

REMUNERATION

THE REMUNERATION COMMITTEE

The Remuneration Committee establishes the 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

There were four meetings held during the year. The attendance of members at the meetings was as follows:

Committee Members	Meetings attended
Kate Allum – Chair*	4
Steven Esom**	3
Mark Reckitt	4
Pam Powell***	4
Tim Smith***	4

* Chair of the Remuneration Committee from 22 November 2018.

** Steven Esom retired as a Director and as a member of the Remuneration Committee on 22 November 2018 and attended the maximum number of meetings whilst a Director.

*** Pam Powell and Tim Smith were appointed as Directors on 1 April 2018.

KEY ACTIVITIES IN 2018/19

Review of 2018 Corporate Governance Code

- Reviewed requirements of the new Corporate Governance Code.
- Reviewed and amended the Committee's terms of reference.

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 2019 for Executive Directors and Senior Executives.
- Reviewed the achievement of the Executive Directors' bonus arrangements against 2018 targets.

OTHER REGULAR ATTENDEES

- The Chairman, Chief Executive and Finance 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.

LTIP awards

- Reviewed the outcome of performance conditions for the LTIP awards which were granted in 2015.
- Approved LTIP awards granted in 2018.

Shareholder engagement

- Engaged with major Shareholders in relation to remuneration.

Other Activities

- Reviewed the Annual Remuneration Report for 2018.
- Reviewed employee benefit structures and approved the issue of the SAYE share scheme for 2018.

REMUNERATION COMMITTEE REPORT

STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

On behalf of the Remuneration Committee and the Board, I am pleased to present, as the newly appointed Chair of the Remuneration Committee, the Remuneration Committee Report for the year ended 31 March 2019.

Our new Remuneration Policy was approved by Shareholders at the 2018 AGM with over 98 per cent of the votes cast in favour of it, and we were delighted to see similarly high levels of support for the other resolutions related to remuneration; further information is given on page 81.

The Company adopted a new Remuneration Policy at its 2018 AGM, which has been applied this year. However, in July 2018, the Financial Reporting Council published a new UK Corporate Governance Code which included a number of new requirements in relation to the operation of listed company remuneration committees and remuneration policies, which will apply in relation to the Company's next financial year.

Whilst a number of the new requirements were anticipated and incorporated in our new Remuneration Policy, the new Code includes a number of additional measures which will need to be addressed. The Remuneration Committee has

therefore considered the requirements of the new Code and agreed that a number of changes will be made to the Committee's terms of reference and the way in which the Company's Remuneration Policy will be applied going forward. These will be applied in the current financial year and, subject to Shareholder approval, will be formally adopted into the Company's remuneration policy when this is next approved by Shareholders (anticipated to be in 2021).

A summary of the key changes proposed by the 2018 UK Corporate Governance Code, which the Remuneration Committee's existing terms of reference and the Company's Remuneration Policy do not fully comply with, together with the approach the Company is taking to address these new requirements, is set out below.

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.

We have also included in this report a CEO pay ratio, comparing the remuneration of our CEO to that of the wider workforce. Although we are not required to include this until we publish our 2020 Directors' Remuneration Report, we have done so on a voluntary basis, the detail is set out on page 79.

