td>(1.3)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>0.3</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Total current tax</strong></td>
<td><strong>26.1</strong></td>
<td><strong>20.4</strong></td>
</tr>
</tbody>
</table>

Deferred tax:

- Origination and reversal of temporary differences $(4.3) \quad 0.5$
- Deferred tax rate change – 0.7
- Adjustments in respect of prior years 0.3 (0.3)

**Total deferred tax** $(3.8) \quad 0.9$

**Tax on profit** 22.3 21.5

Tax relating to items charged or credited to other comprehensive income or directly to equity:

<table>
<thead>
<tr>
<th>Recognised in Group statement of comprehensive income</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax on revaluation of cash flow hedges</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>Deferral tax on actuarial losses/gains on defined benefit pension scheme</td>
<td>(0.3)</td>
<td>2.2</td>
</tr>
<tr>
<td>Corporation tax credit on actuarial gains on defined benefit pension scheme</td>
<td>(0.3)</td>
<td>–</td>
</tr>
</tbody>
</table>

**Deferred tax credit on share-based payments** (0.4) (0.6)

**Recognised in Group statement of changes in equity**

<table>
<thead>
<tr>
<th>Corporation tax credit on share options exercised</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax credit on share-based payments</td>
<td>(0.4)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Corporation tax credit on share options exercised</td>
<td>(0.6)</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

**Total tax credit recognised directly in equity** (1.0) (0.9)

**Total tax (credit)/charge recognised directly in equity** (1.6) 1.4

b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2020 higher) than the standard rate of corporation tax in the UK. The differences are explained below:

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>114.8</td>
</tr>
<tr>
<td>Profit, multiplied by standard rate of corporation tax in the UK (19 per cent) (2020: 19 per cent)</td>
<td>21.8</td>
</tr>
<tr>
<td>Effect of:</td>
<td></td>
</tr>
<tr>
<td>Disallowed expenses</td>
<td>1.4</td>
</tr>
<tr>
<td>Corporation relief</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax rate change</td>
<td>–</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>–</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**Total tax charge for the year** 22.3 21.5
Notes to the Accounts continued

7. Taxation continued
c) Deferred tax
The deferred tax included in the Group balance sheet is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 (£'m)</th>
<th>2020 (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>2.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Business combinations</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Losses</td>
<td>– (0.1)</td>
<td>– (0.1)</td>
</tr>
<tr>
<td>Biological assets</td>
<td>(1.8)</td>
<td>0.4</td>
</tr>
<tr>
<td>Rollover and holdover relief</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>0.1 (0.2)</td>
<td>0.1</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>(3.6)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Deferred tax on defined benefit pension scheme</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Customer relationships intangibles</td>
<td>2.0</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Deferred tax liability 2.7 2.2

The deferred tax included in the income statement is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 (£’m)</th>
<th>2020 (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(0.4)</td>
<td>–</td>
</tr>
<tr>
<td>Business combinations</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td>Biological assets</td>
<td>(2.2)</td>
<td>1.1</td>
</tr>
<tr>
<td>Losses</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>0.1 (0.3)</td>
<td>0.3</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>(0.2)</td>
<td>0.4</td>
</tr>
<tr>
<td>Deferred tax on defined benefit pension scheme</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td>Customer relationships intangibles</td>
<td>(0.7)</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Deferred tax (credit)/charge 3.8 0.9

The deferred tax included in the Company balance sheet is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 (£’m)</th>
<th>2020 (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Business combinations</td>
<td>(1.0)</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

Deferred tax asset (1.1) 1.0

The deferred tax liability is not expected to be settled within the next 12 months.

d) Change in corporation tax rate
In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25 per cent. Since the proposal to increase the rate to 25 per cent had not been substantive enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £2.5 million, and to increase the deferred tax liability by £1.0 million.

8. Profit Attributable to Members
Of the profit attributable to members, the sum of £30.9 million (2020: £29.2 million) has been dealt with in the accounts of Cranswick plc.

9. Equity Dividends

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 (£’m)</th>
<th>2020 (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared and paid during the year: Final dividend for 2020 – 43.7p per share (2019: 40.0p)</td>
<td>22.9</td>
<td>20.7</td>
</tr>
<tr>
<td>Interim dividend for 2021 – 18.7p per share (2020: 16.7p)</td>
<td>9.8</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Proposed for approval of Shareholders at the Annual General Meeting on 26 July 2021:
Final dividend for 2021 – 31.3p per share (2020: 43.7p) 27.0 22.8

10. Earnings per Share
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to members of the parent company of £92.5 million (2020: £82.7 million) by the weighted average number of shares outstanding during the year. In calculating diluted earnings per share amounts, the weighted average number of shares is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The weighted average number of ordinary shares for both basic and diluted amounted was as per the table below:

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 Thousands</th>
<th>2020 Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic weighted average number of shares</td>
<td>52,469</td>
<td>51,666</td>
</tr>
<tr>
<td>Dilutive potential ordinary shares – share options</td>
<td>244</td>
<td>162</td>
</tr>
<tr>
<td>Total</td>
<td>52,713</td>
<td>52,128</td>
</tr>
</tbody>
</table>

Adjusted earnings per share
Adjusted earnings per share are calculated using the above weighted average number of shares for both basic and diluted amounts (see Note 32).

11. Intangible Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Goodwill (£’m)</th>
<th>Trademark (£’m)</th>
<th>Customer relationships (£’m)</th>
<th>Total (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>At 30 March 2019</td>
<td>151.1</td>
<td>–</td>
<td>11.6</td>
</tr>
<tr>
<td></td>
<td>Additions</td>
<td>41.9</td>
<td>2.5</td>
<td>13.1</td>
</tr>
<tr>
<td></td>
<td>At 28 March 2020 and 27 March 2021</td>
<td>193.2</td>
<td>2.5</td>
<td>24.7</td>
</tr>
<tr>
<td>Amortisation</td>
<td>At 30 March 2019</td>
<td>–</td>
<td>–</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>At 28 March 2020 and 27 March 2021</td>
<td>–</td>
<td>0.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Net book value</td>
<td>At 30 March 2019</td>
<td>151.1</td>
<td>–</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>At 28 March 2020 and 27 March 2021</td>
<td>193.2</td>
<td>3.2</td>
<td>11.9</td>
</tr>
</tbody>
</table>
| Impairment testing
Goodwill is subject to annual impairment testing. Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following principal cash-generating units:

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 (£’m)</th>
<th>2020 (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-generating unit</td>
<td>FreshPork</td>
<td>21.8</td>
</tr>
<tr>
<td></td>
<td>Livestock</td>
<td>20.2</td>
</tr>
<tr>
<td></td>
<td>CookedMeats</td>
<td>90.2</td>
</tr>
<tr>
<td></td>
<td>ContinentalFineFoods</td>
<td>34.4</td>
</tr>
<tr>
<td></td>
<td>PremiumCookedPoultry</td>
<td>9.2</td>
</tr>
<tr>
<td></td>
<td>FreshChicken</td>
<td>13.7</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>193.2</td>
</tr>
</tbody>
</table>

Assumptions used
The recoverable amount for each cash-generating unit has been determined based on value-in-use calculations using annual budgets for each business for the following year, approved by the Board of Directors, and cash flow projections for the next two years calculated for the Viability Statement, extended for a further two years. Forecast replacement capital expenditure is included from budgets and thereafter capital expenditure is assumed to represent 100 per cent of depreciation, except where specific expansion plans are in place.

