Remuneration Committee Report

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). The Remuneration Committee is mindful of consistency and fairness in Executive Directors' remuneration, taking into account the performance of the Company and experience of shareholders and the wider workforce.

The Remuneration Committee
The Remuneration Committee (the 'Committee') is a formal Committee of the Board. Its remit is set out in terms of reference adopted by the Board. The Committee's terms of reference were reviewed by the Committee and updated during the year. A copy of the terms of reference is available on the Group's website at **www.cranswick.plc.uk** within the Corporate Governance section. The Committee's performance against these terms of reference is reviewed on an annual basis and the Committee is satisfied that it has acted in accordance with its terms of reference during the year.

The primary purpose for the Committee, as set out in its terms of reference, is to set the Remuneration Policy 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	5/5
Mark Reckitt	5/5
Pam Powell	5/5
Tim Smith	5/5

Other regular attendees
- The Chairman, Chief Executive, Chief Financial Officer 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 2020/21

Review of Remuneration Policy
- Appointed independent remuneration consultants to advise the Committee.
- Reviewed the existing Remuneration Policy and proposed amendments.

Executive Director and Senior Executive remuneration
- Reviewed Executive Directors' and other Senior Executives' base salaries.
- Reviewed the Senior Management annual bonus structure.

Approval of bonuses
- Set objectives for the annual bonus arrangements for 2021 for Executive Directors and Senior Executives.
- Reviewed the achievement of the Executive Directors' bonus arrangements against 2020 target.

LTIP awards
- Reviewed the outcome of performance conditions for the LTIP awards which were granted in 2018.
- Approved LTIP awards granted in 2020.

Remuneration Committee Report continued

Shareholder engagement
- Engaged with major Shareholders in relation to proposed new Remuneration Policy.

Other activities
- Reviewed the Annual Remuneration Report for 2020.
- Reviewed employee benefit structures and approved the issue of the SAYE share scheme for 2020.
- Approved the Committee's terms of reference.

Statement by the Chair of the Remuneration Committee
On behalf of the Remuneration Committee and the Board, I am pleased to present the Remuneration Committee Report for the 52 weeks ended 27 March 2021.

This year we continued to apply the Remuneration Policy that was adopted in 2018, but which is due to expire in July. Consequently, we have also reviewed our existing policy with the help of independent executive remuneration consultants, Deloitte LLP, and will be asking Shareholders to approve a revised Remuneration Policy at the Company's AGM on 26 July 2021. A summary and explanation of the key changes proposed is set out on pages 91 and 92 with the full new Remuneration Policy set out in Part 3.

If the new Remuneration Policy is approved by Shareholders, it will become effective immediately for three years until the Company's Annual General Meeting in 2024. As with prior years, Shareholders will also be asked to pass an advisory vote on the Annual Report on Remuneration at the forthcoming AGM.

Company performance
Over the course of 2020/21 the Group has built on its strong performance in 2019/20 with strong organic growth, the expansion of the Group's fresh poultry facility at Eye and opening of a new cooked bacon facility in Hull with adjusted profit increasing by 26.8 per cent and adjusted earnings per share price increasing by 27.4 per cent. The Remuneration Committee believes it is important that the Executive Directors' interests are aligned with the Company's strategic vision and the interests of Shareholders and that the incentive outcomes reported 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 and has continued to operate well within banking covenants. In response to COVID-19, we prioritised the wellbeing and safety of our colleagues. We implemented a proactive, comprehensive and well embedded COVID-19 action plan centred on keeping our colleagues safe, feeding the nation and supporting our local communities. We worked closely with our customers, the UK Government and regulatory bodies to ensure the continued supply of essential food products. The Group has also provided ongoing support to front line NHS staff, the elderly and vulnerable and charities in our local communities.

In addition, the Company is proposing an increased dividend payment to Shareholders and will pay a bonus of £400 to all colleagues, to recognise their essential key worker status and valued contribution throughout the pandemic, who have worked during the period from December 2020 to March 2021 (in addition to the bonus of £500 paid in June 2020), the total amount payable is expected to exceed £5 million. The Committee also considered movements in the share price over the period noting that the Company has not suffered any significant share price depreciation 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 explained in our Remuneration Policy on pages 96 to 99 (which are the same under existing and proposed policies), 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 90 to 93.
- **Part 2** – Remuneration at a glance on pages 94 and 95.
- **Part 3** – Full details of our new Remuneration Policy and, subject to Shareholder approval how this will be applied next year on pages 96 to 102.
- **Part 4** – The Annual Report on Remuneration on pages 103 to 109 which discloses how the existing Remuneration Policy has been applied during the year. Those elements of part 4 subject to external audit are clearly identified.

2021 bonuses
Bonus awards for 2021 reflect the performance delivered in the year outlined below. A bonus of 100 per cent of maximum (i.e. 150 per cent of base salary) has been awarded to each of the Executive Directors. Bonus awards for 2020 were also 150 per cent of base salary for each of the Executive Directors reflecting a very strong prior year. Further details are shown on page 103. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

LTIP awards vesting in respect of the period ended 27 March 2021
The LTIP Awards granted in 2018 were based on the three-year performance period from April 2018 to March 2021 and were subject to earnings per share (EPS) (50 per cent) and total shareholder return (TSR) (50 per cent) targets. Performance over the three-year period as measured against EPS has been strong with performance 10.25 per cent over the average increase in the Retail Price Index (RPI) and vesting at 100 per cent of the maximum. Performance in relation to TSR has also been strong with the Company being ranked in the 67th percentile of its comparator group and, consequently, 53.5 per cent of the TSR element of the award vesting. Overall, 76.75 per cent of the maximum award will vest in August 2021 (i.e. 115.1 per cent of salary) for each Executive Director, versus 99 per cent of the maximum award which vested in July 2020 (i.e. 148.5 per cent of salary). This is reflected in the table on page 104. The Committee considers the level of pay-out is reflective of the overall performance of the Group over the three-year performance period ended 27 March 2021 and is appropriate.

LTIP awarded granted during the period ended 27 March 2021
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 July 2020). These awards are reflected in the table on page 104.

New Remuneration Policy

The new Remuneration Policy proposed is in the context of the Group having grown significantly, through a combination of acquisitions and organic growth and having become a more complex business. When our Remuneration Policy was last approved our market capitalisation was c£1.7 billion; it is now c£1.9 billion, representing an increase of c12 per cent. Our number of workers across the Group has increased from 9,192 (as at 25 March 2017) to 12,603 (as at 27 March 2021), reflecting the Group's increased scale of operations.

The Committee's view on our existing Remuneration Policy (reflected during our consultation with major Shareholders) is that it is easily understood and has delivered appropriate rewards to our Executive Directors for an impressive performance, both in the Company's underlying performance and growth in Shareholder value and is aligned with the 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 proposed post-employment shareholding requirements 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 proposed Remuneration Policy, the Committee was clear that it should drive the right behaviours, reflect the Group's values and support its purpose and strategy. The Committee considers the current Remuneration Policy and overall remuneration framework continues to be fit for purpose. The proposed changes provide further alignment to best practice, taking into account the revised UK Corporate Governance Code the ('Code'), wider social context and to ensure that we continue to reward the delivery of our long-term strategy and key strategic goals and maintain the strong alignment of Director remuneration and Shareholder interests.