Corporate Governance Code Requirement	Changes Adopted
Remuneration Committee role extended to setting remuneration for Senior Management (in addition to Executive Directors).	Terms of Reference have been revised to include setting remuneration for Senior Management (including the Company Secretary). The Remuneration Committee has also reviewed and agreed those Senior Executives within the Group who will now fall within the scope of the Remuneration Committee's extended role.
Remuneration Committee role extended to include review of workforce remuneration and related policies and alignment of incentives and rewards with culture and taking these into account when setting the policy for Executive Director remuneration.	Terms of Reference have been revised to reflect the new requirements. The Committee has also been considering further practical measures to enable it to engage with the Group's workforce to explain how executive remuneration aligns with wider Group pay policy and to undertake such review. The Committee has, as part of its forward looking agenda, incorporated updates on wider workforce pay and related policies so that the Committee can review and understand how pay principles are applied across the Company. This includes base pay, benefits and all incentives and aspects of financial and non-financial rewards that drive behaviour.
Remuneration Committee Chair to have served as a remuneration committee member for at least 12 months prior to appointment.	Terms of Reference have been revised to require that future appointees as Chair have served on a remuneration committee for at least 12 months. The current Chair, Kate Allum, already satisfies this requirement.
The pension contribution rates for Executive Directors, or payments in lieu, should be aligned to those available to the workforce.	Under the Company's existing remuneration policy, a maximum employer pension contribution and/or cash payment in lieu, up to 20 per cent of salary is paid. Pension contributions for new Executive Directors will be aligned to those applicable to other employees and will be set at the time of appointment.
Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both vested and unvested shares.	The Company does not currently require Directors to continue to maintain a shareholding in the Company post-employment. Over the course of 2019, the Remuneration Committee will review developing market practice and emerging trends with regard to developing a post-employment shareholding policy. During this time, the Committee will consider developing a post-employment shareholding policy which encompasses vested and unvested shares.
Remuneration Committee should exercise independent judgement and discretion taking account of Company and individual performance and wider circumstances. Consideration should also be given to setting a limit on individual rewards.	The Remuneration Committee already has a discretion in relation to annual bonuses to amend outcomes where these do not reflect overall business performance. Going forward, new LTIP award performance conditions will be amended so that the Remuneration Committee is able to also exercise discretion in relation to these so that formulaic outcomes which do not reflect overall business performance can also be overridden.
Incentive schemes should include provisions that would enable the Company to recover or withhold sums or share awards in various circumstances including in the case of 'corporate failure' and 'serious reputational damage'.	For awards made from 2019 onwards, the existing malus and clawback provisions in the Group's bonus scheme and LTIP have been extended to include 'corporate failure' and 'serious reputational damage'.
Reputational and other risks from excessive rewards and behavioural risks that can arise from target-based incentive plans should be identified and mitigated.	As noted above, for awards made from 2019 onwards, existing malus and clawback provisions in the Group's bonus scheme and LTIP have been extended to include 'material failure in risk management'. The annual bonus and LTIP are awarded on a percentage of salary basis which mitigates the risk of excessive rewards.

COMPANY PERFORMANCE AND REMUNERATION OUTCOME FOR 2019

Cranswick has over recent years experienced impressive growth year on year both in relation to 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. However, over the course of 2019 the Group has faced challenging conditions which resulted in a marginal decrease in revenue (on a like-for-like basis) and a 4 per cent decline in the Company's share price over the last 12 months. This has resulted in a significant decrease in the bonus awarded to Executive Directors and a reduction in the Group's LTIP award (which is measured over a three-year period), further details of which are set out below and on the following pages. 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. 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 70 to 75 remain appropriate.

This report contains the following separate sections:

- **Part 1** – The Chair's annual statement on pages 66 and 67.
- **Part 2** – Remuneration at a glance on pages 68 and 69.
- **Part 3** – Full details of our remuneration policy approved at the 2018 AGM on pages 70 to 75.
- **Part 4** – The Annual Report on Remuneration on pages 76 to 81 which discloses how the existing policy has been applied during the year. Those elements of part 4 subject to external audit are clearly identified.

2019 BONUSES

Bonus awards for 2019 reflect the performance delivered in the year outlined below*. A bonus of 38 per cent of base salary has been awarded to each of the Executive Directors. In comparison, bonus awards for 2018 were 150 per cent of base salary for each of the Executive Directors. Further details are shown on page 76.