Subsequent cash flows are forecast to grow in line with the long-term rate of inflation of 2 per cent.

A pre-tax discount rate of 8.1 per cent has been used (2020: 8.1 per cent) being management’s estimate of the weighted average cost of capital adjusted for risks specific to the CGUs. An adjustment has also been made in arriving at the pre-tax discount rate to reflect the fact that the weighted average cost of capital is a post-tax rate.
11. Intangible Assets continued

Ongoing capital projects relating to our Second Nature sustainability strategy are included in the annual budgets for each business, such as solar panels, ammonia refrigeration upgrades, CHP units and effluent treatment projects. While no specific assumptions have been made in relation to climate change risk in the cash flow forecasts beyond the budget for FY22, we note that the strong level of headroom is considered sufficient to cover the level of capital expenditure that would be required in order to reach targets such as net zero and that these costs are currently immaterial to the Group.

The calculation is most sensitive to the following assumptions:

Sales volumes
Sales volumes are influenced by the growth of the underlying food segment, the market shares of our customers, selling prices and the quality of our products and service. Historical volumes are used as the base and adjusted over the projection period in line with current growth rates.

Gross margin
Gross margin depends upon average selling prices, the cost of raw materials and changes in the cost of production overheads. Historical margins are used as the base, adjusted for management’s expectations derived from experience and with reference to budgets and forecasts.

Discount rates
All calculations of the nature are sensitive to the discount rate used. Management’s estimate of the weighted average cost of capital has been used for each cash-generating unit.

Sensitivity
At 27 March 2021, the Livestock cash-generating unit (CGU) was the most sensitive to a reasonably possible change in the key assumptions, on which management have based their calculations, which could cause the CGU’s carrying amount to exceed its recoverable amount. At 27 March 2021, the Livestock CGU’s recoverable amount exceeded its carrying value by £21 million. The key assumptions used in the calculation were the discount rate and gross margin. A 1.4 per cent increase in the discount rate or a 0.7 per cent reduction in gross margin percentage would have reduced the CGU’s recoverable amount to a level equal to its carrying value.

Other than detailed above, management believes that currently there is no reasonably possible change to their assumptions that would reduce the recoverable amount to below the carrying value for any of the Group’s other cash-generating units. Assumptions and projections are updated on an annual basis.

12. Property, Plant and Equipment

Cost includes £1.6 million (2020: £1.6 million) in respect of capitalised interest. Interest of £nil million was capitalised during the year (2020: £0.3 million). The rates used to determine the amount of borrowing costs eligible for capitalisation in the prior year was 1.1 per cent, which was the effective rate of the borrowing used to finance the construction.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (£m)</th>
<th>Depreciation (£m)</th>
<th>Charge for the year (£m)</th>
<th>Disposals (£m)</th>
<th>Net book amounts (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>£51.3</td>
<td>£4.8</td>
<td>£20.8</td>
<td>£0.4</td>
<td>£36.8</td>
</tr>
<tr>
<td>2020</td>
<td>£51.3</td>
<td>£4.8</td>
<td>£20.8</td>
<td>£0.4</td>
<td>£36.8</td>
</tr>
<tr>
<td>2019</td>
<td>£51.3</td>
<td>£4.8</td>
<td>£20.8</td>
<td>£0.4</td>
<td>£36.8</td>
</tr>
</tbody>
</table>

Included in freehold land and buildings is £24.8 million (2020: £22.7 million), which is not depreciated, relating to the Group, and £0.5 million (2020: £0.5 million) relating to the Company.
**Notes to the Accounts continued**

### 12. Right-of-use Assets continued

<table>
<thead>
<tr>
<th>Company</th>
<th>Land and buildings £'m</th>
<th>Plant, equipment and vehicles £'m</th>
<th>Total £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2019 and 28 March 2020</td>
<td>0.7</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>0.7</td>
<td>0.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Depreciation**
- **At 31 March 2019**
  - Change for the year: 0.1
- **At 28 March 2020**
  - Change for the year: 0.1
- **At 27 March 2021**
  - Change for the year: 0.2

**Net book amounts**
- **At 31 March 2019**
  - Change for the year: 0.7
- **At 28 March 2020**
  - Change for the year: 0.6
- **At 27 March 2021**
  - Change for the year: 0.5

### 14. Investments continued
- **Cranswick Bio Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Mulberry House Foods Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Weston Foods Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Pottersdale Foods Limited** (100 per cent owned by Cranswick Country Foods plc)
- **CCL Holdings Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Crown Chicken Limited** (100 per cent owned by CCL Holdings Limited)
- **Cranswick Country Foods Ballymena (registered in Northern Ireland, registered office 146 Fenagh Road, Culdaff, County Antrim, Northern Ireland, BT42 1EA, 100 per cent owned by The Harts Corner Natural Sausage Company Limited)**
- **Cranswick Country Foods (Norfolk) Pension Trustees Limited** (100 per cent owned by Cranswick Country Foods (Norfolk) Limited)
- **Roma No.1 plc**
- **Brookfield Foods Limited**
- **Continental Fine Foods Limited**
- **North Wales Foods Limited**
- **Cranswick Country Foods (Norfolk) Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Cranswick Gourmet Bacon Company Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Cranswick Gourmet Sausage Company Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Cranswick MGI Limited**
- **Cranswick Trustees Limited**
- **Cranswick Tuck Marketing Limited**
- **Delco Limited**
- **Fries SIP Limited** (100 per cent owned by Cranswick Country Foods plc)
- **The Harts Corner Natural Sausage Company Limited** (100 per cent owned by Cranswick Country Foods plc)
- **White Rose Farms Limited** (100 per cent owned by Cranswick Country Foods plc) (2019: 50 per cent owned by Cranswick Country Foods plc)
- **CHL Pigs Limited** (100 per cent owned by White Rose Farms Limited)
- **Packington Pork Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Katsouris Brothers Limited** (100 per cent owned by Cranswick Country Foods plc)
- **Katsouris Bros Limited (Registered in Cyprus, registered office 28 October Street, 313, Limassol, 3105, Cyprus)** (100 per cent owned by Cranswick Country Foods plc)
- **Cypreos Products Limited** (100 per cent owned by Katsouris Brothers Limited)

Except where otherwise stated, each of the companies is registered in England and Wales, with registered office Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA and Cranswick plc holds directly 100 per cent of the shares and voting rights of each subsidiary undertaking.

### 15. Investment in Joint Venture

In the prior year on 10 February 2020, the Group disposed of its 50 per cent interest in White Rose Farms Limited, a joint venture involved in the production of pigs. On the same date the Group acquired 100 per cent of White Rose Farms Limited enlarged pig enterprise, see Note 16.

The Group’s interest in White Rose Farms up to the point of disposal was accounted for in the consolidated financial statements. Details of the asset disposed, and the consideration received are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>£'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value of associate</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Group’s share – 50%</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Consideration – £1</td>
<td>–</td>
</tr>
<tr>
<td>Profit on disposal</td>
<td>0.1</td>
</tr>
</tbody>
</table>

### 16. Acquisitions

**i) 2020 – Packington Pork Limited and White Rose Farms Limited**

In the prior year on 10 February 2020, the Group acquired 100 per cent of the issued share capital of the Buckle family’s pig farming and rearing operations as well as the Family’s 50 per cent share of the White Rose Farms Limited pig production joint venture set up by Cranswick and the Buckle family in 2018. The enlarged pig enterprise, known as White Rose Farms, specialises in the production of Red Tractor assured pigs in Yorkshire. On 16 December 2019, the Group acquired 100 per cent of the issued share capital of Packington Pork Limited. Packington Pork Limited comprises pig farming and rearing operations and specialises in the production of British free range and outdoor bred pigs. The business operates predominantly from a range of sites across Staffordshire, Cheshire and Lincolnshire. The two farming businesses were acquired for a combined initial net cash consideration of £27.4 million.