As part of our review, the Committee consulted with the Company's major Shareholders and various investor bodies to obtain their views on the proposed changes. The Committee received general support for its proposals from the majority of those consulted and various suggestions made by those consulted were adopted and are reflected in the new Remuneration Policy being proposed to Shareholders.

The proposed changes to the current Remuneration Policy (and how we propose to operate the new Remuneration Policy in 2021/22) are set out below (and on page 92) with the full new Remuneration Policy set out in Part 3.

- **Salaries:** Taking into account the material change in the scale and complexity of the business combined with our continued growth and ambitions in the future, the salaries of the current Executive Directors (excluding the Executive Chairman, who has waived his contractual entitlement to an increase) were increased by 8 per cent effective from 1 May 2021. Our experienced Executive Directors have all significantly contributed to the success and growth of Cranswick.

  The Group's business has not only increased significantly in scale and profitability, but has also increased in complexity and it is this which underlies the salary review. The development of the Group's Poultry business has been achieved over a relatively short period of time when the Group has developed Europe's most efficient poultry processing facility, repositioned its poultry business in the market place and also developed a new long term relationship with WM Morrison Supermarkets plc (which had previously not been a significant customer of the Group). The Group has also significantly developed its Continental Foods business over the period by relocating this to a new purpose-built facility to accommodate further expansion and by increasing the focus on imported charcuterie and plant-based products such as olives to reflect consumer trends. All of this has been achieved by the existing Executive Directors supported by their management teams.

  The Committee believe it is appropriate to recognise the increase in the size and scope of the Executive Directors roles with a base salary increase above the rate of increase for the wider workforce this year (following which increases will revert to the level of the wider workforce increases for future years).

  For FY22 the proposed base salary increase for the wider workforce is expected to be 2-3 per cent. Furthermore, as Cranswick has grown, the remuneration of various members of the Senior Management team has been significantly revised in recent years to reflect increased responsibilities and the development of the business which has reduced internal relativities (nine key executives have received increases over the last three years of 10-30 per cent to reflect increased responsibilities).

- **Pension contributions:** Current Executive Director pension entitlements are 20 per cent of salary. Pension entitlements will be progressively aligned to other employees of the Group (currently 5 per cent of salary). Incumbent Executive Directors have existing contractual pension entitlements that will be frozen at their current monetary value for two years then reduced to 10 per cent of salary (in line with other Senior Executives) with effect from 1 April 2023. It is intended that pension entitlements then will be reduced to 5 per cent of salary (in line with the wider workforce rate) over the course of the next triannual Remuneration Policy review in 2024.

- **Annual bonus:** The maximum bonus opportunity will be increased from 150 per cent of salary to 165 per cent of salary to recognise the increase in size and complexity of Cranswick and the increase in the size and scope of the Executive Directors' roles. The increase in the bonus opportunity will be commensurate with an increase in stretch of bonus targets at the upper end (taking into account market conditions and internal and external forecasts), to ensure that the Executive Directors are not being paid more for the same performance. No more than 50 per cent of maximum bonus award will vest for on-target performance. Under the current Remuneration Policy, the Committee has discretion to amend pay-out of the annual bonus where the formulaic outcome does not reflect its assessment of overall business performance. Having regard to the revised Code, the scope of this discretion will be extended.

  The 2022 bonus scheme in operation will be based on the achievement of Group profit targets which are set having regard to the Company's budget, historical performance and market outlook for the year. The actual 2022 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2022 Annual Report & Accounts, provided they are not considered commercially sensitive at that time. Subject to Shareholder approval, there will be four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 165 per cent of base salaries with a straight line pro-rata award for profits falling between the targets. The stretch in performance targets will be commensurate with the increase in bonus opportunity.

- **Bonus deferral:** We are updating our bonus deferral arrangements, which currently require that new Executive Directors who have not yet met their shareholding guideline (200 per cent of salary) defer any bonus earned in excess of 100 per cent of salary into shares for up to two years. Under the proposed new Remuneration Policy, new Executive Directors will be required to defer 30 per cent of any bonus earned into shares for two years. This will apply regardless of whether or not they have met their shareholding guideline.

  With the introduction of post-employment shareholding guidelines (discussed further below) and taking into account that the existing Executive Directors each have significant shareholdings in excess of 750 per cent of salary, the Committee believes the incumbent Executive Directors are significantly aligned to long-term Shareholder and stakeholder interests without requiring a proportion of their bonus earned to be deferred.

Remuneration Committee Report continued

- **LTIP:** Awards equivalent to 200 per cent of basic salary, will be made in August 2021 and vesting will be after a three year performance period for both TSR and EPS. 50 per cent of the award will be based on the target for TSR and 50 per cent on the target for EPS as detailed on page 98. Threshold vesting for the LTIP award is intended to be 25 per cent of maximum in line with the proposed Remuneration Policy. Awards are subject to a two year holding period.

  As part of the planned transition of Martin Davey's executive responsibilities he did not participate in any new LTIP awards in 2020 or in the Group's 2021 bonus awards. Martin will be retiring as a Director of the Company at its forthcoming AGM and will not be receiving a bonus or LTIP award in the current year (i.e. 2021/22).

- **Post-employment shareholding requirement:** This will be introduced under the new Remuneration Policy. For the first 12 months following cessation of employment, an Executive Director must retain shares equal to 100 per cent of the in-employment guideline (i.e. 200 per cent of salary) and in the following 12 months, retain shares equal to 50 per cent of the in-employment guideline (i.e. 100 per cent of salary). The requirement does not apply to purchased shares or legacy awards (i.e. awards granted before 1 April 2021). As stated on page 91, the current shareholdings of the Executive Directors are in excess of 750 per cent of salary and, as a result, the Committee believes implementing the Investment Association approach of 100 per cent guideline for two years is unwarranted. Our view is that a tapered post-employment shareholding guideline provides sufficient alignment between Executive Director and shareholder interests in the long-term.

- Other minor changes to the Remuneration Policy will address developments since the current Remuneration Policy was approved and enshrine previous decisions made by the Committee in light of the revised Corporate Governance Code. These include:

  - Including additional flexibility within the Policy to allow the LTIP to be measured against non-financial performance measures. At least 80 per cent of the opportunity will continue to be based on financial measures and we do not intend to use this flexibility for 2021/22. However, recognising our increased focus on environmental, social and governance matters, we may consider including such measures in the LTIP over the course of the next three years.

    We are conscious that non-financial measures are increasingly important to stakeholders which is why we have included discretion to introduce these as part of the LTIP. In particular, as a major food producer, Cranswick's environmental and sustainability performance is under focus and we will be reporting the Group's performance under SASB this year. Following the establishment of such measures, which are based on data and can be objectively assessed year-on-year, we anticipate introducing appropriate non-financial metrics during the next three-year Remuneration Policy period based on environmental and sustainability performance. We would anticipate consulting further with Shareholders before introducing these.

