

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers the principal risks and uncertainties facing the Group to be as follows:

### STRATEGIC PILLAR

-  Quality Products
-  Operational Efficiency
-  Sales Growth
-  Sustainability

### NET RISK AFTER MITIGATION

-  Low risk
-  Medium risk
-  High risk

Risk Area	Strategic Pillar	Description of Risk	Mitigation	Risk Rating	Risk Trend
<b>STRATEGIC</b>					
<b>CONSUMER DEMAND</b>		Deterioration in the UK economy may adversely affect the activity levels of consumers and the Group's immediate customers, leading to a fall in demand for the Group's products. Consumer budgets continue to remain tight.	The Group offers a range of products across premium, standard and value tiers which it is able to flex in response to customer and market demands. Pork remains an extremely competitively priced and sought after product.		
<b>COMPETITOR ACTIVITY</b>		The Group trades in highly competitive markets which tend to operate without long-term contracts being in place. Product innovation and changing consumer trends provide a constant challenge to the future success of the Group and its ability to compete effectively.	The Group maintains and develops strong working relationships with its customers. This is supported by delivering high levels of service and quality products and by the continued focus on product development and innovation.		
<b>COMMERCIAL</b>					
<b>RELIANCE ON KEY CUSTOMERS &amp; EXPORTS</b>		A significant proportion of the Group's results are generated from a small number of major customers and export sales. Loss of all or part of the Group's business with one or more of these customers or loss of export licence would adversely impact on the Group's financial performance.	The Group continually looks for opportunities to expand its customer base across all product categories and works closely with UK and export customers to ensure service, quality, food safety and new product developments are of the highest standard.		
<b>PIG MEAT – AVAILABILITY &amp; PRICE</b>		The Group is exposed to specific issues associated with the pricing and availability of pig meat. An increase in pig prices, or a lack of availability of pig meat would adversely impact on the Group's financial performance.	The Group has a trusted long standing farming supply base which is complemented by supply from the Group's own farms. These arrangements help to mitigate the risks associated with pig price volatility and supply.		
<b>FINANCIAL</b>					
<b>INTEREST RATE, CURRENCY, LIQUIDITY &amp; CREDIT RISK</b>		The Group is exposed to interest rate risk on borrowings and to foreign currency risk specifically on purchases of charcuterie products from the European Union. In addition, the Group needs continued access to funding for both current business and future growth.	The Group deploys effective currency hedging arrangements to mitigate risks associated with foreign currency movements. Specifically sites have access to the Group's overdraft facility and bank balances are monitored on a daily basis. All term debt is arranged centrally and appropriate headroom is maintained.		
<b>BUSINESS ACQUISITIONS</b>		As the Group grows, businesses may be acquired based on inaccurate information, unachievable forecasts or without appropriate consideration being given to the terms of the purchase.	Rigorous due diligence reviews are carried out in advance of all new business acquisitions, using internal and specialised external resources where required. In addition, the existing senior management teams are generally retained to provide continuity and to facilitate integration of the business into the Group.		

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<b>OPERATIONAL</b>					
<b>BUSINESS CONTINUITY</b>		The Group faces the risk of significant incidents such as fire, flood or loss of key utilities, which could result in prolonged disruption to site manufacturing processes.	Robust business continuity plans are deployed across the Group's sites and appropriate insurance arrangements are in place to mitigate any resulting financial loss. Potential business disruption is minimised through multi-site operations across many of the Group's core product lines.		
<b>RECRUITMENT &amp; RETENTION OF WORKFORCE</b>		The success of the Group is dependent on attracting and retaining quality, skilled and experienced labour, staff and senior management.	Across the Group strong recruitment processes, competitive remuneration packages and ongoing training and development plans are in place. Specifically for senior management, robust succession planning is also in place.		
<b>HEALTH &amp; SAFETY</b>		A breach of Health & Safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	The Group conforms to all relevant standards and regulations, and adopts industry best practice across its sites. All sites are subject to frequent audits by internal teams, customers and regulatory authorities to ensure standards are being adhered to.		
<b>DISEASE &amp; INFECTION WITHIN PIG HERD/POULTRY FLOCK</b>		A significant infection or disease outbreak may result in the loss of supply of pig or poultry meat or the inability to move animals freely, impacting on the supply of key raw materials into the Group's sites.	The Group's pig farming activities, and other farms from which third party pig and poultry meat is ultimately sourced, have a broad geographical spread to avoid reliance on a single production area. In addition, robust vaccination and pig herd operating procedures mitigate the risk of common diseases and infections.		
<b>FOOD SCARES &amp; PRODUCT CONTAMINATION</b>		The Group is subject to the risks of product and/or raw material contamination and potential health related industry-wide food scares and similar issues. Such incidents may lead to product recall costs, reputational damage and regulatory penalties. Regulation and technical guidance in this area continues to increase.	The Group ensures that all raw materials are traceable to original source and that the manufacturing, storage and distribution systems of our sites and those of our suppliers are continually monitored by experienced and well trained technical teams.		
<b>CYBER SECURITY</b>		The Group is mindful of emerging risks in this area specifically given the increasing frequency and sophistication of cyber attacks. Various aspects of the Group's day-to-day operations are underpinned by a variety of IT systems. In common with other organisations the Group is susceptible to cyber attacks and/or fraudulent external email activity.	The Group has a robust IT control framework in place, which is reviewed and tested on a frequent basis by internal staff and specialist third parties. Detailed internal financial control procedures are also in place to reduce the potential risk of fraudulent payment requests being processed.		