

Remuneration

The Remuneration Committee

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).



Committee meetings during the year

The attendance of members at the meetings was as follows:

Committee Members	Meetings attended
Kate Allum – Chair	4/4
Mark Reckitt	4/4
Pam Powell	4/4
Tim Smith	4/4

Other regular attendees

- The Chairman, Chief Executive, Finance Director and Group HR Director attend by invitation as required (no individual is involved in decisions relating to their own remuneration).
- The Company Secretary also attends meetings as secretary to the Committee.

Frequency of meetings

The Committee meets as necessary and at least twice a year.

Independence

All Members of the Committee are independent.

Key Activities in 2019/20

Review of 2018 Corporate Governance Code

- Further review of the requirements of the new Corporate Governance Code.

Executive Director and Senior Executive remuneration

- Reviewed Executive Directors' and other Senior Executives' base salaries.

Approval of bonuses

- Set objectives for the annual bonus arrangements for 2020 for Executive Directors and Senior Executives.
- Reviewed 2019 bonus targets following the acquisition of Katsouris Brothers, Packington Pork and the Buckle pig farming business.
- Reviewed the achievement of the Executive Directors' bonus arrangements against upward adjusted 2019 targets.

LTIP awards

- Reviewed the outcome of performance conditions for the LTIP awards which were granted in 2017.
- Approved LTIP awards granted in 2019.

Shareholder engagement

- Engaged with major Shareholders in relation to remuneration.

Other activities

- Reviewed the Annual Remuneration Report for 2019.
- Reviewed employee benefit structures and approved the issue of the SAYE share scheme for 2019.
- Approved the Committee's terms of reference.

Remuneration continued

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 year ended 28 March 2020.

As with prior years, Shareholders will be asked to pass an advisory vote on the Annual Report on Remuneration at the forthcoming Annual General Meeting (AGM).

Company performance

Cranswick has experienced impressive long-term growth in both revenue and profits which has been reflected in the remuneration received by the Group's Executive Directors in relation to both bonus and LTIP awards over the years. However, in 2018/19 the Group faced challenging conditions which resulted in a marginal decline in revenue and a decline in the Company's share price which was reflected in the Executive Directors' reduced remuneration. Over the course of 2019/20 the Group's strong performance has resumed with revenue increasing (on a like-for-like basis) by 13.0 per cent and the Company's share price increasing by 27.8 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 are appropriate given the performance of the Group.

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. In addition, the Company is proposing an increased dividend payment to shareholders and will pay a bonus of £500 to all colleagues in operational roles who have worked during the four-month period to the end of June. The total amount payable is expected to exceed £4 million. The Committee also considered movements in the share price over the period noting that the Company has not suffered the significant share price depreciation suffered by many companies over the period. In the circumstances, the Remuneration Committee did not consider it necessary to exercise its discretion in relation to such outcomes and believes that the measures used to judge performance which are explained in our remuneration policy on pages 80 to 86 remain appropriate and reflect the performance of the Group throughout the period under review.

This report contains the following separate sections:

- **Part 1** – The Chair's annual statement on pages 76 and 77.
- **Part 2** – Remuneration at a glance on pages 78 and 79.
- **Part 3** – Full details of our remuneration policy approved at the 2018 AGM on pages 80 to 86.
- **Part 4** – The Annual Report on Remuneration on pages 87 to 92 which discloses how the existing policy has been applied during the year. Those elements of part 4 subject to external audit are clearly identified.

2020 bonuses

Bonus awards for 2020 reflect the performance delivered in the year outlined below*. A bonus of 100 per cent of maximum (i.e. 150 per cent of base salary) has been awarded to each of the Executive Directors. The bonus targets were adjusted upwards during the year to reflect the impact of the acquisition of Katsouris Brothers, Packington Pork and the Buckle pig farming business. The Committee is satisfied that the recalibrated targets are appropriate, having regard to changes in the Group, and are no less stretching than the original targets. In comparison, bonus awards for 2019 were 38 per cent of base salary for each of the Executive Directors. Further details are shown on page 87. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and is appropriate.

LTIP awards vesting in respect of the year ended 28 March 2020

The LTIP Awards granted in 2017 were based on the three-year performance period from April 2017 to March 2020 and were subject to adjusted EPS (50 per cent) and TSR (50 per cent) targets. Performance over the three-year period as measured against adjusted EPS has been strong with performance 6.9 per cent over the average increase in RPI and vesting at 98 per cent of the maximum. Performance in relation to TSR has also been strong with the Company being ranked in the 75th percentile of its comparator group and, consequently, 100 per cent of the TSR element of the award vesting. Overall 99 per cent of the maximum award will vest in June 2020 (i.e. 148.5 per cent of salary) for each Executive Director, versus 80.5 per cent of the maximum award which vested in June 2019 (i.e. 121 per cent of salary). This is reflected in the table on page 88. The Committee considers the level of payout is reflective of the overall performance of the Group over the three-year performance period ended 28 March 2020 and is appropriate.

The Committee also awarded nil-cost share options under 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 June 2019). These awards are reflected in the table on page 88.

Remuneration in respect of the year ending 27 March 2021

Executive Directors (other than Martin Davey who waived his contractual entitlement to an increase this year) were awarded a pay increase of 2.8 per cent effective from 1 May 2020 in line with the Senior Executives and the wider workforce. Bonus opportunities and LTIP awards will remain unchanged at 150 per cent of salary and 200 per cent of salary respectively for the year ending 27 March 2021. The bonus and LTIP awards will continue to be subject to stretching targets on the same basis as previous years, namely 100 per cent on adjusted Group profit before tax for the annual bonus, and 50 per cent on EPS and 50 per cent on Relative TSR for LTIP awards.

As part of the planned transition of Martin Davey's executive responsibilities he did not participate in any new LTIP awards in 2019 or in the Group's 2020 bonus awards and will not be receiving a bonus or LTIP award in the current year.