  - Including flexibility within the Policy for the threshold level of vesting under the LTIP to be up to 25 per cent of the maximum (i.e. 50 per cent of salary) in line with typical market practice. Under the current policy, threshold vesting under the LTIP is up 20.625 per cent of maximum (i.e. 41.25 per cent of salary).

  - The current Remuneration Policy gives the Committee discretion to amend any formulaic bonus outturn which does not reflect the Committee's assessment of overall business performance. Reflecting the updated Code, this will be expanded to permit the exercise of discretion in a set of wider circumstances, including where the formulaic outturn is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant (or any other reasons at the discretion of the Committee). A similar discretion will be added for the LTIP.

  - Confirming that LTIP awards (including dividend equivalents) will normally be settled in shares, with cash settlement only to be applied where the circumstances make that appropriate – for example where there is a regulatory restriction on the delivery of shares, or in respect of the tax liability arising in relation to the award.

  - The malus and clawback 'triggers' will be extended to include corporate failure, serious reputational damage and material failure of risk management, which in practice has been applied since 2019.

  - Including additional flexibility to pay tax on benefits for the Non-Executive Directors.

  - Increasing the maximum variable remuneration on recruitment from 400 per cent of salary to 415 per cent of salary to reflect the increase in annual bonus maximum and existing exceptional LTIP limit of 250 per cent of salary.

Alignment of the Remuneration Policy with the Code

In determining the new Remuneration Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Code.

Principle	Commentary
Clarity: remuneration arrangements should be transparent and promote effective engagement with Shareholders and the workforce.	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.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Details of our remuneration arrangements are disclosed clearly and concisely.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Committee to have appropriate regard to risk considerations. Annual bonus deferral has been introduced for new Executive Directors for 2021/22 onwards providing longer term alignment with Shareholders' interests. The current Executive Directors' current shareholdings are each in excess of 750 per cent of salary and provides sufficient alignment between Executive Director and Shareholder interests in the long-term. The Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained at the time of approving the Remuneration Policy.	Details of the range of possible values of rewards and other limits or discretions can be found on page 95.
Proportionality: the link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance.	We believe total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Committee considers the approach to wider workforce pay and policies when determining the Directors' Remuneration Policy to ensure that it is appropriate in this context.
Alignment to Culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	In determining the Remuneration Policy, the Committee was clear that this should drive the right behaviours, reflect our values and support the Company purpose and strategy. The Committee will review the remuneration framework regularly so that it continues to support our strategy.

Executive Director pay and the broader workforce

The Committee recognises that an understanding of broader workforce pay and conditions can be 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 106.

Ongoing engagement by the Chairman, Chief Executive and Chief Financial Officer has ensured that key Shareholders have been regularly updated on progress and performance throughout the year. On behalf of the Board, I would like to thank Shareholders for their continued support. Should you have any questions on, or would like to discuss any further aspect of, our remuneration strategy I can be contacted at **kate.allum@cranswick.co.uk.**

Kate Allum
Chair of the Remuneration Committee
18 May 2021

***2021 bonuses**

Measure	Threshold	Maximum	Actual
Adjusted Group profit before tax	£104.2m	£116.6m	£134.4m
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 at a Glance

Our performance during the year

+12.1%

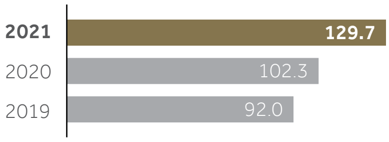
Like-for-like revenue increase to £1,869.5m.

+3.5%

Share price increase to 3,600p at 27 March 2021.

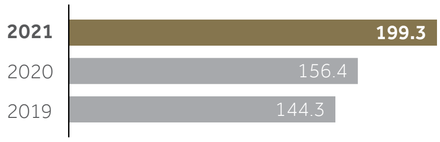
Adjusted profit before tax
(£'m)

£129.7m

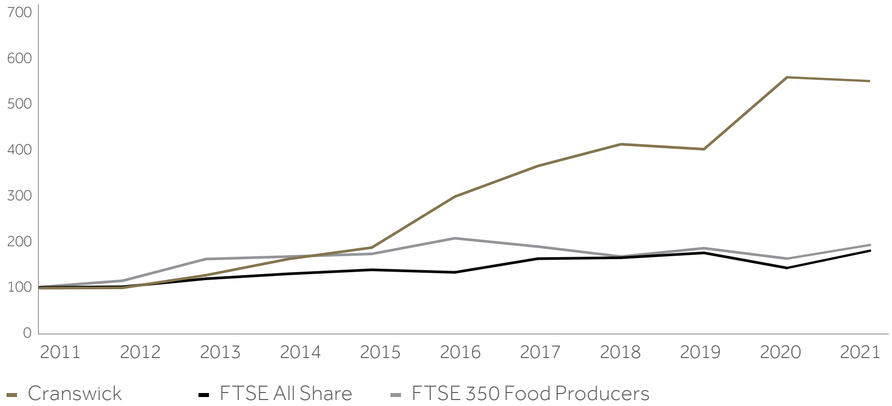


Adjusted earnings per share
(p)

199.3p



Total shareholder return



Remuneration in 2021

The Committee ensures that executive remuneration targets are stretching, aligned to business strategy to drive long-term Shareholder value and reflect the performance of the business during the period under review. Executive Directors' rewards (excluding base salary and benefits) are two-fold: short term by way of a cash bonus; and longer term by way of share awards under the Company's Long Term Incentive Plan (LTIP).

Targets

Bonus

100%
Adjusted profit before tax

LTIP

50%
EPS

50%
Relative TSR

Read more: *see page 103 for more details.*

	Martin Davey	Adam Couch	Mark Bottomley	Jim Brisby
Salary	314	669	442	442
Benefits	34	32	31	31
Pension	63	134	88	88
Bonus	–	1,004	664	664
LTIP	510	1,031	682	682
SAYE	3	–	–	34
Total	**924**	**2,870**	**1,907**	**1,941**

Outcomes

Achieved adjusted Group profit before tax of £129.7 million – 100 per cent of the maximum bonus opportunity achieved (150 per cent of salary). Performance measured over the three-year period ended 27 March 2021, EPS growth was RPI +10.25 per cent, and TSR was ranked in the 67th percentile of its comparator group. LTIP awards made in August 2018 will therefore vest in August 2021 in full in respect of the EPS element and at 53.5 per cent of the maximum in respect of the TSR element, in aggregate 76.75 per cent of the maximum (115.1 per cent of salary).