### 14. Investments continued

#### Subsidiary undertakings

<table>
<thead>
<tr>
<th>Company</th>
<th>£'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares at cost:</td>
<td></td>
</tr>
<tr>
<td>At 30 March 2019</td>
<td>166.1</td>
</tr>
<tr>
<td>Capital contribution relating to share options</td>
<td>3.9</td>
</tr>
<tr>
<td>At 28 March 2020</td>
<td>170.0</td>
</tr>
<tr>
<td>Capital contribution relating to share options</td>
<td>–</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>174.2</td>
</tr>
</tbody>
</table>

The subsidiary undertakings as at 27 March 2021 were:
- Cranswick Country Foods plc
- Cranswick Gourmet Pastry Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Wayland Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Wold Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Conveniences Foods Limited
- Kingston Foods Limited (100 per cent owned by Cranswick Conveniences Foods Limited)
- Warwick One Limited (registered in Scotland, registered office 21 Jenny Moors Road, St. Boswells, Melrose, Roxburghshire, TD6 9AN)
- Benson Park Limited (100 per cent owned by Cranswick Country Foods plc)

### 14. Investments continued

#### Notes to the Accounts continued

**10.3**

**65.9**

**55.6**

**2021**

**£'m**

**2020**

**£'m**

**11.12**

**55.6**

**0.8**

**0.1**

**59.1**

**55.6**

**0.8**

**0.6**

**71.6**

**65.9**

**1.0**

**0.7**

**0.1**

**1.6**

**1.1**

**10.8**

**0.2**

**0.1**

**0.4**

**0.4**

**1.2**

**0.6**

**0.7**

**0.2**

**0.1**

**1.2**

**0.1**

**0.4**

**0.4**

**0.6**

**0.8**

**1.0**
16. Acquisitions continued
The following table sets out the fair values of the identifiable assets and liabilities acquired by the Group in relation to White Rose Farms and Packington Pork. Fair values of the net assets at the date of acquisition were as follows:

<table>
<thead>
<tr>
<th>Fair value</th>
<th>£'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets acquired:</td>
<td></td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>3.6</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7.7</td>
</tr>
<tr>
<td>Biological assets</td>
<td>15.1</td>
</tr>
<tr>
<td>Inventories</td>
<td>0.9</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1.8</td>
</tr>
<tr>
<td>Bank and cash balances</td>
<td>0.2</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Corporation tax liability</td>
<td>0.2</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>(7.0)</td>
</tr>
<tr>
<td>Bank loan</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>(3.6)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill arising on acquisition</td>
<td>12.6</td>
</tr>
<tr>
<td>Total consideration</td>
<td>31.1</td>
</tr>
<tr>
<td>Satisfied by:</td>
<td></td>
</tr>
<tr>
<td>Initial cash consideration</td>
<td>27.2</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash outflow arising on acquisition:</td>
<td></td>
</tr>
<tr>
<td>Cash consideration paid</td>
<td>27.2</td>
</tr>
<tr>
<td>Cash and cash equivalents acquired</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>All of the trade receivables acquired were collected in full.</td>
<td></td>
</tr>
<tr>
<td>Included in the £18.5 million of goodwill recognised above are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce. The £18.5m includes goodwill of £3.9m already carried by Packington Pork at the date of acquisition. This amount was shown separately in the prior year.</td>
<td></td>
</tr>
<tr>
<td>Transaction costs in relation to the acquisition of £0.3 million were expensed within administrative expenses in the prior year.</td>
<td></td>
</tr>
<tr>
<td>In the prior year, from the date of acquisition to 28 March 2020, the combined external revenues of Packington Pork Limited and White Rose Farms Limited were £1.0 million and the businesses contributed net profit after tax of £1.4 million to the Group. Had the acquisitions taken place at the beginning of the prior financial year revenue would have been £6.1 million with profit after tax of £3.4 million.</td>
<td></td>
</tr>
</tbody>
</table>

ii) 2020 – Katsouris Brothers Limited
On 26 July 2019, the Group acquired 100 per cent of the issued share capital of Katsouris Brothers Limited for an initial net cash consideration of £4.3 million. Katsouris Brothers Limited is a leading processor and multi-channel supplier of Continental and Mediterranean non-meat food products.
17. Biological Assets

The Group’s biological assets consist of pigs in the form of breeding sows (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets); and chickens in the form of brooder stocks (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets).

Reconciliation of carrying amounts of livestock:

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current biological assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pigs</td>
<td>16.6</td>
<td>21.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Chickens</td>
<td>0.3</td>
<td>2.1</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16.9</td>
<td>23.4</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Non-current biological assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases due to purchases</td>
<td>21.3</td>
<td>26.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Increase due to acquisition</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Decrease attributable to harvest</td>
<td>88.0</td>
<td>178.5</td>
<td>90.5</td>
</tr>
<tr>
<td>Decreases attributable to sales</td>
<td>52.7</td>
<td>36.0</td>
<td>16.3</td>
</tr>
<tr>
<td>Changes in fair value less estimated costs to sell</td>
<td>127.3</td>
<td>177.2</td>
<td>50.4</td>
</tr>
<tr>
<td><strong>At 28 March 2020</strong></td>
<td>39.6</td>
<td>64.7</td>
<td>25.1</td>
</tr>
<tr>
<td>Decrease attributable to harvest</td>
<td>140.8</td>
<td>264.9</td>
<td>124.1</td>
</tr>
<tr>
<td>Decreases attributable to sales</td>
<td>30.7</td>
<td>14.5</td>
<td>16.2</td>
</tr>
<tr>
<td>Changes in fair value less estimated costs to sell</td>
<td>124.4</td>
<td>228.4</td>
<td>104.0</td>
</tr>
<tr>
<td><strong>At 27 March 2021</strong></td>
<td>35.5</td>
<td>80.3</td>
<td>44.8</td>
</tr>
</tbody>
</table>

The main assumptions used in relation to the valuation are growth rates of the pigs and chickens.

Inventories are shown net of any provision for slow-moving or obsolete inventory. As at 27 March 2021, the provision against inventory was £7.9 million (2020: £8.4 million), of which £2.1 million (2020: £3.6 million) resulted from inventory at risk of obsolescence following changes to customer purchasing patterns due to the COVID-19 pandemic.

18. Inventories

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials and work in progress</td>
<td>60.4</td>
<td>52.1</td>
<td>8.3</td>
</tr>
<tr>
<td>Finished goods and works for resale</td>
<td>21.4</td>
<td>21.4</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>81.8</td>
<td>73.5</td>
<td>8.3</td>
</tr>
</tbody>
</table>

The above financial assets are carried at amortised cost. As at 27 March 2021 and 28 March 2020, the analysis of trade receivables that were past due was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade receivables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30 days</td>
<td>137.9</td>
<td>137.9</td>
<td>0.0</td>
</tr>
<tr>
<td>30 and 60 days</td>
<td>81.0</td>
<td>81.0</td>
<td>0.0</td>
</tr>
<tr>
<td>More than 60 days</td>
<td>13.7</td>
<td>13.7</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Trade receivables are non-interest-bearing and are generally on 30 to 60 day terms and are shown net of any provision for impairment. The provision is calculated by reviewing the lifetime expected credit losses (ECL) using both historic and forward looking data. Balances are written off when the probability of recovery is assessed as being remote. The loss rates used in both the current and prior years range from 0.0% to 3.5%. The uncertainty around the ability of non-retail customers to pay has been impacted by COVID-19 and this uncertainty has been incorporated into the expected future loss rates.