Remuneration Policy

Last year, the Committee agreed a number of changes to its terms of reference and the way in which the Company's Remuneration Policy would be applied going forward to reflect the requirements of the 2018 Corporate Governance Code, which were explained in detail in our 2019 Remuneration Report. These were also applied to the financial year now being reported on and will continue to be applied going forward. Subject to Shareholder approval, these will be formally adopted into the Company's Remuneration Policy when this is next approved by Shareholders (anticipated to be in 2021). The Committee gave further consideration during the year to the following matters:

Directors pension contributions: Last year the Committee agreed that the maximum employer pension contribution and/or cash payment in lieu for new Executive Directors would be aligned to those applicable to other employees of the Group. The Committee considered whether any further changes were required in relation to current Executive Directors existing contractual entitlements, noting external guidance, and agreed that it would keep emerging practice under review ahead of the formal review of the Company's Remuneration Policy in 2021.

Post-employment shareholding requirements: The Committee reviewed existing "good leaver provisions" in relation to the Group's incentive arrangements which do not result in accelerated vesting and considers that these provide continuing alignment with Shareholders interests' post employment. Under the Group's LTIP, Executive Directors are required to retain vested shares for a period of two years which would continue to apply on an Executive Director's departure. As at 28 March 2020 a total of 128,640 ordinary shares of the Company (valued at £4,474,099 using the share price of 3,478p per ordinary share at 28 March 2020) were subject to such retention arrangements in relation to Executive Directors. The Committee will keep emerging practice under review and will reconsider developing a post-employment shareholding policy, which encompasses vested and unvested shares, as part of the formal review of the Company's Remuneration Policy in 2021.

When determining the application of the remuneration policy, the Committee considered clarity, simplicity, risk, predictability and proportionality, and alignment to culture as set out in the 2018 Corporate Governance Code. 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. The application of recovery provisions (malus and clawback) enables the Committee to have appropriate regard to risk considerations. In addition, the large shareholdings of the Executive Directors and "good leaver provisions" in the Group's incentive arrangements further align the interests of our Executive Directors to serve the long-term interests of the Company and Shareholders. As part of our culture, in determining the remuneration policy, the Committee was clear that it should drive the right behaviours, reflect the Group's values and support its purpose and strategy.

Executive Director pay and the broader workforce

The Committee recognises that an understanding of broader workforce pay and conditions can be helpful 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 all areas of 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 90.

Shareholder approval and engagement

Our Remuneration Report was approved by Shareholders at the 2019 AGM with over 98 per cent of the votes cast in favour of it, further information is given on page 92.

Ongoing engagement by the Chairman, Chief Executive and Finance Director has ensured that key Shareholders have been regularly updated on progress and performance throughout the year.

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.cranswick.plc.uk.

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

23 June 2020

*2020 bonuses

Measure	Threshold	Maximum	Actual
Adjusted Group profit before tax	£90.9m	£102.9m	£106.7m
Bonus payable (% of salary)	20%	150%	150%

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 continued

Remuneration at a Glance

Our performance during the year

+13.0%

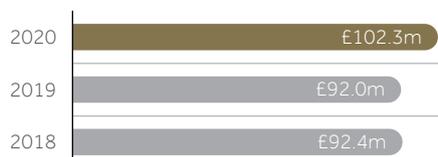
Like-for-like revenue increase to £1,623.8m.

+27.8%

Share price increase to 3,478p at 28 March 2020.

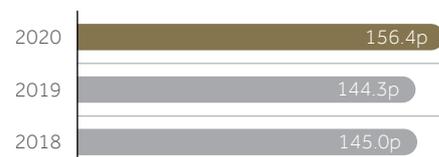
Adjusted profit before tax (£'m)

£102.3m

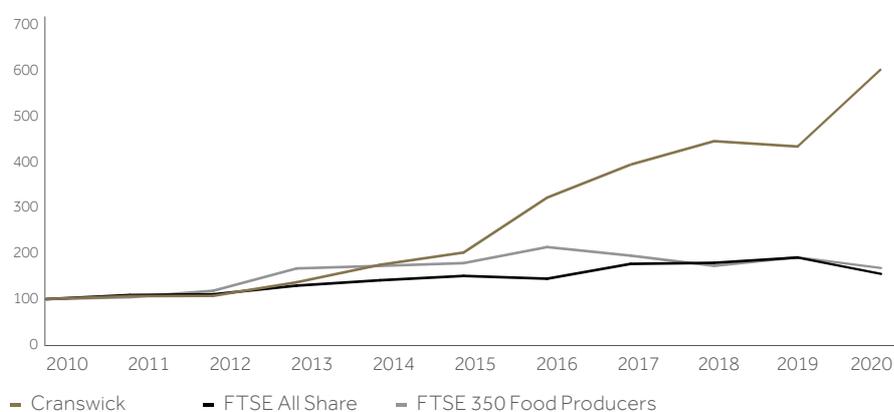


Adjusted earnings per share (p)

156.4p



Total shareholder return



Remuneration in 2020

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).

Targets

Bonus

100%

Adjusted profit before tax

LTIP

50%

EPS

50%

Relative TSR

	Martin Davey	Adam Couch	Mark Bottomley	Jim Brisby
Salary	314	651	430	430
Benefits	33	34	33	32
Pension	63	130	86	86
Bonus	–	979	646	646
LTIP	552	1,082	717	717
SAYE	–	49	27	–
Total	962	2,925	1,939	1,911

Outcomes

Achieved Adjusted Group profit before tax of £102.3 million – 100 per cent of the maximum bonus opportunity achieved (150 per cent of salary). Performance measured over the three-year period ended 28 March 2020, EPS growth was RPI +6.9 per cent, and TSR was ranked in the 75th percentile of its comparator group. LTIP awards made in June 2017 will therefore vest in June 2020 in full in respect of the TSR element and at 98 per cent of the maximum in respect of the EPS element, in aggregate 99 per cent of the maximum (148.5 per cent of salary).