Remuneration for 2022

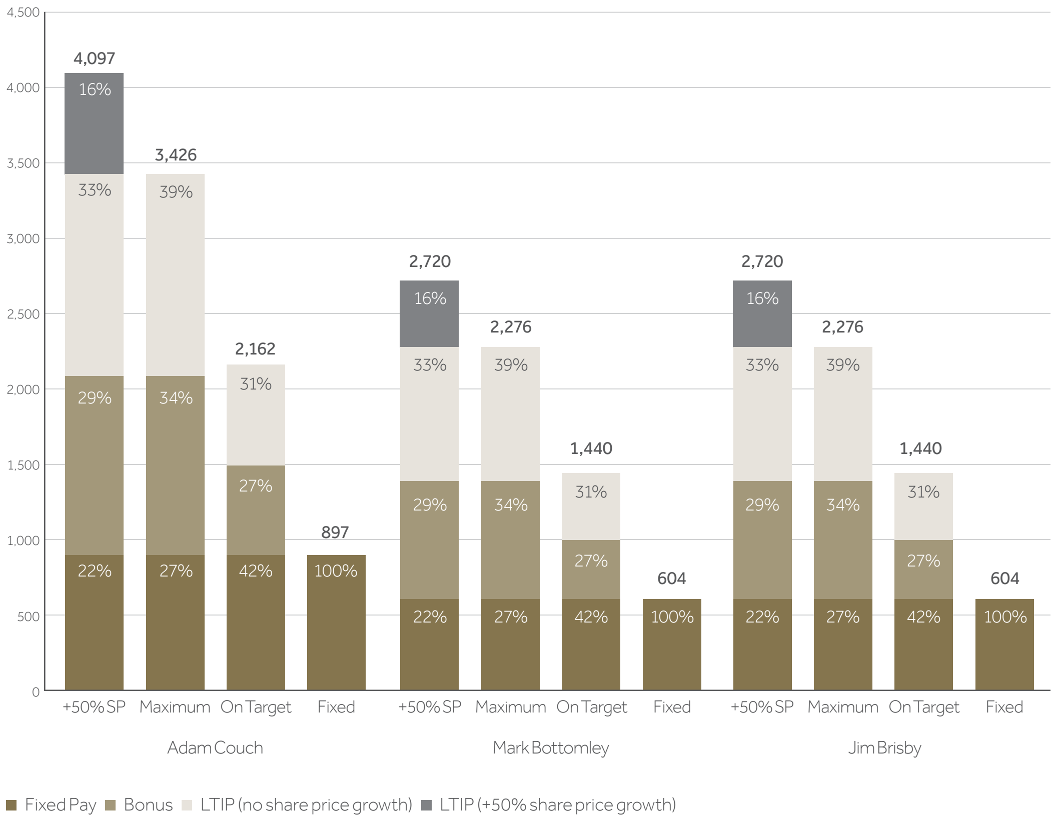
Salary	Directors' salaries (other than Martin Davey) increased by 8% taking into account material change in scale and complexity of the business and future growth ambitions.
Bonus	Subject to shareholder approval, opportunity increased from 150% to 165% of salary for 2021/22. Commensurate with an increase in bonus opportunity is the stretch in performance targets. Stretching target – unchanged from previous years at 100% on Adjusted Group profit before tax.
LTIP awards	Opportunity unchanged at 200% of salary for 2021/22. Stretching target – unchanged from previous years at 50% on EPS and 50% on relative TSR.

Over 93%

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

Illustration of Application of Remuneration Policy for 2021/22

The following chart illustrates the potential pay opportunities for the Executive Directors under three different performance scenarios for the year ending 26 March 2022. 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 2021, employer pension contributions fixed at the monetary amount paid for the year ended 27 March 2021, and benefits disclosed in the single figure table for the year ended 27 March 2021.	No bonus	No LTIP vesting
Performance in line with expectations		Bonus equal to 50% of the opportunity is earned (i.e. 82.5% of salary).	LTIP vests as to 50% of the maximum award (100% of salary).
Maximum performance		Bonus equal to 165% of salary is earned.	LTIP vests in full (200% of salary).
Maximum performance plus share price increase		Bonus equal to 165% of salary is earned.	LTIP vests in full (200% of salary) plus an assumed 50% increase in the share price.

Remuneration Policy

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy (the 'Policy') which, subject to Shareholder approval at the 2021 AGM, shall take binding effect from the close of that meeting. A summary of the proposed changes to the Policy is set in the Remuneration Committee Chair's statement on page 91 to 93.

Link between Policy, strategy and structure
Our remuneration policy is principally designed to align the interests of Executive Directors and Senior Executives with the Company's strategic vision and the creation of sustainable long-term value for our stakeholders without encouraging excessive levels of risk taking. The Policy is intended to remunerate our Executive Directors competitively and appropriately for effective delivery of this and allows them to share in this success and the value delivered to Shareholders. The principles and values that underpin the remuneration strategy are applied on a consistent basis for all Group employees. It is the Group's policy to reward all employees fairly, responsibly and by reference to local market practices, by providing an appropriate balance between fixed and variable remuneration.

The remuneration package is in two parts, to provide competitive total remuneration:
- a non-performance part represented by fixed remuneration (basic salary, pension and benefits); and
- a significant performance-related element in the form of an annual bonus and long-term share-based awards.

The details of individual components of the remuneration package are set out below:

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Base salary			
To provide a market competitive base salary to attract and retain executives.	Base salaries are ordinarily reviewed annually taking into account a number of factors including (but not limited to): • the individual's skills, experience and responsibilities; • pay increases within the Group more generally; and • performance, group profitability and prevailing market conditions. Any changes will usually take effect from 1 May.	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.	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. However, higher increases may be awarded in appropriate circumstances, such as: • 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. Such increases may be implemented over such time period as the Committee deems appropriate.
Pension			
To provide a framework to save for retirement.	Executive Directors are entitled to non-contributory membership of the Group's defined contribution pension scheme. Alternatively, at their option, Executive Directors may receive a cash payment in lieu of pension contribution, subject to the normal statutory deductions (or a combination thereof). Pension contributions may also be made in lieu of salary.	N/A	For Executive Directors appointed after 1 April 2021, a Company contribution and/or cash payment in lieu not exceeding the contribution available to the majority of the Group's wider workforce. For Executive Directors appointed before 1 April 2021, a Company contribution and/or cash payment in lieu will be fixed at their entitlements as at 31 March 2021 for two years, then reduced to 10 per cent of salary by 1 April 2023.

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Benefits			
To provide market competitive benefits as part of the remuneration package.	Market competitive benefits principally comprise health insurance (which may include coverage for the Director's spouse/ partner and dependent children), life insurance, income protection insurance, personal tax advice, pension advice and Company car allowance or the provision of a Company car and running costs. Additional benefits might be provided from time to time if the Committee decides payment of such benefits is appropriate. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement. Benefits are not pensionable.	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. Where deferral applies, this provides a retention element and direct alignment to Shareholders' interests.	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. The Committee has discretion to amend the pay-out if it considers that the formulaic outcome does not reflect the Committee's assessment of business performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year, or is not appropriate in the context of other factors considered relevant by the Committee. For Executive Directors appointed on or after the date on which this Policy becomes effective, one-third of any bonus earned will be deferred into shares for up to two years. Deferral of any bonus is subject to a de minimis limit of £10,000. A greater proportion of the bonus may be deferred with the agreement of the Executive Director. Additional shares may be awarded in respect of shares subject to deferred bonus awards to reflect the value of dividends which would have been paid on those shares during the period from grant to release date (this payment may assume that dividends had been reinvested in shares on a cumulative basis). Bonuses are non-pensionable. Recovery provisions apply as referred to on page 99.	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.	The maximum opportunity is 165 per cent of base salary. Subject to the Committee's discretion to override formulaic outcomes, the bonus for achieving threshold performance is 20 per cent of maximum opportunity, rising up to 50 per cent of the maximum for on-target performance. Subject to the Committee's discretion to override formulaic outcomes, vesting of the bonus in respect of strategic measures or individual objectives will be between 0 per cent and 100 per cent based on the Committee's assessment of the extent to which the relevant metric or objective has been met.