As at 27 March 2021, the provision for impairment of trade receivables was £3.7 million (2020: £4.3 million), of which £2.7 million (2020: £3.6 million) resulted from ECL calculations referred to above following uncertainty caused by COVID-19.
Notes to the Accounts continued

20. Trade and Other Receivables (continued)
Movements in the provision for impairment of receivables were as follows:

<table>
<thead>
<tr>
<th>Receivables Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and Other Receivables</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>5.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>

There are no bad debt provisions against other receivables.

21. Trade and Other Payables

<table>
<thead>
<tr>
<th>Payables Description</th>
<th>2021</th>
<th>2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>Trade payables</td>
<td>131.4</td>
<td>122.6</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Amounts owed to Group undertakings</td>
<td>0</td>
<td>0</td>
<td>41.9</td>
<td>21.2</td>
</tr>
<tr>
<td>Tax and social security</td>
<td>7.5</td>
<td>6.8</td>
<td>3.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Other creditors</td>
<td>20.2</td>
<td>12.5</td>
<td>10.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Commercial accruals*</td>
<td>8.2</td>
<td>6.5</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Non-current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income – Government grants</td>
<td>0.2</td>
<td>0.2</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Other accruals</td>
<td>191.4</td>
<td>58.9</td>
<td>55.9</td>
<td>55.9</td>
</tr>
</tbody>
</table>

For the Group, commercial accruals consist of:

<table>
<thead>
<tr>
<th>Accruals Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume-related and similar allowances</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>Advertising and marketing contributions</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>Total</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>At 30 March 2019</td>
<td>5.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Charged to income statement</td>
<td>6.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Paid</td>
<td>17.2</td>
<td>10.3</td>
</tr>
<tr>
<td>At 28 March 2020</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Charged to income statement</td>
<td>4.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Paid</td>
<td>17.0</td>
<td>10.4</td>
</tr>
<tr>
<td>At 27 March 2021</td>
<td>5.8</td>
<td>2.4</td>
</tr>
</tbody>
</table>

For the Company, amounts owed to Group undertakings reflect the net of the financial liabilities disclosed in Note 24 of £470.0 million (2020: £396.0 million) and non-interest bearing amounts owed by the same entities to the Company.

22. Financial Liabilities

<table>
<thead>
<tr>
<th>Liabilities Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward currency contracts</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Contingent consideration (Note 18)</td>
<td>10.7</td>
<td>10.7</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>1.0</td>
<td>1.3</td>
</tr>
</tbody>
</table>

All financial liabilities are carried at amortised cost, except for forward currency contracts and contingent consideration, which are carried at fair value.

* See breakdown below.

Government grants received relate to Regional Growth Fund, Rural Development Programme for England and Business Investment Scheme payments. The amounts received have been used to fund fixed asset investment at the Group’s facilities.

For the Company, amounts owed to Group undertakings reflect the net of the financial liabilities disclosed in Note 24 of £470.0 million (2020: £396.0 million) and non-interest bearing amounts owed by the same entities to the Company.

The maturity profile of bank loans is as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'m</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>Income or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between one year and two years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between two years and five years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interest cover and debt leverage covenants (both excluding the impact of IFRS 16 – Leases) are calculated as Adjusted profit before tax, interest, tax, and amortisation divided by Interest payable and was 262.6x at 27 March 2021 (2020: 69.3x). Debt leverage (which is required to be less than 3x covered) is calculated as net debt divided by Adjusted EBITDA and was 0.11x (2020: 0.56x).

The bank facility for both years was unsecured and subject to interest cover and debt leverage covenants (both excluding the impact of IFRS 16 – Leases). Interest cover (which is required to be greater than 3x covered) is calculated as Adjusted EBITDA and was 0.11x (2020: 0.56x). Both covenants are calculated excluding IFRS 16 Leases.

Unamortised issue costs relate to the revolving credit facility which expires in November 2023. £60.0 million (2020: £103.0 million) was drawn down under the facility at the year end.

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>Amounts owed to Group undertakings</td>
<td>0.7%</td>
<td>(60.0) (60.0)</td>
</tr>
<tr>
<td>Revolving credit facility</td>
<td>0.7%</td>
<td>(60.0) (60.0)</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>0.0%</td>
<td>(2.0) (2.0)</td>
</tr>
<tr>
<td>Total</td>
<td>(512.0)</td>
<td>(512.0)</td>
</tr>
</tbody>
</table>

As at 27 March 2020: £0.1 million

24. Financial Instruments

The interest rate profile of the interest-earning financial assets and interest-bearing liabilities of the Group as at 27 March 2021 and their weighted average interest rates are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>1 year or less</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>1–2 years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>2–3 years</td>
<td>1.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>2.5</td>
<td>1.6</td>
</tr>
</tbody>
</table>

As at 28 March 2020: £0.8 million

Notes to the Accounts continued

24. Financial Instruments continued

As at 27 March 2021

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>1 year or less</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>1–2 years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>2–3 years</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>2.4</td>
<td>1.6</td>
</tr>
</tbody>
</table>

As at 28 March 2020: £0.8 million

Currency profile

The Group’s financial assets at 27 March 2021 include Sterling denominated cash balances of £3.43 million (2020: £11.5 million), Euro £5.0 million (2020: €9.1 million), and US Dollar (£0.3 million (2020: £0.9 million) all of which are held in the UK.

The proportion of the Group’s net assets denominated in foreign currencies is immaterial.

The Group’s other financial assets and liabilities are denominated in Sterling.

Credit risk

The Group makes a significant proportion of its sales to the major UK supermarket groups, which correspondingly represent a significant proportion of the Group’s trade receivables at any one time. Based on the financial strength of these customers, the Directors do not consider that the Group faces a significant credit risk in this regard. Debts with other customers, which represent a smaller proportion of the Group’s trade receivables, are considered to provide greater risk, particularly in the current economic climate. These debts are reviewed using lifetime expected credit losses considering both historic and forward looking data which then generates an expected loss rate and provision.

All cash financial assets are held by UK financial institutions. The maximum credit exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Group’s forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group’s bankers from their proprietary valuation models and are based on mid-market levels as at close of business on the Group’s year end reporting date.

Contingent consideration is measured using Level 3 of the fair value hierarchy and relates to future amounts payable on acquisitions. Amounts payable are based on agreements within purchase contracts, management’s expectations of the future profitability of the acquired entity and the timings of payments.

The maturity profile of bank loans is set out in Note 22.

The interest rate profile of the interest-earning financial assets and interest-bearing liabilities of the Company as at 27 March 2021 and their weighted average interest rates is set out below:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>1 year or less</td>
<td>1.3</td>
<td>0.8</td>
</tr>
<tr>
<td>1–2 years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>2–3 years</td>
<td>1.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>2.6</td>
<td>2.6</td>
</tr>
</tbody>
</table>

As at 28 March 2020: £0.8 million

Credit risk

The Group makes a significant proportion of its sales to the major UK supermarket groups, which correspondingly represent a significant proportion of the Group’s trade receivables at any one time. Based on the financial strength of these customers, the Directors do not consider that the Group faces a significant credit risk in this regard. Debts with other customers, which represent a smaller proportion of the Group’s trade receivables, are considered to provide greater risk, particularly in the current economic climate. These debts are reviewed using lifetime expected credit losses considering both historic and forward looking data which then generates an expected loss rate and provision.