LTIP AWARDS VESTING IN RESPECT OF THE YEAR ENDING 31 MARCH 2019

The LTIP Awards granted in 2016 were based on the three-year performance period from April 2016 to March 2019 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 very strong, exceeding the maximum target of 7 per cent over the average increase in RPI and vesting at 100 per cent of the maximum. Performance in relation to TSR has been affected by the decline in the Company's share price following our third quarter trading statement with the Company being ranked in the 62nd percentile of its comparator group and, consequently, only 61 per cent of the TSR element of the award vesting. Consequently, 80.5 per cent of the overall maximum award will vest in June 2019 (i.e. 121 per cent of salary) for each Executive Director versus 100 per cent of the maximum award which vested in August 2018 (i.e. 150 per cent of salary). This is reflected in the table on page 77.

*2019 BONUSES

Measure	Threshold	Maximum	Actual
Adjusted profit before tax	£90.9m	£99.7m	£92.9m
Bonus payable	20%	150%	38%

Note: Adjusted profit before tax targets are stated before deduction of bonuses paid to Executive Directors and the Chief Operating Officer.

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 August 2018). These awards are reflected in the table on page 77. Each of the Senior Executives, including 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.

REMUNERATION IN RESPECT OF THE YEAR ENDING 31 MARCH 2020

Executive Directors (other than Martin Davey who waived his contractual entitlement to an increase this year) were awarded a pay increase of 2.5 per cent effective from 1 May 2019 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 31 March 2020. 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.

SHAREHOLDER ENGAGEMENT

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.

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

21 May 2019

REMUNERATION CONTINUED

REMUNERATION AT A GLANCE

OUR PERFORMANCE DURING THE YEAR

-0.2%

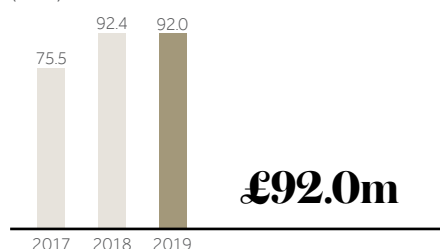
Like-for-like revenue decrease to £1,437.1m.

-4.0%

Share price decrease to 2,722p at 31 March 2019.

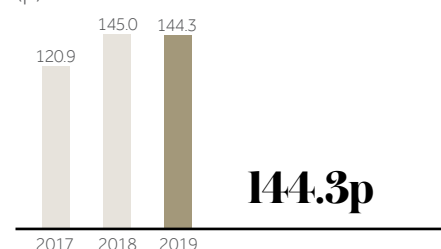
ADJUSTED PROFIT BEFORE TAX

(£'m)

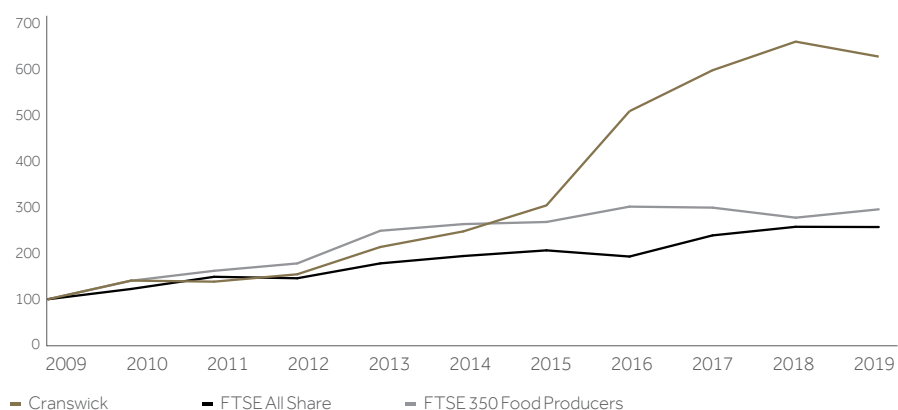


ADJUSTED EARNINGS PER SHARE

(p)



TOTAL SHAREHOLDER RETURN



See pages 18 to 23 for Strategic progress and KPIs

REMUNERATION IN 2019

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

See page 76 for more details

	Martin Davey	Adam Couch	Mark Bottomley	Jim Brisby
Salary	314	635	420	420
Benefits	33	33	33	31
Pension	63	127	84	84
Bonus	50	240	159	159
LTIP	427	839	554	554
SAYE	7	–	–	–
Total	894	1,874	1,250	1,248