Remuneration Committee Report continued

Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
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.
LTIP			
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.	The LTIP awards may take the form of nil (or nominal) cost share options or conditional awards. The Committee may at its discretion structure awards as qualifying LTIP awards, consisting of a tax qualifying CSOP option with an exercise price equal to the market value of a share at the date of grant and an ordinary nil-cost LTIP award, with the ordinary award scaled back at exercise to take account of any gain made on exercise of the CSOP option. Awards will usually vest following the assessment of the applicable performance measures. Awards held by Executive Directors are then subject to a two year holding period which may be structured as either: (1) the Executive Director being entitled to acquire the shares once vested, but, other than as regards sales to cover tax, being prevented from selling shares until the end of the holding period; or (2) the Executive Director being prevented from acquiring shares until the end of the holding period. If a holding period is structured on the latter basis, additional shares may be awarded 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 (this payment may assume that dividends have been reinvested in shares on a cumulative basis). The Remuneration Committee has discretion to amend pay-outs if it considers that the formulaic output does not reflect its assessment of performance, is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant, or is not appropriate in the context of other factors considered relevant by the Remuneration Committee.	Performance measures for LTIP awards are typically assessed over a period of three years and will include financial measures (which may include, but are not limited to EPS growth and relative TSR) and may include strategic/individual performance measures (which may include ESG measures). At least 80 per cent of the award will be subject to performance measures based on financial measures. Where more than one measure is used, the weightings will be determined by the Committee taking into account the Company's key strategic priorities. Subject to the Committee's discretion to override formulaic outturns, threshold vesting will not be at more than 25 per cent of maximum. The award vests in full for maximum performance.	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. 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.

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.	The fees of the Non-Executive Directors are determined by the Board and reviewed periodically. On appointment, a Non-Executive Chairman's, fees would be determined by the Committee. Non-Executive Directors are paid a basic fee with additional fees paid for other Board responsibilities or roles or time commitment, such as chairing Committees, for holding the role of Senior Independent Director or designated Non-Executive Director with responsibility for engaging with the workforce. Non-Executive Directors are not eligible to participate in any of the Group's share schemes, incentive schemes or pension schemes. Non-Executive Directors may be eligible to receive benefits such as travel costs and other reasonable expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	N/A	Fees are set taking into account the responsibilities of the role and the expected time commitment.

Recovery provisions
The annual bonus and LTIP are subject to recovery provisions as set out below.

Malus provisions apply which enable the Remuneration Committee to determine before the payment of an annual bonus or the vesting of an LTIP award, that the bonus opportunity or LTIP award may be cancelled or reduced.

Clawback provisions apply which enable the Remuneration Committee to determine for up to two years following the payment of a cash bonus or the vesting of an LTIP award, that the amount of the bonus paid may be recovered (and any deferred bonus award may be reduced or cancelled, or recovery may be applied to it if it has been exercised) and the LTIP award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

The malus and clawback provisions may be applied in the event of misstatement, performance error and misconduct by a participant, material risk management failure, serious reputational damage or material corporate failure.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

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 requirement during employment
To promote alignment between Executive Directors' and Shareholders' interests, the Committee has adopted a formal shareholding requirement 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 is subject to a holding period on the basis that the Executive Director is prevented from acquiring shares until the end of the holding period, the vested shares count towards the shareholding requirement, on a net of assumed tax basis.

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

Shareholding requirement post-employment
The Committee has adopted a post-employment shareholding requirement. Shares are subject to this requirement only if they are acquired from LTIP or deferred bonus awards granted after 1 April 2021. Shares purchased by an Executive Director are not subject to this requirement.

For the first 12 months after cessation of employment, such of their relevant shares as have a value at cessation equal to 200 per cent of salary (or if less all of their relevant shares) and in the following 12 months, retain such of their relevant shares as have a value at cessation equal to 100 per cent of salary (or if less all of their relevant shares).

Annual bonus performance targets
The structure of the performance targets applicable to annual bonus awards to be made in a particular year will ordinarily be set out in the implementation section of the Annual 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 (PBT), 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 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 ordinarily be disclosed in the implementation section.

The Committee may vary or substitute any performance measure or target where it considers it would be appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the measure materially less demanding. The Committee will assess performance on a fair and consistent basis from year to year. If the Committee was to make such a variation or substitution, an explanation would be given in the next Directors' Remuneration Report.

LTIP performance targets
Performance 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 Policy provides flexibility to include strategic/individual performance measures (which may include ESG measures). At least 80 per cent of the award will be subject to performance measures based on financial measures.

The Committee may vary or substitute any performance measure or target where it considers it would be appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), provided that any such variation is fair and reasonable and, in the opinion of the Committee, would not make the measure materially less demanding. The Committee will assess performance on a fair and consistent basis from year-to-year. If the Committee was to make such a variation or substitution, an explanation would be given in the next Directors' Remuneration Report.

Operation of share plans
The Committee retains discretion to operate the Company's share plans in 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. Although the Committee would only settle an Executive Directors' award in cash in appropriate circumstances, such as where there is a regulatory restriction on the delivery of shares or as regards the tax liability arising in respect of the award.

Recruitment remuneration policy
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 415 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	Salary/fees, benefits and pension contributions/salary supplement will be paid to the date of termination. The Company may make a payment in lieu of notice at any time after notice has been given by either the Company or the Director. This payment would include basic salary for the unexpired period of notice and may also include benefits (including pension contributions or applicable salary supplement or contribution in lieu of salary) for that period. Alternatively, benefits may continue to be provided for the duration of the notice period that would otherwise have applied.
Annual bonus	This will be reviewed on an individual basis and the decision whether or not to award a bonus in full or in part will 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. 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.
LTIP	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. If an Executive Director ceases employment during the holding period relating to an LTIP award, the holding period will ordinarily continue to apply, unless cessation is due to the death of the Executive Director, although the Committee has discretion to bring it to an end earlier. In the event of death, the holding period would come to an end.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday pay, and outplacement and legal fees. Options under the SAYE scheme will vest on cessation in accordance with the plan rules, which do not allow for discretionary treatment.
Change of control	In the event of a change of control, unvested awards under the LTIP will be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the vesting period that has elapsed. In the event of a change of control during the holding period relating to an award under the LTIP, that holding period shall come to an end. Deferred bonus awards will vest in full on a change of control. 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. 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 Committee's current policy is not to enter into employment contracts with any element of notice period in excess of one year. Accordingly, each of the following Executive Directors has a one year rolling contract: Adam Couch commencing 1 May 2006 (revised 1 August 2012), Mark Bottomley from 1 June 2009 and Jim Brisby from 26 July 2010.