All cash financial assets are held by UK financial institutions. The maximum credit exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Group’s forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group’s bankers from their proprietary valuation models and are based on mid-market levels as at close of business on the Group’s year end reporting date.

Contingent consideration is measured using Level 3 of the fair value hierarchy and relates to future amounts payable on acquisitions. Amounts payable are based on agreements within purchase contracts, management’s expectations of the future profitability of the acquired entity and the timings of payments.

The maturity profile of bank loans is set out in Note 22.

The interest rate profile of the interest-earning financial assets and interest-bearing liabilities of the Company as at 27 March 2021 and their weighted average interest rates is set out below:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>1 year or less</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>1–2 years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>2–3 years</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>2.4</td>
<td>1.6</td>
</tr>
</tbody>
</table>

As at 28 March 2020: £0.8 million

Credit risk

The Group makes a significant proportion of its sales to the major UK supermarket groups, which correspondingly represent a significant proportion of the Group’s trade receivables at any one time. Based on the financial strength of these customers, the Directors do not consider that the Group faces a significant credit risk in this regard. Debts with other customers, which represent a smaller proportion of the Group’s trade receivables, are considered to provide greater risk, particularly in the current economic climate. These debts are reviewed using lifetime expected credit losses considering both historic and forward looking data which then generates an expected loss rate and provision.

All cash financial assets are held by UK financial institutions. The maximum credit exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Group’s forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group’s bankers from their proprietary valuation models and are based on mid-market levels as at close of business on the Group’s year end reporting date.

Contingent consideration is measured using Level 3 of the fair value hierarchy and relates to future amounts payable on acquisitions. Amounts payable are based on agreements within purchase contracts, management’s expectations of the future profitability of the acquired entity and the timings of payments.
Notes to the Accounts continued

24. Financial Instruments continued

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties on an arm’s length basis. The fair value of floating rate assets and liabilities is estimated to be equivalent to book value. All derivative financial instruments are shown in the balance sheet at fair value.

Currency derivatives have not been included in the sensitivity analysis below as they are not considered to be exposed to interest rate risk.

Group’s profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group’s equity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the interest rate risk

The Company does not hold any forward contracts.

Hedges

Financial instruments designated as cash flow hedges are held at fair value in the balance sheet. The Group hedges the following cash flows:

i) Forward contracts to hedge expected future purchases

The Group hedges a proportion of its near-term expected purchases denominated in overseas currencies. Where these hedges meet the hedge criteria of IFRS 9, changes in fair value are posted directly to other comprehensive income and subsequently reclassified through the income statement at the time that the hedged item affects profit or loss.

Group

Currency | Amount | Maturities | Exchange rates | Fair value £’m
---|---|---|---|---
Euros | 33.3m | 31 March 2021 – 1 December 2021 | £1.09 – £1.17 | 0.9

ii) Forward contracts to hedge expected future sales

The Group hedges a proportion of its near-term expected sales denominated in overseas currencies. Where these hedges meet the hedge criteria of IFRS 9, changes in fair value are posted directly to other comprehensive income and subsequently reclassified through the income statement at the time that the hedged item affects profit or loss.

Group

Currency | Amount | Maturities | Exchange rates | Fair value £’m
---|---|---|---|---
US Dollars | 0.9m | 8 April 2021 – 16 September 2021 | £0.76 | 0.31
Euros | 14.0m | 31 March 2021 – 6 December 2021 | £0.86 – £0.91 | 0.71

These contracts were effective cash flow hedges under the criteria set out in IFRS 9 and therefore fair value gains and losses related to the contracts were recognised directly in other comprehensive income.

The Company does not hold any forward contracts.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group’s equity.

Currency derivatives have not been included in the sensitivity analysis below as they are not considered to be exposed to interest rate risk.

The impact of liquidity risk on the Group is discussed in detail in the Directors’ Report on page 112.

Capital management

The primary objective of the Group’s capital management policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise value for Shareholders and other stakeholders. The Group regards its Shareholders’ equity and net debt as its capital. For further information see page 111 of the Directors’ Report. An analysis of the changes in net debt can be found in Note 28.

24. Financial Instruments continued

<table>
<thead>
<tr>
<th>Year</th>
<th>Sterling</th>
<th>£’m</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>–</td>
<td>–</td>
<td>103.0</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>–</td>
<td>103.0</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Liquidity risk

The tables below summarise the maturity profile of the Group’s financial liabilities at 27 March 2021 and 28 March 2020 based on contractual undiscounted payments:

At 27 March 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Sterling</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>–</td>
<td>60.0</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>60.0</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At 28 March 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Sterling</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>–</td>
<td>126.4</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>126.4</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At 27 March 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Sterling</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>–</td>
<td>60.0</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>60.0</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At 28 March 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Sterling</th>
<th>£’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>–</td>
<td>103.3</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>103.3</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Contingent consideration (Note 16 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Forward currency contracts liability/(asset) (Note 20 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Contingent consideration (Note 16 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Forward currency contracts liability/(asset) (Note 20 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Contingent consideration (Note 16 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Forward currency contracts liability/(asset) (Note 20 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Contingent consideration (Note 16 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Forward currency contracts liability/(asset) (Note 20 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Contingent consideration (Note 16 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Forward currency contracts liability/(asset) (Note 20 and Note 22)

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.
On 4 September 2020, 70,374 ordinary shares were issued at £3.0168 per share as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2020 final dividend.

On 29 January 2021, 63,838 ordinary shares were issued at £3.4964 per share as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2021 interim dividend.

During the course of the year, 302,978 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and £2.565, 0.00p.

On 6 September 2019, 203,335 ordinary shares were issued at £3.5140 per share as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2019 final dividend.

On 24 January 2020, 51,477 ordinary shares were issued at £3.2776 per share as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2020 interim dividend.

During the course of the prior year, 337,267 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and £2.389, 0.00p.

Ordinary share capital of £128,744 is reserved for allotment under the Savings Related Share Options Schemes and Long Term Incentive Plans (LTIP).

During the course of the year 215,800 options at nil cost were granted to Directors and Senior Executives, the share price at that time was £nil.

The exercise price for all options outstanding at the end of the year was £nil.