OUTCOMES

Achieved Adjusted Group profit before tax of £92.0 million – 25 per cent of the maximum bonus opportunity achieved (38 per cent of salary). Performance measured over the three-year period ending 31 March 2019, EPS growth was RPI +10.39 per cent, and TSR was ranked in the 62nd percentile of its comparator group. LTIP awards made in June 2016 will therefore vest in June 2019 in full in respect of the EPS element and 61 per cent of the maximum in respect of the TSR element, in aggregate 80.5 per cent of maximum (121 per cent of salary).

REMUNERATION FOR 2020

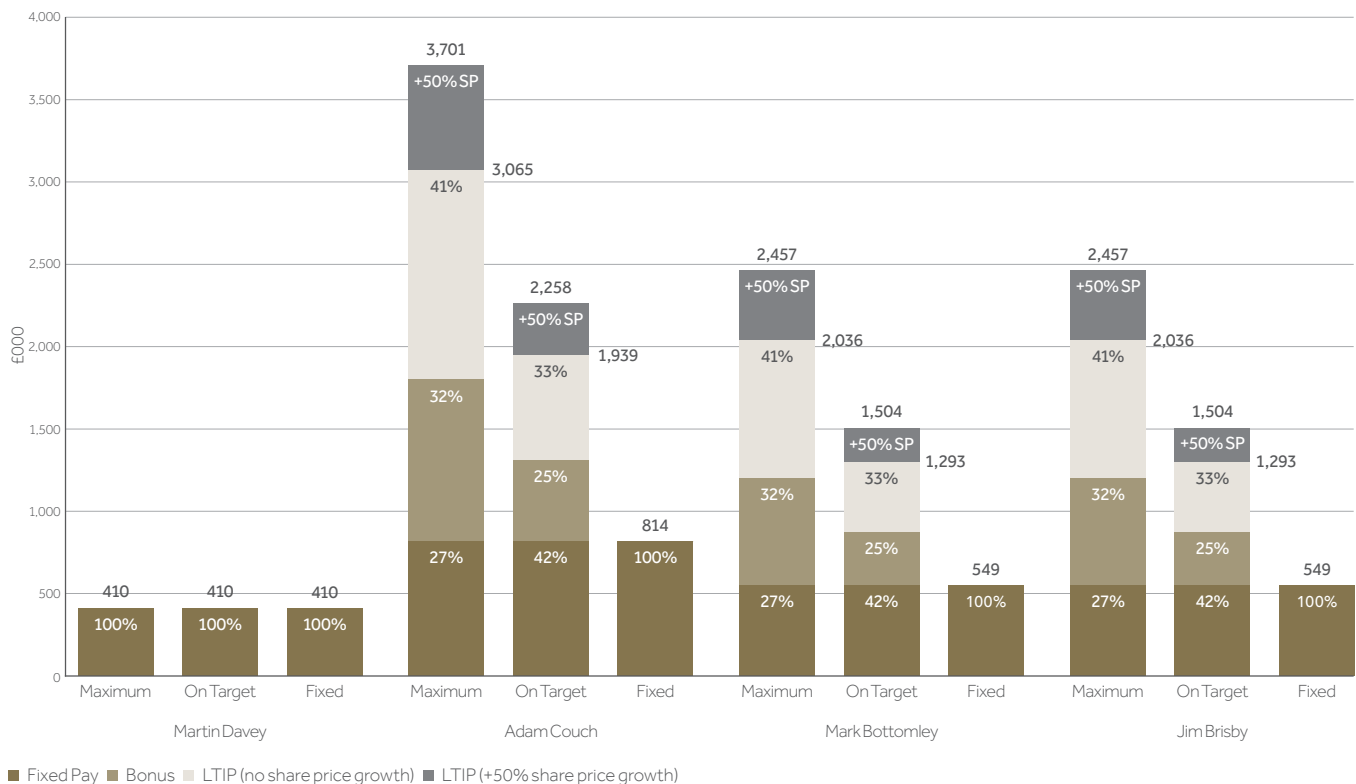
Salary	2.5% increase to Directors' salaries (other than Martin Davey) in line with Senior Executives and the wider workforce.
Bonus	Opportunities unchanged at 150% of salary for 2019-20. Stretching target – unchanged from previous years at 100% on Adjusted Group profit before tax.
LTIP awards	Opportunities unchanged at 200% of salary for 2019-20. Stretching target – unchanged from previous years at 50% on EPS and 50% on relative TSR.