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, Pam Powell and Tim Smith for three years from 1 April 2021 and Liz Barber for three years from 1 May 2021. The continuing appointments are subject to annual re-election at the Company's AGM.

Copies of the service contracts and letters of appointment are held at the Company's Registered Office and will be available for inspection at the AGM.

Remuneration Committee Report continued

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) before the Policy set out in this 2021 Annual Report & Accounts came into effect, provided that the 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.

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 workforce participate in the SAYE scheme).

Consideration of Shareholders' views

The Committee believes that ongoing dialogue with major Shareholders in relation to Executive Director remuneration is of key importance, and consulted with major Shareholders and investor agencies in relation to the new Remuneration Policy, finalising the proposals having regard to feedback received. The Committee will consider Shareholder feedback received on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with Shareholders. The Committee will seek to engage directly with major Shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy or made to the way the Remuneration Policy is implemented.

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:

	Salary and fees		Benefits		Bonus		LTIP*		Pension		SAYE		Total		Total Fixed		Total Variable	
£'000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Executive Directors																		
Mark Bottomley	442	430	31	33	664	646	682	740	88	86	–	27	1,907	1,962	561	549	1,346	1,413
Jim Brisby	442	430	31	32	664	646	682	740	88	86	34	–	1,941	1,934	561	548	1,380	1,386
Adam Couch	669	651	32	34	1,004	979	1,031	1,118	134	130	–	49	2,870	2,961	835	815	2,035	2,146
Martin Davey	314	314	34	33	–	–	510	570	63	63	3	–	924	980	411	410	513	570
	1,867	1,825	128	132	2,332	2,271	2,905	3,168	373	365	37	76	7,642	7,837	2,368	2,322	5,274	5,515
Non-Executive Directors																		
Kate Allum	59	59	–	–	–	–	–	–	–	–	–	–	59	59	59	59	–	–
Mark Reckitt	59	59	–	–	–	–	–	–	–	–	–	–	59	59	59	59	–	–
Pam Powell	51	51	–	–	–	–	–	–	–	–	–	–	51	51	51	51	–	–
Tim Smith	59	58	–	–	–	–	–	–	–	–	–	–	59	58	59	58	–	–
	228	227	–	–	–	–	–	–	–	–	–	–	228	227	228	227	–	–
Total	**2,095**	**2,052**	**128**	**132**	**2,332**	**2,271**	**2,905**	**3,168**	**373**	**365**	**37**	**76**	**7,870**	**8,064**	**2,596**	**2,549**	**5,274**	**5,515**

* The values of the LTIP awards which vested in July 2020 have been updated for the actual share price on the date of vesting. In line with the regulations, the values for 2021 are based on the average share price over the three-month period to 27 March 2021 as these awards will not vest until August 2021 (see tables on page 104).

As reported last year, the Executive Directors had pay awards in the year effective from 1 May 2020 of:

	From 1 May 2020		
Mark Bottomley	£443,400	2.8%	In line with wider workforce
Jim Brisby	£443,400	2.8%	In line with wider workforce
Adam Couch	£670,650	2.8%	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 (2020: two).

Non-Executive Directors are paid a basic fee with additional fees paid for chairing Committees and for the role of Senior Independent Director, which are reviewed triennially. The basic fee for Non-Executive Directors is £51,000. Additional fees of £8,000 are paid for chairing Committees, for the role of Senior Independent Director and Non-Executive Director designated to undertake workforce engagement. Where a Non-Executive Director undertakes more than one additional role a single fee of £8,000 is paid in respect of such roles.

Annual bonus arrangement (audited)

The bonus scheme 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.

No adjustment was made to bonus targets during the year.

The performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £134.4 million. This resulted in a bonus award of 150 per cent of salary as shown below. The Committee considers the level of pay-out is reflective of the overall performance of the Group in the year and is appropriate.

	Threshold	On Target		Maximum	Actual
Group profit targets	£104.2m	£109m	£113.4m	£116.6m	£134.4m
Bonus payable	20%	50%	100%	150%	150%

This award is reflected in the table above.

Annual Report on Directors' Remuneration continued

LTIP award vesting in respect of the 52 weeks ended 27 March 2021 (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 2018 LTIP awards that will vest in August 2021 are as follows:

- 50 per cent of each award is subject to an EPS target measured against average annual increases in RPI over a three year period. The EPS target allows 18.75 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 9 per cent with outperformance between 3 and 9 per cent rewarded pro-rata.
- 50 per cent is aligned to a TSR target measured against a comparable group of companies over a three-year period. The TSR target allows 22.5 per cent of the shares subject to the target to vest at the 50th percentile and 100 per cent at the 90th percentile with performance between the 50th and 90th 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. Given Dairy Crest Group plc delisted during the performance period it has been removed from the comparator group.

The Remuneration Committee decides whether performance conditions have been met and considers EPS and TSR to be the most appropriate measures of the long-term performance of the Group.

The value of the LTIP for the year ended 27 March 2021 relates to awards made in August 2018 with a performance criteria based on the three years ended 27 March 2021 that will vest in August 2021 calculated at the average price for the three months ended on 27 March 2021 of 3,482 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gave an outperformance of 10.25 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 34.2 per cent and put the Company fifth in its comparative group which was at the 67th percentile achieving an award of 53.5 per cent. The total award of 76.75 per cent of maximum (115.1 per cent of salary) is reflected in the table on page 103, and below. The Committee considers the level of pay-out is reflective of the overall performance of the Group over the three-year performance period ended 27 March 2021 and is appropriate.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 August 2018	25,500	76.75	19,571	3,482p	£681,462
Jim Brisby	1 August 2018	25,500	76.75	19,571	3,482p	£681,462
Adam Couch	1 August 2018	38,600	76.75	29,626	3,482p	£1,031,577
Martin Davey	1 August 2018	19,100	76.75	14,659	3,482p	£510,426

The 2018 LTIP awards with performance period ended 27 March 2021, were granted on 1 August 2018 when the share price was 3,320 pence. The three month average share price ended on 27 March 2021 was 3,482 pence. This equated to an increase in value of 162 pence per share due to vest in August 2021. The proportion of the value attributable to share price growth is therefore 5 per cent. The Committee did not exercise discretion in respect of the share price appreciation.

True-up of awards vested in respect of the 52 weeks ended 28 March 2020 for share price on vesting date (audited)

The value of the LTIP for the 52 weeks ended 28 March 2020 relates to awards, made in 2017, with a performance criteria based on the three years ended 28 March 2020 that vested in July 2020, updated for the actual vesting share price of 3,596 pence. The EPS element of the award achieved 98 per cent of its performance target and 100 per cent was achieved under the TSR measure giving an overall award of 99 per cent (148.5 per cent of salary) and this is reflected in the 2020 column of the table on page 103 and in the table below.