[Read more: see page 87 for more details.](#)

Remuneration for 2021

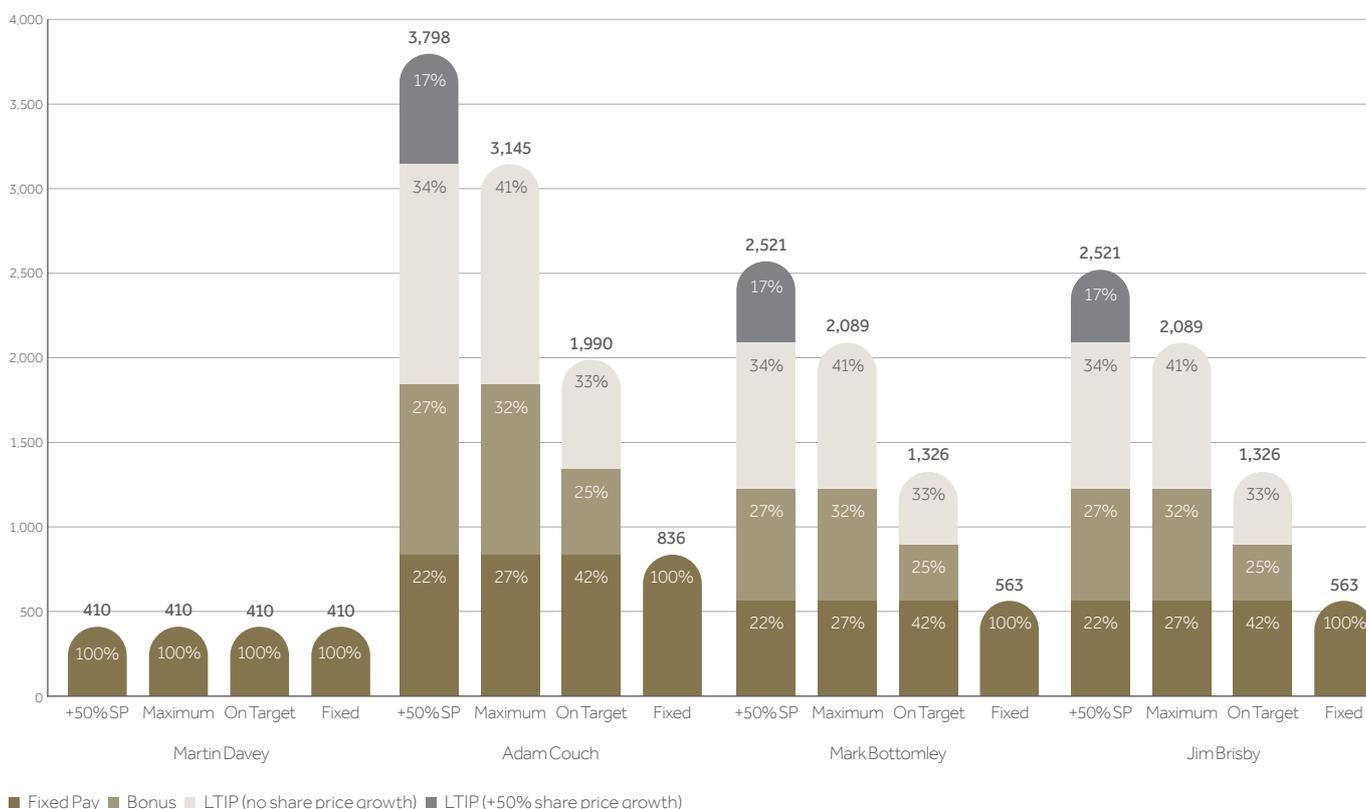
Salary	2.8% increase to Directors' salaries (other than Martin Davey) in line with Senior Executives and the wider workforce.
Bonus	Opportunities unchanged at 150% of salary for 2020/21. Stretching target – unchanged from previous years at 100% on Adjusted Group profit before tax.
LTIP awards	Opportunities unchanged at 200% of salary for 2020/21. Stretching target – unchanged from previous years at 50% on EPS and 50% on relative TSR.

98%

of total votes cast in favour of the Remuneration Committee's Report at last year's AGM.

Illustration of Application of Remuneration Policy for 2020/21

The following chart illustrates the potential pay opportunities for the Executive Directors under three different performance scenarios for the year ending 27 March 2021. 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.



In illustrating the potential reward, the following assumptions have been made:

	Fixed Pay	Annual Bonus	LTIP
Minimum performance	Base salary effective at 1 May 2020, employer pension contributions of 20% of that salary, and benefits disclosed in the single figure table for the year ended 28 March 2020.	No bonus	No LTIP vesting
Performance in line with expectations		Bonus equal to 50% of the opportunity is earned (i.e. 75% of salary).	LTIP vests as to 50% of the maximum award (100% of salary).
Maximum performance		Bonus equal to 150% of salary is earned.	LTIP vests in full (200% of salary).

Remuneration continued

Remuneration policy

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy (the 'Policy').

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 goal 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:

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Base salary			
To provide a market competitive base salary to attract and retain executives.	<p>Periodic reviews of market rates. Base salaries are ordinarily reviewed annually taking into account a number of factors including (but not limited to):</p> <ul style="list-style-type: none"> • the individual's skills, experience and responsibilities; • pay increases within the Group more generally; and • performance, group profitability and prevailing market conditions. <p>Any changes will usually take effect from 1 May.</p> <p>Martin Davey is entitled to an annual increase of not less than RPI under his service agreement agreed in 2006.</p>	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.	<p>Whilst there is no maximum salary, increases will normally be within the range of salary increases awarded (in percentage of salary terms) to other employees in the Group.</p> <p>However, higher increases may be awarded in appropriate circumstances, such as:</p> <ul style="list-style-type: none"> • an increase in scope of the role or the individual's responsibilities; • where an individual has been appointed to the Board at a lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience; • change in size and complexity of the Group; and/or • significant market movement. <p>Such increases may be implemented over such time period as the Committee deems appropriate.</p>
Pension			
To provide a framework to save for retirement.	<p>Executive Directors are entitled to non-contributory membership of the Group's defined contribution pension scheme.</p> <p>Alternatively, at their option, Executive Directors may receive a cash payment in lieu of pension contribution, subject to the normal statutory deductions.</p> <p>Pension contributions may also be made in lieu of salary.</p>	N/A	Maximum employer pension contribution and/or cash payment in lieu, up to 20 per cent of base salary.