All Employees Share Option Scheme (SAYE)

All employees are eligible to participate in the SAYE scheme if they are in employment with the Group on the relevant invitation date. The exercise price is equal to the market price of the shares less 20 per cent on the relevant date. The contractual life of the options is three or five years. The maximum term of SAYE options is 5.5 or 5.5 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, SAYE share options during the year:

<table>
<thead>
<tr>
<th>Group</th>
<th>2021</th>
<th>2021 WAEP (£)</th>
<th>2020</th>
<th>2020 WAEP (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUTSTANDING AS AT BEGINNING OF YEAR</td>
<td>£'m</td>
<td>£'m</td>
<td>£'m</td>
<td>£'m</td>
</tr>
<tr>
<td>Outliving at beginning of year</td>
<td>321,583</td>
<td>321,583</td>
<td>296,414</td>
<td>296,414</td>
</tr>
<tr>
<td>Granted during the year (i)</td>
<td>94,160</td>
<td>114,160</td>
<td>42,150</td>
<td>52,150</td>
</tr>
<tr>
<td>Lapsed during the year (ii)</td>
<td>(920)</td>
<td>(920)</td>
<td>(975)</td>
<td>(975)</td>
</tr>
<tr>
<td>Exercised during the year (i)</td>
<td>(97,165)</td>
<td>(112,165)</td>
<td>(7,150)</td>
<td>(9,150)</td>
</tr>
<tr>
<td>Outstanding as at end of year (iii)</td>
<td>321,583</td>
<td>321,583</td>
<td>296,414</td>
<td>296,414</td>
</tr>
<tr>
<td>Exercisable at end of year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

(i) The weighted average fair value of options granted during the year was £24.36 (2020: £17.76). The share options granted during the year were at nil per share. The share price at the date of grant was £nil (2020: £18.00). The weighted average share price at the date of exercise for the options exercised was £34.40 (2020: £23.62).

(ii) For the share options outstanding as at 27 March 2021, the weighted average remaining contractual life is 3.27 years (2020: 3.34 years).

The exercise price for all options outstanding at the end of the year was £nil.

26. Share-based Payments – continued

The following table lists the inputs to the model used for the years ended 27 March 2021 and 28 March 2020:

<table>
<thead>
<tr>
<th>Expected share price volatility</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black-Scholes option pricing model using the Black-Scholes option pricing model for the ESOP element and Chaffe option pricing model for the holding period. The following table lists the inputs to the model used for the years ended 27 March 2021 and 28 March 2020:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend yield</th>
<th>6.15%</th>
<th>6.08%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected share price volatility</td>
<td>25.00%</td>
<td>25.62%</td>
</tr>
<tr>
<td>Black-Scholes option pricing model using the Black-Scholes option pricing model for the ESOP element and Chaffe option pricing model for the holding period. The following table lists the inputs to the model used for the years ended 27 March 2021 and 28 March 2020:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected life of option</th>
<th>3 years</th>
<th>3.25 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercise price</td>
<td>£nil</td>
<td>£28.00</td>
</tr>
</tbody>
</table>

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The initial fair value of LTIP options is adjusted to take into account market-based performance conditions.
Notes to the Accounts continued

27. Pension Schemes continued

27. Pension Schemes

Defined benefit pension scheme

The Group acquired a defined benefit final salary pension scheme during 2009, which is funded by the payment of contributions to separately administered trust funds. The scheme was closed to new members and future accrual on 30 June 2004.

In line with Pension Regulation, the plan assets are separately managed by independent trustees.

Pension costs are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit credit method. The latest available formal actuarial valuation of the scheme was carried out as at 31 December 2018. This valuation was updated to the year end. Plan assets are stated at fair value at the respective balance sheet dates and overall expected rates of return are established by applying published brokers’ forecasts to each category of scheme assets.

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>a) Change in benefit obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at the beginning of the year</td>
<td>33.4</td>
<td>39.7</td>
</tr>
<tr>
<td>Interest cost</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Remeasurement (gains)/losses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial losses/(gains) arising from changes in financial assumptions</td>
<td>8.0</td>
<td>(3.1)</td>
</tr>
<tr>
<td>Actuarial losses/(gains) arising from changes in demographic assumptions</td>
<td>–</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Other experience items</td>
<td>0.1</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Movement on additional liability recognised due to minimum funding requirement</td>
<td>(4.8)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Benefits paid from plan</td>
<td>(1.2)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Benefit obligation at the end of the year</td>
<td>36.2</td>
<td>33.4</td>
</tr>
<tr>
<td>b) Change in plan assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets at the beginning of the year</td>
<td>40.6</td>
<td>33.2</td>
</tr>
<tr>
<td>Interest income</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Return on plan assets</td>
<td>(0.2)</td>
<td>5.9</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Benefits paid from plan</td>
<td>(1.2)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>41.9</td>
<td>40.6</td>
</tr>
<tr>
<td>c) Amounts recognised in the income statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of funding obligations</td>
<td>(36.2)</td>
<td>(33.4)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>41.9</td>
<td>40.6</td>
</tr>
<tr>
<td>Net asset recorded in the balance sheet</td>
<td>5.7</td>
<td>7.2</td>
</tr>
<tr>
<td>d) Components of pension cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts recognised in the income statement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest cost</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(0.9)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Total pension cost recognised in the income statement</td>
<td>(0.2)</td>
<td>–</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(2.2)</td>
<td>6.7</td>
</tr>
<tr>
<td>Amounts recognised in the Group statement of comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial losses/(gains) immediately recognised</td>
<td>(3.4)</td>
<td>11.9</td>
</tr>
<tr>
<td>Cumulative amount of actuarial losses recognised</td>
<td>(4.1)</td>
<td>(10.7)</td>
</tr>
</tbody>
</table>

*During the year the Group reviewed its judgement in relation to the surplus and now considers that the surplus is fully realisable. The additional liability recognised due to minimum funding requirement has therefore been reversed in the year. For further details, see paragraph 160.

For year ended 27 March 2021, to more fully comply with IAS 19 disclosures, the annuity policy held by the scheme has been recognised within both benefits obligations and plan assets. The value of the annuity policy at March 2021 is £3.0 million. The change in treatment has had no net impact but increases the actuarial losses by £0.0 million and decreases the negative return on plan assets by a similar amount. Given there is no overall impact as a result of this change the prior year figures have not been restated.

Notes to the Accounts continued

27. Pension Schemes continued

The weighted average actuarial assumptions used in the valuation of the scheme were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>1.95%</td>
<td>2.30%</td>
</tr>
<tr>
<td>Rate of price inflation</td>
<td>2.20%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Revaluation of deferred pensions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits accrued prior to 1 January 1998</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Benefits accrued after 1 January 1998</td>
<td>3.20%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Rate of compensation increase:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits accrued prior to 1 January 1997</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Benefits accrued after 1 January 1997</td>
<td>2.20%</td>
<td>2.60%</td>
</tr>
</tbody>
</table>

Future expected lifetime of pensioner at age 65:

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>21.2</td>
<td>21.2</td>
</tr>
<tr>
<td>Female</td>
<td>25.1</td>
<td>25.1</td>
</tr>
</tbody>
</table>

The mortality rates used have been taken from Base tables S2PA: Male: post-retirement 110% S2PM YoB CM 2017 improvements 1.0 per cent long-term rate of improvement; Females: post-retirement 100% S2PM YoB CM 2017 improvements 1.0 per cent long-term rate of improvement (2020: Male: post-retirement 110% S2PM YoB CM 2017 improvements 1.0 per cent long-term rate of improvement; Females: post-retirement 100% S2PM YoB CM 2017 improvements 1.0 per cent long-term rate of improvement.)

At 27 March 2021, the average duration of the scheme liabilities was 25 years (2020: 23 years). For defined pensions the average duration was 26 years (2020: 26 years) and for pensions in payment the average duration was 12 years (2020: 12 years).

A 0.1 per cent increase/decrease in the discount rate would give rise to a £817,000 decrease/£836,000 increase (2020: £646,000 decrease/ £661,000 increase) in the surplus at 27 March 2021.

A 0.1 per cent increase/decrease in the inflation assumption would give rise to a £341,000 increase/£338,000 decrease (2020: £262,000 increase/ £260,000 decrease) in the surplus at 27 March 2021.