The 2017 LTIP awards with performance period ended 28 March 2020, was granted on 1 June 2017 when the share price was 2.960p. Based on the vesting share price, this equated to an increase in value of 636 pence per share. The Committee did not exercise discretion in respect of the share price appreciation.

	Date of grant	Options awarded	Value of award as at 28 March 2020 based on an average price of 3,482p	Value of award when vested in July 2020 at the market price of 3,596p
Mark Bottomley	1 June 2017	20,592	£717,013	£740,488
Jim Brisby	1 June 2017	20,592	£717,013	£740,488
Adam Couch	1 June 2017	31,086	£1,082,415	£1,117,853
Martin Davey	1 June 2017	15,840	£551,549	£569,606

LTIP awards granted during the year ended 27 March 2021 (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 July 2020	200% of salary	24,900	3,563p	£887,187	20.6%	25 March 2023
Jim Brisby	1 July 2020	200% of salary	24,900	3,563p	£887,187	20.6%	25 March 2023
Adam Couch	1 July 2020	200% of salary	37,700	3,563p	£1,343,251	20.6%	25 March 2023

* 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 2021 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 three, five or seven years ago that have had their full contribution paid by the Executive Director and have been exercised in the year. The awards exercised in 2021 by Martin Davey and Jim Brisby had an exercise prices of 2,565 pence and 1,187 pence and a market value of 3,412 pence and 3,826 respectively. The notional gains are shown in the 2021 column of the table on page 107.

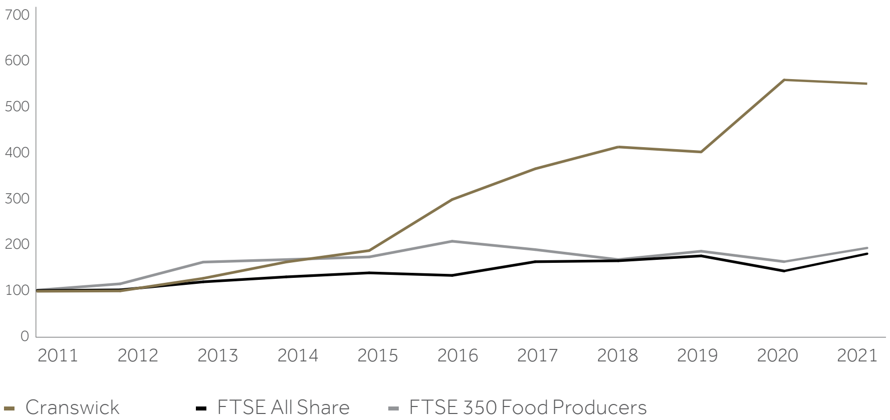
Payments to past Directors (audited)

There have been no payments made to past Directors or payments made for loss of office in the year.

Performance graph – Total Shareholder Return (unaudited)

The graph below shows the percentage change (from a base of 100 in March 2011) in the TSR (with dividends reinvested) for each of the last ten years on 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Base salary	508	505	542	562	588	599	616	635	651	669
Benefits	28	28	31	29	29	31	32	33	34	32
Pension	102	86	108	112	118	120	123	127	130	134
Bonus	453	639	252	843	882	898	925	240	979	1,004
LTIP	243	171	149	825	1,148	1,341	1,793	840	1,118	1,031
SAYE	6	7	–	–	38	–	–	–	49	–
CEO total remuneration	1,340	1,436	1,082	2,371	2,803	2,989	3,489	1,875	2,961	2,870
Bonus award against maximum opportunity	56%	80%	31%	100%	100%	100%	100%	25%	100%	100%
LTIP vesting against maximum opportunity	93%	43%	25%	87%	100%	100%	100%	80.5%	99%	77%

Bernard Hoggarth was the Chief Executive up to August 2012 and from that date Adam Couch has fulfilled that role. The 2013 figures are the sum of the remuneration received by both Directors in that year.

Annual percentage change in remuneration of Directors and employees (unaudited)

The table below shows the percentage change in each Director's salary/fees, benefits and bonus between the year ended 28 March 2020 and the year ended 27 March 2021, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full time equivalent basis.

The average employee change has been calculated by reference to the mean of employee pay.

	Average employee*	Mark Bottomley	Jim Brisby	Adam Couch	Martin Davey	Kate Allum	Mark Reckitt	Pam Powell	Tim Smith
Salary/fees	+6.6%	+2.8%	+2.8%	+2.8%	–	–	–	–	+1.1%
Benefits	-2.3%	-3.7%	-0.7%	–5.7%	+2.6%	n/a	n/a	n/a	n/a
Bonus	+12.1%	+2.8%	+2.8%	+2.6%	–	n/a	n/a	n/a	n/a

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

Chief Executive pay ratio (unaudited)

The table below shows the pay ratio based on total remuneration and salary of the Chief Executive to the 25th, 50th and 75th percentile of all permanent UK employees of the business.

Year	Method*	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	120:1	101:1	79:1
2021	Option A	112:1	95:1	77:1

2021	Chief Executive	25th percentile	Median	75th percentile
Salary	669	20	24	31
Total Remuneration	2,870	26	30	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 28 March 2020 is the total single figure remuneration figure as disclosed on page 103, which has been adjusted to reflect the actual LTIP vesting (further information on page 104). This adjustment has not affected the CEO pay ratios for the year ended 28 March 2020 in respect of the 25th, 50th and 75th percentile.

The workforce comparison is based on the payroll data for the financial year for all employees (including the Chief Executive but excluding Non-Executive Directors) as at 27 March 2021. The workforce comparison has not excluded any component of total pay and benefits.

2021 has been an excellent year for Cranswick resulting in an increase for 'pay for performance' remuneration for employees. 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. In respect of the median employee (50th percentile) total remuneration has increased from £29k to £30k. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression. During the year, a £500 bonus was paid to all site-based colleagues to recognise their contribution during the COVID-19 pandemic which has resulted in a reduction in the median pay ratio this year.

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 2021 and the preceding financial year. There have been no share buybacks during 2021 and 2020.

Pay against distributions	2021 £'m	2020 £'m	Change %
Remuneration paid to all employees*	264.4	208.7	+26.7%
Total dividends paid and share buybacks in the year	32.7	29.4	+11.2%

* 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 28 March 2020 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 27 March 2021 Number	Exercise price p	Market price at grant p
Mark Bottomley	2017	20,800	–	(20,592)	(208)	–	nil	2,960
	*2018	25,500	–	–	–	25,500	nil	3,308
	2019	31,800	–	–	–	31,800	nil	2,674
	2020	–	24,900	–	–	24,900	nil	3,664
Jim Brisby	2017	20,800	–	(20,592)	(208)	–	nil	2,960
	*2018	25,500	–	–	–	25,500	nil	3,308
	2019	31,800	–	–	–	31,800	nil	2,674
	2020	–	24,900	–	–	24,900	nil	3,664
Adam Couch	2017	31,400	–	(31,086)	(314)	–	nil	2,960
	*2018	38,600	–	–	–	38,600	nil	3,308
	2019	48,100	–	–	–	48,100	nil	2,674
	2020	–	37,700	–	–	37,700	nil	3,664
Martin Davey	2017	16,000	–	(15,840)	(160)	–	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 104. The range of exercise dates are 1 August 2021 to 1 July 2030.