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Benefits			
To provide market competitive benefits as part of the remuneration package.	<p>Market competitive benefits principally comprise health insurance (which may include coverage for the director's spouse and dependent children), personal tax advice, pension advice and Company car allowance or the provision of a Company car and running costs.</p> <p>Additional benefits might be provided from time to time if the Committee decides payment of such benefits is appropriate.</p> <p>Benefits are not pensionable.</p>	N/A	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value is set at a level which the Committee considers to be appropriately positioned, taking into account relevant market levels based on the nature and location of the role and individual circumstances.
Annual bonus			
To incentivise and reward Executive Directors and Senior Executives for performance in the year against targets linked to the delivery of the Company's strategic priorities.	<p>Measures and targets are reviewed annually and any pay-out is determined by the Committee after the year end, based on performance against targets set for the financial period.</p> <p>The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance.</p> <p>Where a bonus opportunity is offered in excess of 100 per cent of salary to an Executive Director appointed on or after the date on which this policy becomes effective, any bonus earned in excess of 100 per cent of salary will be deferred into shares for up to two years until the Executive Director has satisfied the shareholding guidelines. Deferral of any bonus is subject to a de minimis limit of £10,000.</p> <p>The Committee may make an additional payment (in cash or shares) in respect of deferred shares to reflect the value of dividends which would have been paid on those shares during the period from grant to release (this payment may assume that dividends had been reinvested in shares on a cumulative basis).</p> <p>Bonuses are non-pensionable.</p> <p>There is a clawback and malus arrangement in place should the need arise, for misstatement, performance error and misconduct by a participant. Clawback may be applied for up to two years following the payment of the cash element of the bonus, and may be effected in relation to any deferred share award by the cancellation of that award before it vests.</p>	The bonus will be based on the achievement of targets with stretching performance measures and respective weightings (where more than one measure is used) set each year dependent on the Group's strategic priorities.	<p>The maximum opportunity is 150 per cent of base salary.</p> <p>The bonus for achieving threshold performance is 20 per cent of salary (13 per cent of the maximum opportunity).</p>
Share-based awards			
A Save As You Earn (SAYE) share 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.	N/A	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 £500 per month and the maximum discount is 20 per cent.

Remuneration continued

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
LTIP			
<p>Long Term incentive (LTIP) awards provide a clear link between the remuneration of Executive Directors and the creation of value for Shareholders by rewarding the achievement of longer term strategic priorities aligned to Shareholder interests.</p>	<p>The LTIP awards may take the form of nil (or nominal) cost share options or conditional awards.</p> <p>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.</p> <p>Awards will usually vest following assessment of the achievement of demanding targets relating to total Shareholder return (TSR) and earnings per share (EPS). 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 holding period is structured on the latter basis, the participant may be entitled to an additional payment (in cash or shares) in respect of vested shares to reflect the value of dividends paid on shares from the start of the holding period until the date on which the Executive Director is entitled to acquire shares.</p> <p>There is a clawback and malus arrangement in place should the need arise, for misstatement, performance error and misconduct by a participant. Clawback may be applied for up to two years following vesting, and may be effected in relation to any award during a holding period by the cancellation of that award before the participant becomes entitled to acquire shares. Clawback and malus may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.</p>	<p>Performance measures for LTIP awards are typically assessed over a period of three years and will be based on financial measures, which may include but are not limited to EPS growth and relative TSR. Where more than one measure is used, the weightings will be determined by the Committee taking into account the Company's key strategic priorities.</p> <p>Threshold vesting will not be at more than 41.25 per cent of salary used to determine the value of the award at grant. The award vests in full for maximum performance.</p>	<p>The normal maximum award level under 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.</p> <p>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.</p>

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Fees and benefits payable to Non-Executive Directors			
To pay fees at a level that reflects market conditions and are sufficient to attract and retain individuals of the appropriate calibre.	<p>The fees of the Non-Executive Directors are determined by the Board and reviewed periodically.</p> <p>On appointment a non-executive Chairman's, fees would be determined by the Committee.</p> <p>Non-Executive Directors are paid a basic fee with additional fees paid for chairing Committees and for the role of Senior Independent Director.</p> <p>Non-Executive Directors are not eligible to participate in any of the Group's share schemes, incentive schemes or pension schemes.</p> <p>Non-Executive Directors may be eligible to receive benefits such as travel costs and other reasonable expenses.</p>	N/A	Fees are set taking into account the responsibilities of the role and the expected time commitment.

Differences in policy on remuneration of Executive Directors from policy on remuneration of employees generally

The Company aims to provide a remuneration package that is market competitive and which reflects responsibility and role scope. Accordingly Executive Directors have a greater weighting towards long-term and performance based remuneration.

Shareholding guidelines

To promote alignment between Executive Directors' and Shareholders' interests, the Committee has adopted formal shareholding guidelines for Executive Directors. Each Executive Director is required to hold shares acquired through the LTIP and any deferred bonus award (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 or deferred bonus award 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 guidelines, on a net of assumed tax basis.

Shares subject to a deferred bonus award count towards the shareholding guidelines, on a net of assumed tax basis.

Annual bonus performance targets

The structure of the performance targets applicable to annual bonus awards to be made in a particular year will be set out in the implementation section of the Annual Report on Remuneration which precedes that year rather than in this remuneration policy report. The actual targets will not be disclosed in advance as they are considered to be commercially sensitive information; however, the details will be disclosed retrospectively, provided they are not considered commercially sensitive at that time.

Historically, Group profit before tax, as adjusted for acquisitions, disposals and other non-trading items, was the sole metric against which the annual bonus award was assessed. Although there is currently no intention to move away from PBT, the policy has been amended to allow flexibility for the Committee to introduce other financial and/or strategic measures, if deemed necessary, to provide an appropriately balanced and stretching incentive. Again, such metrics will be disclosed in the implementation section.