A one year increase/decrease in the life expectancy assumption would give rise to a £1,555,000 increase/£1,522,000 decrease (2020: £1,071,000 increase/ £1,100,000 decrease) in the surplus at 27 March 2021.

The scheme rules require the pension benefits to be upsold by Retail Price Index (RPI), so there was no financial effect from the statutory requirement to uplift pension benefits by Consumer Price Index (CPI) rather than RPI.

The split of the fund’s liability by category of membership is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>Deferred pensioners</td>
<td>26.0</td>
<td>21.7</td>
</tr>
<tr>
<td>Pensions in payment</td>
<td>10.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Additional liability on minimum funding requirements</td>
<td>–</td>
<td>4.8</td>
</tr>
<tr>
<td>Total</td>
<td>36.2</td>
<td>33.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’m</td>
<td>£’m</td>
<td>£’m</td>
</tr>
<tr>
<td>Plan assets</td>
<td>Fair value of plan assets</td>
<td>Fair value of plan assets</td>
</tr>
<tr>
<td>Debt instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>–</td>
<td>5.8</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annuities</td>
<td>3.0</td>
<td>–</td>
</tr>
<tr>
<td>Cash</td>
<td>23.4</td>
<td>16.1</td>
</tr>
<tr>
<td>LDI strategies</td>
<td>15.3</td>
<td>18.5</td>
</tr>
<tr>
<td>Total</td>
<td>41.9</td>
<td>40.6</td>
</tr>
</tbody>
</table>

All of the plan assets have a quoted price in an active market except for cash and LDI strategies.

The plan has not invested in any of the Group’s own financial instruments nor in any properties or other assets used by the Group. The investments in LDI strategies relate to the Fund’s holdings in assets designed to hedge 100% of movements in the scheme funding liabilities resulting from changes in interest rates and inflation. Annuities are in place for 84 pensioner members held in the name of the Trustees. This manages the risk as future pension payments are matched with income from the annuity.
**Notes to the Accounts continued**

### 27. Pension Schemes continued

The Group expects to contribute approximately £1.8 million to the scheme during the year ending 26 March 2022 in respect of regular contributions, and intends to contribute the same amount annually through to September 2022.

The Group has the right to recover any remaining surplus on the winding up of the pension scheme. The expected method of recovery of the recognised pensions surplus is through reduction in future contributions. If the reduction in contributions is not sufficient to eliminate the surplus before the scheme is wound up, the Group has the right to recover any remaining surplus through arreund. Information on management’s judgement in relation to this is provided in Note 2.

The risks to which the plan exposes the entity have been minimised by investing the assets of the scheme across a broad range of return seeking funds and debt instruments.

#### Defined contribution pension schemes

The Group also operates defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions to these schemes are determined as a percentage of employees’ earnings. Contributions owing to the insurance companies at the year end, included in trade and other payables, amounted to £1.2 million (2020: £1.0 million). Contributions during the year totalled £6.5 million (2020: £5.8 million).

### 28. Additional Cash Flow Information

#### Analysis of changes in net (debt)/funds:

<table>
<thead>
<tr>
<th></th>
<th>At 28 March 2021 £’m</th>
<th>Cash flow £’m</th>
<th>Other non-cash changes £’m</th>
<th>At 27 March 2020 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>21.5</td>
<td>17.5</td>
<td></td>
<td>39.0</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>(102.3)</td>
<td>43.0</td>
<td>(0.3)</td>
<td>(59.8)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>(65.0)</td>
<td>13.7</td>
<td>(19.4)</td>
<td>(71.8)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(146.6)</td>
<td>74.3</td>
<td>(19.7)</td>
<td>(32.4)</td>
</tr>
</tbody>
</table>

Net (debt)/funds is defined as cash and cash equivalents and loans receivable less interest-bearing liabilities net of unamortised issue costs.

#### 29. Contingent Liabilities

The Company, together with its subsidiary undertakings, has entered into a cross guarantee with Lloyds Banking Group plc, The Royal Bank of Scotland plc, HSBC UK plc and Santander UK plc in respect of the Group’s facility with those banks. Drawn down amounts totalled £60.0 million as at 27 March 2021 (2020: £63.0 million).

During 2019 the Group entered into a Letter of Credit agreement with HSBC UK Bank PLC in favour of Marel Stork Poultry Processing B.V. (Marel) for supply of equipment in relation to the new poultry processing facility in Eye, Suffolk. The €20.2 million facility expired on 5 April 2020, with a balance outstanding to Marel under the letter of credit at 27 March 2021 of €nil (2020: €2.0 million).

During the year the Group entered into a further Letter of Credit agreement with HSBC UK Bank PLC. The total facility of €11.0 million was carved out of the Group’s core bank facility to support the purchase of equipment for the Group’s Fresh Pork facility in Hull and the new Prepared Poultry facility from Marel Red Meat Slaughtering B.V. and Marel Further Processing B.V. respectively. The facility expires on 31 August 2022, with a balance outstanding in favour of Marel Red Meat Processing B.V. of €7.3 million at 27 March 2021.

For the Company, the amounts drawn down by other Group companies which were guaranteed by the Company at the year ended 31 March 2020 (2020: £nil).

#### 30. Commitments

(a) The Directors have contracted for future capital expenditure for property, plant and equipment at cost £11.7 million (2020: £14.2 million).

(b) The future minimum rentals payable under non-cancellable operating leases that do not meet the criteria for right-of-use assets under IFRS 16 (e.g. low value leases) are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1.2</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>After one year but not more than five years</td>
<td>1.8</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>After five years</td>
<td>0.2</td>
<td>2.4</td>
<td></td>
</tr>
</tbody>
</table>

The company had no operating leases of this nature.

#### 31. Related Party Transactions

During the year the Group and Company entered into transactions, in the ordinary course of business, with related parties, including transactions between the Company and its subsidiary undertakings. In the Group accounts, transactions between the Company and its subsidiaries are eliminated on consolidation but these transactions are reported for the Company below:

<table>
<thead>
<tr>
<th></th>
<th>Services rendered to related party £’m</th>
<th>Interest paid to related party £’m</th>
<th>Dividends received from related party £’m</th>
</tr>
</thead>
</table>
### 32. Alternative Performance Measures

The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain non-cash items including the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets and goodwill impairment charges. Free cash flow is defined as net cash from operating activities less net interest paid and like-for-like revenue excludes the benefit of acquisitions in the current year. Return on capital employed is a key performance indicator for the Group and is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension liability/(surplus) and deferred tax.

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides those same stakeholders with a clearer understanding of the organic sales growth of the business.