>97%

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

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY FOR 2019/20

The following chart illustrates the potential pay opportunities for the Executive Directors under three different performance scenarios for the year ending 31 March 2020. 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 2019, employer pension contributions of 20% of that salary, and benefits disclosed in the single figure table for the year ending 31 March 2019.	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 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.

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	<p>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.</p> <p>At the date of approval of this Policy the maximum saving is £500 per month and the maximum discount is 20 per cent.</p>

REMUNERATION CONTINUED

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>
Fees and benefits payable to Non-Executive Directors			
<p>To pay fees at a level that reflects market conditions and are sufficient to attract and retain individuals of the appropriate calibre.</p>	<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>	<p>N/A</p>	<p>Fees are set taking into account the responsibilities of the role and the expected time commitment</p>

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.

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;
 - 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.

REMUNERATION CONTINUED

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.

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 2016, Mark Reckitt for three years from 1 May 2017, 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Executive Directors														
Mark Bottomley	420	407	33	31	159	611	554	1,188	84	81	–	–	1,250	2,318
Jim Brisby	420	407	31	30	159	611	554	1,178	84	81	–	–	1,248	2,307
Adam Couch	635	616	33	32	240	925	839	1,793	127	123	–	–	1,874	3,489
Martin Davey	314	313	33	31	50	470	427	933	63	63	7	13	894	1,823
	1,789	1,743	130	124	608	2,617	2,374	5,092	358	348	7	13	5,266	9,937
Non-Executive Directors														
Kate Allum	53	48	–	–	–	–	–	–	–	–	–	–	53	48
Steven Esom**	43	56	–	–	–	–	–	–	–	–	–	–	43	56
Mark Reckitt	58	56	–	–	–	–	–	–	–	–	–	–	58	56
Pam Powell***	51	–	–	–	–	–	–	–	–	–	–	–	51	–
Tim Smith***	51	–	–	–	–	–	–	–	–	–	–	–	51	–
	256	160	–	–	–	–	–	–	–	–	–	–	256	160
Total	2,045	1,903	130	124	608	2,617	2,374	5,092	358	348	7	13	5,522	10,097

* The values of the LTIP awards which vested in August 2018 have been updated for the actual share price on the date of vesting. In line with the regulations the values for 2019 are based on the average share price over the three month period to 31 March 2019 as these awards will not vest until June 2019 (see tables on page 77).

** Retired from the Board and as a Director on 22 November 2018.

*** Appointed to the Board on 1 April 2018.

As reported last year the Executive Directors had pay awards in the year effective from 1 May 2018 of:

	From 1 May 2018		
Adam Couch	£636,500	3%	In line with wider workforce
Jim Brisby	£420,750	3%	In line with wider workforce
Mark Bottomley	£420,750	3%	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 (2018: 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. In July 2018, the Non-Executive Directors fees were reviewed and it was agreed that, the basic fee for Non-Executive Directors be increased to £51,000 from £48,000, effective from 1 August 2018. No changes were made to the additional fees paid for chairing committees and for the role of Senior Independent Director, which remain at £8,000.

ANNUAL BONUS ARRANGEMENT (AUDITED)

The bonus scheme in operation is based on the achievement of Group profit 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 performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £92.9 million. This resulted in a bonus award of 38 per cent of salary as shown below.