The Committee may vary or substitute any performance measure if an event occurs which causes it to determine that it would be appropriate to do so, provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the measure materially less demanding. 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 measures for LTIP awards will be based on financial measures, with the chosen measures determined by the Committee taking into account strategic priorities. 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 Committee may vary or substitute any performance measure if an event occurs which causes it to determine that it would be appropriate to do so, provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the measure materially less demanding. 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 accordance with the plan rules, 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 to settle awards in cash or to grant awards as rights to cash payments calculated by reference to a notional number of shares.

Remuneration continued

Recruitment Remuneration Policy

When appointing a new Executive Director, the Committee will typically align the remuneration package with the above Policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension will only be provided in line with the above Policy.
- The Committee will not offer non-performance related incentive payments (for example a 'guaranteed sign-on bonus').
- Other elements may be included in the following circumstances:
 - an interim appointment being made to fill an Executive Director role on a short-term basis;
 - if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
 - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
 - if the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.
- The Committee may also alter the performance measures, performance period, vesting period, deferral period and holding period of the bonus or LTIP, subject to the plan rules, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.
- The maximum level of variable remuneration which may be granted (excluding 'buyout' awards as referred to below) is 400 per cent of salary.

The Committee may make payments or awards in respect of appointing an Executive Director to 'buyout' remuneration arrangements forfeited on leaving their previous employer. In doing so, the Committee will take into account relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buyout' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. 'Buyout' awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within 12 months of joining Cranswick, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under Cranswick's existing share plans. If necessary and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which will allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of appointment.

Policy on payment for loss of office

Individual Directors' eligibility for the various elements of remuneration is set out below:

Provision	Treatment upon loss of office
Fixed remuneration	<p>Salary/fees, benefits and pension contributions/salary supplement will be paid to the date of termination.</p> <p>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 or applicable salary supplement or contribution in lieu of salary) for that period.</p> <p>Under the terms of his service agreement, if Martin Davey's employment is terminated by the Company without giving 12 months' notice (other than for circumstances justifying summary dismissal) liquidated damages are payable calculated based on Martin Davey's annual salary, benefits and pro rata bonus entitlement.</p>
Annual Bonus	<p>This will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will be dependent upon a number of factors including the circumstances of their 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 disapply) time based prorating.</p> <p>If bonus deferral would otherwise apply to any bonus for the year of termination or prior year, the Remuneration Committee may pay the full bonus earned in cash.</p> <p>Any outstanding deferred bonus awards would typically continue (other than in the event of summary dismissal 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 or at an alternative date before the originally anticipated date.</p>
LTIP	<p>Unvested LTIP awards will lapse on cessation of employment, unless cessation is as a result of death, injury, ill health, disability, redundancy, retirement with the agreement of the Company or other circumstances at the discretion of the Committee. In these 'good leaver' scenarios, awards will usually vest at the normal vesting date subject to the satisfaction of the 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.</p> <p>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.</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of accrued holiday pay, and outplacement and legal fees.</p> <p>Options under the SAYE scheme will vest on cessation in accordance with the plan rules, which do not allow for discretionary treatment.</p>
Change of control	<p>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.</p> <p>Deferred bonus awards will vest in full on a change of control.</p>

Options under the SAYE scheme will vest on a change of control.

Where appropriate the Committee would have regard to the departing Executive Director's duty to mitigate loss. Other than as described above, 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 would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

The Non-Executive Directors are not entitled to compensation on termination of their appointment in excess of their outstanding fee entitlement.

Remuneration continued

Service contracts

The Remuneration Committee's current policy is not to enter into employment contracts with any element of notice period in excess of one year. Accordingly, the following Executive Directors have a one year rolling contract: Adam Couch commencing 1 May 2006 (revised 1 August 2012), Mark Bottomley from 1 June 2009 and Jim Brisby from 26 July 2010.

The service contract for Martin Davey includes a one year notice period from 1 May 2006 except in the case of a change in control of the Company when the notice period is two years from the employer and three months' from the employee for the first six months following the change of control, thereafter it reverts back to a one year notice period from either party. The contract also has special provisions relating to liquidated damages requiring that the notice period stipulated in the contract will be paid in full, which has been described above in the policy on termination. These conditions were incorporated into new contracts several years ago when the Directors changed from contracts that had notice periods of up to three years. Whilst these contractual terms differ from the current policy, the Remuneration Committee has concluded that it would not be appropriate, in the circumstances, to seek to further amend the contractual terms agreed with this individual in 2006.

Non-Executive Directors

Each Non-Executive Director has an appointment letter – Kate Allum for three years from 1 July 2019, Mark Reckitt for three years from 1 May 2020, and Pam Powell and Tim Smith for three years from 1 April 2018. The continuing appointments are subject to annual re-election at the Company's Annual General Meeting.

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 Annual General Meeting.

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 the 2018 Annual Report came into effect, provided that the terms of payment were 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 an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

These legacy remuneration arrangements include the arrangements for Martin Davey referred to above in relation to the terms of his service agreement agreed in 2006.

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 by 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 eligible workforce participate in the SAYE scheme).

Consideration of Shareholders' views

The Committee believes that ongoing dialogue with major Shareholders, who have been updated on progress and performance during the year, is of key importance.