#### Like-for-like revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,898.4</td>
<td>1,667.2</td>
<td>+13.9%</td>
</tr>
<tr>
<td>Katsouris</td>
<td>(26.8)</td>
<td>(26.8)</td>
<td></td>
</tr>
<tr>
<td>Packington Pork and White Rose Farms</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Like-for-like revenue</strong></td>
<td><strong>1,869.5</strong></td>
<td><strong>1,667.2</strong></td>
<td>+12.1%</td>
</tr>
</tbody>
</table>

#### Adjusted gross profit

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>257.8</td>
<td>226.7</td>
<td>+13.7%</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement</td>
<td>11.4</td>
<td>(5.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted gross profit</strong></td>
<td><strong>269.2</strong></td>
<td><strong>221.3</strong></td>
<td>+21.6%</td>
</tr>
</tbody>
</table>

#### Adjusted Group operating profit and adjusted EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group operating profit</td>
<td>117.6</td>
<td>106.8</td>
<td>+10.1%</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement</td>
<td>11.4</td>
<td>(5.4)</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>3.5</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Adjusted Group operating profit</td>
<td>132.5</td>
<td>105.1</td>
<td>+26.1%</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>51.9</td>
<td>42.0</td>
<td></td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>12.3</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>196.7</strong></td>
<td><strong>155.3</strong></td>
<td>+26.7%</td>
</tr>
</tbody>
</table>

#### Adjusted profit before tax

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>114.8</td>
<td>104.0</td>
<td>+10.4%</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement</td>
<td>11.4</td>
<td>(5.4)</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>3.5</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted profit before tax</strong></td>
<td><strong>129.7</strong></td>
<td><strong>102.3</strong></td>
<td>+26.8%</td>
</tr>
</tbody>
</table>

#### Adjusted earnings per share

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2021 Basic</th>
<th>2021 Diluted</th>
<th>2020 £’m</th>
<th>2020 Basic</th>
<th>2020 Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>92.5</td>
<td>176.4</td>
<td>175.6</td>
<td>82.7</td>
<td>150.1</td>
<td>158.9</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>3.5</td>
<td>6.6</td>
<td>6.6</td>
<td>3.7</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Tax on amortisation of intangible assets</td>
<td>(0.7)</td>
<td>(1.3)</td>
<td>(1.3)</td>
<td>(0.7)</td>
<td>(1.4)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement</td>
<td>11.4</td>
<td>21.7</td>
<td>21.7</td>
<td>(0.4)</td>
<td>(10.5)</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Tax on net IAS 41 valuation movement</td>
<td>(2.2)</td>
<td>(4.1)</td>
<td>(4.1)</td>
<td>1.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>On adjusted profit for the year</strong></td>
<td><strong>104.5</strong></td>
<td><strong>199.3</strong></td>
<td><strong>198.5</strong></td>
<td><strong>81.3</strong></td>
<td><strong>156.4</strong></td>
<td><strong>155.9</strong></td>
</tr>
</tbody>
</table>

### Notes to the Accounts continued

#### 32. Alternative Performance Measures continued

The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain non-cash items including the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets and goodwill impairment charges. Free cash flow is defined as net cash from operating activities less net interest paid and like-for-like revenue excludes the benefit of acquisitions in the current year. Return on capital employed is a key performance indicator for the Group and is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension liability/(surplus) and deferred tax.

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides those same stakeholders with a clearer understanding of the organic sales growth of the business.

#### Financial Statements

### Free cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>181.4</td>
<td>117.0</td>
<td>+55.0%</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(0.5)</td>
<td>(1.2)</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>180.9</strong></td>
<td><strong>115.8</strong></td>
<td>+56.2%</td>
</tr>
</tbody>
</table>

#### Return on capital employed

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 £’m</th>
<th>2020 £’m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average opening and closing net assets</td>
<td>650.3</td>
<td>574.7</td>
<td></td>
</tr>
<tr>
<td>Average opening and closing net debt/(funds)</td>
<td>119.7</td>
<td>70.3</td>
<td></td>
</tr>
<tr>
<td>Average opening and closing pension liability/(surplus)</td>
<td>(6.3)</td>
<td>(6.3)</td>
<td></td>
</tr>
<tr>
<td>Average opening and closing deferred tax</td>
<td>5.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td><strong>768.5</strong></td>
<td><strong>648.7</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Group operating profit</strong></td>
<td><strong>132.5</strong></td>
<td><strong>105.1</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Return on capital employed</strong></td>
<td><strong>17.2%</strong></td>
<td><strong>16.2%</strong></td>
<td>+10.4bps</td>
</tr>
</tbody>
</table>
Five Year Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue £m</th>
<th>Profit before tax £m</th>
<th>Adjusted profit before tax £m</th>
<th>Earnings per share p</th>
<th>Adjusted earnings per share p</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>1,898.4</td>
<td>114.8</td>
<td>129.7</td>
<td>199.3p</td>
<td>199.3p</td>
</tr>
<tr>
<td>2020</td>
<td>1,667.2</td>
<td>104.0</td>
<td>102.3</td>
<td>156.4p</td>
<td>156.4p</td>
</tr>
<tr>
<td>2019</td>
<td>1,403.1</td>
<td>86.5</td>
<td>92.0</td>
<td>135.5p</td>
<td>135.5p</td>
</tr>
<tr>
<td>2018</td>
<td>1,464.5</td>
<td>88.0</td>
<td>92.4</td>
<td>117.8p</td>
<td>117.8p</td>
</tr>
<tr>
<td>2017</td>
<td>1,246.1</td>
<td>77.5</td>
<td>75.6</td>
<td>124.3p</td>
<td>124.3p</td>
</tr>
</tbody>
</table>

Dividends per share

<table>
<thead>
<tr>
<th>Size of holding (shares)</th>
<th>Number of holdings</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1,000</td>
<td>1,330</td>
<td>2,832,277</td>
</tr>
<tr>
<td>1,001-5,000</td>
<td>807</td>
<td>49,899,328</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>576</td>
<td>52,731,605</td>
</tr>
<tr>
<td>10,001-50,000</td>
<td>208</td>
<td>2,137</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>104</td>
<td>52,731,605</td>
</tr>
</tbody>
</table>

Share Price Movement

Cranwick’s share price movement over the six year period to May 2021 and comparison against the FTSE 350 Food Producers and Processors Price Index (FTSE FPP) and against the FTSE All Share Price Index (FTSE All Share), all rebased to Cranwick’s share price at 8 May 2015 (1,515p), is shown below:
Advisers

Secretary: Steven Glover LLB
Company number: 1074383
Registered office:
Crane Court
Hesslewood Country Office Park
Ferriby Road
Hessle
East Yorkshire
HU13 0PA

Stockbrokers:
HSBC Bank plc – London
Investec Investment Banking – London
Shore Capital Stockbrokers – Liverpool

Registrars:
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Tel: +44(0)1371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00–17:30, Monday to Friday excluding public holidays in England and Wales).
email: shareholderenquiries@linkgroup.co.uk
www.linkassetservices.com

Independent auditors: PricewaterhouseCoopers LLP – Leeds
Tax advisers: KPMG – Leeds
Solicitors: Rolls LLP – Hull
Eversheds Sutherland (International) LLP – Leeds
Bankers:
Lloyds Banking Group plc
The Royal Bank of Scotland plc
HSBC Bank plc
Santander UK plc
Merchant bankers:
NM Rothschild & Sons – Leeds

Notes

Secretary: Steven Glover LLB
Company number: 1074383
Registered office:
Crane Court
Hesslewood Country Office Park
Ferriby Road
Hessle
East Yorkshire
HU13 0PA

Stockbrokers:
HSBC Bank plc – London
Investec Investment Banking – London
Shore Capital Stockbrokers – Liverpool

Registrars:
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Tel: +44(0)1371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00–17:30, Monday to Friday excluding public holidays in England and Wales).
email: shareholderenquiries@linkgroup.co.uk
www.linkassetservices.com

Independent auditors: PricewaterhouseCoopers LLP – Leeds
Tax advisers: KPMG – Leeds
Solicitors: Rolls LLP – Hull
Eversheds Sutherland (International) LLP – Leeds
Bankers:
Lloyds Banking Group plc
The Royal Bank of Scotland plc
HSBC Bank plc
Santander UK plc
Merchant bankers:
NM Rothschild & Sons – Leeds