	Threshold	On Target	Maximum	Actual
Adjusted profit targets	£90.9m	£94.3m	£97.5m	£92.9m
Bonus payable	20%	50%	100%	150%
				38%

This award is reflected in the table above.

LTIP AWARD VESTING IN RESPECT OF THE YEAR ENDING 31 MARCH 2019 (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 2016 LTIP awards that will vest in June 2019 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, Dairy Crest Group 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, which decides whether performance conditions have been met, 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 31 March 2019 relates to awards made in June 2016 with a performance criteria based on the three years ended 31 March 2019 that will vest in June 2019 calculated at the average price for the three months ending on 31 March 2019 of 2,678 pence. Over the three year performance period the EPS element of the award, based on the criteria set above, gave an outperformance of 10.39 per cent over the average increase in RPI so 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 per cent and put the Company 6th in its comparative group which was at the 62nd percentile achieving an award of 61 per cent. The total award of 80.5 per cent of maximum (121 per cent of salary) is reflected in the table on page 76, and below.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 June 2016	25,700	80.5%	20,688	2,678p	£554,025
Jim Brisby	1 June 2016	25,700	80.5%	20,688	2,678p	£554,025
Adam Couch	1 June 2016	38,900	80.5%	31,314	2,678p	£838,589
Martin Davey	1 June 2016	19,800	80.5%	15,939	2,678p	£426,846

TRUE-UP OF AWARDS VESTED IN RESPECT OF THE YEAR ENDING 31 MARCH 2018 FOR SHARE PRICE ON VESTING DATE (AUDITED)

The value of the LTIP for the year ended 31 March 2018 relates to awards, made in 2015, with a performance criteria based on the three years ended 31 March 2018 that vested in August 2018, updated for the actual vesting share price of 3,308p. The EPS element of the award achieved 100 per cent of its performance target and 100 per cent was achieved under the TSR measure giving an overall award of 100 per cent (150 per cent of salary) and this is reflected in the 2018 column of the table on page 76 and in the table below.

	Date of grant	Options awarded	Value of award as at 31 March 2018 based on an average price of 3,052p	Value of award when vested in August 2018 at the market price of 3,308p
Mark Bottomley	1 August 2015	35,900	£1,095,522	£1,187,572
Jim Brisby	1 August 2015	35,600	£1,086,367	£1,177,648
Adam Couch	1 August 2015	54,200	£1,653,963	£1,792,936
Martin Davey	1 August 2015	28,200	£860,549	£932,856

LTIP AWARDS GRANTED DURING THE YEAR ENDED 31 MARCH 2019 (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 August 2018	200% of salary	25,500	3,293	£839,799	20.6%	31 March 2021
Jim Brisby	1 August 2018	200% of salary	25,500	3,293	£839,799	20.6%	31 March 2021
Adam Couch	1 August 2018	200% of salary	38,600	3,293	£1,271,098	20.6%	31 March 2021
Martin Davey	1 August 2018	200% of salary	19,100	3,293	£628,963	20.6%	31 March 2021

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

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.

REMUNERATION CONTINUED

Details of the performance targets for the LTIP granted during the year ending 2019 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 awards are exercisable between 1 August 2021 and 1 August 2028, subject to performance. 50 per cent of the award depends on the performance of EPS and 50 per cent on TSR for the period from 1 April 2018 to 31 March 2021. If the minimum performance was achieved the EPS element would give 18.75 per cent and the TSR element would give 22.5 per cent; overall 20.6 per cent of the grant would vest (41.25 per cent of salary). As discussed in the 2018 Directors' Remuneration Report, vesting at threshold was set so that the same percentage of salary vested for threshold performance, notwithstanding the increase in opportunity.

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 and have been exercised in the year. The awards in 2019 exercised by Martin Davey had an exercise price of 1,456 pence and a market value of 2,514 pence. The notional gains are shown in the 2019 column of the table on page 76.