Annual Report on Directors' Remuneration

Directors' Remuneration (audited)

The table below sets out the single figure remuneration details of the Directors for the reporting year:

€'000	Salary and fees		Benefits		Bonus		LTIP*		Pension		SAYE		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Executive Directors														
Mark Bottomley	430	420	33	33	646	159	717	555	86	84	27	–	1,939	1,251
Jim Brisby	430	420	32	31	646	159	717	555	86	84	–	–	1,911	1,249
Adam Couch	651	635	34	33	979	240	1,082	840	130	127	49	–	2,925	1,875
Martin Davey	314	314	33	33	–	50	552	428	63	63	–	7	962	895
	1,825	1,789	132	130	2,271	608	3,068	2,378	365	358	76	7	7,737	5,270
Non-Executive Directors														
Kate Allum	59	53	–	–	–	–	–	–	–	–	–	–	59	53
Mark Reckitt	59	58	–	–	–	–	–	–	–	–	–	–	59	58
Pam Powell	51	51	–	–	–	–	–	–	–	–	–	–	51	51
Tim Smith	58	51	–	–	–	–	–	–	–	–	–	–	58	51
	227	213	–	–	–	–	–	–	–	–	–	–	227	213
Total	2,052	2,002	132	130	2,271	608	3,068	2,378	365	358	76	7	7,964	5,483

* The values of the LTIP awards which vested in June 2019 have been updated for the actual share price on the date of vesting. In line with the regulations the values for 2020 are based on the average share price over the three month period to 28 March 2020 as these awards will not vest until June 2020 (see tables on page 88).

As reported last year the Executive Directors had pay awards in the year effective from 1 May 2019 of:

	From 1 May 2019		
Adam Couch	£652,450	2.5%	In line with wider workforce
Jim Brisby	£431,300	2.5%	In line with wider workforce
Mark Bottomley	£431,300	2.5%	In line with wider workforce
Martin Davey	£314,250	0%	No change

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 (2019: 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 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.

Bonus targets were adjusted upwards during the year to reflect the impact of the acquisition of Katsouris Brothers, Packington Pork and the Buckle family pig farming business. The Committee is satisfied that the recalibrated targets are appropriate, having regard to changes in the Group, and are no less stretching than the original targets.

The performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £106.7 million. This resulted in a bonus award of 150 per cent of salary as shown below. The Committee considers the level of payout is reflective of the overall performance of the Group in the year and is appropriate.

	Threshold	On Target		Maximum	Actual
Adjusted Group profit targets	£90.9m	£95.5m	£99.9m	£102.9m	£106.7m
Bonus payable	20%	50%	100%	150%	150%

This award is reflected in the table above.

Remuneration continued

LTIP award vesting in respect of the year ended 28 March 2020 (audited)

The Remuneration Committee makes awards under the LTIP in order to ensure that Executive Directors and Senior Management are involved in the longer term success of the Group. Options awarded can only be exercised if certain performance criteria are achieved by the Group. The performance criteria for the 2017 LTIP awards that will vest in June 2020 are as follows:

- 50 per cent of each award is subject to an earnings per share (EPS) target measured against average annual increases in the Retail Price Index (RPI) over a three year period. The EPS target allows 25 per cent of the shares subject to the target to vest at an average annual outperformance above RPI of 3 per cent and 100 per cent of the shares to vest at an average annual outperformance of 7 per cent with outperformance between 3 and 7 per cent rewarded pro-rata.
- 50 per cent is aligned to a total Shareholder return (TSR) target measured against a comparable group of companies over a three year period. The TSR target allows 30 per cent of the shares subject to the target to vest at the 50th percentile and 100 per cent at the 75th percentile with performance between the 50th and 75th percentiles rewarded pro-rata.

The comparison companies used are: Associated British Foods plc, AG Barr plc, Britvic plc, Carrs Milling Industries plc, Devro plc, Greencore Group plc, Hilton Food Group plc, Kerry Group plc, McBride plc, Premier Foods plc and Tate and Lyle plc.

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 28 March 2020 relates to awards made in June 2017 with a performance criteria based on the three years ended 28 March 2020 that will vest in June 2020 calculated at the average price for the three months ended on 28 March 2020 of 3,482 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gave an outperformance of 6.9 per cent over the average increase in RPI so achieving a 98 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business achieved an increase of 100 per cent and put the Company second in its comparative group which was at the 75th percentile achieving an award of 100 per cent. The total award of 99 per cent of maximum (148.5 per cent of salary) is reflected in the table on page 87, and below. The Committee considers the level of payout is reflective of the overall performance of the Group over the three-year performance period ended 28 March 2020 and is appropriate.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 June 2017	20,800	99%	20,592	3,482p	£717,013
Jim Brisby	1 June 2017	20,800	99%	20,592	3,482p	£717,013
Adam Couch	1 June 2017	31,400	99%	31,086	3,482p	£1,082,415
Martin Davey	1 June 2017	16,000	99%	15,840	3,482p	£551,549

The 2017 LTIP awards with performance period ended 28 March 2020, was granted on 1 June 2017 when the share price was 2,960p. The three month average share price ended on 28 March 2020 was 3,482p. This equated to an increase in value of 522 pence per share due to vest in June 2020. The proportion of the value attributable to share price growth is therefore 15%. The Committee did not exercise discretion in respect of the share price appreciation.

True-up of awards vested in respect of the year ended 30 March 2019 for share price on vesting date (audited)

The value of the LTIP for the year ended 30 March 2019 relates to awards, made in 2016, with a performance criteria based on the three years ended 30 March 2019 that vested in June 2019, updated for the actual vesting share price of 2,684p. The EPS element of the award achieved 100 per cent of its performance target and 61 per cent was achieved under the TSR measure giving an overall award of 80.5 per cent (121 per cent of salary) and this is reflected in the 2019 column of the table on page 87 and in the table below.