The LTIP, issued in 2018, which vests in August 2021, will achieve 100 per cent of the EPS target and 53.5 per cent of the TSR target giving a share award of 76.75 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	20,592	28 July 2020	nil	3,573	736
Jim Brisby	20,592	28 July 2020	nil	3,573	736
Adam Couch	31,086	28 July 2020	nil	3,573	1,111
Martin Davey	15,840	28 July 2020	nil	3,573	566

Savings related share option scheme (audited)

	Year of award	At 28 March 2020 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 27 March 2021 Number	Exercise price p	Range of exercise dates
Mark Bottomley	2018	401	–	–	–	401	2,239	1 Mar 2022–1 Sep 2022
	2020	–	321	–	–	321	2,800	1 Mar 2024–1 Sep 2024
Jim Brisby	2014	1,276	–	1,276	–	–	1,187	1 Mar 2020–1 Sep 2020
	2018	669	–	–	–	669	2,239	1 Mar 2024–1 Sept 2024
	2020	–	535	–	–	535	2,800	1 Mar 2026–1 Sep 2026
Adam Couch	2015	667	–		–	667	1,456	1 Mar 2021–1 Sep 2021
	2017	205	–	–	–	205	2,565	1 May 2023–1 Nov 2023
	2019	591	–	–	–	591	2,534	1 Mar 2025–1 Sep 2025
	2020	–	347	–	–	347	2,800	1 Mar 2026–1 Sep 2026
Martin Davey	2017	350	–	350	–	–	2,565	1 Mar 2021–1 Sep 2021
	2018	401	–	–	–	401	2,239	1 Mar 2022–1 Sep 2022
	2020	–	321	–	–	321	2,800	1 Mar 2024–1 Sep 2024

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
Jim Brisby	1,276	27 August 2020	1,187	3,826	34
Martin Davey	350	1 March 2021	2,565	3,412	3

Annual Report on Directors' Remuneration continued

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 27 March 2021	Value of shares held as a % of base salary	Target %
Mark Bottomley	56,700	19,571	722	95,568	776	200
Jim Brisby	56,700	19,571	1,204	108,399	880	200
Adam Couch	85,800	29,626	1,810	178,884	960	200
Martin Davey	–	14,659	722	176,737	2,025	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 August 2021 with the performance criteria now completed.

The share price at 27 March 2021 of 3,600 pence was used in calculating the percentage figures shown above. Kate Allum has no interests in the Company at the present time. There have been no further changes to the above interests in the period from 27 March 2021 to 18 May 2021.

Remuneration for the year ending 26 March 2022 (unaudited)

Salaries

Taking into account the material change in the scale and complexity of the business combined with our continued growth and ambitions in the future, the salaries of the current Executive Directors (excluding the Executive Chairman, who has waived his contractual entitlement to an increase) were increased by 8 per cent effective from 1 May 2021. Our experienced Executive Directors have all significantly contributed to the success and growth of Cranswick.

The Group's business has not only increased significantly in scale and profitability, but has also increased in complexity and it is this which underlies the salary review. The development of the Group's Poultry business has been achieved over a relatively short period of time when the Group has developed Europe's most efficient poultry processing facility, repositioned its Poultry business in the market place and also developed a new long term relationship with WM Morrisons Supermarkets plc (which had previously not been a significant customer of the Group), which we believe merits the review of salaries. The Group has also significantly developed its Continental Foods business over the period by relocating this to a new purpose built facility to accommodate further expansion and by increasing the focus on imported charcuterie and plant-based products such as olives to reflect consumer trends. All of this has been achieved by the existing Executive Directors supported by their management teams.

The Committee believe it is appropriate to recognise the increase in the size and scope of the Executive Directors roles with a base salary increase above the rate of increase for the wider workforce this year (following which increases will revert to the level of the wider workforce increases for future years).

For FY22, the proposed base salary increase for the wider workforce is expected to be 2-3 per cent. Furthermore, as Cranswick has grown, the remuneration of various members of the Senior Management team has been significantly revised in recent years to reflect increased responsibilities and the development of the business which has reduced internal relativities . (Nine key executives have received increases over the last three years of 10-30 per cent to reflect increased responsibilities).

Following the increase in pay, which will be applicable from 1 May 2021, the Executive Directors' base salaries will be:

Director	New salary	Board tenure
Mark Bottomley	£478,900	12 years
Jim Brisby	£478,900	11 years
Adam Couch	£724,450	18 years
Martin Davey	£314,250	36 years

Pension

Pension entitlements will be progressively aligned to other employees of the Group (currently 5 per cent of salary). Incumbent Executive Directors have existing contractual pension entitlements that will be frozen at their current monetary value for two years then reduced to 10 per cent of salary (in line with other Senior Executives) with effect from 1 April 2023. It is intended that pension entitlements then will be reduced to 5 per cent of salary (in line with the wider workforce rate) over the course of the next triannual Remuneration Policy review in 2024.

Bonus

The 2022 bonus scheme in operation will be based on the achievement of Group profit targets which are set having regard to the Company's budget, historical performance and market outlook for the year. The actual 2022 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2022 Annual Report & Accounts, provided they are not considered commercially sensitive at that time. Subject to Shareholder approval, there will be four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 165 per cent of base salaries with a straight line pro-rata award for profits falling between the targets. Commensurate with an increase in bonus opportunity is the stretch in performance targets.

LTIP

LTIP awards, equivalent to 200 per cent of basic salary, will be made in August 2021 and vesting will be after a three-year performance period for both TSR and EPS. 50 per cent of the award will be based on the target for TSR and 50 per cent on the target for EPS as detailed on page 94. Threshold vesting for the LTIP award is intended to be 25 per cent of maximum in line with the proposed Remuneration Policy. Awards are subject to a two year holding period.

As part of the planned transition of Martin Davey's executive responsibilities he did not participate in any new LTIP awards in 2020 or in the Group's 2021 bonus awards. Martin will be retiring as a Director of the Company at its forthcoming AGM and will not be receiving a bonus or LTIP award in the current year (i.e. 2021/22).

Advisers to the Committee (unaudited)

The Committee keeps itself fully informed on the developments within the industry and in the field of remuneration and seeks advice from external advisers where appropriate. Deloitte LLP has continued to advise the Committee during 2021 and has provided general remuneration advice and share scheme advice to the Company. Deloitte is a member of the Remuneration Consultants Group and as such, voluntarily operated under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee were £25,800 for the year ended 27 March 2021. Deloitte also provides consultancy services to the Group. However, the Committee 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 the 2020 Remuneration Committee Report was passed on a poll at the Company's last AGM held on 17 August 2020. The votes cast in respect of the resolution were:

Remuneration Committee Report	Number	%
For	37,977,895	93.55
Against	2,620,076	6.45
Withheld	179,526	–

The resolution to approve the Remuneration Policy was passed on a show of hands at the Company's 2018 AGM held on 30 July 2018. The votes cast in respect of the resolution were:

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
18 May 2021