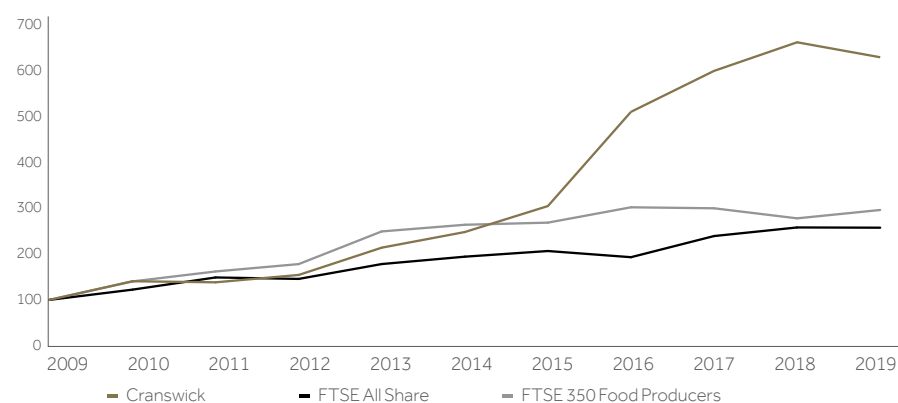
PAYMENTS TO PAST DIRECTORS (AUDITED)

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 2009) 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Base salary	464	483	508	505	542	562	588	599	616	635
Benefits	24	25	28	28	31	29	29	31	32	33
Pension	93	97	102	86	108	112	118	120	123	127
Bonus	705	107	453	639	252	843	882	898	925	240
LTIP	172	207	243	171	149	825	1,148	1,341	1,793	839
SAYE	–	–	6	7	–	–	38	–	–	–
CEO total remuneration	1,458	919	1,340	1,436	1,082	2,371	2,803	2,989	3,489	1,874
Bonus award against maximum opportunity	97%	14%	56%	80%	31%	100%	100%	100%	100%	25%
LTIP vesting against maximum opportunity	85%	100%	93%	43%	25%	87%	100%	100%	100%	80.5%

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 2018 to 2019 in the Chief Executive's salary compared to the change for all permanent employees of the business (excluding all Board Directors).

	Total pay	Salary	Benefits	Bonus
Chief executive	-46%	+2.5%	+3%	-74%
All other employees* (excluding all Board Directors)	+8%	+11%	+2%	-62%

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

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

2019	Chief Executive	25th percentile	Median	75th percentile
Salary	635	18	21	28
Total Remuneration	1,874	21	24	30

* 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 end of 2019. Employees' involvement in the Group's performance is encouraged, with all employees with 12 months service eligible to participate in the SAYE schemes. Certain employees also participate in discretionary bonus schemes. 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 median pay ratio is consistent with the company's wider policies on employee pay, reward and progression.

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 2019 and the preceding financial year. There have been no share buybacks during 2019 and 2018.

	2019 £'m	2018 £'m	Change %
Pay against distributions			
Remuneration paid to all employees*	183.3	177.6	3.2%
Total dividends paid and share buybacks in the year	28.0	23.4	19.7%

* 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 1 April 2018 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 31 March 2019 Number	Exercise price p	Market price at grant p
Mark Bottomley	2015	35,900	–	(35,900)	–	–	nil	1,628
	2016	25,700	–	–	–	25,700	nil	2,333
	2017	20,800	–	–	–	20,800	nil	2,960
	*2018	–	25,500	–	–	25,500	nil	3,308
Jim Brisby	2015	35,600	–	(35,600)	–	–	nil	1,628
	2016	25,700	–	–	–	25,700	nil	2,333
	2017	20,800	–	–	–	20,800	nil	2,960
	*2018	–	25,500	–	–	25,500	nil	3,308
Adam Couch	2015	54,200	–	(54,200)	–	–	nil	1,628
	2016	38,900	–	–	–	38,900	nil	2,333
	2017	31,400	–	–	–	31,400	nil	2,960
	*2018	–	38,600	–	–	38,600	nil	3,308
Martin Davey	2015	28,200	–	(28,200)	–	–	nil	1,628
	2016	19,800	–	–	–	19,800	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.