	Date of grant	Options awarded	Value of award as at 30 March 2019 based on an average price of 2,678p	Value of award when vested in June 2019 at the market price of 2,684p
Mark Bottomley	1 June 2016	20,688	£554,025	£555,266
Jim Brisby	1 June 2016	20,688	£554,025	£555,266
Adam Couch	1 June 2016	31,314	£838,589	£840,468
Martin Davey	1 June 2016	15,939	£426,846	£427,803

LTIP awards granted during the year ended 28 March 2020 (audited)

Details of the nil-cost LTIP options granted in the year under the LTIP are set out below:

	Date of grant	Basis of award	Number of shares	Share price at grant*	Face value of shares	Vesting at minimum performance	End of performance period
Mark Bottomley	1 June 2019	200% of salary	31,800	2,728p	£867,504	20.6%	26 March 2022
Jim Brisby	1 June 2019	200% of salary	31,800	2,728p	£867,504	20.6%	26 March 2022
Adam Couch	1 June 2019	200% of salary	48,100	2,728p	£1,312,168	20.6%	26 March 2022

* Based on the average of the mean high/low share price for the three days preceding the grant date of the options

Details of the performance targets for the LTIP granted during the year ended 2020 are as follows:

Average annual percentage growth in EPS	Vesting percentage
RPI + 3% p.a.	18.75%
Growth between RPI + 3% p.a. and RPI + 9% p.a.	Straight-line vesting
RPI + 9% p.a.	100%
TSR performance	Vesting percentage
Median	22.5%
Between median and upper decile	Straight-line vesting
Upper decile	100%

The Committee 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 3, 5 or 7 years ago that have had their full contribution paid by the Executive Director and have been exercised in the year. The awards exercised in 2019 and 2020 by Adam Couch had exercise prices of 579 pence and 1,187 pence respectively and a market value of 2,644 pence and 3,534 pence respectively. The awards exercised by Mark Bottomley in 2020 had an exercise price of 1,187 pence and a market value of 3,330 pence. The notional gains are shown in the 2020 column of the table on page 91.

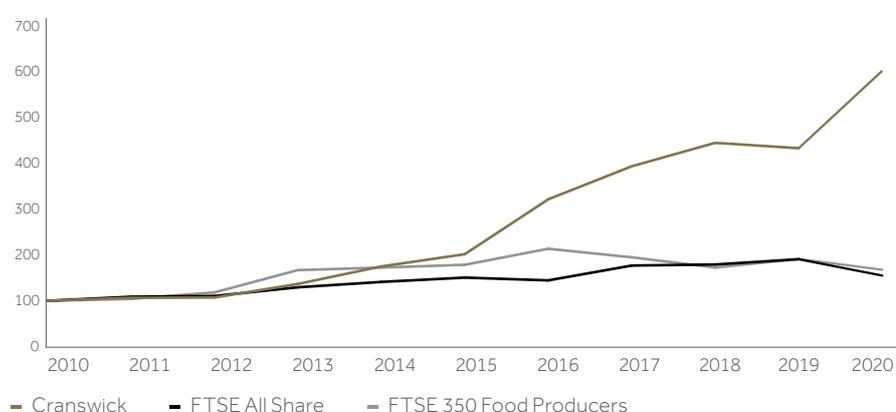
Payments to past Directors (audited)

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 2010) in the Total Shareholder Return (with dividends reinvested) for each of the last ten years on a 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



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.

£'000	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Base salary	483	508	505	542	562	588	599	616	635	651
Benefits	25	28	28	31	29	29	31	32	33	34
Pension	97	102	86	108	112	118	120	123	127	130
Bonus	107	453	639	252	843	882	898	925	240	979
LTIP	207	243	171	149	825	1,148	1,341	1,793	840	1,082
SAYE	–	6	7	–	–	38	–	–	–	49
CEO total remuneration	919	1,340	1,436	1,082	2,371	2,803	2,989	3,489	1,875	2,925
Bonus award against maximum opportunity	14%	56%	80%	31%	100%	100%	100%	100%	25%	100%
LTIP vesting against maximum opportunity	100%	93%	43%	25%	87%	100%	100%	100%	80.5%	99%

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.

Change in total remuneration of the Chief Executive compared to employees (unaudited)

The table below shows the percentage change from 2019 to 2020 in the Chief Executive's salary compared to the change for all permanent employees of the business (excluding all Board Directors).

	Salary	Benefits	Bonus
Chief executive	+2.5%	+3.0%	+307.1%
All other employees* (excluding all Board Directors)	+10.1%	+3.8%	+239.0%

* Includes the impact of pay awards, growth in employee numbers and corporate activity.

Remuneration continued

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.

Year	Method*	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option A	91:1	79:1	63:1
2020	Option A	120:1	101:1	79:1

2019	Chief Executive	25th percentile	Median	75th percentile
Salary	635	18	21	28
Total Remuneration	1,875	21	24	30

2020	Chief Executive	25th percentile	Median	75th percentile
Salary	651	19	23	32
Total Remuneration	2,923	24	29	37

* The Company used 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 method. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at the financial year end and incorporated all components of employee remuneration. Employees' involvement in the Group's performance is encouraged, with all employees employed on the relevant offer date eligible to participate in the SAYE schemes. Certain employees also participate in discretionary bonus schemes.

The Chief Executive remuneration for the year ended 30 March 2019 is the total single figure remuneration figure as disclosed on page 87, which has been adjusted to reflect the actual LTIP vesting (further information on page 88). This adjustment has not affected the CEO pay ratios for the year ended 30 March 2019 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). The workforce comparison has not excluded any component of total pay and benefits.

2020 has been an excellent year for Cranswick resulting in an increase for 'pay for performance' remuneration for employees, including the Executive Directors. A substantial proportion of the Chief Executive's total remuneration is performance related. The ratios will therefore depend significantly on the Chief Executive's annual bonus and LTIP outcome, and may fluctuate year-to-year, because of this, the CEO pay comparator for 2020 has increased. In respect of the median employee (50th percentile) total remuneration has increased from £24k to £29k.

Relative importance of the spend on pay (unaudited)

The table below shows the total remuneration paid across the Group together with the total dividend paid and share buybacks in respect of 2020 and the preceding financial year. There have been no share buybacks during 2020 and 2019.

Pay against distributions	2020 £'m	2019 £'m	Change %
Remuneration paid to all employees*	208.7	183.3	+13.8%
Total dividends paid and share buybacks in the year	29.4	28.0	+5.0%

* Includes the impact of pay awards, growth in employee numbers and corporate activity.