REMUNERATION CONTINUED

The performance periods run for three years from 1 April in each year and conclude on 31 March three years later and are exercisable on the attainment of certain performance criteria detailed on page 77. The range of exercise dates are 1 June 2019 to 1 August 2028.

The LTIP, issued in 2016, which vests in June 2019, will achieve 100 per cent of the EPS target and 61 per cent of the the TSR target giving a share award of 80.5 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	35,900	24 August 2018	nil	3,246	1,165
Jim Brisby	35,600	24 August 2018	nil	3,246	1,156
Adam Couch	54,200	24 August 2018	nil	3,246	1,759
Martin Davey	28,200	24 August 2018	nil	3,246	915

Savings related share option scheme (audited)

	Year of award	At 1 April 2018 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 31 March 2019 Number	Exercise price p	Range of exercise dates
Mark Bottomley	2014	1,276	–	–	–	1,276	1,187	1 Mar 2020–1 Sep 2020
	2017	350	–	–	350	–	2,565	1 Mar 2021–1 Sep 2021
	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 Sept 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
Martin Davey	2015	618	–	618	–	–	1,456	1 Mar 2019–1 Sep 2019
	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 Director exercised savings related share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Gain on exercise £'000
Martin Davey	618	1 March 2019	1,456	2,514	7

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 31 March 2019	Value of shares held as a % of base salary	Target %
Mark Bottomley	46,300	20,688	1,677	79,068	512	200
Jim Brisby	46,300	20,688	1,945	85,343	552	200
Adam Couch	70,000	31,314	3,084	144,673	619	200
Martin Davey	35,100	15,939	751	231,013	2,001	200
Mark Reckitt	–	–	–	1,300	–	–
Tim Smith	–	–	–	1,500	–	–

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

** LTIP awards are due to vest in June 2019 with the performance criteria now completed.

The share price at 31 March 2019 of 2,722p was used in calculating the percentage figures shown above. Kate Allum and Pam Powell have no interests in the Company at the present time. Steven Esom's share interests as at the date of retirement was 1,441 shares. There have been no further changes to the above interests in the period from 1 April 2019 to 21 May 2019.

REMUNERATION FOR THE YEAR ENDING 31 MARCH 2020

The Executive Directors (other than Martin Davey who waived his contractual entitlement to an increase) were awarded an increase of 2.5 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 2019, the Executive Directors' base salaries will be:

Director	New salary	Rationale
Mark Bottomley	£431,300	Increase in line with workforce
Jim Brisby	£431,300	Increase in line with workforce
Adam Couch	£652,450	Increase in line with workforce
Martin Davey	£314,250	No change

The 2020 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 2020 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2020 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 June 2020 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 77.

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 2019 and has provided general remuneration advice and share scheme advice to the Company. Deloitte's fees for providing remuneration advice to the Committee were £5,880 for the year ended 31 March 2019. 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 resolutions to approve the Remuneration Policy, 2018 Remuneration Committee Report and other resolutions related to remuneration were passed on a show of hands at the Company's last AGM held on 30 July 2018. The votes cast by proxy in respect of those resolutions were:

Remuneration Policy	Number	%
For	37,739,458	98.1
Against	743,793	1.9
Withheld	19,966	–

Remuneration Committee report	Number	%
For	37,486,795	97.4
Against	1,000,170	2.6
Withheld	16,252	–

Approval of amendments to the Company's Long Term Incentive Plan	Number	%
For	37,781,565	98.0
Against	761,323	2.0
Withheld	20,385	–

Approval of the Deferred Bonus Plan	Number	%
For	38,137,689	99.4
Against	225,542	0.6
Withheld	200,892	–

The share price at 31 March 2019 of 2,722p was used in calculating the percentage figures shown above.

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 principles of the 2016 UK Corporate Governance Code, the provisions applied from the 2018 UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority.



Kate Allum

Chair of the Remuneration Committee
21 May 2019