Outstanding share awards (audited)

The interests of the Executive Directors in the LTIP and SAYE schemes were as follows:

Long Term Incentive Plan (audited)

	Year of award	At 31 March 2019 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 28 March 2020 Number	Exercise price p	Market price at grant p
Mark Bottomley	2016	25,700	–	(20,688)	(5,012)	–	nil	2,333
	2017	20,800	–	–	–	20,800	nil	2,960
	*2018	25,500	–	–	–	25,500	nil	3,308
	2019	–	31,800	–	–	31,800	nil	2,674
Jim Brisby	2016	25,700	–	(20,688)	(5,012)	–	nil	2,333
	2017	20,800	–	–	–	20,800	nil	2,960
	*2018	25,500	–	–	–	25,500	nil	3,308
	2019	–	31,800	–	–	31,800	nil	2,674
Adam Couch	2016	38,900	–	(31,314)	(7,586)	–	nil	2,333
	2017	31,400	–	–	–	31,400	nil	2,960
	*2018	38,600	–	–	–	38,600	nil	3,308
	2019	–	48,100	–	–	48,100	nil	2,674
Martin Davey	2016	19,800	–	(15,939)	(3,861)	–	nil	2,333
	2017	16,000	–	–	–	16,000	nil	2,960
	*2018	19,100	–	–	–	19,100	nil	3,308

* Each of the Executive Directors, was also granted a tax qualifying option over 910 ordinary shares at an exercise price of £32.93 per ordinary share which is linked to the LTIP awards such that, at the time of exercise, to the extent that there is a gain in the tax qualifying option, the LTIP will be scaled back to the value of that gain.

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 88. The range of exercise dates are 1 June 2020 to 1 June 2029.

The LTIP, issued in 2017, which vests in June 2020, will achieve 98 per cent of the EPS target and 100 per cent of the TSR target giving a share award of 99 per cent of the maximum award.

The following Directors exercised LTIP share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Gain on exercise £'000
Mark Bottomley	20,688	28 June 2019	nil	2,565	531
Jim Brisby	20,688	28 June 2019	nil	2,565	531
Adam Couch	31,314	28 June 2019	nil	2,565	803
Martin Davey	15,939	28 June 2019	nil	2,565	409

Savings related share option scheme (audited)

	Year of award	At 31 March 2019 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 28 March 2020 Number	Exercise price p	Range of exercise dates
Mark Bottomley	2014	1,276	–	1,276	–	–	1,187	1 Mar 2020–1 Sep 2020
	2018	401	–	–	–	401	2,239	1 Mar 2022–1 Sep 2022
Jim Brisby	2014	1,276	–	–	–	1,276	1,187	1 Mar 2020–1 Sep 2020
	2018	669	–	–	–	669	2,239	1 Mar 2022–1 Sep 2022
Adam Couch	2011	936	–	936	–	–	579	1 Mar 2019–1 Sep 2019
	2014	1,276	–	1,276	–	–	1,187	1 Mar 2020–1 Sep 2020
	2015	667	–	–	–	667	1,456	1 Mar 2021–1 Sep 2021
	2017	205	–	–	–	205	2,565	1 Mar 2023–1 Sep 2023
	2019	–	591	–	–	591	2,534	1 Mar 2025–1 Sep 2025
Martin Davey	2017	350	–	–	–	350	2,565	1 Mar 2021–1 Sep 2021
	2018	401	–	–	–	401	2,239	1 Mar 2022–1 Sep 2022

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 savings related share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Gain on exercise £'000
Adam Couch	936	6 June 2019	579	2,644	19.3
	1,276	5 March 2020	1,187	3,534	30.0
Mark Bottomley	1,276	1 March 2020	1,187	3,330	27.3

Minimum Shareholding

The Remuneration Committee has recommended that the Executive Directors hold shares in the Company worth 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)

	LTIP (Unvested, subject to performance)*	LTIP (Vested unexercised)**	SAYE (Non-performance related)	Number of shares held as at 28 March 2020	Value of shares held as a % of base salary	Target %
Mark Bottomley	57,300	20,592	1,677	89,830	724	200
Jim Brisby	57,300	20,592	1,945	96,258	776	200
Adam Couch	86,700	31,086	3,084	162,482	866	200
Martin Davey	45,400	15,840	751	169,611	1,877	200
Mark Reckitt	–	–	–	1,300	–	–
Tim Smith	–	–	–	1,500	–	–
Pam Powell	–	–	–	1,000	–	–

* Not including tax qualifying options granted to each of the Executive Directors.

** LTIP awards are due to vest in June 2020 with the performance criteria now completed.

The share price at 28 March 2020 of 3,478p 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 29 March 2020 to 23 June 2020.

Remuneration continued

Remuneration for the year ending 27 March 2021

The Executive Directors (other than Martin Davey who waived his contractual entitlement to an increase) were awarded an increase of 2.8 per cent which is consistent with the average increase awarded to Senior Executives and to other employees in the Group taking into account local practices and regional variations in pay and conditions.

Following the increase in pay, which will be applicable from 1 May 2020, the Executive Directors' base salaries will be:

Director	New salary	Rationale
Mark Bottomley	£443,400	Increase in line with workforce
Jim Brisby	£443,400	Increase in line with workforce
Adam Couch	£670,750	Increase in line with workforce
Martin Davey	£314,250	No change

The 2021 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 2021 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2021 Annual Report, provided they are not considered commercially sensitive at that time. There are four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salaries with a straight line pro-rata award for profits falling between the targets.

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 88.

Advisers to the Committee

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 2020 and has provided general remuneration advice and share scheme advice to the Company. Deloitte's fees for providing remuneration advice to the Committee were £6,120 for the year ended 28 March 2020. Deloitte also provides consultancy services to the Group. However, the Committee have 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 its consideration of 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 2019 Remuneration Committee Report was passed on a poll at the Company's last AGM held on 29 July 2019. The votes cast in respect of the resolution were:

Remuneration Committee Report	Number	%
For	40,795,320	98.35
Against	685,449	1.65
Withheld	238,789	—

The resolution to approve the 2020 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:

Remuneration policy	Number	%
For	37,739,458	98.07
Against	743,793	1.93
Withheld	19,966	—

Remuneration disclosure

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

23 June 2020